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BUSINESS FEASIBILITY STUDY DODOL KEDONDONG RAJA IN RENGAT SUB-DISTRICT, INDRAGIRI HULU DISTRICT

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ABSTRACT

UKM Dodol Kedondong Raja is a home industry that produces dodol variants of kedondong. SME Dodol Kedondong Raja has been established since 1999 and sells dodol kedondong products not only in Rengat District, but also to other districts. However, over time, there are obstacles that make the production of dodol kedondong Raja decline, one of which is due to the supply of raw materials which began to decrease in number. For sales, it is usually done directly at the location of the production of dodol kedondong raja which is also the home of the owner of UKM dodol kedondong raja located on Narasinga street in Rengat city. The business location is quite strategic and easy to reach. However, sales are still carried out offline, not maximising the use of social media as a means of marketing. The purpose of this research is to analyse the feasibility of the business so that it can be taken into consideration in developing the business. the results of the research of UKM dodol kedondong raja are feasible to develop. This research uses a qualitative approach with a case study method. Data collection is done through interview techniques, observation, documentation. The results of this study are expected to add insight and knowledge about business feasibility studies and how to develop a business.

Keywords: *Analysis, Business Feasibility, Dodol Kedondong Raja.*

INTRODUCTION

Business feasibility studies are indispensable for business people, whether it is a new business to be implemented or an expansion of an existing business. Given that future conditions are filled with uncertainty, certain considerations are needed. In the feasibility study there are various aspects that must be studied and examined for feasibility so as to determine whether the business is feasible or not to continue or even cancel. (Rahman, 2022)

Efforts to obtain profits according to goals and targets in various fields, both in terms of quantity, quality and time. Profit is the main goal in the business world, especially for business owners, both short and long term. The profit in question is financial profit. The amount of profit according to the target and time limit. The business fields that are engaged in can vary, ranging from trade, industry, tourism, agribusiness, or other services (Kasmir, 2018).

The number of new industrial businesses that have sprung up, ranging from small-scale to large-scale businesses commonly abbreviated as IKM (Small and Medium Industry) is an industry that has a small and medium industrial scale. The development of the people's business sector is a form of the government's seriousness to equalise the economy in Indonesia. So that many programmes are in the Central Government and Local Government, one of which is for the development of industrial businesses, then its existence is expected to increase demand for agricultural commodities.

One of the businesses in Rengat City is the small and medium enterprise (SME) Dodol Kedondong Raja which is a home industry (home industry) that produces dodol with a variant of kedondong flavour with the main raw material, namely the fruit of kedondong. Dodol Kedondong Raja SME has been established for 25 years which is located on Jalan Narasinga, Rengat District, Indragiri Hulu Regency, Riau Province.

kedondong in the city centre of Rengat can introduce its products directly to the people of Rengat City or visitors who come to Rengat City. and for marketing on social media, development is also carried out, namely not only with the Whatsapp application but with marketing applications such as shopee, tokopedia, tiktok, etc.. Therefore, it is necessary to conduct a feasibility study so that it can become a guideline, direction, and description as a reference or material consideration of the business to be developed.

LITERATURE REVIEW

A. Business Feasibility Study

According to (Purwana & Hidayat, 2016) Business feasibility study is an activity of studying in depth about whether or not a business or business will be run. Studying in depth means, seriously examining data and information, then measuring, calculating and analysing using certain methods. While business means; the business being run provides both financial and non-financial benefits. Feasibility, shows whether the business being run provides greater benefits than costs.

According to (Fahmi, 2018) a business feasibility study is a scientific study that assesses the work of a business to see whether it is feasible or infeasible to carry out by placing measures both qualitatively and quantitatively which are finally summarised in a recommendation.

B. Aspects of Business Feasibility Study

The scope of feasibility study activities according to (Purwana & Hidayat, 2016) generally consists of 3 main components, namely:

1. legal aspects regarding the ability to fulfil the provisions and licensing requirements that apply in the business,
2. environmental aspects regarding the positive and negative impacts of the business on the environment,
3. market and marketing aspects analysing market potential,
4. technical and technological aspects analysing technical readiness and technology availability,
5. management and human resource aspects analysing the availability of human resources, and
6. financial aspects analysing the feasibility of investment using the payback period (PP) and net present value (NPV) methods.

C. Financial Feasibility Assessment Criteria

Several methods can be used to assess financial feasibility, namely Net Present Value (NPV), Internal Rate of Return (IRR), Net Benefit Cost Ratio (NetB/C), and Payback Period (PP) (Danang, 2018) as follows;

1. Net Present Value (NPV)
The method is done by comparing the present value of net cash inflows with the present value of the expenditure costs of an investment. A way to calculate investment feasibility using the NPV method requires data on the initial cash outflow, future net cash inflows, and the desired minimum rate of return.
2. Net Benefit Cost Ratio (Net B/C)
A method used to compare positive net benefits with negative net benefits. Net B/C is the net benefit that favours the business and is generated from every one unit of loss from the business.
3. Internal Rate of Return (IRR)
Basically, it is a method to calculate the interest rate that can equalise the present value of all cash inflows with cash outflows from a business investment. This IRR method is used to calculate the actual rate of return.
4. Break Even Point (BEP)

The point at which total revenue equals total costs. The BEP value is the benchmark value of the minimum amount of production of a business said to be economical. The break-even point value serves as the minimum number of products that must be produced and the lowest selling price of the product.

5. Payback Period (PBP)

The method used to calculate the length of time it takes to return the money that has been invested from the annual cash inflow generated by the business.

DATA ANALYSIS

The data analysis techniques used in this study are as follows. The legal aspect is carried out by comparing qualitatively the ability of business actors to meet applicable regulations, the environmental aspect is carried out qualitatively by comparing the positive impact and negative impact of the business on the surrounding environment. market and marketing aspects are carried out qualitatively by analysing the company's ability to achieve profitable sales volume, technical and technological aspects are analysed quantitatively by analysing the determination of the production area that must be met using the break event point (BEP) method, management and human resource aspects are carried out qualitatively by analysing the availability and readiness of the workforce needed by the company.

Quantitative analysis techniques in the Financial aspect use investment feasibility study analysis based on the concept of cash flow. Criteria that can be used to assess investments based on the concept of cash flow are the payback period (PP) method, and net present value (NPV). By using financial data, namely investment cost data, income data and expense data (fixed costs and non-fixed costs).

The research flowchart is shown in Figure 1.

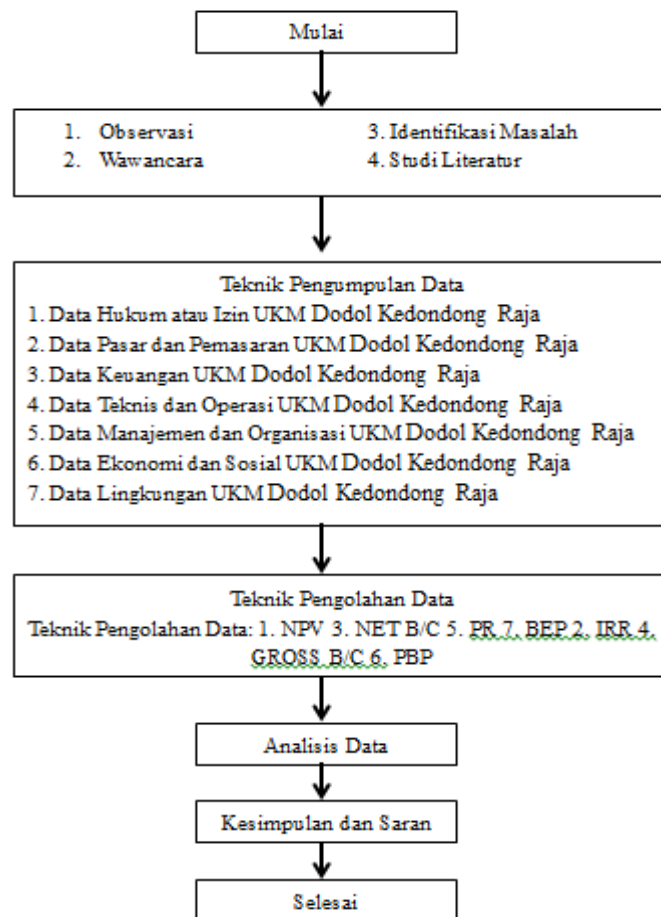


Figure 1: Research Flowchart

DISCUSSION

BUSINESS FEASIBILITY ANALYSIS OF LEGAL ASPECTS

The legal aspect examines the legal requirements that must be fulfilled before running a business. The legal requirements for each type of business are different, depending on the complexity of the business. Currently, Dodol Kedondong Raja SME has a Business Licence with PIRT number 806311701069. With this document, Dodol Kedondong Raja SME has been registered with SNI, Halal LPPOM with Number 07100005551107 and obtained ISO 9001: 2008 certificate.

FEASIBILITY ANALYSIS OF MARKET AND MARKETING ASPECTS

The market aspect in a business feasibility study is an aspect related to the market conditions of the industrial field run by a business including market demand for products to be sold, the level of competition and competitors' strategies in

marketing products, and market segmentation. This SME sells Kedondong dodol products, it is known that dodol is one of the products favoured by consumers in a wide age range, from children to adults.

The production and marketing location of this product is quite strategic and wide, namely in the city centre of Rengat, the capital of Indragiri Hulu District, often used as souvenirs by tourists. The product marketing method by this company is through various methods, namely offline and online marketing. Direct marketing is carried out by the company by opening a shop at the production location, where consumers can directly buy at the store.

Another marketing method is online marketing which is considered to be still not running optimally, due to the lack of human resources who manage online sales.

FEASIBILITY ANALYSIS OF FINANCIAL ASPECTS

Costs in this study are all costs incurred in the process of making dodol kedondong. These costs consist of fixed costs and variable costs. All existing costs are then grouped according to their behaviour in changing the volume of business activities into fixed costs and variable costs. Fixed costs in SMEs Dodol Kedondong Raja are. Fixed costs include the cost of equipment depreciation and land tax. The cost of equipment depreciation is one of the consequences or the use of fixed costs, where fixed costs will experience a decrease in function. Variable costs used in the dodol pangi business include: raw material costs, supporting material costs, production costs.

BUSINESS FEASIBILITY ANALYSIS OF TECHNICAL AND PRODUCTION ASPECTS

Raw materials are the basic needs in carrying out production process activities. Making dodol pangi requires raw materials in the form of sticky rice flour and mackerel fruit. It's just that it is rather difficult to get the raw material for the moth fruit considering that the fruit is also increasingly rare and the price offered usually increases. The technology or equipment used by Dodol Kedondong Raja business owners is still relatively traditional. Like the flour processing machine that has been used since this business was founded. Stirrers that still use human power.

BUSINESS FEASIBILITY ANALYSIS OF ORGANISATIONAL AND MANAGEMENT ASPECTS

Organisational structure is a system used to define a hierarchy in an organisation. The organisational structure of the Dodol Kedondong Raja SME includes the business owner, the production department, the marketing department, and the

production quality check department. In this case, the business owner is central in the business because considering the number of workers is not too much. This workforce is considered capable of working in accordance with their respective job descriptions. Based on this data, the company is feasible to run from the organisational and management aspects.

BUSINESS FEASIBILITY ANALYSIS OF ECONOMIC AND SOCIAL ASPECTS

Economic and social aspects, SMEs Dodol Kedondong Raja move the business sector that has an impact on economic change in society can be seen from the procurement of labour. Labour has an important role as a determining factor in the success of a business. Labour owned by SMEs Dodol Kedondong Raja is a resident around Rengat City. The goal is to provide jobs that can increase the income of the surrounding community and empower the community. Every worker who works in SME Dodol Kedondong Raja gets daily according to the provisions imposed by the owner. The number of employees working at Dodol Kedondong Raja SME is 6 people and all of them are women.

BUSINESS FEASIBILITY ANALYSIS OF THE ENVIRONMENTAL ASPECTS OF SMES

The environmental aspect of the Dodol Kedondong Raja SME is that the mackerel waste is part of the outer skin of the fruit that is wasted and seeds during the processing of mackerel fruit. Waste from this activity does not cause hazardous waste.

CONCLUSION

Dodol kedondong fruit is a product of UKM Dodol Kedondong Raja located in Rengat District, Indragiri Hulu Regency. Based on the results of the business feasibility analysis, it is concluded that this business is feasible to run from both legal aspects, market and marketing aspects, financial aspects, technical and production aspects, organisational and management aspects, economic and social aspects, environmental aspects of SMEs.

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