

FEASIBILITY ANALYSIS OF PADANG RESTAURANT BUSINESS IN KOTA BARU, BATURAJA

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Abstract: This study has four main objectives, namely: (1) Determine the feasibility of the Padang Restaurant business in Kota Baru from the legal aspect, (2) Determine the feasibility of the Padang Restaurant business in Kota Baru from the market and marketing aspect, (3) Determine the feasibility of the Padang Restaurant business in Kota Baru from the technical and operational aspect, (4) Determine the feasibility of the Padang Restaurant business in Kota Baru from the financial aspect. The Kota Baru Restaurant is a business engaged in the culinary sector, by offering products in the form of Padang dishes which are located on Jalan Jenderal A.Yani in the city of Baturaja. The Kota Baru Restaurant was established in 1972 and closed in 2019 due to bankruptcy. In 2023, the Kota Baru Restaurant owner plans to reopen the Kota Baru Restaurant business. So with that in order to reopen the Kota Baru Restaurant business, a business feasibility analysis is needed so that bankruptcy does not occur for the second time. In terms of the legality aspect, the Kota Baru Restaurant is said to be feasible because the Kota Baru Restaurant can fulfill the existing requirements, namely licensing to open a business in Baturaja City and open a business in the culinary field. In the market and marketing aspects it is said to be feasible because it has a market as evidenced by collecting traffic data using the work sampling method so that a fairly large market segment is obtained, namely road users in front of restaurants with a lifestyle of eating out and an interest in buying food outside. From the technical and operational aspects, the Kota Baru Restaurant is said to be feasible because it meets the specifications, which include production and sales locations, there are demand estimates and production estimates, there are process flows, adequate production and sales facilities and there is also a workforce that assists operational activities. From the financial aspect it is said to be feasible because the Kota Baru Restaurant has met the financial feasibility specifications seen from the Net present value (NPV), amounting to IDR 643,623,829,13, Discounted Payback Period for 1.27 years and Internal Rate of Return (IRR) of 64% for the most likely scenario. Based on the four aspects that have been analyzed, it can be said that the Kota Baru restaurant deserves to be reopened.

Keywords: *Padang Restaurant, Business Feasibility Study*

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1. Introduction

The culinary business in Indonesia is vast and diverse, ranging from small and medium enterprises (SMEs) to large-scale culinary businesses like restaurants. The culinary industry in Indonesia is highly promising because food is a primary necessity for everyone. This business sector is the largest contributor to the Gross Domestic Product (GDP) of the creative economy, with the culinary subsector contributing IDR 455,44 trillion, or approximately 41% of the total creative economy GDP of IDR 1,134.9 trillion in 2020 (Kementerian Pariwisata dan Ekonomi Kreatif Republik Indonesia, 2021).

Numerous studies emphasize the strategic role of culinary businesses in supporting local economies and employment (Putri & Hadi, 2020). However, many culinary SMEs fail within the first few years due to poor business planning and lack of feasibility analysis (Yuliana et al., 2019). Feasibility studies are essential to evaluate critical aspects before launching or relaunching a business, especially in highly competitive sectors like culinary services (Rahman & Azizah, 2020). For instance, Prasetya (2014) found that comprehensive feasibility analysis covering technical aspect, market aspect, and financial aspect was crucial in planning a successful culinary business in Surabaya. Similarly Afif & Arifa (2018), showed that a feasibility and marketing strategy analysis played a key role in sustaining and expanding the culinary brand Waroeng Spesial Sambal in Yogyakarta. Furthermore (Ramadhon & Purwanggono, 2018), emphasized that investment feasibility assessments help small scale culinary businesses like Diana Bakery to scale up production in response to market demand. These findings highlight the importance of conducting proper feasibility studies to ensure sustainability and competitiveness in the culinary industry.

There are many provinces in Indonesia that have a very large and influential culinary subsector in the growth of the local economy. One of the provinces in Indonesia with a fairly large culinary subsector is South Sumatra. According to Rizanty (2021), South Sumatra ranked 8th in the number of restaurants or eateries in 2019. One of the most popular and widely loved traditional dishes, enjoyed by all social classes—whether lower, middle, or upper class—is Padang or Minang cuisine. For example, there is a high number of Padang Restaurants in South Sumatra, especially in Ogan Komering Ulu (OKU) Regency. There are many Padang Restaurants in OKU Regency, especially in Baturaja city, with approximately 10 large Padang Restaurants in Baturaja.

One of the most famous and oldest Padang Restaurants in Baturaja, OKU Regency, South Sumatra, is Kota Baru Restaurant. Kota Baru Restaurant is a family-owned business established by H. Sutan Hambo. This business has been around for 50 years and has been passed down through generations. Kota Baru Restaurant has one main location and one branch. The main location is at Jl. Gajah Mada No. 55, Kemala Raja, Baturaja Timur, Ogan Komering Ulu Regency, while the branch is located at Jl. A. Yani KM 3.5, Tanjung Baru, Baturaja Timur, Ogan Komering Ulu Regency.

Over time, with the increasing number of new competitors, especially in the Padang cuisine market, Kota Baru Restaurant had to close one of its branches. The closure was due to the branch's inability to compete, leading to a decline in revenue every year. In addition, the impact of the COVID-19 pandemic in 2020 caused a drastic drop in revenue for Kota Baru Restaurant. This resulted in the closure of the branch at the end of 2020, as it could no longer cover its operational costs. This issue also arose due to a lack of feasibility analysis before the branch was opened.

This Padang Restaurant is able to reach and serve several market segments, including factory workers, office workers, construction laborers, and even students ranging from school

children to university students. Not only local residents, but Kota Baru Restaurant also targets a wider market, such as travelers using public buses. Kota Baru Restaurant has collaborated with various bus transportation companies, including PT Transport Express Jaya, Lubuk Basung Jaya, Gumarang Jaya, Naikilah Perusahaan Minang (NPM), and others. Location of the Kota Baru Padang Restaurant can be seen in Figure 1.

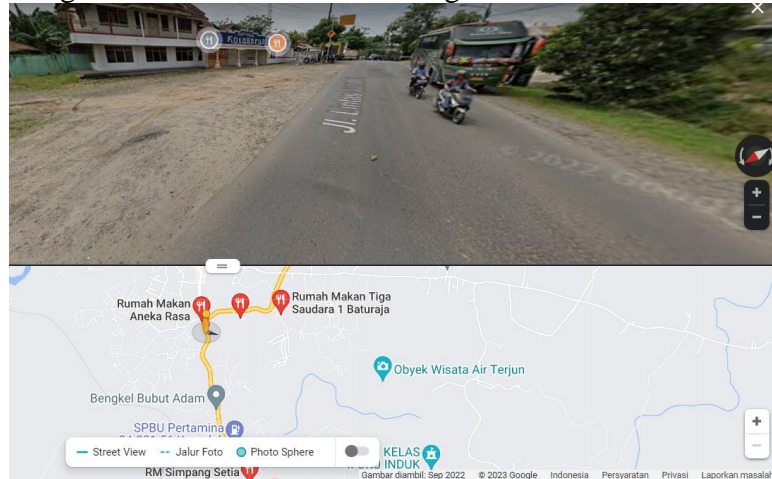


Figure 1. Location of Kota Baru Padang Restaurant

Based on Figure 1 shows the location of Kota Baru Padang Restaurant. The restaurant is located on the Sumatra Crossroad, a main road used by travelers heading out of town and buses traveling between cities and provinces. Kota Baru Restaurant closed in 2020 due to the opening of a toll road, which caused several bus transportations companies to discontinue their partnerships. These companies preferred to use the toll road instead of the regular road. In addition to the decline in sales due to the cessation of bus company partnerships, Kota Baru Restaurant also experienced a decline due to the impact of the COVID-19 pandemic.

One of the reasons for reopening Kota Baru Restaurant is the belief that it can still compete with various competitors. With the rising toll fees, many bus companies are expected to return to using the regular road to reduce transportation costs. Another factor is the large and dense population of Baturaja, which, according to data from the Ministry of Home Affairs, has a population of 144,146 people, divided into two districts: Baturaja Timur and Baturaja Barat. In addition to relying on the local Baturaja market, Kota Baru Restaurant can also expand its target market by reestablishing partnerships with public transportation companies, targeting bus passengers who stop at the restaurant. Moreover, the restaurant's location is very strategic, with a large parking lot that can accommodate approximately 5 large buses. Therefore, a feasibility analysis is needed to determine whether Kota Baru Restaurant is viable or not by considering various aspects.

Before reopening the Kota Baru Restaurant, a feasibility study is essential. This analysis will help determine whether there are opportunities for the business to be revived and whether it can survive amidst competition from numerous Padang Restaurant businesses. A feasibility study must include a systematic and comprehensive analysis of the positive and negative aspects of a project, investment, or business (Hoagland & Williamson, 2000). There are several aspects or stages in this feasibility analysis, including technical and operational feasibility, market and marketing feasibility, financial feasibility, management and organizational feasibility, environmental feasibility, and legal feasibility (Kasmir & Jafar, 2014). In this study, the business feasibility analysis will focus on legal, technical and operational, market and

marketing, and financial aspects. The results of this study are expected to help Kota Baru Restaurant evaluate the feasibility of reopening the business, in order to avoid undesirable outcomes, such as bankruptcy.

2. Literature Review

The method used is business feasibility study. A business feasibility study is an activity that thoroughly examines the activities or business that will be carried out, to determine whether the business or enterprise is feasible to establish and operate (Kasmir, 2015). According to Kasmir (2015), the purpose of conducting a business feasibility study is to avoid potential losses, help simplify planning, assist in the implementation of tasks, aid in supervision, and facilitate control. There are four aspects used in conducting a business feasibility study in this research, namely the legal aspect, the market and marketing aspect, the technical and operational aspect, and the financial aspect.

The feasibility study of the legal aspect aims to analyze the legality of the business and the appropriateness of the legal entity type with the business idea to be implemented. There are four objectives in conducting a feasibility study on the legal aspect (Suliyanto, 2010), which are: analyzing the legality of the business to be run, analyzing the appropriateness of the legal entity type for the business, analyzing the business's ability to meet licensing requirements, and analyzing the guarantees that can be provided if the business takes out a loan.

In the market aspect, there are two methods that can be used to estimate the potential market area: the market-buildup method and the multiple-factor index method. This is because a company needs to allocate marketing costs optimally to the regions they consider best. In addition to estimating the total potential market and the area potential market, a company must also know its actual sales in the market by identifying competitors and estimating their sales. In the marketing aspect, market segmentation is carried out by dividing the market based on demographic, psychographic, and lifestyle factors of the consumers. After analyzing the market segments, an evaluation and selection of the target market segments are carried out. After determining the company's position in the market segment to be entered, the next step is to determine the marketing activities that will be undertaken by the company. McCarthy classified various marketing activities into marketing-mix tools (Kotler & Keller, 2019). According to Booms and Bitner (Lin, 2011), the marketing mix is divided into seven elements known as the 7P's: product, price, place, promotion, people, process, and physical evidence.

The feasibility study of the operational aspect is conducted after the business has been deemed feasible based on the market and marketing aspects. In general, there are five main areas that need to be considered in a feasibility study of the operational aspect (Kasmir, 2015), which are location planning, layout design, facility planning, inventory planning, and workforce planning.

The feasibility study of the financial aspect aims to assess the financial viability of a business. The financial aspect evaluates the feasibility of a business in terms of costs incurred and the revenue generated. All income and expenses of the company are summarized in an income statement. Income statement is used to measure the operational success of a company over a certain period. This income statement is then used as data to determine the feasibility of the business, with several methods available for decision-making, such as payback period and rate of return analysis.

3. Research Method

This study was conducted to assess the feasibility of reopening the Kota Baru Restaurant business, to determine whether the business can be operated again. Before conducting a feasibility study on the specified aspects, data related to these aspects is required. Data collection was carried out by distributing a research questionnaire regarding the Padang Restaurant. In the data processing stage, the collected data was then processed so it could be used in the formulation of aspects in the research. Data processing was conducted through reliability testing, dependency testing, and data significance testing.

In the legal aspect, the types and qualifications of the business entity suitable for the Kota Baru Restaurant will be explained. Additionally, the necessary permits required to run the business will also be discussed. In the market and marketing aspects, the process of segmenting, targeting, and positioning (STP) the target market to be entered will be carried out. Furthermore, sales targets will be calculated based on the results of the STP process. The final process in this aspect is the creation of a marketing mix, which will be used as a product marketing strategy.

The technical and operational aspect will explain the planning needed to run the business technically. This includes location planning and process planning, both for production and sales processes. In addition, the required facilities for both production and sales will be determined. In the financial aspect, an income statement and cash flow for the next three years will be created. The income statement and cash flow will then be used to calculate the discounted payback period and the internal rate of return for the business to be operated.

4. Results and Discussion

Legal Aspect

There are two legal requirements, namely related to the permit to open a business and the requirements related to opening a business in the culinary or food sector. Based on local regulations in OKU Regency, there are several general requirements needed to establish a business, which are divided into five department. This is followed by the process flow for obtaining the legality of a business in the culinary or food sector, which involves three department. There are three parties involved in this process: The Local Health Office, The Ministry of Religious Affairs to obtain a halal certificate, and the Directorate General of Intellectual Property to obtain a patent certificate for the Kota Baru Padang Restaurant. The requirements for establishing a business issued by the Industry and Trade Department for the business license (SIUP) are shown on Table 1.

Table 1. Licensing Requirements from the Industry and Trade Department

No.	Requirements	Status		Information
		Have	There aren't any	
1	Photocopy of Identity Card (KTP)	√		Business owner's identity.
2	Photocopy of Family Card	√		Family card of the business owner.
3	Photocopy of Taxpayer Identification Number (NPWP)	√		Taxpayer Identification Number (NPWP) of the business owner.

4	Lease agreement for land (if the building or business is rented)		√	No land lease agreement because the building and land are privately owned.
5	Photocopy of Identity Card (KTP) of the owner of the rented building or land		√	No land lease agreement because the building and land are privately owned.
6	4x3 colored passport photo	√		Passport photo of the business owner.
7	Statement letter agreeing to process the Building Permit (IMB) within one year	√		Building Permit (IMB) has been issued.

The required conditions and necessary documents to be completed in order to obtain permits related to BPJS for employee registration with the Social Security Agency (BPJS) for Employment and Health. In this section, the business unit is categorized as an outside employment relationship, as the workers in this sector are self-employed. The licensing requirements from the Department of Labor are shown on Table 2.

Table 2. Licensing Requirements from the Labor Department

No.	Requirements (must be available)	Information
1	Business permit letter from the local RT/RW/Village	Obtain a permit letter issued by the RT, RW, and the village office at the location where the business is established (Can be submitted by the business owner).
2	Photocopy of the worker's ID card	Worker's ID card (KTP).
3	Photocopy of each worker's Family Card (KK)	Family card of each worker.
4	Color passport photo of each worker	Worker's passport photo.

Considering that the Kota Baru Restaurant is a business unit that generates waste in the food production process, the requirements needed to obtain a permit from the environmental department are shown on Table 3.

Table 3. Licensing Requirements from the Environmental Department

No.	Requirements	Status		Information
		Have	There aren't any	
1	Application for Environmental Business Permit (SIUL)	√		Impacts arising from operational activities and obtained from the Department of Industry and Trade:
2	Environmental Impact Assessment (AMDAL)		√	Not required because it does not have a significant impact on the environment.
3	Management of Hazardous and Toxic Waste (B3)		√	Not required because there is no hazardous or toxic waste.
4	Disposal of Medical Waste		√	Not required because there is no medical waste.

5	Application for Utilization of Natural Resources Permit		√	There is no land lease agreement as the building and land are privately owned.
6	Environmental Monitoring Report	√		The environmental monitoring report is submitted every month and can be created by the business owner.
7	Annual Report	√		The annual report contains the environmental impact over the course of the year the business has been running and can be created by the business owner.
8	Application for water utilization	√		To be included when applying for a permit.

The Investment and One-Stop Integrated Services (PTSP) Department is responsible for issuing several types of permits, including business disturbance permits, trade business permits, advertisement permits, public order permits, and operational permits. The requirements for these permits to be issued by the Investment and One-Stop Integrated Services (PTSP) Department are shown on Table 4.

Table 4. Licensing Requirements for Investment and One-Stop Integrated Service Department

No.	Requirements	Status		Information
		Have	There aren't any	
1	Submission of licensing applications to PTSP (One-Stop Integrated Service)	√		To be included when applying for the permit.
2	Company identity and documents		√	Business owner's identity, company deed, and copy of NPWP (Taxpayer Identification Number), prepared by the business owner.
3	Business or operational plan		√	Explains the vision, mission, strategy, and objectives of the business, prepared by the business owner.
4	Application for disturbance permit		√	To be included when applying for the permit, prepared by the business owner.
5	Environmental permit	√		Permit issued or published by the local environmental agency.
6	Water utilization permit	√		Permit issued or published by the local environmental agency.
7	Food and beverage license	√		Permit issued or published by the local health agency.

The Primary Tax Service Department is responsible for issuing permits related to tax exemption for a particular business sector. In the application process for obtaining a tax exemption permit, there are several requirements. These requirements are shown on Table 5.

Table 5. Licensing Requirements for The Primary Tax Service Department

No.	Requirements	Status		Information
		Have	There aren't any	
1	Having an NPWP (Taxpayer Identification Number)	√		To be included when applying for the permit.
2	Filling out and submitting the application form		√	To be included when applying for the permit and can be prepared by the business owner.
3	Supporting documents	√		To be included when applying for the permit. It includes a photocopy of the ID card (KTP), SIUP (Business License) letter, and power of attorney letter.
4	Making tax payments and deposits	√		To be included when applying for the permit, it includes VAT (PPN), Income Tax (PPh), Land and Building Tax (PBB), and employee taxes.

The Health Department is responsible for providing information about the requirements needed to obtain the permit related to the health standards of the food to be sold at the Kota Baru Restaurant in Baturaja. The requirements that need to be completed before the permit can be issued are shown on Table 6.

Table 6. Licensing Requirements for Health Department

No.	Requirements	Status		Information
		Have	There aren't any	
1	Food business permit	√		The letter is issued by the Investment and Integrated Licensing Service Office (PTSP).
2	Cleanliness and sanitation	√		Cleanliness standards have been established by the business owner and have become the business's SOP.
3	Maintenance of cleanliness	√		Cleanliness of the dining and production areas has been adjusted, and evidence of cleanliness maintenance in the form of documentation has been provided.
4	Source of raw materials	√		Raw materials are sourced from traditional markets around the OKU area.
5	Employee training		√	Employees directly involved in the production and serving process have been trained in advance and can be documented by the business owner.
6	Routine supervision		√	Routine supervision is conducted every month and reported to the local sanitation department, which can be documented by the business owner.

The Ministry of Religious Affairs is responsible for issuing or granting halal certification for a product or food. The requirements that must be met before obtaining the halal certificate are shown on Table 7.

Table 7. Licensing Requirements for The Ministry of Religious Affairs

No.	Requirements	Status		Information
		Have	There aren't any	
1	Halal certificate application form		√	Can be made by the owner.
2	Product evaluation by the MUI (Indonesian Ulema Council) of OKU Regency			The Ministry of Religious Affairs (Kemenag) conducts direct inspections.
3	Audit and inspection			The Ministry of Religious Affairs (Kemenag) conducts direct inspections with cleanliness maintenance evidence in the form of documentation.
4	Verification and testing			The Ministry of Religious Affairs (Kemenag) conducts direct inspections.
5	Certificate maintenance		√	Can be made by the owner.

The Directorate General of Intellectual Property has the authority and responsibility for the registration, protection, and management of trademarks in Indonesia. The requirements that must be met before the trademark certificate can be issued are shown on Table 8.

Table 8. Licensing Requirements for The Directorate General of Intellectual Property

No.	Requirements	Status		Information
		Have	There aren't any	
1	Registration application		√	Can be made by the owner.
2	Applicant's identity	√		Can be made by the owner.
3	Trademark description	√		Can be made by the owner.
4	Proof of payment		√	Payment can be made by the owner.
5	Supporting documents		√	Can be made by the owner.
6	Examination and research			Carried out by the DJKI (Directorate General of Intellectual Property).

Based on the results shown on Table 9, the conclusion is whether the requirements that need to be fulfilled and completed by the restaurant in order to obtain permits from the relevant departments can be met or not. From Table 9, it can be seen that all the required legal aspects can be fulfilled. All matters regarding documentation and costs incurred are fully borne by the business owner. The requirements from each department that need to be newly created include those from The Department of Industry and Trade, The Investment and One-Stop Integrated Services (PTSP) Department, The Primary Tax Service Department, The Health Department, The Ministry of Religious Affairs, and lastly The Directorate General of Intellectual Property

(DJKI). Meanwhile, the permits that need to be renewed are related to The Department of Labor and The Environmental Department. Therefore, it can be concluded that the establishment or realization of the Kota Baru Restaurant in Baturaja, is feasible.

Table 9 Recap of License Requirements for Opening a Business

Department	Requirements Can Be Met
Section 1: Requirements for Establishing a Business in Baturaja	
The Department of Industry and Trade	Yes
The Department of Labor	Yes
The Environmental Department	Yes
The Investment and One-Stop Integrated Services (PTSP) Department,	Yes
The Primary Tax Service Department	Yes
Section 2: Requirements for Food and Beverage Business	
The Health Department	Yes
The Ministry of Religious Affairs	Yes
The Directorate General of Intellectual Property (DJKI)	Yes

Market and Marketing Aspect

Segmenting based on demographic, psychographic, and geographic factors. After identifying the target market segments for the Kota Baru Restaurant, all these segments will be summarized in a table. The summary table in the segmentation section, based on the factors that constitute it demographic, psychographic, and geographic are shown on Table 10.

Table 10. Recap of Segmentation Factors

No.	Factors	Segmentation Variables	Segmentation
1	Demographic	Gender	Male and Female
		Age	Children, Teenagers, Adults, and Seniors
		Religion	Islam, Catholicism, Christianity, Hinduism, Buddhism, Confucianism, Belief Systems
	Psychographic	Social Class	Lower Class, Middle Class, Upper Class
2		Education Level	All Education Levels
		Interests	Affordable Prices, Clean, Fast Service, Large Portions, Searching for Food, Convenient Food, Healthy Food, Indonesian Culinary Flavors
	Geographic	Lifestyle	Eating Out, Takeout, Looking for Food Variety
3		Strategic Location	Spacious Parking Lot, Easy to Reach and Access
		Location of Activity	People heading to the office and school
		Passing by the Restaurant	

From the segments that have been formed and determined, the next step is to identify the target market that The Kota Baru Restaurant will focus on. Similar to segmenting, the selection of the target market is also based on several aspects such as demographic, psychographic, and

geographic factors. The recap table of the target market that The Kota Baru Restaurant aims for are shown on Table 11. After dividing the market based on the segments and factors in the segmenting section, in this targeting section, the target market is further narrowed down and specified in more detail.

Table 11. Recap of Targeting Factors

No.	Factors	Targeting Variables	Targeting
1	Demographic	Gender Age Religion Social Class Education Level	Male and Female Teenagers, Adults Islam, Catholicism, Christianity, Hinduism, Buddhism, Confucianism, Belief Systems All economic classes All Education Levels
2	Psychographic	Interests Lifestyle	Affordable Prices, Clean, Large Portions Eating Out
3	Geographic	Strategic Location Location of Activity Passing by the Restaurant	Spacious Parking Lot People heading to the office and school

In the positioning, several established segments will be positioned according to the desires of the consumers of Kota Baru Restaurant. This section will be divided into two strategies: positioning based on comparisons with competitors and positioning based on the image or lifestyle of the target market for Kota Baru Restaurant, which consists of people passing through Jenderal A. Yani street. The position of the Kota Baru Restaurant will be displayed in a graph, which includes two characteristics that can shown on Figure 2. As shown on Figure 2, the graph depicts the position of Kota Baru Restaurant, which holds the highest and farthest position compared to its competitors. The coordinates (0,0) are defined by a menu of 10 items and a parking lot that can accommodate 6 cars.

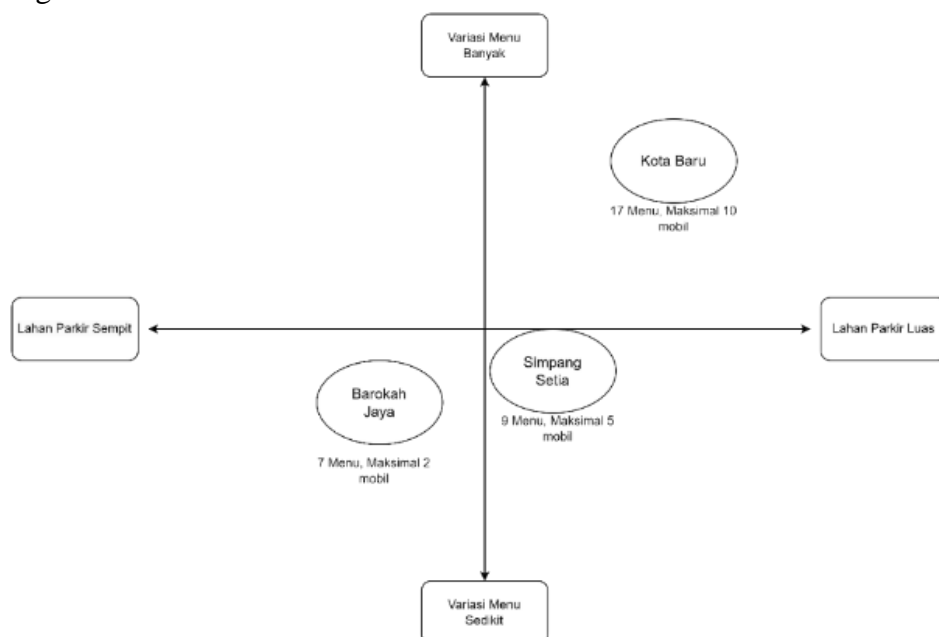


Figure 2. Positioning of Kota Baru Restaurant Compared to Competitors

The marketing mix developed in this research aims to meet the needs of the primary market segment and also increase consumer awareness of Kota Baru Restaurant, thus boosting the sales targets that have been established. The creation of this marketing mix is based on the needs of the primary market segment, which consists of road users or people who pass by Kota Baru Restaurant in Baturaja, located on Jendral A.Yani street.

The products offered at Kota Baru Restaurant have delicious flavors and guaranteed quality, including cleanliness and portion size. All menu items are served with a combination of hot rice, chili paste, and crispy skin crackers. The portion sizes are notably large, especially for customers who wish to take away their food. The restaurant offers one of the most complete menu selections in Baturaja, with 17 different dishes. The variety in the menu can serve as a strong marketing tool, attracting potential customers in the targeted market segment. The pricing for each menu item varies depending on the dish selected by the customer. For example, the price of *nasi* rice with egg is different from the price of rice with chicken. The pricing is determined based on production costs, raw material prices, and the desired profit margin. However, all prices are kept affordable for the majority of consumers who frequent Jendral A.Yani street. The pricing strategy has been benchmarked against other Padang Restaurants in Baturaja area to ensure competitiveness in the market.

In accordance with the target market, Kota Baru Restaurant is strategically located in Baturaja, specifically on the side of Jendral A.Yani street, KM 3.5. This location is frequently traveled by road users, making it highly visible and easily accessible. The restaurant also has a large parking area, which makes it convenient for customers to visit. There are several promotional strategies that can be utilized to increase awareness of Kota Baru Restaurant. One effective method is leveraging social media platforms like Instagram, where the restaurant can post visually appealing content to engage with customers. Additionally, traditional media such as newspapers and radio advertisements can be used to reach a broader audience in Baturaja area. Another promotion method could involve participating in local events in Baturaja, such as the anniversary of OKU, which would give the restaurant exposure to a larger crowd and create positive brand associations.

Technical and Operational Aspect

Kota Baru Restaurant has both its production and business operations located in the same place, which helps avoid additional costs that would arise if production and sales were in separate locations. The front area of the restaurant is where the sales activities take place, while the kitchen, where food production occurs, is situated in the back of the establishment. The location of the restaurant is very strategic because it is located on the edge of the Trans-Sumatran Highway, serving as a key access point for people traveling into and out of the city, as well as to the business district. The production area spans 400 m², with the building itself occupying the same 400 m² space. In addition to this, the restaurant provides a very spacious parking area, ensuring that visitors or customers don't need to worry about finding parking when they come to dine at Kota Baru Restaurant. This ample parking space further enhances the convenience for customers and makes the restaurant easily accessible for all.

Data collection was conducted by observing vehicles passing along Jendral A.Yani street in Baturaja, with the aim of determining the size and potential of the market for Kota Baru Restaurant. By understanding the market potential of this restaurant, it is then possible to forecast the demand needed by this market. The work sampling method was used, divided into several time periods. The time periods chosen are those when the majority of the general public or residents of Baturaja typically consume food.

The data collection was carried out at specific times with an interval of five minutes for each observation. Data was collected over four days: Monday, Wednesday, Friday, and Sunday. Random time intervals were determined for the data collection, and the number of intervals for the observation periods was calculated using Microsoft Excel. The recap of the vehicle traffic data passing Kota Baru Restaurant, either from outside the city towards Baturaja or in the opposite direction, are shown on Table 12.

Table 12. Recap of Traffic Data from Outside the City to Baturaja or Vice Versa

Direction from Outside the City to Baturaja								
Day	Time	Small Cars	Travel Cars	Trucks	Buses	Motorcycles	Pedestrians	Total
1	07.00-09.00	215	44	45	7	357	10	678
	11.00-13.00	229	13	53	9	248	10	562
	17.00-19.00	187	25	52	19	220	19	522
2	07.00-09.00	228	37	41	13	278	25	622
	11.00-13.00	185	20	54	10	240	12	521
	17.00-19.00	165	25	46	20	223	13	492
3	07.00-09.00	172	20	31	8	222	15	468
	11.00-13.00	168	15	39	12	260	18	512
	17.00-19.00	152	21	26	12	196	17	424
4	07.00-09.00	174	20	34	10	236	15	489
	11.00-13.00	169	21	27	19	198	10	444
	17.00-19.00	152	24	19	12	188	10	405
Direction from Baturaja to Outside the City								
Day	Time	Small Cars	Travel Cars	Trucks	Buses	Motorcycles	Pedestrians	Total
1	07.00-09.00	246	39	48	8	336	13	690
	11.00-13.00	211	24	54	8	237	7	541
	17.00-19.00	178	18	50	14	218	14	492
2	07.00-09.00	224	33	44	10	279	13	603
	11.00-13.00	168	18	51	10	232	12	491
	17.00-19.00	174	23	33	14	235	15	494
3	07.00-09.00	188	17	32	8	216	15	476
	11.00-13.00	174	14	35	15	248	18	504
	17.00-19.00	147	19	21	13	188	17	405
4	07.00-09.00	161	17	28	12	243	15	476
	11.00-13.00	174	14	31	16	203	10	448
	17.00-19.00	160	27	22	14	179	10	412

In knowing the sales capacity, the thing that must be known is the demand for food needs at Kota Baru Restaurant. To find out the demand, a forecast will be carried out. If we look at the data, it can be seen that to calculate demand, it can be done by looking at the debit of road users who pass the Kota Baru restaurant. There are 4 days of data collection, and from these four days, the total is calculated and then the average is determined. After knowing the average per day of vehicles, the next step is to find an estimate of the portion sold from each vehicle. The way to find this estimate is by multiplying the average vehicle per day times the estimated number of people in each vehicle then multiplied by the percentage of the possibility of people visiting, where this percentage is chosen and determined by personal judgment, which is 2%

for the direction from outside the city to Baturaja. For the direction from Baturaja to outside the city itself, a percentage of 3% is used. The total sales capacity per day from Kota Baru restaurant in the form of portions are shown on Table 13.

Table 13. Total Estimated Daily Sales

Time	Direction from Outside the City to Baturaja	Direction from Baturaja to Outside the City	Total
07.00-09.00	29,985	44,415	74,4
11.00-13.00	28,52	41,7975	70,3175
17.00-19.00	28,855	40,785	69,64
Total			214,3575

Production capacity needs to consider safety stock as a precaution in case of increased demand from customers. The production capacity is based on the forecasted demand derived from the sales capacity. From the sales capacity that has been obtained, it is determined that the daily sales capacity is 215 portions. With this sales capacity, the production capacity is calculated while taking into account safety stock. Based on the sales capacity, the owner of Kota Batu Restaurant has decided that the production capacity will be 250 portions per day.

There are several production and sales facilities in the Kota Baru Restaurant business. These facilities will be divided into several sections, including facilities related to production, facilities related to sales activities, and lastly, facilities that support restaurant operations and customer service. The table containing various facilities related to Kota Baru Restaurant are shown on Table 14.

Table 14. Facilities Needed

Production Facilities		Sales Facilities		Supporting Facilities	
Types	Total	Types	Total	Types	Total
Stove	4 units	Plate	120 units	Dining Table	15 units
Wok	6 units	Glass	100 units	Chair	70 units
Spatula	4 units	Spoon	100 units	Sink	3 units
12 kg Gas Cylinder	4 units	Fork	100 units	Toilet	10 booth
Large Basin	3 units	Large Plate	30 units	Power Outlet	20 units
Small Basin	3 units	Register	1 unit		
Grilling Tools	2 units	Rice Box	3 units		
Refrigerator	2 units	Long Spoon	10 units		
Spice Rack	3 units	Stove	1 unit		
Cutting Tools	4 units	2 kg Gas Cylinder	2 units		

The labor is adjusted according to the needs of the intensity or productivity of Kota Baru Restaurant. The determination of the labor is based on the forecasted demand or consumer demand, to avoid having an excess of idle workers due to low demand. The operating hours of Kota Baru Restaurant are from 5:00 AM to 9:00 PM, totaling about 16 working hours, divided into 2 shifts. The labor requirements for Kota Baru Restaurant are shown on Table 15.

Table 15. Worker Distribution

Shift	Job Description	Number of Workers
1	Service	3
	Production	1
	Cleanliness	1
	Cashier	1
2	Service	3
	Production	1
	Cleanliness	1
	Cashier	1

Financial Aspect

The initial investment costs in this section include, among others, the rental costs for the building and land. The business location is rented, not purchased directly. The duration of the lease is annual, meaning that the owner of Kota Baru Restaurant rents the land and building for a minimum of one year. If the lease is to be extended, it will also be extended on an annual basis. In calculating the initial investment, inflation must also be considered. With a building and land lease for 2 years, an inflation rate of 2.5%, and a Consumer Price Index (CPI) of 114.38, the inflation rate and CPI values were obtained from the Central Statistics Agency (BPS) of OKU Regency in June 2023. Therefore, it can be said that the rental cost will increase in the following year, 2024, by IDR 1,250,000.

After determining the amount or cost of the initial investment required to establish Kota Batu Restaurant, the next step is to calculate the costs related to the equipment used. As shown in Table 14, these are the equipment items related to Kota Baru Restaurant. To obtain the total cost of each piece of equipment, the number of units is multiplied by the unit price of each item. The unit prices are taken from market prices. The total cost for all the equipment needed is IDR 45,613,000.

Next, the material costs are calculated for each month and prepared for the first 3 months. These material costs refer to the expenses incurred for the ingredients needed to prepare the Padang cuisine menu. The material cost required for Kota Baru Restaurant for the first month is IDR 70,020,000. This cost has already been adjusted based on the ingredients needed and the quantities required to prepare the menu. The price may change periodically in accordance with inflation levels in the area where the materials are purchased.

Operational costs include labor costs, electricity costs, and water costs. The electricity cost per KWH is IDR 1,444.70, with a monthly electricity consumption of 1,700 KWH/month. Therefore, the total monthly electricity cost amounts to IDR 2,456,000. As for the water costs, these are also calculated on a monthly basis. The daily water consumption is approximately 100 liters, which amounts to around 3,000 liters per month. The total cost for water is IDR 750,000 per month. The last cost included in the operational costs is the labor cost. There are 10 employees at Kota Baru Restaurant, and their wages are calculated on an hourly basis. The wage rate is IDR 10,000 per hour. The total monthly salary for the 10 employees is IDR 24,000,000, with each employee receiving IDR 2,400,000 per month.

There are also marketing costs, which include advertising in newspapers, radio advertisements, and ads on social media influencer accounts in Baturaja. The cost for advertising on the Baturaja Update Instagram account is IDR 100,000 per post on the Instagram feed. Meanwhile, the cost for radio ads is IDR 50,000 for two ads in one day. Based on interviews with the owner of Kota Baru Restaurant, the owner intends to place ads on the

Baturaja Update Instagram account three times a week and The radio ads will be placed three days a week. In addition to the cost of ad placement, the cost of making a signboard is also considered part of the marketing expenses, which amounts to IDR 700,000. The marketing costs for the following months will be different since the signboard is only made once every year. For the subsequent months, it is estimated that the marketing expenses will amount to IDR 1,800,000 per month.

As explained earlier, Table 9 lists several legal requirements that need to be processed, and each of these legal matters incurs a cost. There are 8 legal parties involved in establishing the business or Kota Baru Restaurant. The total cost required to complete the legal procedures for opening Kota Batu Restaurant is IDR 2,700,000.

In this cash flow projection study, there are several factors that need to be determined first. These include the depreciation costs of the equipment, the monthly inflation rate, and the income statement. In this cash flow projection, three scenarios are discussed: pessimistic, most likely, and optimistic. The total annual depreciation value derived from the assets owned by Kota Baru Restaurant is IDR 13,370,233. It is assumed that the assets have a residual value of 30% of the initial investment price. The useful life or service period of the assets is determined based on their susceptibility to wear and tear. There are three service periods considered: 1 year, 2 years, and 3 years. The depreciation calculation uses the straight-line method. The next step is to calculate the income statement using the three scenarios. A recap of the income statement is shown on Table 16.

Table 16. Income Statement

Year	Pessimistic	Most Likely	Optimistic
1	IDR 23.741.550,00	IDR 36.299.700,00	IDR 48.857.850,00
2	IDR 26.416.237,50	IDR 39.602.295,00	IDR 52.788.352,50
3	IDR 29.165.110,88	IDR 43.010.471,25	IDR 56.855.831,63

After determining the income statement, the next step is to calculate the cash flow projection. Similar to the income statement, this cash flow projection is also made into three scenarios: most likely, pessimistic, and optimistic. A recap of the cash flow projection for the three scenarios are shown on Table 17. There are 3 annual periods in each scenario, where the 0th year represents the amount of money spent for the initial capital.

Table 17. Cash Flow Projection

Year	Pessimistic	Most Likely	Optimistic
0	-IDR 489.167.400	-IDR 489.167.400	-IDR 489.167.400
1	IDR 226.528.368	IDR 377.226.168	IDR 527.923.968
2	IDR 258.624.618	IDR 416.857.308	IDR 575.089.998
3	IDR 291.611.099	IDR 457.755.423	IDR 623.899.748

In this financial feasibility assessment, three scenarios will be discussed, based on the income statement and cash flow projections that have been made. In this section, the financial feasibility will be evaluated and assessed using the calculations of Net Present Value (NPV), Internal Rate of Return (IRR), and discounted payback period. A summary of this financial feasibility assessment is shown on Table 18.

Table 18. Summary of Financial Feasibility Assessment

Year	Pessimistic	Most Likely	Optimistic
0	-IDR 489.167.400	-IDR 489.167.400	-IDR 489.167.400
1	IDR 226.528.368	IDR 377.226.168	IDR 527.923.968

2	IDR 258.624.618	IDR 416.857.308	IDR 575.089.998
3	IDR 291.611.099	IDR 457.755.423	IDR 623.899.748
NPV	IDR 213.058.686,27	IDR 643.623.829,13	IDR 1.074.188.971,99
IRR	26%	64%	99%
Payback Period	2,013766328	1,268536091	0,9265868376

5. Conclusion

Kota Baru Padang Restaurant business in Baturaja is feasible to operate from a legal aspect, as it fulfills all licensing requirements. These include obtaining the necessary permits for opening the business from various relevant departments, as well as meeting the licensing requirements related to the food industry, with permits issued by the Health Department and the Ministry of Religious Affairs for halal certification.

Kota Baru Padang Restaurant business in Baturaja is also feasible from the market and marketing aspects because it has a broad market segment. The location of the restaurant is strategically positioned along a busy road, attracting a market segment with a lifestyle that includes eating out, and with an economic class that is accessible to various customer groups.

Kota Baru Padang Restaurant business in Baturaja is viable from a technical and operational aspect because it has a production and sales location in one place, a clear and appropriate production flow, accurate sales and demand estimations, and adequate production and sales facilities. Additionally, it is supported by a workforce that has been appropriately adjusted and arranged to avoid worker overload.

From a financial perspective, Kota Baru Padang Restaurant business in Baturaja is feasible to reopen, as it meets financial specifications. This includes a Net Present Value (NPV) of Rp. 643,623,829, a Discounted Payback Period of 1.27 months, and an Internal Rate of Return (IRR) of 64% for the most likely scenario.

Limitations of The Research and Suggestions for Further Research

This study is expected to serve as a basis for decision-making when starting or opening a Padang Restaurant business, specifically Kota Baru Padang Restaurant branch in Baturaja, for business owners or other similar or relevant businesses. It is advisable for business owners to consider offering a breakfast menu with more variety and options that are not too heavy, such as Padang rice. It is hoped that studies like this will not only be used as a resource for final projects but also potentially serve as a real business project for the researcher in the future. Additionally, it is recommended to use other, more effective methods that can be utilized or combined to support this research, as the results would provide a broader perspective.

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