

Financial Strategy In Decision Making For Marina Business Development In Benoa Bali (Case Study: PT. Pelindo Properti Indonesia)

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Abstract

Company needs to determine strategies that will be implemented by the company, after the strategy is set the company needs to consider steps that must be taken so the strategy can provide added value to the company. Financial performance is one of the measuring tools that can be used in assessing the success of chosen strategy and knowing the amount of added value that provided to the company's performance. Several financial indicators that used to determine financial performance such as NPV (Net Present Value), IRR (Internal Rate of Return), PP (Payback Period) and PI (Profitability Index) are indicators commonly used by companies, no exceptions for PT. Pelindo Properti Indonesia (PT.PPI). As a new company, PT. PPI needs to show good performance to its stakeholders, PT. BJTI and PT. Pelindo III, one of which through a development strategy in the Benoa Marina Bali business division that give the most contribution to the company. This research is a quantitative descriptive research and uses data collection through in-depth interviews and data processing using financial indicators such as NPV, IRR, PP and PI. Benoa Marina Bali development are feasible based on calculations on indicator of NPV, IRR and PI. The payback period for Benoa marina development occurred in the 13th year of the 5th month. Based on the sensitivity test of funding combination using self capital and debt in the form of a shareholder loan, the most optimal combination is a combination of 30% equity and 70% debt.

Article info

Article history:

Received 04 June 2021

Received in revised form 06 July 2021

Accepted 11 July 2021

Available online 27 July 2021

Keywords: Financial Feasibility Analysis, Benoa Marina, Marina Development, NPV, IRR, PI.

How to Cite: Kumar, Mahde & Ismiyanti, Fitri (2021). *Financial Strategy In Decision Making For Marina Business Development In Benoa Bali (Case Study: Pt. Pelindo Properti Indonesia)*. *Jurnal Ilmiah Manajemen dan Bisnis*, 7(2), page 223-230

INTRODUCTION

In running its business, a company always has guidelines in the form of the company's vision, mission and goals. The vision, mission and goals of the company are then derived in the form of a company strategy to achieve the vision and mission that have been set. Alkhafiji (2003) stated that the definition of Strategic Management as a process of assessing the corporation and its environment to meet the company's long-term goals in adapting and adjusting to the environment through manipulating opportunities and reducing threats. After determining the strategy to be implemented, the company then needs to consider the steps in implementing the strategy so that in the end the chosen strategy can provide added value to the company.

PT. Pelindo Properti Indonesia is the subsidiary of PT. Pelabuhan Indonesia III (Persero) which was established in order to optimize the assets owned by PT. Pelindo III. As a newly established company, the business strategy that taken by PT. PPI plays an important role in increasing the value that can be given by PT. PPI to its stakeholders who are PT. Berlian Jasa Terminal Indonesia (PT. BJTI) as the parent company and PT. Pelabuhan Indonesia III (Persero) as the parent of PT. BJTI.

PT. PPI with its vision of “To be the Leading Maritime Property Developer”, has 4 (four) business divisions which include Benoa Marina (Bali), Boom Beach (Banyuwangi), Graha Barunawati and Surabaya North Quay (Surabaya) and Tamansari Parama (Jakarta). Of the 4 (four) business divisions owned by PT. PPI, business development that potentially supports the achievement of the company's vision is a business division located in Bali and Banyuwangi. Among these two business divisions, the Bali business division is a division with quite promising potential based on the company's profit and loss data in 2020 as follows:

Table 1 Statement of Profit and Loss for 2020 (per Division)

DESCRIPTION	STATEMENT OF PROFIT & LOSS FOR 2020 (Per DIVISION)							
	Benoa Marina	Surabaya North Quay	Boom Banyuwangi	Grha Barunawati	Tamansari Parama	Konstruksi TPM	Penagihan Properti	Lainnya
Total Operating Income	8,636	2,268	4,893	1,745	4,562	1,648	2,234	1,189
Total Business Cost	(2,963)	(1,889)	(6,251)	(2,158)	(1,238)	(517)	-	(880)
Interest Cost	-	-	(319)	-	(442)	-	-	-
Tax Cost	(177)	(10)	(0)	(183)	-	-	-	-
Segment Operating Profit and Loss	5,496	369	(1,677)	(596)	2,882	1,131	2,234	309
Head Office Cost	(3,110)	(817)	(1,762)	(628)	(1,643)	(593)	(804)	(428)
Contribution to Company Profit/Loss	2,386	(448)	(3,439)	(1,224)	1,239	538	1,430	(119)

Source: Internal Documents of PT. PPI (2021)

The decision to develop Bali division business is also in line with government directives through the Presidential Regulation of the Republic of Indonesia Number 18 of 2020 concerning the 2020-2024 Medium-Term National Development Plan in attachment III page A.1.74 stating that Benoa Port Development is included in Priority Projects related to 10 Destinations Priority Tourism. To see the business development potential at Benoa Marina in Bali, therefore the researcher conducted a SWOT mapping using the data available in the pre-research process.

Table 2 SWOT Mapping Benoa Marina Development Plan (Bali)

<i>Strength</i>	<i>Weakness</i>
<ol style="list-style-type: none"> 1. Benoa (Bali) is a business division with the largest profit value compared to other business divisions. 2. The location of Benoa Marina (Bali) is in a strategic position; 3. Benoa Marina (Bali) has now reached full capacity. 	<ol style="list-style-type: none"> 1. PT. PPI does not yet have experts in the field of marinas business; 2. The location of the planned development of the Marina coincides with the presence of fishing boats, thus requiring additional effort in relocating these fishing vessels before the development of the marina can be carried out by the company.
<i>Opportunity</i>	<i>Threats</i>
<ol style="list-style-type: none"> 1. There are not many Marina businessmen in Indonesia yet; 2. The decision to develop Benoa Marina (Bali) supports government programs listed in Presidential Regulation of the Republic of Indonesia Number 18 of 2020. 	<ol style="list-style-type: none"> 1. Starting from the emergence of competitors in the development and management of private marinas such as Marina Del Ray in Lombok and Marina Mentasari in Serangan Bali; 2. The direction of the sea breeze that leads to the location of the Benoa marina (Bali) development which has the potential to bring garbage and can pollute the marina.

Source: Processed Research Data, 2021.

Based on Tables 1 and 2 above, the researcher will conduct research by conducting a financial strategy to determine the source of funding along with the optimal funding structure in developing this business. This research aims to:

1. Performing an analysis of the optimal funding structure to determine the best funding decision for the Benoa Marina (Bali) development strategy;
2. Analyze the financial feasibility of Benoa Marina (Bali) development through the calculation of Net Present Value (NPV), Internal Rate of Return (IRR), Payback Period (PP), Profitability Index (PI), Capital Structure (Cost of Equity, Cost of Debt and WACC);
3. Conducting sensitivity analysis to produce the most optimum scenario related to financial decisions in developing Benoa Marina (Bali) to generate input for PT. Pelindo Properti Indonesia.

LITERATURE REVIEW

Business feasibility studies are needed by various groups, especially companies in order to determine the level of return on investment that will be made so that they can pitch and attract investors or apply for funding to banks. The definition of a business feasibility study according to several experts is as follows:

1. Is a feasibility analysis of whether or not a project can be implemented (Rangkuti, 2012);
2. An activity to assess the extent of the benefits that can be obtained in carrying out a business activity or project. A business feasibility study is a study of whether or not a business can be run. Success is interpreted as an economic benefit (Ibrahim, 2003);
3. An activity that studies in depth about an activity or business that will be carried out, to determine whether or not a business is feasible to run (Kasmir and Jakfar, 2003).

Suliyanto (2010), stated "In carrying out a business feasibility study there are several aspects that need to be considered, these aspects are (1) legal aspects; (2) environmental aspects; (3) market and marketing aspects; (4) technical and technological aspects; (5) aspects of management and human resources; and (6) financial aspects.

From these several aspects, Siregar (1991) stated that the financial aspect plays an important role in the sustainability of a project. Financial aspects include:

1. Total Capital Fund, consisting of the estimated total capital needed by the company in carrying out the project. Consists of the capital required for the procurement of fixed assets, estimated working capital for construction and initial production (Siregar, 1991).
2. Project Financing Structure, describes the total cost of the project that will finance the project which consists in the form of self capital or capital originating from third parties. This third-party capital will be explained further in terms of funding sources and the percentage between own capital structure and loan capital (Siregar, 1991).
3. Cash Flow Preparation and Project Evaluation Capability, to meet its financial obligations, cash flow projections are prepared so that the feasibility of implementing the investment/project can be evaluated (Siregar, 1991).

In conducting financial analysis, several financial calculations that will be used in this research are Payback Period, Net Present Value, Internal Rate of Return, Profitability Index and Cost of Capital.

METHODOLOGY

The research method used in this research is quantitative. Quantitative research method is a research method used to examine certain populations or certain samples, data collection is carried out through research instruments and statistical analysis is carried out to test established hypotheses (Sugiyono, 2011). In compiling this research, the researcher used a quantitative descriptive research

type, where according to Sugiyono (2012:13) "descriptive research is research conducted to determine the value of independent variables, both for one or more variables without making comparisons or connecting with other variables".

Data and Data Sources

The data used in this research are primary data and secondary data. Sources of data used in this research are primary and secondary data. Primary data were collected through in-depth interviews with key informants, the Director of PT. PPI and marina operational industry players who have prominent experience. While the secondary data comes from the Annual Report of PT. PPI, literature books, journals that have been published and previous studies that are used as references as materials and comparisons of the author's research.

Data Collection Techniques and Procedures

In collecting data, researchers used the following methods:

1. Preliminary survey to obtain an overview of the company, in this research there is PT Pelindo Properti Indonesia in general, and the business development strategy of PT Pelindo Properti Indonesia in particular in Benoa (Bali) business division.
2. The implementation of the research is grouped into several stages, that are to mention the preparation stage, journal search and theories related to the discussion in this research.
3. Data collection is done by accomplish:
 - a. Conduct interviews with selected Key Informants.
 - b. Mapping the condition of the company, PT. Pelindo Properti Indonesia through the collection of documents such as:
 - 1) Company Profile of PT Pelindo Properti Indonesia;
 - 2) PT Pelindo Properti Indonesia's long-term corporate plan (RJPP);
 - 3) Financial Statements of PT. Pelindo Properti Indonesia specifically in the Benoa (Bali) business division which includes:
 - a) Monthly and Annual Profit & Loss Report
 - b) Monthly and Annual Cash Flow Statements
 - 4) Port Master Plan Data (RIP)
 - c. Mapping the condition of the Benoa Marina (Bali) business division by collecting the following data:
 - 1) Data on the availability of facilities at Benoa Marina which includes:
 - a) Berthing facilities for tourist boats/yachts;
 - b) Terminal passenger facilities;
 - c) Parking facilities for visitors and passengers;
 - 2) Data on the profile of cruise ships and yachts;
 - 3) Data on the operational costs of Benoa Marina management.
 - d. Mapping the plan for the development of Benoa Marina (Bali) business division which includes data on requests for additional facilities at Benoa Marina;
 - e. Collecting external data outside the company data of PT Pelindo Properti Indonesia related to this research such as:
 - 1) Data on macroeconomic conditions in Indonesia
 - 2) Data on marina business in Indonesia (yacht visits, tariffs, marina support facilities)
 - 3) Data on zone designation/Regional Spatial Plan
 - 4) Data on the price of the main unit of work (HSPK) for Denpasar.

Data Analysis Procedure

Data analysis techniques in this research were carried out to test hypotheses and answer the research focus that had been proposed previously. The use of descriptive quantitative analysis method is useful when researchers represent (describe) data as well as explain it into rational thoughts and can also be explained in statistical form. In carrying out this research, the analytical technique chosen by the researcher is the method of analyzing the financial feasibility of marina development which includes:

1. Business Capital is a number of funds that will be used by the company in carrying out the marina development project in Benoa (Bali). There are 2 (two) types of business capital that can be used, that are to mention, self capital and loans in the form of shareholder loans.

2. Project Financing Structure

In preparing the financing structure for Benoa Marina (Bali) development project, the researchers determined the project financing structure as follows:

Owner's Equity	Debt
<ul style="list-style-type: none"> • Profit • Backups 	<ul style="list-style-type: none"> • Pelindo III (Group) • Government

In determining the project financing structure, the researcher have determined the assumption of the loan duration and the loan interest that will be borne for the duration of the current loan.

3. Production and Cost

In conducting a feasibility analysis of Benoa Marina (Bali) development, the researcher use data, including production and costs that will be used as the basis for preparing a feasibility analysis and business projections which include:

Table 3 Production and Cost of Benoa Marina Bali

Production	Cost
<ul style="list-style-type: none"> • Yachts parked at Marina • Yacht Owners and Marina Visitors • F&B area around Marina • Rental Areas Around Marina 	<ul style="list-style-type: none"> • Marina Management Operational Cost (HR and Non-HR) • Tariffs for conducting Marina management operations • Pelindo III related costs

Source: Processed Research Data, 2021.

4. Business Feasibility Analysis

a. Profit and Loss Projection

The projected profit and loss for the development of Benoa Marina (Bali) is the difference between production results (revenues) and costs incurred in running the marina business.

b. Cash Flow Projection

Cash flow projections are cash inflows/flows (all receipts) and outflows (all expenses) within a certain predetermined period. Reporting cash flows are classified based on activities, comprises: cash flows from operating activities, cash flows from investing activities and cash flows from financing activities.

c. Business Feasibility Indicator

In determining the feasibility of Benoa Marina (Bali) development business, the researcher uses several indicators, those are to mention:

- 1) *Net Present Value* (NPV)
- 2) *Internal Rate of Return* (IRR)
- 3) *Payback Period* (PP)
- 4) *Profitability Index* (PI)

5. Sensitivity Analysis

Applying the hurdle rate as a form of scenario analysis and sensitivity to the Marina development project which includes sensitivity analysis on the funding structure which will be divided into several scenarios, comprises:

1. Composition of Equity (50%) : Debt (50%)
2. Composition of Equity (30%) : Debt (70%)
- Composition of Equity (0%) : Debt (100%)

RESULT AND DISCUSSION

Conclusion

Based on the research analysis and the results that has been conducted on the development of Benoa Marina Bali which will be carried out by PT. Pelindo Properti Indonesia the conclusion that can be concluded as follows:

1. The investment to be made is in the form of developing a marina in Benoa (Bali) which includes berth investment (wet berths and dry berths) as well as marina business support facilities with an initial investment of Rp.1.000.173.939.610,-. The source of funding comes from 2 (two) sources of funds, namely equity and debts in the form of shareholder loans.
2. Based on the assessment of feasibility indicator, the Benoa Marina Bali development plan is feasible with the following calculation results

Table 10 Feasibility Results of Benoa Marina Development

Feasibility Indicator	Value	Conclusion
CAPEX	Rp660,063,436,359	
WACC	6.96%	
IRR	13.81%	Feasible
NPV	Rp1,006,691,726,011	Feasible
Payback Period	13 Yr 5 Mth	Feasible
Profitability Index	2.53	Feasible
Terminal Value	Rp3,967,183,404,651	Feasible

Source: Processed Research Data, 2021.

3. Based on the results of the sensitivity analysis the most optimal funding composition for PT. Pelindo Properti Indonesia in the development of Benoa Marina Bali is 30% equity and 70% debt in the form of shareholder loan, with a tenor of 10 years, grace period for 1 year and 5% of interest during the loan period.

Suggestion

From the results of this study, several suggestions for the PT. Pelindo Properti Indonesia that can be considered or used as material in making decisions, namely:

1. One of the important factors in marina operations is the Club's role in attracting members and international networks. So it is expected that in running its business later PT. Pelindo Properti Indonesia will recruit a Marina General Manager who has experience in running a marina business.
2. To ensure that the Benoa Marina Bali development plan will provide optimal added value to the company, it is hoped that PT. Pelindo Properti Indonesia sets a funding composition of 30% equity and 70% debt in the form of shareholder loans and can negotiate to obtain 5% interest with a tenor of 10 years.

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