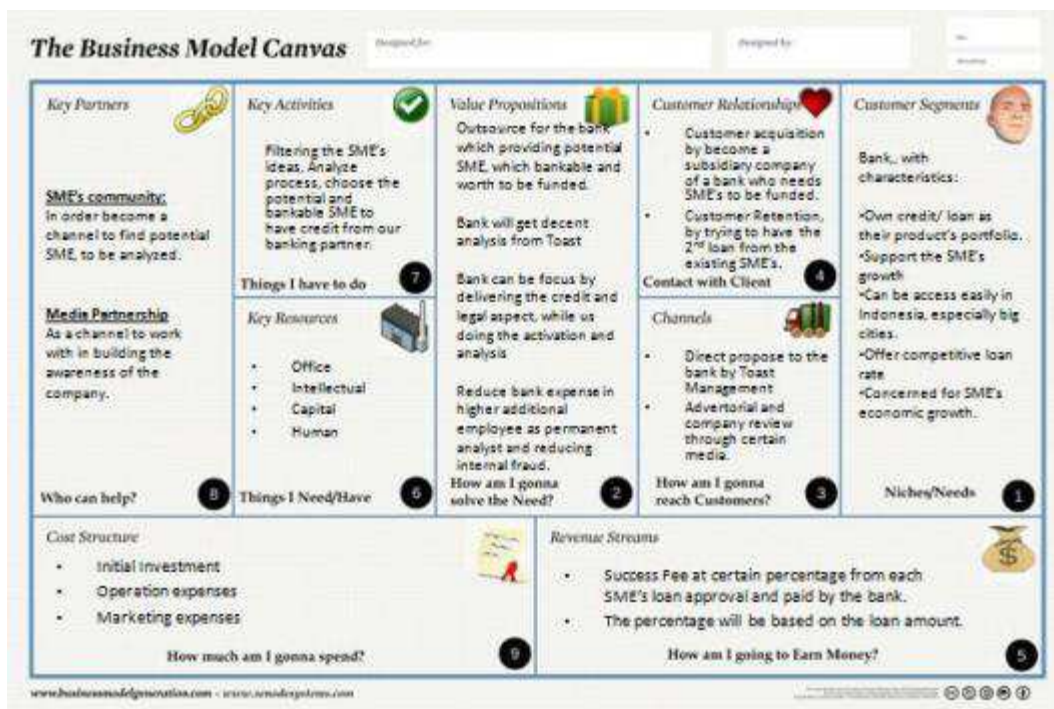


Chapter 4 - Business Plan

This chapter will describe Toast's integrated strategies which will generate a competitive and innovative value. We specified the strategies of our Marketing, Operations, Human Resources, and Financial Plan as the respond to the new challenging competition game in the market industry that will enable Toast to be perceived as the "Solution for Excellence Ideas" consultant.

4.1 TOAST ROOM Canvas Business Model



Nine Building blocks which we use to describe our business model creations is summarized as above picture. It describes of how Toast Room do the business, how they deliver the services, who is their target market, how they get the revenue, what becomes the cost structure. This picture also describes

who become the key partners of the company and mention things which conclude as their value propositions.

Business Model Creation is about the way it operates and how it creates value for the stakeholders. We constructed Toast's realized strategies by considering the competitive environment of SMEs industries in Indonesia, the investment opportunities in Indonesia, Toast's strategic positioning in the industry, and the potential threats which Toast will be challenged by in the future. Those aspects integrated in Toast's Marketing, Operations, and Human Resources Strategy.

Drivers such as globalization, deregulation, or technological change, just to mention a few, are profoundly changing the competitive game. To survive and keep growing in this new environment, Toast try to take advantage of these structural changes to compete "differently" and innovate in a best business model concept.

We provide new services as the solution for bank getting the potential SMEs and complete proposal which include feasibility studies for the business ideas and analyze whether they are bankable enough or not to be funded by bank.

Toast Room benefits for the SMEs would the connection service which we provide for them once they submit their business concept to be analyzed and compile it to be review by bank, open the channel for the SME presenting the business concept directly to the bank and get the loan once it approved.

We are targeting to have potential banking partner which has credit/loan as their product's portfolio, support the SME's growth in Indonesia, easily accessible in Indonesia, especially in big cities, can offer competitive loan rate, and concerned for SME's economic growth

For the prospective SMEs candidates would be at least they have established the business for 2 years, have a good tracking record for the financial aspects and passionate to enlarge and grow the business.

Our service quality will strengthen by business analyst, strong brand's activations and simple operations process with maximum output.

4.2 SALES AND MARKETING PLAN

4.2.1 Marketing Objectives & Goals

4.2.1.1 *Marketing Objective*

- To create brand awareness
- Increase the interest and preference of our target market in developing the Small Medium Enterprise growth.
- To create the demand from banks to give loan for SME business.
- To create the SME's demand on connecting services.
- To contribute to company's profitability.

4.2.1.2 *Sales Objective*

- To get many feasible projects to be funded by the bank to bring positive results for Toast revenue based on certain percentage depend on the agreement between Toast and bank as the customer for each credit approval.
- Maintain the relationship with existing SMEs which funded by the bank and knowing their business growth after getting the loan from bank. This is related to another opportunity that might occur if the SME needs another loan. If the business growth is positive and their credit payment is good, Toast can propose it again to the bank to have the second loan.
- Involvement on SME's growth in Indonesia will bring positive impact in the end for Toast Room.

4.2.1.3 *Marketing Goals*

- To develop the business and brand awareness in about 20% of SME's business owner in Indonesia by the end of the first year project established, through company's promotion activities.
- To develop the interest of target market in using company services at the first year by 500 projects and create the growth for 10% at the second year, until reach 15% of growth per year, by the end of year five.

- To get in about 25 SME's project at the first year to be funded by the bank.
- To create the sales at first year and increase the sales volume by 20% from year to year. By the end of year three we are hoping to get positive net marketing contribution.
- To annihilate the SME's anxiety in getting fund for their business ideas or their business expansion.

4.2.2 Marketing Strategy

4.2.2.1 *Segmentation, Targeting, Positioning*

The key marketing strategy in our decision making depends on how we divide up markets into meaningful customer groups who share common needs (market segmentation). That market segment subsequently become the candidates of the customer groups we choose to serve (target marketing) whose characteristics will affect the way we deliver our services. And in the long run, how we serve that target market will be directed by Toast's marketing offers that best serve our customers (positioning).

Segmenting Market

Segmenting a market means analyzed the market based on its wants and needs then choose the most prospective segment that can be targeted. The importance of doing

segmentation is to get the marketing strategy more focus on the right target. Markets can be segmented based on the factors including age, gender, location, geographic factors, demographic characteristics, and family life cycle, desire for relaxation or time pressures.

Considering the market study result that we observed and analyzed in our previous chapter (chapter 2), we determined Toast Room's market segment as follows:

Bank, who has credit / loan as their product portfolio and would like to provides some loan for the SME.

In term of getting the potential SMEs to be funded we need to choose at least SMEs, which having their business for 2 years establishment with good record financially and bankable enough to get loan from the bank.

Targeting

The market segment above also reinforced by the Phillip Kotler theory about the characteristics of effective market below:

- **Measurable**

We divide the market segment into banks with considerationits size, key characteristics, and

preferences. Currently many banks offer credit Small and Medium level, but many of them are using permanent employee, so the probability that might happen is bank gives credit only using standard analysis and not analyze it more deeply. This condition can cause a credit loss, which in the end impact to the increment of Non Performing Loan (NPL) Ratio for banks. Based on data which we get, we choose the bank with the NPL Ratio above 2.5% as the potential customer for Toast Room.

A Non Performing Loan (NPL) is any loan in which: interest and principal payments are more than 90 days overdue; or more than 90 days' worth of interest has been refinanced, capitalized, or delayed by agreement; or payments are less than 90 days overdue but are no longer anticipated. (financial-dictionary.thefreedictionary.com, 2012)

Based on BI data, Non Performing Loan on Commercial Bank based on type of use is coming from three sectors, which are working capital, investment and consumption. Here on table below, we can see the

highest contribution for the NPL is coming from working capital loan.

Non Performing Loan Bank Umum Berdasarkan Jenis Penggunaan (Non Performing Loan of Commercial Banks Based on Type of Use) Miliar Rp (Billion Rp)																		
Jenis Penggunaan	2006	2007	2008	2009	2010	2011												
						Jan	Feb	Mar	Apr	Mei	Jun	Juli	Agst	Sep	Okt	Nov ¹⁾	Des	2012 Jan ¹⁾
Total Modal Kerja	25.979	19.892	22.953	26.630	27.456	29.059	29.158	30.296	31.015	33.168	31.675	32.275	33.251	32.748	32.947	31.801	29.278	29.343
Total Investasi	15.509	12.230	9.607	9.719	8.436	9.080	9.713	10.057	10.153	10.484	10.050	10.187	10.854	10.587	10.709	10.007	8.918	10.143
Total Konsumsi	6.569	8.645	9.313	11.199	9.348	10.165	10.490	10.616	11.330	11.594	11.734	12.027	12.155	12.172	12.270	12.032	10.499	11.328
Ket: ¹⁾ revisi ^{*)} Angka Sementara																		
																		Note: r) revised *) Temporary Figures

This condition might happen of the unsuccessful business from the credit given by the bank, which caused delay or incapacity of the debtor to repay the loan.

Below is data of NPL Ratio from some major banks in Indonesia, based on ICRA Indonesia in 2011.

NPL of Top 10 Banks (minus BCA, Bank Mandiri and Panin)

in million Rp							
	Current	Sp mention	Substandard	Doubtful	Loss	Gross NPL (cat 3-5)	Gross NPL (cat 5)
BDMN	77,839,821	7,497,685	458,162	1,020,258	882,210	2.69%	1.01%
BNGA	114,369,494	5,318,799	613,826	257,770	2,400,953	2.66%	1.95%
BII	59,276,831	2,236,024	146,821	166,411	981,829	2.06%	1.56%
BNI	155,692,025	5,279,134	342,946	638,098	1,581,220	1.57%	0.97%
BRI	261,697,430	18,698,719	752,016	847,057	3,411,035	1.76%	1.20%
BTN	54,466,562	7,533,775	177,545	196,103	1,189,699	2.46%	1.87%
PERMATA	63,853,799	1,923,325	423,850	168,833	809,835	2.09%	1.21%
TOTAL	787,195,962	48,487,461	2,915,166	3,294,530	11,256,781	2.05%	1.32%

From data given above (icraindonesia.com, 2012), we are targeting to choose 3 potentials bank

which can be our customer. The category is bank which has Gross NPL Ratio above or close to 2.5%, which are:

- Bank Danamon, which has 2.69% NPL Ratio in 2011
- Bank CIMB Niaga, which has 2.66% NPL Ratio in 2011
- Bank Tabungan Negara, which has 2.46% NPL Ration in 2011

• **Substantial**

The bank who would like to provide for the SMEs and aim to reduce the credit loss by having partner which can help them to provide potential SMEs and the complete analysis is a segment that has a large interest to be profitably served, so it fulfills the substantial characteristic of effective segment.

• **Accessible**

There is no point in segmenting if we know in advance that there is no practical way to access a segment's members. To get real, we select the banks which easily accessible by the SMEs in Indonesia, especially in big cities.

• **Differentiable**

Segments must respond differently to different marketing programs. If there is no difference in their responses, then there is no effective segmentation. Bank which own credit/ loan as their product portfolio categorize as a responsive segment in the market.

• **Actionable**

By utilizing our website and joining national exhibition we approach the prospective SMEs and banks with effective cost. We also can be visited in our office and attract bank as our customer by directly proposing the feasible and bankable of SMEs business to the bank.

Based on thesegmentationthat has beenspecified above, and theservicesprofile been outlined in the previous chapter, we briefly describe the target market desired for theToast Room's services.

Demographic:

Bank Characteristics	SME's Characteristics
<ul style="list-style-type: none"> Bank which own credit/ loan as their product's portfolio. Bank which can be access easily in 	<ul style="list-style-type: none"> Minimum 1 year business establishment with a good cash flow SES: C

Indonesia, especially big cities. <ul style="list-style-type: none"> • Offer competitive loan rate. • Bank with NPL Ratio above 2.5% 	<ul style="list-style-type: none"> • Small Medium Enterprises with yearly revenue below 2 Billion • Monthly net income above 30 Million Rupiah • Total employee 10 – 300 persons.
--	--

Geographic:

Considering that different areas may display certain characteristics and behavior, we also divide the market based on the geographical area. We are targeting the most potential areas where the SME concerns on to get credit/ loan to funding their business expansion, also the quite potential areas for banks to give credit/ loan to the SMEs. The targeted areas will be six (6) big cities (Start with Jakarta and Bandung at the first year, the other cities will be added continuously –i.e. Surabaya, Bali, Medan, Makassar.

Psychographic:

This type of segmentation divides the market into groups according to **customers' lifestyles**. It considers a number of potential **influences on buying behavior**, including the attitudes, expectations and activities of consumers. In order to be appeal more specifically to the motivation of SMEs to submit their loan application and banks as our target customer, we customized our services and marketing campaigns based on their

behavior. This table below explains about the characteristics required from the banks and SMEs.

Bank Characteristics	SME's Characteristics
<ul style="list-style-type: none"> Concerned for SME's growth in Indonesia Concern of unemployment problem in Indonesia which quiet high Aim to get a better economic growth in Indonesia 	<ul style="list-style-type: none"> Strong goal orientation Struggle Confidence Strong will to expand

Positioning

Positioning is about how we want to be perceived by the customer we are targeting. The importance of set a positioning for a company is to get a ***defined by consumers*** on important attributes—the place of the service occupies in consumers' minds relative to competing services.

We want to be perceived as a company that giving “Solution for Excellence Ideas”, which indicates our goal is to become the solution for ideas that come out from everyone. Provide the connection between the SMEs as our partner to banks as our customer; aligned the SME's business concept

which feasible and bankable and combine the whole aspects of the business model into a proposal, to be funded by the banks.

Tactical

7 P – Marketing Mix

To build the strong competitive advantage and fulfill our client needs, Toast Room try to combine 4 important variables in marketing mix which cover Product, Place, Price and Promotion. Lately, the marketing mix has wider coverage which consists of the other 3 variables to help the brand satisfy the client needs. We try to include the 3 variables; People, Process and Physical evidence in our marketing mix strategy. These whole variables used to be known as 7P-Marketing Mix. We breakdown the whole aspects of our 7P as below details:

1. Product

Our product is categorized as intangible items, which giving service by providing the potential and bankable SMEs which we assess and analyze for the business ideas to be funded. All aspect will be presenting into a formal business proposal to the bank as our customer, which cover below aspects as below:

- SME Owner and Company Profile
- New Business Ideas or Concept

- Financial reports analysis
- Feasibilities studies for the project and assessment result.
- Other analysis, such as business location, company culture, social community involvement and leadership.
- Company prototype
- Creative output, such as the video presentation which describe the SME's business model and also the proposal packaging.

Once the project proposal is ready to be presented, ToastRoom will submit the formal business submission and arrange the SME to present their business concept to the banks. Once the bank approve, next step would the agreement signing process between the SME and bank. Right after the credit being transfer to the SME, bank will pay the success fee to Toast Room at certain percentage base on the loan given.

2. Place

To get people aware of our brand and products, we are using certain channels in order to help running the business as below details:

- Office
- Toast Room website
- Toast Room Social Media
- Banking partner website and their social media
- Expo and booth at SME's Building (i.e. SMESCO)
- Activation place
- Campus and education organization

3. Price

Price is one of variable in our business which having flexibility. In other words, our price can be adjusted based on the project. We can have different percentage success fee from banks of each SME's loan approval. However, we have standardized our core services based on percentage as below:

Investment paid by the bank	Success fee for Toast Room
Rp 50.000.000 – Rp 250.000.000	5%
Rp 250.000.000 - Rp500.000.000	4.5%
Rp 500.000.000 – Rp 1.000.000.000	2.5%

4. Promotion

Promotion plan will be running aggressively at the beginning of the business establish at the market. Several tactical programs we put in our promotion strategic strengthening the brand. We define into 3 main parts of marketing activities Sales supports, Public Relation and Interactive activity.

Marketing Activities

Sales Supports	Public Relation	Interactive
<i>Programs/ Tools</i>	<i>Programs/ Tools</i>	<i>Programs/ Tools</i>
Campaign	Press Release	Web portal activity
Branding	Special Events	Online community
Advertorial	Sponsorships	Affiliate programs
POP Collateral		
Web advertisement		
Activations		

Source: Toast Room Marketing Calendar (Appendix 1)

5. People

We are involving our people to build the business and empower them with whole aspects that aligned with the company visions. The employees we higher should understand what the company looking for in order to grow

the business and the client wants. Key people in toast room are Marketing Team and Business Analyst.

6. Process

Several actions needed to run the business. The overall process will cover whole aspects of the company, which cover the operation, marketing, human resources, and financial.

7. Physical Evidence

This is a variable that we need to support our brand look; we need to provide customer experience once they see our brand feasibilities. From the website up to the physical office look (i.e. unique meeting room) or our marketing collateral, all need to be aligned refers to the brand guideline. Our physical evidence must preview our quality services to create the brand image.

4.2.2.2 *Marketing Programs & Communications*

Push Strategy

This is a strategy which will be consisting of our various activities in order to deliver our message to our future clients. The Marketing team will take control for every message needs to be delivered to the clients, how it is seen by the clients, when and where to be placement.

From this strategy will be related to our direct marketing activity, which related to our process to meet the customer directly, visit, inform, and do the presentation to the clients, up to the formal business plan submission.

Pull Strategy

Pull strategy is consist of our marketing activities which encourage the future clients to see our brand value and perceive it as the brand which offer best value services. This strategy will use the law of attraction, which combine all the elements of our brand, in order to attract and retain the clients.

The pull marketing activities are building the interactive activities, which can include our tactical program such as:

- Brand expertise partnership

To support the awareness of our activation in getting the SMEs application, we are tie up with some banks and campus to support our activations.

BANK

We tried to gain partnership with banks which supporting the SMEs development in Indonesia. Here, we proposed the bank to give some sponsorship in order

to do the events or pay the source which gives contribution on events.

CAMPUS

We ask campus (i.e. BINUS University) to support us in providing the place for the activations. By having partnership with campus, will not only bring benefit in term of venue facilities, but also help us to reach potential young people which interest to develop their own business or even young people who already start their business at the first year.

OUTSOURCE

By having those two major partners as above, we then looking forward for outsource who can help us give contribution in our events.

Here, we are choosing some expertise people that help us doing the activation. These 2 persons below, are the expertise people that currently known by the people as motivator and young coach which success on their field. They will help us in giving insight and coaching about the finance and career.

- Seminar

We are targeting to have the seminar events 3 times per year, which will be held at the beginning, middle and end of the year. For this seminar we can seek for affiliate partners who can support the activity or education institution which still have aligned program. It is possible for seminar activations sponsored by our banking partner to get the potential SMEs.

- Advertorial

We are posting advertorial about our company at some print Ad medium or other media which still possible to build our brand awareness. Marketing collateral to be placement at some place which we think can be fit to attract our future clients, i.e. Advertorial in magazine which targeting SMEs as the reader.

4.2.3 Marketing Calendar & Budget

Marketing Calendar

Every year, starting from the Quarter 3, each division will be encouraged to prepare the business plan for the next year. Including the Marketing Division which prepares the calendar consist of monthly or quarterly activities and campaign. From the sales goal, key date and events and breakdown all the tactical and action plans are stated at our

Marketing calendar on yearly basis. The detail of our first year marketing calendar and annual activations 2013 can be found as below detail (see appendix 1)

PROGRAM	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Key Date and Events	9th		6th		8th		10th		11th		6th	6th, 7th
Sales Support	Solution for Excellent Ideas						Sharpening The Ultimate You!					
Campaign	Banner Placement at Expo, Campus			Seminar 2			Banner Placement at Expo, Campus			Sharpening The Ultimate You!		
Branding	Advertorial	Post Event Review	Company Review	Post Event Review	Advertorial	Post Event Review	Advertorial	Post Event Review	Advertorial	Post Event Review	Advertorial	Post Event Review
POP Collateral	Outside Banner prior to Seminar, Banner, Flyer, Poster			Collateral Placement at SMESCO, Expo			Collateral Placement at SMESCO, Expo, Campus					
Web Advertising	Event promo	Company Highlight in Video		Quiz Highlight	Event promo	What's New?	Event Gallery	Client Testimonial		Event Promo		What's on 2014?
Activation : Seminar, League	Wujudkan Bisnis Tanpa Modal	N/A	Investing with Excellence Ideas	N/A	Power of Social Media	N/A	Berani vs Nekat!	N/A	Jangkau Konsumen Tanpa Batas	N/A	Woman Entrepreneurship	Toast League
Sponsorship	Bank Danamon	N/A	Bank CIMB Niaga	N/A	Bank Tabungan Negara	N/A	BINUS	N/A	Bank Danamon	N/A	Bank CIMB Niaga	Bank Tabungan Negara & BINUS
Public Relations												
Press Release	Press Conference 1	N/A	N/A	Press Conference 2	N/A	N/A	N/A	N/A	N/A	Press Conference 3	N/A	N/A
Special Events & Sponsorship	Join expo 1			Join expo 2			Join expo 3			Join expo 4		
Interactive												
Web portal activity	Daily interactions, events update, daily motivations, daily quot, information gathering, SME community activities											
Online Community & Media	Partnership with certain Online Community channels; Bisnisukm.com, Kaskus, Binaukm.com, Sentrakukm.com and Media partnership; SWA Magazine, Mix magazine, Marketeers											
Affiliate Programs	Radio Talkshow : Partnership with MRA, Campus Partnership			Campus Partnership and join Young On Top (YOT) community			Partnership with Departemen Koperasi & UKM, Campus			Partnership with Departemen Pemberdayaan Perempuan & Campus		
Market Research												
Firm Research	Whole aspects related to SME's and how they view business assistances partner in Indonesia											
Individual Research	SMEs Industry in Indonesia			What would be the great challenge in SMEs?			SME's Best Partner			How SME's feature 2014 challenge?		

Marketing Budget

Our marketing budget is consist the whole aspect of the marketing activities, from our market research activities and marketing communications programs which covering branding until the activations to support the awareness. More details on toast room marketing budget at the 1st year (on monthly basis) describes as below. (See appendix 4)

Marketing Budget

	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Monthly Average	Total	Overview
Budget Total	17,650,000	7,400,000	14,400,000	7,400,000	12,650,000	7,400,000	17,400,000	7,400,000	14,650,000	7,400,000	13,400,000	10,900,000	11,504,167	138,050,000	
Market Research															
Firm Research Fees	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	18,000,000	Every 5 year
Independent Research	250,000	0	0	0	250,000	0	0	0	250,000	0	0	0	62,500	750,000	Quarterly
Market Research Total	1,750,000	1,500,000	1,500,000	1,500,000	1,750,000	1,500,000	1,500,000	1,500,000	1,750,000	1,500,000	1,500,000	1,500,000	1,562,500	18,750,000	
Communications															
Branding	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	18,000,000	
Promotions	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	12,000,000	
Newspaper Advertising	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	28,800,000	
Web Advertising	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	12,000,000	
Activations	10,000,000	0	7,000,000	0	5,000,000	0	10,000,000	0	7,000,000	0	6,000,000	3,500,000	4,041,667	48,500,000	
Communications Total	15,900,000	5,900,000	12,900,000	5,900,000	10,900,000	5,900,000	15,900,000	5,900,000	12,900,000	5,900,000	11,900,000	9,400,000	9,941,667	119,300,000	

Using Marketing Budget 2013 as the based, we are forecasting five years Marketing Budget (2013-2017) as below details. (See appendix 5).

From the table shows increment by 10% at Firm Research Fees and 5% for our Independent Research. At Communication budgeting, we also projecting an increment by 5% for any branding, promotions, print advertorial, web advertorial and also our brand activations which marketing run following the agenda in our Marketing Calendar on yearly basis.

Marketing Budget from 2013 - 2017

Marketing Budget								
	2013	2014	2015	2016	2017	Monthly Average	Total	Budget
Budget Total	138,050,000	126,052,500	132,355,125	138,972,881	165,721,525	140,230,406	701,152,032	Increment
Market Research								
Firm Research Fees	18,000,000	0	0	0	19,800,000	7,560,000	37,800,000	10%
Independent Research	750,000	787,500	826,875	868,219	911,630	828,845	4,144,223	5%
Market Research Total	18,750,000	787,500	826,875	868,219	20,711,630	8,388,845	41,944,223	
Communications								
Branding	18,000,000	18,900,000	19,845,000	20,837,250	21,879,113	19,892,273	99,461,363	5%
Promotions	12,000,000	12,600,000	13,230,000	13,891,500	14,586,075	13,261,515	66,307,575	5%
Newspaper Advertising	28,800,000	30,240,000	31,752,000	33,339,600	35,006,580	31,827,636	159,138,180	5%
Web Advertising	12,000,000	12,600,000	13,230,000	13,891,500	14,586,075	13,261,515	66,307,575	5%
Activations	48,500,000	50,925,000	53,471,250	56,144,813	58,952,053	53,598,623	267,993,116	5%
Communications Total	119,300,000	125,265,000	131,528,250	138,104,663	145,009,896	131,841,562	659,207,808	

4.3 OPERATIONAL PLAN

Operations reflect what company offers, while operational is about the process in delivering the products or services into the market. In other words, operations function plays factor in satisfying the market; therefore it requires the best strategy to win the competition among the market. Companies compete in different ways; some may compete primarily on cost, others on the excellence of their products or services, others on high levels of customer

service, others on customizing their products and services to individual customer needs, and so on.

Toast's operations strategy in the essence will provide the capabilities which allow it perform in appropriate manner to satisfy the requirements of its clients (banks), the SMEs.

Toast's operational plan explain how Toast operate its business between Toast, its clients and the inside circle of Toast itself. It explains how much cost required, the business flow, and operational capabilities. On daily operation, Toast's employee except the marketing and business specialist will operate in the office. Marketing and Business development often spend outside the office to find or monitor the ongoing SME's project.

4.3.1 Operational Objective

General strategic for operation in Toast Room is "customer intimacy", where we are focus to give good service quality to our customer with competitive price. Build the volume, get higher market share and increase accessibility would be our focus at the beginning of our company. Objective: To produce valid (fact), accurate, and dependable analysis of SME for every project.

4.3.2 Operational Strategic

In general, there are five basic operations performance objectives (Slack, 2011), where company has to decide which objective

to be prioritized which are quality, speed, dependability, flexibility, and cost. We would like Toast Room to focus on three priorities objectives, which are:

- Quality (Focused on quality advantage)
 - We are obliged to provide valid information and thorough analysis about debtor's business development and its financial situation.
- Flexibility (facing SMEs in any industry)
 - Toast would want to be able to analyze SME's financial aspect in many industries' type.
- Dependability
 - Toast will complete the project on time based on how complicated the SME's business run.

4.3.3 Operational Goals

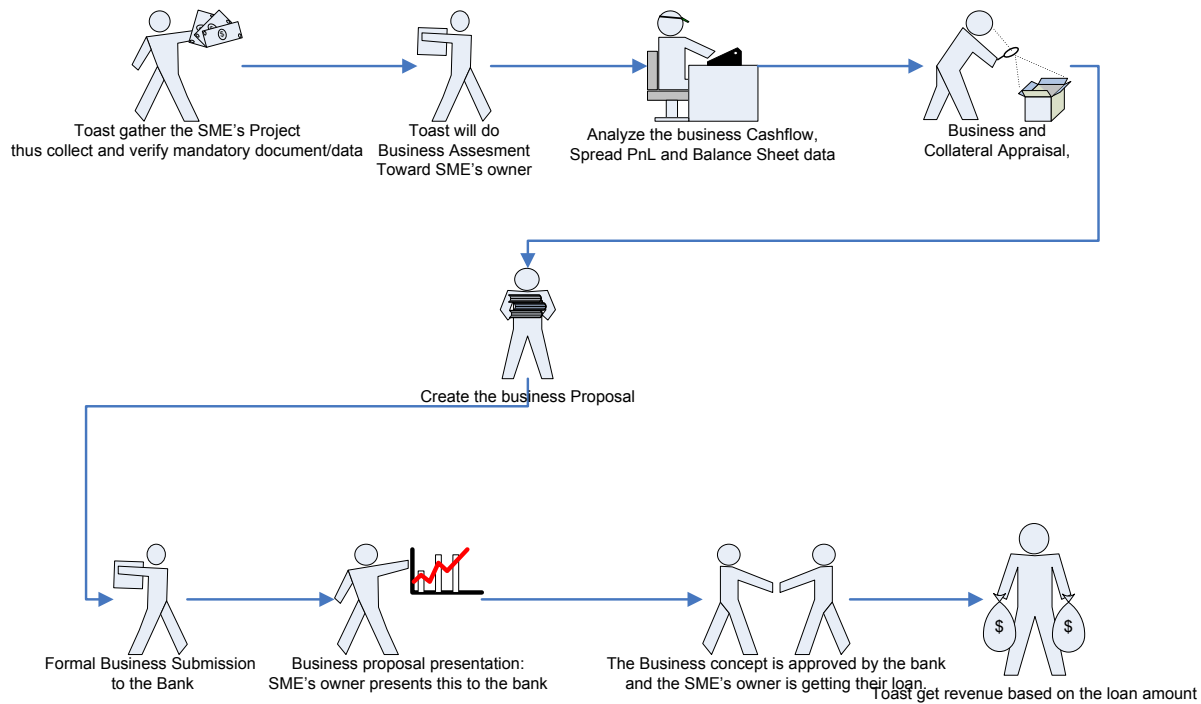
Beside the operational objective, Toast Room also set the goals which needed as a management guideline. We breakdown the goals as below:

1. Increase the productivity of the company 5% per year, can be measured from success story of our SME's.
2. To control our service quality in order to minimize the failure project (less than 1% per year).

4.3.4 Operational Flow

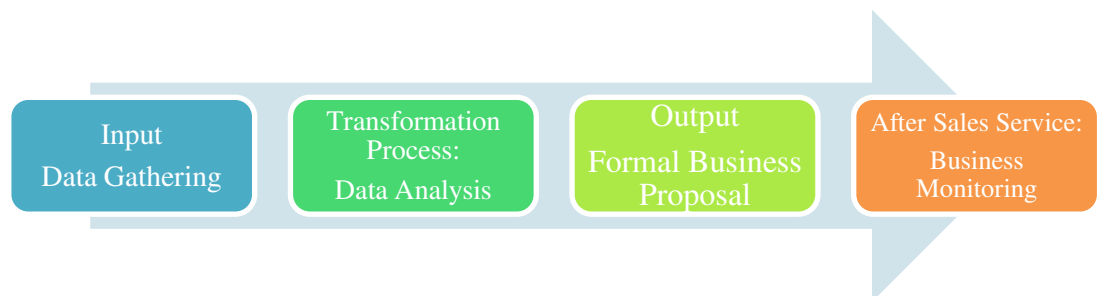
- Toast gather the SME's Project thus collect and verify mandatory document/data
- Toast do the business assessment toward SME's owner using business management tools/ framework (see subsection 4.4.2) and sign some agreement
- Analyze the business cash flow, Spread Profit and Loss and Balance Sheet data
- Business Development and Collateral Appraisal
- Summarize all the analysis and Create the Business Proposal (See Prototype chapter 5)
- Final Submission business to bank
- Business proposal presentation: SME's owner presents this to bank
- Business concept is approved by the bank and the SME's owner is getting their loan.
- Toast will get revenue based on the loan amount.

The Operation Flow will be looked like the picture below:



4.4 Operational Tactic

Maximizing Value Added in Operations



1. Input

Three types of input's resources that will be transformed are:

- Data

For the very first, Toast gathers all the data(Financial Statement, Profit and Loss statement, Bank Account Transaction, and Balance Sheet) from the SME who submit their project ideas which then become the inputs used up in the process of creating our services.

- Client's information

In this phase, SME have to provide mandatory document (NPWP, SIUP, Owner identity card).

- Owner's knowledge

Owner's knowledge about his business also be questioned in our business assessment form. It will become our based information how good the owner's knowledge about his running business.

- Industry's knowledge

We have to know the industry's type of the SMEs who want to get its loan to determine industry's attractiveness and how well is the SMEs positioning in this kind of industry.

2. Transformation Process

Transformation process is a group of activities that takes all the inputs mentioned above, transforms and adds value to them, and finally provides outputs for the clients. We do the first screening process on

the prospective SME's project, analyze the data(Financial Statement, Profit and Loss statement, Bank Account Transaction, and Balance Sheet), and appraise the collateral and business development related to the business owner.

3. Output

The output will be the business proposal that will be presented to the bank. If the proposal accepted, SME's owner will get his loan to fund their next project.

4. After Sales Service

The after Sales Service is the last but not the least phase to concern. The after Sales Service for Toast is monitoring our previous client who got his loan accepted. We make sure their business is still running according to our analysis and able to repay the loan.

4.4.1 **Operational task**

Toast Work Hour is eight hour per day. Toast's employee has an obligation to spend 40 hours per week. With 12 Annual leaves per year therefore within a year, an employee will be spending 1984 hours.

Toast Operational is verified per project. Every project contains 1 SME's business concept that needed to be analyzed thoroughly. For each business concept we need one person handling the concept's financial analyst, and one person to analyze the business development

and its feasibility, and also creative team helps the team to involve in design the new SME's needed creative design output.

One Financial analyst may handle up to four to five SME's Project (preferable in the same industry). A Business Developmentanalyst has an obligation to visit the SME's place to monitor their business development and to appraisal how the business running according to their financial statement.

4.4.2 Business Management tools and Framework

4.4.2.1 *STANDARD OPERATIONAL PROCEDURE*

I. Data Gathering

At the first phase of the SME selection, we are required the SMEs to submit data as below:

- a) Business Proposal
- b) Legality documents: SIUP, TDP, NPWP, Akta, KTP
(Management, shareholder and assurance)
- c) Financial documents: Bank account statement for the last 6 months, Financial Statement for the last 2 years.
- d) Collateral documents: House certificate, PBB, IMB
- e) Supporting documents: Purchase Order to Supplier, Delivery Order to Buyer

II. SME's character and business assessment

Second phase, Toast Room will invite the SME to do certain steps:

a) SMEs deep interview with Toast Room Business Analyst

Objective:

- To know the SME's character in running business.
- This interview will guide us to know how the SME conduct the business.
- The business integrity before the credit given.

b) SMEs need to fill in the Business Assessment form below to help us understand the SME's business knowledge.

BUSINESS ASSESSMENT FORM

1. Knowledge of the business

- How much do you know about the business area?

- Will there be any additional expenses or investment to take just to learn the business field?

- Do you need additional partner to run the business due to the lack of knowledge?

2. Experience in the business field

- Have you owned or worked for this kind of business?

• How far is your responsibility and capacity to this kind of business before?

3. Skills to support the business

- In what level do you know for the uniqueness skills, and if you need to learn or explore more, how long the learning process will take?
-

4. Ease of entry

- How much is the cost of starting or entering the business? Please breakdown.
-

- Who is your competitor or similar business which currently existing? Please mention competitor name, products/ services they offer, competitor price, and current market share.
-

5. Uniqueness

- How unique the idea is? What makes the business different from the other competitor or similar business?
-

III. Business Analysis

a) Business Knowledge

During the filtering process we will use some checklist review or assessment that needs to be filled by the SME's in the business assessment form. Next step would be the scoring by our business analyst to see appraisal result. Score will be from scale 1-4 depends on the contents. Several aspects in the business assessment form which we scoring is representing as below checklist:

Questions	Score			
	1	2	3	4
1. Knowledge of the business				
<ul style="list-style-type: none"> How much the SME know the business area? 				
<ul style="list-style-type: none"> Will there be any additional expenses or investment to take just to learn the business field? 				
<ul style="list-style-type: none"> Does the SME need additional partner to run the business due to the lack of knowledge? 				
2. Experience in the business field				
<ul style="list-style-type: none"> Have the SME owned or worked for this kind of business? 				
<ul style="list-style-type: none"> How far the SME's responsibility and capacity to this kind of business before? 				
3. Skills to support the business				
<ul style="list-style-type: none"> In what level they know the unique or specific skills which related to the business? If they are lack of skills, and they need to learn or explore more, how long the learning process will take? 				
4. Ease of entry				

• Cost of starting or entering the business.				
• Competitor or similar business which currently existing.				
5. Business Uniqueness				
• How unique the idea is? What makes the business different from the other competitor or similar business?				

b) Financial analysis

Objective:

- Measure the debtors capacity repay the loan
- Establish credit requirements based on actual cash flow
- Enable us to fully evaluate and understand the SME creditworthiness

Toast Room financial analysis will cover aspects of:

- Income Statement
- Projection Income Statement in 5 Years
- Balance Sheet
- Projection Balance Sheet in 5 years
- Cash-flow

Objective:

The importance of cash flow analysis is related to the fact cash flow would be the first source of loan repayment

Cash flow analysis will cover main aspects as below:

- a. Operation flows
- b. Financing flows
- c. Investing flows
- Projection Cash Flow in 5 years
- Bank Statement Analysis
- Key Ratios from 4 main aspects, which are:

1. Liquidity

a. Current Ratio

Current assets available to pay current obligations

b. Quick Ratio

Current liquid assets available to pay current obligations

2. Efficiency

a. Account Receivable Days on Hand

Management's ability to collect its receivables

b. Inventory Days on Hand

Management's ability manages the inventory efficiently. Low ratio is good.

c. Accounts Payable Days on Hand

Calculate financing provided by trade creditors to company and management paying habits.

d. Return On Assets (ROA)

Measures return on investment represented by the assets of the business

e. Return On Investment (ROI)

Measures rate of return on owner's equity.

3. Profitability

a. Operating Profit Margin

Represent the percentage of profits retained from sales.

b. Net Operating Margin

Represent the ability of the business to generate profit from sales.

c. Direct Cost and Expense Ratio

Indicates the percentage of sales used to fund the expenses.

4. Leverage

a. Debt

- Debts to Assets

Represent the degree to which assets are funded by external creditors

- Debts to Net Worth

Calculate how many Rupiah of outside financing for each Rupiah of owner's equity.

b. Interest Coverage

Degree of each earning can declined without affecting company's ability to meet the annual interest costs.

c. Debt Coverage

Measures the degree to which earnings plus non cash expense can decline without affecting the company's ability to meet current payments on long-term debt.

c) Business Development analysis, will cover all aspects below:

- Operation Strategy
- Marketing Strategy
- Human Resource Strategy
- Competitive Mapping Analysis

d) Collateral Appraisal, consist of collect all data below:

- All assets own by debtor
- All shares in the company own by the debtor
- All shares as supporting guarantee

IV. Recommendation

Summarize the business concept, credit objective, business feasibility, industry analysis as supporting data and overall business projection at minimum 5 years.

V. Creating Final Business Proposal

All data to be compiled from company profile, SMEs profile, and all appraisals needed as mentioned above, also recommendation from Toast Room as the examiner.

VI. Final Business Proposal submission to the bank

After all business proposal done, then we need to repackage into visual aspect which help our customer (bank) to understand and can see the creative output that represent the SMEs brand.

VII. Business proposal presentation

This is the time for the SME to present the business concept to the bank, while Toast Room will present all the analysis which stated at the business proposal as the appraisal result of all steps above.

VIII. Business concept approval

Once bank approves the business proposal, next step would be the signing process for the agreement between Toast Room and SMEs.

IX. Payment transfer

After the signing process between Bank and SMEs, our accounting will issue an invoice to Bank for the success fee payment for the SMEs credit approval.

4.4.2.2 *5C's of Credit*

In preparing the proposal to obtain the loan for the SME from a bank, it needs collateral appraisal to assess the various risks that can impact on the repayment of loan. 5 Cs of credit are judgmental factors which in theory bankers used to evaluate the quality of a personal or small business loan application(businessdictionary.com). There are certain elements to be assessed in SME's creditworthiness. As a common reference in banker's analysis, the variables play factors in SME's creditworthiness assessment are covered in "The 5C's of credit".

The 5 C's such as the following:

- Capacity.

A company should generate enough CASH FLOW to repay the requested debt, and it will be shown in its historical and projected cash flow. The data should be able to give the bank visibility to future performance.

- Collateral

This is an element that fascinates bank since it will be a secondary source of repayment should the company fail. In generally, the bank wants the loan amount to be exceeded by the amount of the company's collateral. In case the SME unable to repay the loan at some point in the future, the collateral should be able to recover its loan by being liquidated and be proceed to pay off the loan.

- Capital

When it comes to capital, the bank is essentially looking for the company's owner to have sufficient equity in the company. A bank will not interest in giving loan for company's losses, so they will ensure that there is enough equity to rehabilitate itself. There is no exact measure or amount of "enough capital", but it is specifically in the situation and the owner's financial profile. Commonly, the bank will look at the owner's investment in the company relative to their total net worth, and they will compare the amount of the loan to the amount of equity in the company – the company's Debt to Equity Ratio, and banks typically like to see Debt to Equity Ratios no higher than 2 to 3 times.

- Condition

The other key factor of 5 C's Credit is the overall condition surrounding the company and within its industry that could affect its business. The condition considered to determine the key risks facing the company. Even if the company's historical financial performance is strong, the bank wants to be sure of company's future survival ability.

- Character

Without scoring high marks for character, a banker will not approve a loan request. The character in this term is the general impression of the borrower that is relatively subjective to determine that the borrower is trustworthy to generate a return on funds. Character that is going to be reviewed is about the owner and management educational background and experience in the business industry. After all, it is an intangible matter.

4.4.2.3 *SME's feasibility assessment*

Outcome

Identify strengths and weaknesses in SME business as compared to a model business.

Overview

This assessment identifies the major criteria that can make or break the success of a business. By evaluating SME's business concept against these criteria, there will be facts show the level of risk it might be taking in running the SME business. The criteria can also be used to develop benchmarks for improvement in the product/service, the market, and the financial aspects of the business.

The Assessment Process:

Step 1: Review the Business Concept Feasibility Assessment – Criteria Descriptions.

Review the criteria and descriptions. For each criterion, choose the description that most closely matches the SME situation. Mark that description's number (1 through 5) on the Scoring Page.

Step 2: Total the score.

On the Scoring Page, total the points for SME business concept.

NOTE: The model, or perfect, business would score a "5" on every criterion, for a total of 100 points.

Step 3: Evaluate SME business.

Generally, for SME business concept to be feasible it must achieve at least one-half of the possible points overall and at least one-half of the possible points in any of the three feasibility areas—product or service, market, and

financial. A score of less than 3 for any individual criterion indicates a weakness in the business concept, which requires further consideration.

Business Concept Feasibility Assessment – Scoring

For help with rating, see the criteria explanations on the following pages.

PRODUCT OR SERVICE FEASIBILITY	1	2	3	4	5
Customers understanding about the importance of product as their need	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Product readiness (going to the market)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Product has unlimited life	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Product is unique and original	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Product is not regulated by the government	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Product has expansion potential	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Product has no risk tendency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

MARKET FEASIBILITY	1	2	3	4	5
Market can be recognized and measured	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Existing competition has identifiable weaknesses	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Distribution system is established and receptive	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Purchasing frequency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Business has great news value	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FINANCIAL FEASIBILITY	1	2	3	4	5
Funding is easily earned	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Revenue stream is continuous	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Money is collected prior to sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hiring and retaining employees is easy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Legal problems do not exist	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Total Points Possible: 100

TOTAL SME SCORES: _____

Business Concept Feasibility Assessment – Criteria Descriptions

For each criterion in the left column below and on the following pages, the five descriptions are in the right column. Choose the description that most closely matches SME situation. Mark that description's number (1 through 5) on the Scoring Page.

PRODUCT FEASIBILITY	
SME's Customers understanding about the importance of product as their need	<ol style="list-style-type: none"> 1. SME's customers don't notice at all about the products 2. Before the demand occur, SME's customers need to understand the benefits of products 3. SME's customers must be firm to buy from the SME instead of its competitors 4. SME's customers need the products and will choose them over competitors 5. SME's customers need SME's products and want to buy from me
The product readiness	<ol style="list-style-type: none"> 1. The product is in the development process 2. It could have problems; The product is still in the development process 3. Some products have been sold but have not been completely tested 4. The products completely tested and the problems solving is on going 5. The problems already solved and the products work well with just some little problems

Products Life Cycle	<ol style="list-style-type: none"> 1. The products need to be sold quickly before they meet the expiry time. 2. The products have a relatively short life cycle and give minimal profits 3. There are profits before the life cycle of product ends 4. The products have a practically long life cycle which will allow for enough profits. 5. The products have unlimited life cycle
Product is unique and original.	<ol style="list-style-type: none"> 1. The product is similar just like the competitors' , nothing special about the products 2. The product is similar just like the competitors' , but it is identifiable 3. and can be differentiated from the competitors 4. The product is on the process to get proprietary rights 5. The product is somewhat unique in function or style and can be legal protected. 6. The products are unique and original, can get the legal protection.
Product is not regulated by the government.	<ol style="list-style-type: none"> 1. The SME owner will not allocate any budget and money for regulations. 2. The regulations changes are on process, it probably require more time and expense. 3. The regulations are reasonable, but should be overseen closely. 4. The specific products will be able to conform to regulation. 5. The product is regulated by the government, the SME owner understand that regulation is a must for any business.
Product has expansion potential.	<ol style="list-style-type: none"> 1. The product has no expansion potential. 2. The product is the only one the SME sell. 3. The product is hard to be expanded. 4. There are several things to sell in the products line. 5. It will be easily add more products to sell.
Product has no risk tendency	<ol style="list-style-type: none"> 1. It confronts a high legal risk in selling the product 2. Its selling risk is unpredictable 3. The SME can afford to protect its business for any risk in the selling process. 4. The product has minimum risk. 5. There is no any risk tendency on the product
MARKET FEASIBILITY	
Market can be recognized and	<ol style="list-style-type: none"> 1. SME's customers could be just about anyone, so targeting a certain group may not be easy.

measured.	<ol style="list-style-type: none"> 2. The products have many potential customers; it needs more research to find its target market. 3. SME's potential customers already identified, but they will be somewhat difficult to reach because of their demographics/buying patterns. 4. With some efforts, SME's customers can be found by utilizing their demographics or buying patterns. 5. SME's Potential customers are easy to find because of their demographics/buying patterns.
Existing competition has identifiable weaknesses.	<ol style="list-style-type: none"> 1. There are lots of competitions who have been in this business longer than the product. 2. The product has no competitors. 3. There are competitors, but their weaknesses haven't been identified. 4. Need more research on the competition and its weaknesses. 5. The competition is limited and the weaknesses are identifiable.
Distribution system is established and receptive.	<ol style="list-style-type: none"> 1. The product must develop a new distribution system. 2. Its current distribution system offers only limited options. 3. There is a distribution system that already established with several options. 4. Several distributors agreed to carrying the product 5. Distributors are enthusiastic wanting to carry the product
Purchasing frequency.	<ol style="list-style-type: none"> 1. Customers will only buy, so it must find new customers all the time. 2. Most customers will only buy once. 3. Customers will buy more than once, but not frequently. 4. Some customers will purchase products frequently. 5. Its existing customers purchase products very frequently.
Business has great news value.	<ol style="list-style-type: none"> 1. The business has zero news value. 2. The business just doesn't seem to have great news value. 3. There is a potential opportunity to get some publicity. 4. The business has news value, and can get some good media coverage if the companies work at it. 5. The business industry is the new and interesting one that getting in the news is very easy.

FINANCIAL FEASIBILITY

Funding is easily obtained.	<ol style="list-style-type: none"> 1. The SME owner is going to have to invest a huge amount, maybe more than he/she is willing to risk. 2. The SME owner not really sure how much funding his/her business will require.
-----------------------------	---

	<ol style="list-style-type: none"> 3. The SME owner needs to invest quite a bit of money, but he/she can afford to risk it. 4. The SME owner need to invest a moderate amount of money, he/she can afford to risk it. 5. The SME owner doesn't have to invest much money at all; He can comfortably risk it.
Revenue stream is continuous.	<ol style="list-style-type: none"> 1. SME owner never know what's going to come in because of seasonality, large contracts, etc. 2. Monthly sales will fluctuate significantly but are somewhat predictable. 3. The product's sales vary somewhat from month to month due to sales cycles and products offered. 4. Most of the time, sales will be steady from month to month. 5. The steady sales always countable from month to month.
Money is collected prior to sales.	<ol style="list-style-type: none"> 1. SME send out a bill for products/services and wait over 30 days for customers to pay. 2. SME sends out a bill for products/services and the typical customer pays within 30 days. 3. SME's customers pay at the time of service or when they receive the product. 4. SME's customers make an upfront deposit that covers the direct costs of the product/service. 5. The entire price of the product/service is paid prior to delivery.
Hiring and retaining employees is easy.	<ol style="list-style-type: none"> 1. Turnover will be high. The cycle of hiring and training will be continuous. 2. SME will spend lots of time and money hiring and training employees. 3. For a moment, the owner can control labor costs by using subcontractors as the company grows. 4. SME owner has well-qualified employees and expect a low turnover rate. 5. There is zero turnover rate!
Legal problems do not exist.	<ol style="list-style-type: none"> 1. SME got problems, it is already facing legal action 2. SME will have problems. It has multiple business owners, high liability products, leasing issues, or products that must be legally protected. 3. It concerned about protecting its personal assets from legal liability. 4. Legal problems do occur in this industry, but most can be anticipated and managed with proper planning. 5. Few lawsuits or legal harassments occur in this entire industry.

4.5 Location Strategy

Location : jl Wijaya, South Jakarta

Type : Office Building/ShopHouse

Ownership : Rent

Fee : Rp 35.000.000,- / year(Rumah 123)

We choose this location because the Rent fee is not as high as the Jakarta Office center area (Sudirman, Thamrin, Kuningan) but not far from that area.





The picture above we take from reference website (www.rumah123.com) which offer shophouse rent in Jalan Wijaya area. The house's condition is unfurnished, and it needs renovation and fixture finishing for the office layout including furniture and office equipment inside the building.

4.5.1 Operational Fixed Expense

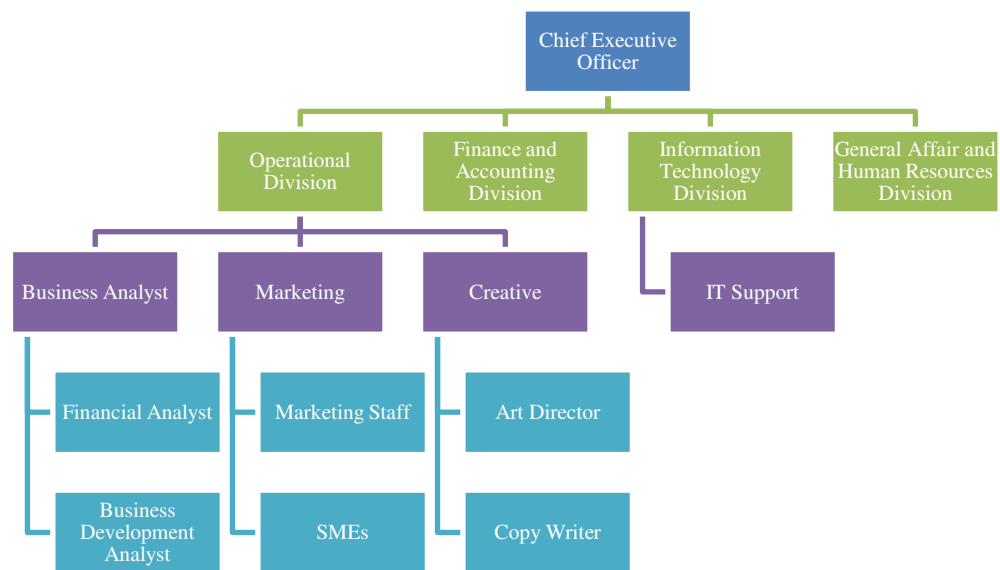
Operational Fixed Expense		
	monthly	yearly
Electricity and water	2,500,000.00	30,000,000.00
Postage	250,000.00	3,000,000.00
Transportation	3,000,000.00	36,000,000.00
Phone Allowance	1,100,000.00	13,200,000.00
Office Utilities	100,000.00	1,200,000.00
Internet	4,000,000.00	48,000,000.00
Total Operational Fixed Expense	10,950,000.00	131,400,000.00
Operational Yearly Expense		
Office Rent (1 year)		35,000,000.00
Legal and Professional Fees		14,000,000.00
Operational Initial Expense(Year one)		
Renovation		100,000,000.00

4.6 Human Resources Strategy

Toast Room is a services-based company so human resource management plays the important role in running this business to drive this company into a successful company. Within Toast Room, our core asset is our people; so for us all to perform at our best and to provide the service that our client expect and require of us. Human resource division is in charge of managing the talent inside Toast Room, recruiting qualified employee, responsible about the culture development inside Toast Room including the general affairs around the Toast Room's Office.

4.6.1 Organization Structure

Based on our Organizational Structure in our previous Chapter, we divide Toast Room into 4 Divisions: Operational, Finance and Accounting, Information Technology, and Human Resource and General Affairs Division. Each Division has its mandatory role and required different skill to operate. The Operational Division is divided into three specific sub-divisions: Business Development Specialist, Marketing (Account Executive), and Creative.



4.6.2 Job Description and Skill Requirement

4.6.2.1 *Operational Division (OD)*

Operational Division is the core division who run the main activity of Toast Room. It consists of three subdivisions:

4.6.2.1.1 Business Analyst

Business Model Specialist group consist of people specialized in calculating the feasibility SME's project and able to present the project analysis to banks and the SME's Owner. The analyst also responsible in gathering data needed and provide accurate recommendation to both parties (SME's and bank). They will be responsible in preparing the SME's business proposal to be submitted to Bank. The business proposal should provide finance performance of SME that has been analyzed by comparing and analyzing the plans and forecasts with actual results.

Requirement:

- Minimum Bachelor/Master Degree in Accounting, Finance, and Business Administration
- Basic financial/credit analysis skills preferred
- Related Previous Experience
- Have analytical skill and great sense in Business Development
- Passionate in SME's environment
- Good Communication and Presentation skill

4.6.2.1.2 Marketing

Marketing will be in charge of maintaining the relationship between Bank and SMEs to Toast Room. Handle every administrative matter and inquires regarding Toast's Client Relationship Management.

Requirement:

- Minimum D3 Degree(any degree)
- Fresh Graduate are encouraged to apply
(Have related previous marketing experience will be an advantage)
- Having Marketing contacts particularly in SMEs and local corporate are preferred
- Good Interpersonal, Communication and Administrative skill
- Willing to travel to nearest prospective Investor and SME's place

4.6.2.1.3 Creative

Creative are the source of creative idea in our company. They will be in charge of generating

creative idea in designing output and all the communication campaigns.

Requirement:

- Any Bachelor degree (Communication and Art Design are preferred)
- Demonstrate an ability to create a creative and breakthrough ideas
- Having experience in Above The Line(ATL), Below The Line (BTL), packaging design is an advantage
- Love Challenges and have a great sense in business development

4.6.2.2 *Finance and Accounting Division (FAD)*

FAD is responsible in entering journal entry; manage the company's finance and general ledger.

Requirement:

- Bachelor degree in accounting (preferred from reputable university)
- Understanding tax and Accounting processes
- Proficient in Office Application

4.6.2.3 ***Information Technology Division (ITD)***

IT division is responsible in office Technology infrastructure like email, hardware and software installation.

Requirement:

- Minimum D3 Degree in Information Technology, Information System, Electrical engineering and related major
- Having related experience is an advantage
- Understand Troubleshooting Hardware and Office Software Installation
- Good Communication Skill

4.6.2.4 ***General Affair and Human Resource Division (HRD)***

HRD manage office issue and established the company's regulation.

Requirement:

- Bachelor degree in psychology, Human resources management, Law
- Having related experience is an advantage
- Understand recruitment process, maintenance of building, legal system, and established company regulation

4.6.3 Human Resources Budget / Salary expense

4.6.3.1 *Financial Compensation*

Giving money to the employee in return for their work is a very common and is one of the most frequently used compensation. Financial compensation itself is divided into two types, direct financial compensation) which includes basic salary, and holiday allowance (THR/ Tunjangan Hari Raya) as well as indirect financial compensation which includes pension (JAMSOSTEK – Jaminan Hari Tua)(Jamsostek, 2012) and health insurance(JAMSOSTEK – Jaminan Pemeliharaan Kesehatan).

In accordance with government regulations and guaranteed by Undang – undang no.3 of 1992 Jaminan Sosial Tenaga Kerja, companies are required to provide compensation for employees affected socio-economic risks in the form of finance at the time of hospital care, family life and old on the day when it dies, which is estimated 6% of base salary

2013

Initial Salary Scheme (Roast Room) 2013				PPH21							Jamsostek				
2013															
Position	Basic Salary	Total Salary per year	PKP						Tax(pph21) per Year	tax per month	Jaminan Hari Tua(Pension)	Jaminan Pemeliharaan Kesehatan (health Insurance)	Salary Expense	Take Home Pay	
				5%	10%	15%	25%	35%			2%	3.7%	6%		
Operational Division															
CEO	10,000,000	130,000,000	109,700,000	1,250,000	2,500,000	7,500,000	7,500,000	0	18,750,000	1442307.69	200000.00	370000.00	600000.00	12,412,307.7	9,800,000.00
Marketing Division															
Marketing Manager	5,000,000	65,000,000	44,700,000	1,250,000	1,970,000	0	0	0	3,220,000	247692.31	100000.00	185000.00	300000.00	5,732,692.3	4,900,000.00
Account Executive 1	2,500,000	32,500,000	12,200,000	610,000	0	0	0	0	610,000	46923.08	50000.00	92500.00	150000.00	2,789,423.1	2,450,000.00
Creative															
Creative Head	5,000,000	65,000,000	44,700,000	1,250,000	1,970,000	0	0	0	3,220,000	247692.31	100000.00	185000.00	300000.00	5,732,692.3	4,900,000.00
Creative Staff	3,000,000	39,000,000	18,700,000	935,000	0	0	0	0	935,000	71923.08	60000.00	111000.00	180000.00	3,362,923.1	2,940,000.00
Business Analyst															
Financial Analyst	5,000,000	65,000,000	44,700,000	1,250,000	1,970,000	2,250,000	0	0	5,470,000	420769.23	100000.00	185000.00	300000.00	5,905,769.2	4,900,000.00
Business Development Analyst	5,000,000	65,000,000	44,700,000	1,250,000	1,970,000	2,250,000	0	0	5,470,000	420769.23	100000.00	185000.00	300000.00	5,905,769.2	4,900,000.00
Finance and Accounting Div															
Finance Accounting Manager	5,000,000	65,000,000	44,700,000	1,250,000	1,970,000	0	0	0	3,220,000	247692.31	100000.00	185000.00	300000.00	5,732,692.3	4,900,000.00
Finance Staff	2,500,000	32,500,000	12,200,000	610,000	0	0	0	0	610,000	46923.08	50000.00	92500.00	150000.00	2,789,423.1	2,450,000.00
IT Division															
IT Staff	4,000,000	52,000,000	31,700,000	1,250,000	670,000	0	0	0	1,920,000	147692.31	80000.00	148000.00	240000.00	4,535,692.3	3,920,000.00
HR Division															
HRGA Manager	5,000,000	65,000,000	44,700,000	1,250,000	1,970,000	0	0	0	3,220,000	247692.31	100000.00	185000.00	300000.00	5,732,692.3	4,900,000.00
HR Staff	2,000,000	26,000,000	5,700,000	285,000	0	0	0	0	285,000	21923.08	40000.00	74000.00	120000.00	2,215,923.1	1,960,000.00
Admin/Receptionist	2,000,000	26,000,000	5,700,000	285,000	0	0	0	0	285,000	21923.08	40000.00	74000.00	120000.00	2,215,923.1	1,960,000.00
Office Boy/Girl	1,000,000	13,000,000		0	0	0	0	0	0	0.00	20000.00	37000.00	60000.00	1,097,000.0	980,000.00

Human Resource Calendar 2013

[illegible]

The picture above explains how human resource arrangement has to be aligned with our marketing plan to achieve our Sales target the first year.

4.7 Financial Plan

Finance is one of the important things to be planned in aiming our business objective. In this sub-chapter, we will use assumptions which several of them are already mentioned in our previous sub-section (Marketing, Operation, and Human Resource). We decide using owner equity instead of using loan as our fund's source.

4.7.1 Sales Assumption

Based on our Marketing subsection we define our core services separated by the amount of loan given to the SMEs. We divided our revenue streams based on the SME's loan accepted by the bank. Range of percentage will be 2% to 5%. We choose this range because it is the acceptable amount of percentage since the bank will receive 11 – 13% for 1 billion loan. We assume 2 – 5% will be an ideal deal between us both parties. Loan to be given to SMEs started from 50 million and the highest would be 1 billion rupiah. Scale of percentage will be lower as the loan amount increase.

We assume the sales breakdown as below:

Sales Assumption

MINIMUM	MAXIMUM	Success Fee Percentage	Average loan * Success Fee percentage
50,000,000	250,000,000	5.0%	7,500,000.00
250,000,000	500,000,000	4.5%	16,875,000.00
500,000,000	1,000,000,000	2.5%	18,750,000.00

The table shows 50 million to 250 million loan will be charged at 5% or on average we will get 7.5 million per project. And for the loan between 250 million and 500 million, the percentage will become lower (4.5%) while on average will generate 16.875 million per accepted loan. 500 million until 1 billion loan will be charged at 2.5 % or the average loan in rupiah will be 18.75 million.

For every business proposal will have the Cost of Sales for printing at 500 thousand per business proposal. Aligned with our marketing calendar, we are mapping our business proposal acceptance assumption as below:

Sales Assumption		2013 Business Proposal Accepted Assumption											
MINIMUM	MAXIMUM	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
50,000,000	250,000,000		1	2	3	4	6	5	6	6	7	7	5
250,000,000	500,000,000		1	1	3	3	4	4	5	5	5	4	5
500,000,000	1,000,000,000		1	1	3	3	3	4	4	4	3	3	7

As previewed on table above, on January 2013 our business proposal has not yet been accepted since our marketing team just started the activation such as expo, seminar. We are optimist we will get our business proposal accepted in February from our activation on January.

Along with all activation which breakdown in our marketing calendar, the number of business proposal accepted is rising according to our marketing calendar. In total, we are targeting to get 128 loan (business proposal) accepted with total sales of 1.74 billion which preview in our income statement below. And we also assume our sales growth 20% per year according to our optimistic marketing goals.

4.7.2 Office Startup Summary (Initial Investment)

Toast Room's startup cost will include the office building rent fee, Office asset (Furniture, Computer equipment), Legal and Accounting fees, Building renovation.

Computer Equipment(Bhinneka.com):

1. Computer Server : IBM System x3200M3-IIH @ IDR 11,850,000
2. Laptop : HP ProBook 4430s (8-3PA) @ IDR 5,251,400
3. Designer PC: Apple iMac [MC813ZA/A] @ IDR 18,439,200
4. Printer : HP PJ2050 @ IDR 2,400,000
5. Peripheral products(Network infrastructure) @ IDR 7,000,000

Furniture(Toko Furniture Simpati)

- | | | |
|---|----------|-----------------|
| 1. Table Mahogani | (13 pcs) | @ IDR 695,000 |
| 2. Office Chair | (13 pcs) | @ IDR 460,000 |
| 3. Safe | (1 pc) | @ IDR 883,000 |
| 4. Other Furniture and Office utilities | | @ IDR 5,000,000 |

Assumption the computer and furniture Depreciate in straight five years

Legal and Professional Fees

Toast will be established in a PT (Perseroan Terbatas), so legal and accounting Fees will be included in the Start-up investment.

Office Renovation

When we decide to rent office building, the building condition is in the unfurnished condition. We need some amount of money to renovate the office and make it a comfortable workplace.

Working Capital (Cash on Hands)

When we established Toast Room, we need cash on our hands as the our money source to cover our first three months expense including employee's salaries, operational expense, and marketing expense.

Start-up Investment breakdown is explained in the following table:

Start-Up Investment Table

Initial Investment		Amount
Asset	amount	
Computer Equipment		121,145,400
Laptop	12	63,016,800
Mac	2	36,878,600
Server(Email)	1	11,850,000
Printer	1	2,400,000
Other(Network and Tools)		7,000,000
Furniture		20,898,000
Office Table	13	9,035,000
Office Chair	13	5,980,000
Safe	1	883,000
Other Office utilities		5,000,000
Total Asset		IDR 142,043,400
Operating Capital		
Working Capital(Cash on Hands)		713,380,000
Total Operating Capital		IDR 713,380,000
Total Required Funds		IDR 855,423,400

4.7.3 Investment Opportunity

Toast Room plan to increase their income through investment. The investment will in form of Bank Deposits. Using rate 5% per year, Toast Room have a plan to invest portion of money in year two until year five.

Investment Opportunity					
	2013	2014	2015	2016	2017
Annual Deposits	-	100,000,000	120,000,000	150,000,000	200,000,000
5% Interest Income	-	-	5,000,000	11,250,000	19,312,500
Deposit per Year	-	100,000,000	125,000,000	161,250,000	219,312,500
Deposit Total		100,000,000	225,000,000	386,250,000	605,562,500

Assuming we will have a lot of cash asset on hand, we will allocate a portion of our cash into certain investment (e.g deposits using 5% interest). Investment start in year 2 and we will re-invest interest generated from previous investment.

4.7.4 Dividend Share

Toast also shares its dividend to its owner. We allocated 60% of our retained earnings to be shared to the owners. Starting in year one, 60% of retained earnings will be allocated as the dividend shared and same rules applied in the following year.

4.7.5 Capital Budgeting, and Payback period analysis

Capital Budgeting

Project's Life	5
Tax Rate	25%
Initial Investment	Rp855,423,400
Discount Rate	15%

Annual Cash Flows(year)	0	2013	2014	2015	2016	2017
Initial Outlay	(855,423,400)					
Cash Inflows						
Sales Income		1,740,000,000	2,088,000,000	2,505,600,000	3,006,720,000	3,608,064,000
Interest Income		-	-	5,000,000	11,250,000	19,312,500
Total Cash Inflows		1,740,000,000	2,088,000,000	2,510,600,000	3,017,970,000	3,627,376,500
Cash Outflows						
Cost of Sales		276,607,692	385,761,846	512,793,308	661,927,289	836,279,365
Overhead Salary		615,434,692	720,884,954	797,610,065	863,111,597	954,391,979
Operating Expenses		131,400,000	144,540,000	158,994,000	174,893,400	192,382,740
Marketing Expenses		138,050,000	126,052,500	132,355,125	138,972,881	165,721,525
Rent		35,000,000	35,000,000	55,000,000	55,000,000	75,000,000
Renovation		100,000,000	-	-	-	-
Legal and Accounting Fees		14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
Depreciation		28,408,680	28,408,680	28,408,680	28,408,680	28,408,680
Total Cash Outflows		1,338,901,065	1,454,647,980	1,699,161,177	1,936,313,847	2,266,184,289
Dividend Share		180,494,521	285,008,409	365,897,470	488,432,769	615,433,370
Taxes		100,274,734	158,338,005	201,609,706	267,601,538	335,469,928
Depreciation		28,408,680	28,408,680	28,408,680	28,408,680	28,408,680
Cash Flow	(855,423,400)	401,098,935	633,352,020	811,438,823	1,081,656,153	1,361,192,211
Δ NwC		(862,118,361)	(218,414,286)	(272,340,327)	(354,030,526)	(438,697,593)
Cash Flow without NwC	(855,423,400)	(461,019,425)	414,937,734	539,098,496	727,625,627	922,494,617
NPV	\$249,194,670.55					
Payback Period	4.5					

Using Discount rate 15% and tax rate 25%, we can see from the table above given positive cash flow in the first year and showing the positive NPV result for this project. While using payback period method, this business creation will get the payback before we pass year five.

4.7.6 Financial Result

In this part, we project financial statements to see how ToastRoom business performs financially. Our financial statement projection is made for only the first five years of project's life. Capital

budgeting shows the annual cash flow starts to be positive in the first year and keep increasing on the next year.

The projected financial statements that we developed here consists the followings:

- Income Statements
- Cash Flow Statements
- Balance Sheets

Toast Room

Projected Income Statement - 2013 (Year One)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
Income													
Business Proposal	-	43,125,000	50,625,000	129,375,000	136,875,000	168,750,000	180,000,000	204,375,000	204,375,000	193,125,000	176,250,000	253,125,000	1,740,000,000
Total Income	-	43,125,000	50,625,000	129,375,000	136,875,000	168,750,000	180,000,000	204,375,000	204,375,000	193,125,000	176,250,000	253,125,000	1,740,000,000
Cost of Sales													
Business Analyst Salary	11,811,538	11,811,538	11,811,538	11,811,538	11,811,538	11,811,538	23,623,077	23,623,077	23,623,077	23,623,077	23,623,077	23,623,077	212,607,692
Print	-	1,500,000	2,000,000	4,500,000	5,000,000	6,500,000	6,500,000	7,500,000	7,500,000	7,500,000	7,000,000	8,500,000	64,000,000
Total Cost of Sales	11,811,538	13,311,538	13,811,538	16,311,538	16,811,538	18,311,538	30,123,077	31,123,077	31,123,077	31,123,077	30,623,077	32,123,077	276,607,692
Gross Margin	(11,811,538)	29,813,462	36,813,462	113,063,462	120,063,462	150,438,462	149,876,923	173,251,923	173,251,923	162,001,923	145,626,923	221,001,923	1,463,392,308
													84%
Salaries													
Salaries and Wages	45,981,115	45,981,115	49,344,038	49,344,038	49,344,038	49,344,038	54,349,385	54,349,385	54,349,385	54,349,385	54,349,385	54,349,385	615,434,632
Operating Expense													
Electricity and water	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	30,000,000
Postage	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	3,000,000
Transportation	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	36,000,000
Phone Allowance	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	13,200,000
Office Equipment	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,200,000
Internet	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	48,000,000
Marketing Expense													
Communications	15,900,000	5,900,000	12,900,000	5,900,000	10,900,000	5,900,000	15,900,000	5,900,000	12,900,000	5,900,000	11,900,000	9,400,000	119,300,000
Market Research	1,750,000	1,500,000	1,500,000	1,500,000	1,750,000	1,500,000	1,500,000	1,500,000	1,750,000	1,500,000	1,500,000	1,500,000	18,750,000
Total Business Expense	74,581,115	64,331,115	74,694,038	67,694,038	72,944,038	67,694,038	82,699,385	72,699,385	79,949,385	72,699,385	78,699,385	76,199,385	884,884,692
Operating Margin	(86,392,654)	(34,517,654)	(37,880,577)	45,369,423	47,119,423	82,744,423	67,177,538	100,552,538	93,302,538	89,302,538	66,927,538	144,802,538	578,507,615
													33%
Other Expense													
Rent	2,916,667	2,916,667	2,916,667	2,916,667	2,916,667	2,916,667	2,916,667	2,916,667	2,916,667	2,916,667	2,916,667	2,916,667	35,000,000
	8,333,333	8,333,333	8,333,333	8,333,333	8,333,333	8,333,333	8,333,333	8,333,333	8,333,333	8,333,333	8,333,333	8,333,333	100,000,000
Legal and Accounting Fees	1,166,667	1,166,667	1,166,667	1,166,667	1,166,667	1,166,667	1,166,667	1,166,667	1,166,667	1,166,667	1,166,667	1,166,667	14,000,000
Depreciation	2,367,390	2,367,390	2,367,390	2,367,390	2,367,390	2,367,390	2,367,390	2,367,390	2,367,390	2,367,390	2,367,390	2,367,390	28,408,680
Total Expense	89,365,172	79,115,172	89,478,095	82,478,095	87,728,095	82,478,095	97,483,441	87,483,441	94,733,441	87,483,441	93,483,441	90,983,441	1,062,293,372
Net Income	(101,176,711)	(49,301,711)	(52,664,634)	30,585,366	32,335,366	67,960,366	52,393,482	85,768,482	78,518,482	74,518,482	52,143,482	130,018,482	401,098,935

At the first year, we reach the revenue IDR 1,740,000,000 from the simulation of getting SME's approved business proposal by 128 projects at the end of the year. This arrangement is based on 52 SME's projects valued average between (IDR 50 million – IDR 250 million), 40 projects for average IDR 250 million to 500 million, and 36 projects for loan applied between IDR 500 million to IDR 1 billion. Toast will charge banks with certain percentage (according to Financial Assumption subsection).

Projected Income Statement for 5 years					
	2013	2014	2015	2016	2017
Income					
Business Proposal	1,740,000,000	2,088,000,000	2,505,600,000	3,006,720,000	3,608,064,000
Total Income	1,740,000,000	2,088,000,000	2,505,600,000	3,006,720,000	3,608,064,000
Cost of Sales					
Business Analyst Salary	212,607,692	315,361,846	435,353,308	576,743,289	742,576,965
Print	64,000,000	70,400,000	77,440,000	85,184,000	93,702,400
Total Cost of Sales	276,607,692	385,761,846	512,793,308	661,927,289	836,279,365
Gross Margin	1,463,392,308	1,702,238,154	1,992,806,692	2,344,792,711	2,771,784,635
	84%	82%	80%	78%	77%
Salaries					
Salaries and Wages	615,434,692	720,884,954	797,610,065	863,111,597	954,391,979
Operating Expense					
Electricity and water	30,000,000	33,000,000	36,300,000	39,930,000	43,923,000
Postage	3,000,000	3,300,000	3,630,000	3,993,000	4,392,300
Transportation	36,000,000	39,600,000	43,560,000	47,916,000	52,707,600
Phone Allowance	13,200,000	14,520,000	15,972,000	17,569,200	19,326,120
Office Equipment	1,200,000	1,320,000	1,452,000	1,597,200	1,756,920
Internet	48,000,000	52,800,000	58,080,000	63,888,000	70,276,800
Marketing Expense					
Communications	119,300,000	125,265,000	131,528,250	138,104,663	145,009,896
Market Research	18,750,000	787,500	826,875	868,219	20,711,630
Total Business Expense	884,884,692	991,477,454	1,088,959,190	1,176,977,878	1,312,496,245
Operating Margin	578,507,615	710,760,700	903,847,503	1,167,814,833	1,459,288,391
	33%	34%	36%	39%	40%
Other Expense					
Rent	35,000,000	35,000,000	55,000,000	55,000,000	75,000,000
Renovation	100,000,000				
Legal and Accounting Fees	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
Depreciation	28,408,680	28,408,680	28,408,680	28,408,680	28,408,680
Total Expense	1,062,293,372	1,068,886,134	1,186,367,870	1,274,386,558	1,429,904,925
EBIT	401,098,935	633,352,020	806,438,823	1,070,406,153	1,341,879,711
Interest Income	-	-	5,000,000	11,250,000	19,312,500
Corporate Tax (25%)	100,274,734	158,338,005	201,609,706	267,601,538	335,469,928
Retained Earnings	300,824,202	475,014,015	609,829,117	814,054,615	1,025,722,283
Dividend Paid	180,494,521	285,008,409	365,897,470	488,432,769	615,433,370
Net Profit	120,329,681	190,005,606	243,931,647	325,621,846	410,288,913
		58%	28%	33%	26%

Our five years projected income statement also show positive results.

Gross margin will be on average 70-80% because Toast categorized as a service company, the cost of sales will be very small and distributed to the overhead cost (salary, operational expense)

Toast Room
Projected Cash Flow Statement 2013 (Year one)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
Beginning Cash Balance	713,380,000	606,214,452	550,923,903	492,270,432	516,866,961	543,213,489	605,185,018	651,589,662	731,369,306	803,898,950	872,428,594	918,583,238	
Cash Inflows													
Sales Income	-	43,125,000	50,625,000	129,375,000	136,875,000	168,750,000	180,000,000	204,375,000	204,375,000	193,125,000	176,250,000	253,125,000	1,740,000,000
Account Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Inflows	-	43,125,000	50,625,000	129,375,000	136,875,000	168,750,000	180,000,000	204,375,000	204,375,000	193,125,000	176,250,000	253,125,000	1,740,000,000
Cash Outflows													
Cost of Sales	11,811,538	13,311,538	13,811,538	16,311,538	16,811,538	18,311,538	30,123,077	31,123,077	31,123,077	31,123,077	30,623,077	32,123,077	276,607,692
Payment of Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-
Salaries and Wages	45,981,115	45,981,115	49,344,038	49,344,038	49,344,038	49,344,038	54,349,385	54,349,385	54,349,385	54,349,385	54,349,385	54,349,385	615,434,692
Operating Expenses	10,950,000	10,950,000	10,950,000	10,950,000	10,950,000	10,950,000	10,950,000	10,950,000	10,950,000	10,950,000	10,950,000	10,950,000	131,400,000
Marketing Expenses	17,650,000	7,400,000	14,400,000	7,400,000	12,650,000	7,400,000	17,400,000	7,400,000	14,650,000	7,400,000	13,400,000	10,900,000	138,050,000
Deposit/Investment													
Rent	2,916,666.67	2,916,666.67	2,916,666.67	2,916,666.67	2,916,666.67	2,916,666.67	2,916,666.67	2,916,666.67	2,916,666.67	2,916,666.67	2,916,666.67	2,916,666.67	35,000,000
Legal and Accounting Fees	1,166,666.67	1,166,666.67	1,166,666.67	1,166,666.67	1,166,666.67	1,166,666.67	1,166,666.67	1,166,666.67	1,166,666.67	1,166,666.67	1,166,666.67	1,166,666.67	14,000,000
Rennovation	8,333,333.33	8,333,333.33	8,333,333.33	8,333,333.33	8,333,333.33	8,333,333.33	8,333,333.33	8,333,333.33	8,333,333.33	8,333,333.33	8,333,333.33	8,333,333.33	100,000,000
Taxes	8,356,227.82	8,356,227.82	8,356,227.82	8,356,227.82	8,356,227.82	8,356,227.82	8,356,227.82	8,356,227.82	8,356,227.82	8,356,227.82	8,356,227.82	8,356,227.82	100,274,734
Total Cash Outflows	107,165,548	98,415,548	109,278,471	104,778,471	110,528,471	106,778,471	133,595,356	124,595,356	131,845,356	124,595,356	130,095,356	129,095,356	1,410,767,118
Cash Flow	(107,165,548)	(55,290,548)	(58,653,471)	24,596,529	26,346,529	61,971,529	46,404,644	79,779,644	72,529,644	68,529,644	46,154,644	124,029,644	329,232,882
Operating Cash Balance	606,214,452	550,923,903	492,270,432	516,866,961	543,213,489	605,185,018	651,589,662	731,369,306	803,898,950	872,428,594	918,583,238	1,042,612,882	

Our cash flow in a year does not always result in positive manner. There are certain months where the cash flow is negative (i.e in January, February, and March). It is because we just launch the company in January and do the activation on January and get the impact on March. After March and the upcoming months we will generate positive cash flows.

Toast Room Projected Cash flow for five years

	2013	2014	2015	2016	2017
Beginning Cash Balance	713,380,000	862,118,361	980,532,647	1,127,872,973	1,320,653,499
Cash Inflows					
Sales Income	1,740,000,000	2,088,000,000	2,505,600,000	3,006,720,000	3,608,064,000
Account Receivables					
Interest Income	-	-	5,000,000	11,250,000	19,312,500
Total Cash Inflows	1,740,000,000	2,088,000,000	2,510,600,000	3,017,970,000	3,627,376,500
Cash Outflows					
Cost of Sales	276,607,692	385,761,846	512,793,308	661,927,289	836,279,365
Dividend Paid(in year 1)	180,494,521	285,008,409	365,897,470	488,432,769	615,433,370
Salaries and Wages	615,434,692	720,884,954	797,610,065	863,111,597	954,391,979
Operating Expenses	131,400,000	144,540,000	158,994,000	174,893,400	192,382,740
Marketing Expenses	138,050,000	126,052,500	132,355,125	138,972,881	165,721,525
Deposit/Investment	-	100,000,000	125,000,000	161,250,000	219,312,500
Rent Renovation and Legal Fee	149,000,000	49,000,000	69,000,000	69,000,000	89,000,000
Taxes	100,274,734	158,338,005	201,609,706	267,601,538	335,469,928
Total Cash Outflows	1,591,261,639	1,969,585,714	2,363,259,673	2,825,189,474	3,407,991,407
Cash Flow	148,738,361	118,414,286	147,340,327	192,780,526	219,385,093
Operating Cash Balance	862,118,361	980,532,647	1,127,872,973	1,320,653,499	1,540,038,592

Our cash growth from year one to year five is about 14-17%. The growth is minimized and steadied by the amount of investment we will do starting in year two until year five.

Toast Room Balance Sheet	
Assets	End of 2013
Current Assets	
Cash	862,118,361
Account Receivable	-
Investment	-
Inventory	-
Total Current Assets	862,118,361
Fixed Assets	
Tools and Equipment	142,043,400
Accumulated Depreciation	(28,408,680)
Total Assets	975,753,081
Liabilities and Owner's Equity	
Liabilities	
Accounts Payable	-
Dividend Payable	
Owner's Equity	
Retained Earnings	300,824,202
Dividend Paid	(180,494,521)
Initial Investment exclude operation exp	855,423,400
Total Liabilities and Owner's Equity	975,753,081

With Assumption our revenue will not be paid in credit term, we project our total assets will achieve 800million in the first year and growing significantly years later. (See Appendix – 7 – Projected Balance Sheet in 5 years)

4.8 Summary

Based on our Business Model planning we discussed above for sales, marketing, operational, human resources, and financial planning, we can summarize some conclusions below:

- The business model concept is feasible and attractive
- This business is intended to focus on generating new ideas and sales target. Many competitors will show up with the same model but the intangible asset (ideas, knowledge) is hard to be imitated in the early of establishment.

- Toast Room as a similar consulting service type industry which have operation margin more than 50% per monthly revenue will get.

4.8.1 **Business development plan**

Due to excessive operating cash balance in the end of year five, Toast will have further expansion plan which are:

- Expand the business across the Indonesia; make a partnership with local media, local organization, and local bank to promote the economic growth surround the area.
- Create a community consists our previous or ongoing client and became a place for SME gathering in the future. A place to discuss innovative project and feasible project to be shared.
- Expand extensively the number of our human resources to handle our client.
- Chance to have partnership with venture capital as our new customer segment.
- Mentorship Service will be considered as our next revenue stream as our number of client who needs to be educated increased.