BUSINESS PLAN OF YARRALUMLA GUESTHOUSE

By
Desita Rininda Aji
NIM: 014201200129

A Business Plan presented to the
Faculty of Business President University in partial fulfilment of
the requirements for Bachelor Degree in Management

May 2018
PANEL OF EXAMINERS

APPROVAL SHEET

The Panel of Examiners declare that the business plan entitled “YARRALUMLA GUESTHOUSE” that was submitted by Desita Rininda Aji majoring in Management from the Faculty of Business was assessed and approved to have passed the Oral Examinations on May 15th, 2018.

Dr. Dra. Genoveva, M.M

Chair – Panel of Examiners

Christina Liem, S.T., M. Comm.

Examiner 1

Sonny V. Sutedjo, SE, MM

Examiner II
DECLARATION OF ORIGINALITY

I declare that this Business Plan, entitled “YARRALUMLA GUEST HOUSE” is, to the best of my knowledge and belief, an original piece of work that has not been submitted, either in whole or in part, to another university to obtain a degree.

Cikarang, Indonesia, May 9th, 2018

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<td>May 9th, 2018</td>
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ACKNOWLEDGMENT

First and above all, I praised to Allah SWT, the almighty for providing me this opportunity to finish my business plan with entitled “Yarralumla Guesthouse” which intended to completing an undergraduate program of bachelor degree of Management at President University. My Business Plan can be finished because of support, guidance and assistance from several people surround me. In this occasion, I would like to give my sincere thanks to:

1. My parents, brother and sister who always supported me during my business plan progress until the end.
2. To all lectures, especially thank you to my advisor, Mr. Sonny V. Sutedjo, SE, MM who taught me all the necessary component in my business plan. I really appreciate him for sparing his valuable time to do consultation during his busy schedule.
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Cikarang, Indonesia, May 9th, 2018

Desita Rininda Aji
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EXECUTIVE SUMMARY

One of the most famous tourism destinations in Indonesia is Bali island, the island of Bali brings the name of Indonesia's national scent in the international world. Tourism is one of the country's potential sources of foreign exchange and has a big share in building the economy today. However, Bali is still in shortage of room accommodation (Budiasa, 2018). It is estimated that Bali has a shortage of 1,200 rooms for upper class market or 20 percent of 6,000 hotel rooms that are considered quite representative. Here is the breakdown of hotel supplies in Bali today. Seeing the data above and with consideration of available land and capital, therefore author of this business plan choose guest house to build because the number is still relatively lower than other accommodation. We want to innovate therefore the price would be higher than budget hotel, we also want to provide facility and target premium market since the shortage is on upper market so guest house is suitable with our idea. The concept proposed in this business plan is guest house in Bali named Yarralumla Guesthouse. The product of Yarralumla Guesthouse is room accommodation so people can stay in our guest house when they come to Bali for all kind of purposes. In addition, we also equip our rooms with smart home concept to give different experience to the guests. Pricing policy applied by Yarralumla Guesthouse is prestige pricing, this strategy is chosen because we focus on our value preposition and we want to stay in premium market area therefore we will not lower our price because we want to build brand equity for premium market. The place is so strategic not really far from entertainment spots such as Batu Bolong beach, Splash Waterpark Bali and Taman Segara Madu Waterpark and we have many promotion channels such as B2B cooperation with travel agents, Internet Company related to guest house and hotel (traveloka.com), online and offline advertisement, shutter car pick up and public relation. The working capital will need Rp 1.121.025.000,- and with payback period in 1 years and 9 months, it will make money almost Rp 500.000.000,- in its first year of operation and RoA 7.49%.
CHAPTER I

INTRODUCTION

1.1 Background

Based on data from the Central Bureau of Statistics Indonesia (BPS), the number of foreign tourists visiting Indonesia grew by 25.05% to 10.46 million in January-September 2017, compared to 8.36 million in the same period last year. Meanwhile, foreign tourists visit in September 2017 raised to 1.21 million, compared to September 2016 about 1.01 million people.

The tourism industry in Bali is so prospective and even with the increasing demand from middle classed market in Indonesia, makes the demand for room rental in Bali increases. The data below is taken from Tourism office of Bali. It indicates that since the past 10 years, there is positive trend of increasing foreign tourist coming to Bali every year without decline.

One of the most famous tourism destinations in Indonesia is Bali island, the island of Bali brings the name of Indonesia's national scent in the international world. Tourism is one of the country's potential sources of foreign exchange and has a big share in building the economy today. The development of tourism sector in Bali is done well so as to attract domestic and foreign tourists to come and spend their money in the tour. From the transaction that the local tourist community will be raised its standard of living and the country will get foreign exchange from foreign tourists who exchange the currency of the country with rupiah.

Bali is known as the main engine of Indonesian tourism. Bali contributed about 45% foreign income of Indonesia tourism (Kompas, 2017). This makes the hospitality industry in Bali a magnet for business.
By increasing number of foreign tourists visit it can be interpreted that the tourism industry in Bali is growing so that makes the level of competition in the industry tourism is getting tougher. The development of tourism in Bali demands all parties to improve the existing facilities so that Bali is able to maximize the development that occurred. Therefore, it is needed facilities and infrastructure that can support the needs of tourists such as destinations and accommodation. As a result of these developments is the emergence of tourism industries that support the life of tourism has grown in line with the intense competition among tourism accommodation providers.

North Kuta is a district in Badung Regency of Bali. It lies just north of Kuta District. In North Kuta also many attractions that can be visited, various tourist attractions are in this area. Most of its people work in the field of Tourism.

*Figure 1.1 Maps of Location*

Source: Google Maps, 2018
There are several types of accommodation, which are hotels, hostel, apartment, villa, camping bungalow, mobile home and guesthouses. A hotel is an establishment providing paid accommodation. The quality of the hotel and its services is usually marked by stars according to the five stars’ classification. Hostel is a kind of cheap accommodation for travellers, guests can rent a bed and share a bathroom, a lounge, and a kitchen. Apartment is a place to live that is only part of a larger building, usually it is a group of rooms of one floor of a high-rise building in a city. Villa is a fairly large house, especially one that is used for holidays. And a guest house is a private house converted into a lodging facility for tourists. Bed and breakfast are usually offered at a guest house.
Guest house investment in areas near to beaches tends to generate better profitability, compared to other areas in Bali for the evidence in 2018 the occupancy rate for guest house near to Batu Bolong beach is always more than 95% and the price is 25%-30% higher than other area (Collier International, 2018). The characteristics of room rental located near to the beach on the island of God always produce high guest house occupancy rate, thus certainly generate more income from the rental side of the guest house. The high occupancy rate of a guest house correlates to the more expensive room rate and this condition will certainly have a positive impact on the level of investment benefits of the guest house.
1.2 Identification of Opportunity

The new hotel development in Bali is good. Today, Bali currently has about 130 thousand number of rooms. In fact, it is estimated that by the end of 2018 there will be 31 new guest houses in Bali (Colliers International, 2018). Seeing this opportunity that there are many more tourists come to this area in the future and government needs to accommodate them, so we plan to build up an innovative guest house to accommodate them (Triwijanarko, 2018)

Bali is still in shortage of room accommodation (Budiasa, 2018). It is estimated that Bali has a shortage of 1,200 rooms for upper class market or 20 percent of 6,000 hotel rooms that are considered quite representative. Here is the breakdown of hotel supplies in Bali today.

![Figure 1.4 No of Accommodations in Bali](image)

<table>
<thead>
<tr>
<th>No</th>
<th>Type of accommodation</th>
<th>No of Rooms</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>5 star hotel</td>
<td>21045</td>
</tr>
<tr>
<td>2</td>
<td>4 star hotel</td>
<td>27068</td>
</tr>
<tr>
<td>3</td>
<td>3 star hotel</td>
<td>17012</td>
</tr>
<tr>
<td>4</td>
<td>2 star hotel</td>
<td>2243</td>
</tr>
<tr>
<td>5</td>
<td>1 star hotel</td>
<td>3638</td>
</tr>
<tr>
<td>6</td>
<td>Budget hotel</td>
<td>3409</td>
</tr>
<tr>
<td>7</td>
<td>Homestay</td>
<td>14242</td>
</tr>
<tr>
<td>8</td>
<td>Guest house</td>
<td>3431</td>
</tr>
<tr>
<td>9</td>
<td>Villa</td>
<td>1290</td>
</tr>
</tbody>
</table>

Source: Collier International, 2017

Seeing the data above, with consideration of available land and capital, therefore author of this business plan choose guest house to build because the number is still relatively lower than other accommodation. The other reason is that guest house don’t need a fully licensed premises, which would make running a guest house easier. We want to innovate therefore the price would be higher than budget...
hotel, we also want to provide facility and target premium market since the shortage is on upper market so guest house is suitable with our idea.

1.3 Purpose

The purpose of this study is to create reliable and applicable business plan for our business, to increase the possibility of success, decrease trial and error by analyses both in industry and company level, lastly financial analysis is also made to find out if the plan is feasible or not.

1.4 Benefit

This study is expected to bring benefit for both academic institution and practitioners. In academic context, this business plan can be learning tool to figure out the business process for guest house and give knowledge to future generation. While for practitioners, this business plan give feasibility study and clear road map to set up our guest house and also to face competition ahead, other business people in the same field can also learn from this business plan so it can be module to transfer knowledge about guest house entrepreneurship.
CHAPTER II
DESCRIPTION OF VENTURE

2.1 Product and Service

The concept proposed in this business plan is guest house in Bali. Guest House is a place built for lodging. The fundamental difference with hotels is that the managers usually offer daily and monthly room rental. The concept is almost like boarding places in general but they have staffs and completed facilities just like hotels with smaller number of rooms. The essence of guest house is perfect for transit or a place to stop when there are relatives who have events, guest house is also for tourists who want to have holiday in Bali and therefore in this kind of hospitality industry, it is important to know how to serve and give memorable experience to our customer. Guest can rent per day, week, month or even year depends on their want and customers will be professionally served and customized according to their request.

The brand would be Yarralumla Guesthouse. Yarralumla Guesthouse would be connected guest house in Indonesia which applies smart home management system to provide the best experiment for our customer, safety, comfort and most importantly energy saving. Yarralumla is name of beautiful inner south suburb in Canberra, Australia. The concept of smart homes offers a wide range of practicality and security combined with technological advances. Imagine, you simply use a tablet or smartphone to control the whole house. Starting from household appliances, garage doors up to air conditioning, even though we are away from home.
2.2 Vision and Mission

2.2.1 Vision
This vision of Yarralumla is to provide memorable and distinguished experience for our customer without exception of being friendly environment as well

2.2.2 Mission
1. To be the most connected guest house in Indonesia in order to create memorable experience
2. To formulate good standard procedure for professional service and supervision system
3. To attract both domestic and international guest by effectively applying digital marketing and partnership strategies
4. To be updated with price and market data in order to keep competitive in the market

2.2.3 Values of Company
Every business should have value to keep, it must be internalized in soul of every people who participate in managing the business, because these values will be soul of company, it will be original identity that will create unique characteristic of us from other competitors, and finally it can affect our service and competitiveness in the market. There are some values we keep as follow:

**Honesty:** we are always honest with our promotion and service, therefore customer does not have to be worry, CCTV are installed outside of their room to protect their safety

**Professionalism:** we have standardized procedure for our service and we open access as much as possible to any complaint or suggestion so that we can guarantee that all services are professionally conducted

**Responsibility:** we are responsible and responsive to any problem or dissatisfaction of our guest therefore we are not afraid to always ask them about how satisfied they are, we always set target of 100% satisfaction
Merry: we are happy to serve and it will be positive energy we transfer to our guest everyday through smile and sincerely willingness to help, we want our customer to be happy with their trip and our goal is to make all loyal customers.

2.2.4 Logo and Tagline

![Company Logo](image)

**Tagline: Your happiness is in hand**

**Meaning of Logo**

**Circle:** Company follows the new era of digital and therefore will sustain ever after

**Color Blue:** according to color business psychology means spirit, control, safety and trust since it is connected

**Color White:** according to color business psychology means purity or refer to clean since it is professionally maintained

**House and hand symbol:** we provide customized service and connected with IoT is our competitiveness, we want them to receive the signal that they can do anything simply by their hand in our smart home

2.3 Target Segment

The segments of this guest house are Australian, Chinese and Japanese tourist, the online marketing will be focused on those 3 countries as major supplier of foreign tourist coming to Bali plus domestic marketing. Another target of Yarralumla is also family with children because Yarralumla is homey designed and provide the best experience for family time.

2.4 Unique Features

There are some points of differentiation that make Yarralumla Guesthouse different from other guesthouses, here are some standard features and high quality features of Yarralumla residence.
2.4.1 Standard Features

1. Complete facilities and services
Yarralumla will have good standard as other guest houses in Bali. High speed wifi, springbed, air conditioner, refrigerator, swimming pool and comfortable furniture with Balinese style will satisfy the guests.

2. Strategic location
Yarralumla has strategic location near to beach and a lot of entertainment spots in Northern Kuta area, it will make tourists interested to stay there since the location can make them easier to have fun and go hang out around.

2.4.2 High Quality Features

Smart home means that home appliances are connected to the internet and sensors are put to make the residents live easily in comfort. For example, resident can use their own saved finger print to lock the door and therefore it will be convenient and safe, no risk of losing key anymore. Resident can simply turn off all electricity, TV and other appliances by voice command, energy saving lamp and TV can save electricity. This is to give memorable and distinguished experience for them. It is to complete their experience outside there at beaches.

2.5 Current Status

Yarralumla Guesthouse will be holding status as Sole Proprietorship registered in Bali. So the business is only owned by 1 person. As a sole proprietor we own 100% of the business and all the decisions can be made faster. Unlike corporations, sole proprietors are not required to hold shareholder's meetings or take votes on management issues. The land is in already bought and location is fixed. All land and building has been built. Only need to renovate and buy some
smart devices to show our identity, the estimated cost is Rp 1,000,000,000. - the fund will be personally funded by owner.

2.6 Background of Entrepreneur

Seeing opportunity to open a business Desita Rininda Aji as students of Management concentrate in Marketing 2012 in President University took advantage of opportunity to use the place owned by her parent to open a guesthouse in North Kuta, Bali. Starting with making a business plan for the business and will always learned everything about business and in the future the business will be running and helped by the family.

2.7 Long Term Prospect

Bali is very famous with its tourism since a long time ago, it is very long term prospective to have commercial residence business in Bali since there are always visitors and come and seek for it. The price of property is also increasing every day because there are always newly married people who needs place for living along with inflation per period of time. Therefore, in long term, this business is believed to grow up and expand, especially supported by government effort to develop tourism industry in Indonesia.
CHAPTER III

INDUSTRY ANALYSIS

3.1 PEST Analysis

PEST analysis (politics, economy, social, and technology) is a technique in strategic management that is used to look at external environmental factors that affect a thing (company, project, problem, etc.). In accordance with the abbreviation, this analysis is done on 4 elements, namely political, economic, social, and technology. Here is the PEST analysis for Yarralumla Guesthouse:

**Politic**

1. Indonesia government promote Bali as international tourist destination along with some other areas for example Lombok and Raja Ampat, wonderful Indonesia is the brand of ministry of tourism to promote Indonesia tourism to the world (Bisnis.com, 2018)

2. Government has released free visa policy to 174 countries in the world to accelerate the tourism industry growth (Liputan6, 2015)

**Economic**

1. There is increasing number of domestic and foreign investor to Bali from year to year (Badan Pusat Statistik Bali, 2018)

2. There is increasing demand more than increasing number of commercial housing for rental such as hotel, villa, guest house and so on. The occupancy rate of star-rated hotels in Bali is 66.72 percent during June 2017. That means there is an increase of 4.81 percent compared to May 2017 which recorded 61.91 percent. (Republica News, 2017)

3. Bali’s economy in the first quarter of 2018 is expected to increase in the range of 5.80 percent to 6.20 percent. On the demand side, the performance improvement was mainly driven by an increase in household
consumption performance in line with the provincial minimum wage increase (UMP) in 2018 (Balipost, 2017)

4. Otoritas Jasa Keuangan (OJK) Regional 8 Bali Nusra stated that loan distribution from conventional regular banks to Badung area in Bali is the second highest among all regions after Denpasar, it reached 9.02 trillion rupiah or 12.66%, in 2017 (Radar Bali, 2018)

Social
1. Bali has international airport and it has been famous tourism destination since a long time ago, especially with their Hindu culture (DetikTravel, 2018)
2. About 71% of internet users in Indonesia watch online video content from any device which indicate the growing lifestyle of watching online movie (Statista, 2017)
3. Bali people has been able to adapt to western culture, it is one good thing that attract international tourist to come (DetikTravel, 2018)
4. Hotel entrepreneurs are targeting North Kuta, Bali, as one of the lodging accommodation center because it has an interesting geographical location with a landscape of rice fields and beaches so it becomes a favorite tourist location (AntaraNews, 2017)

Technology
1. There are some innovative mobile applications appear that makes market more competitive such Airbnb (Forbest, 2017)
2. A study has revealed that 81% of leisure travellers will use internet to find room and 82% of business oriented travellers will use internet to find room when they visit new place which indicate that marketing strategy for guest house should utilize internet marketing (Google travel study & IPSOS, 2017)
3.2 Industry Growth

In 2018 the number of arrivals of foreign tourists reached 4,927,937 people. With this amount means the number of visitors to Bali contributed about 42.77 percent of total visits to Indonesia. The number of foreign tourists visiting Indonesia in 2017 reached 11.52 million visits. The number of foreign tourists visiting 2017 grew 10.69 percent compared to the same period last year, which is only 10.41 million. Bali Central Bureau of Statistics noted that foreign tourist visits to Bali grew by 23.14 percent from last year which amounted to 4,001,835 people. According to Head of Bali Tourism Office, the number of foreign tourists visit exceeded the target of 4.2 million travelers. In the last 5 years, every year always increase with an average increase of 494,651 people per year (Urbanus and Febianti, 2017).

The biggest increase occurred in 2016 to year 2017 which reached 926,102 people. Visits of foreign tourists to Bali mostly through the entrance of Ngurah Rai airport reach 4,852,634 people or 98.47%. On the other side through the sea port only 75,303 people or 1.53 percent, the growth of the number of foreign tourists entering through Ngurah Rai airport increased by 20.04 percent compared to 2017. Meanwhile, foreign tourist arrivals through the sea port also increased by 115.75 percent compared to 2015. The main market share in 2017 is not much different than the previous year. There are two countries which in 2016 enter the top five must come out in 2017 this is Singapore and Malaysia. For the top five positions this time, it is occupied by tourists who come from Australia, China, Japan, Britain and India. The share of foreign tourists from the five countries reached 2,777,809 people or 56.37 % of total foreign tourists who come directly to Bali (Urbanus and Febianti, 2017).

When viewed from the trend of visits over the last five years of the five largest contributor countries, it appears that the five countries showed an increasing trend. China shows the highest sharpest absolute increase of 212.38 % over the past five years with an average growth of 33.70 % per year. Visits from foreign tourists from Australia grew an average of 9.76 % per annum over a five-year period and
42.91 % from 2013 to 2017. Other countries namely Japan, Malaysia and the UK grew an average of 5.67 %, 2.37 %, respectively 18.25 % annually (Urbanus and Febianti, 2017).

Figure 3.1 Provinces with Hotel Occupancy above 50% in Indonesia

Source: Katadata News and Research, 2017

Meanwhile Katadata news and research centre released data about 15 provinces in Indonesia with commercial residence occupancy rate above 50% in 2016, non-surprisingly found the fact that Bali is province with the highest occupancy rate in Indonesia, it indicates that Bali is the best and the most prospective province to invest in guest house in Indonesia. The occupancy rate itself in 2016 has reached 72.4%, which means that 72.4% of all rooms for rent in Bali have been occupied and it is not difficult to find guest who wants to stay. It also indicates that the market competition for Bali region is the easiest one compared to other provinces in Indonesia therefore Bali is good choice to invest.
3.3 Industry Trends

3.3.1 Trend Supports the Industry

According to Tiket.com in Sindo News (2018), holiday trend is not expected to be much different than this year. There are several tourist sites that still remain a favorite choice of travelers who want to spend their leisure time. In addition, there are also locations other locations that could be an alternative choice because suddenly famous. One of them is the place where the film became famous. The selected tourist sites were not expected to be too much different.

Yogyakarta and Bali is still a favorite vacation spot for both local and foreign tourists. In addition, based on data from the Ministry of Tourism of the Republic of Indonesia, the increase in the number of national funds in the period January-October 2017 increased 1.97% over the previous year. Along with these improvements, for the future Tiket.com sees the largest transaction growth will continue to shift through the application channel.

Trend digital nomad is also significant, it is a trend where people independently choose where they work and wear their own favorite shirt, then by internet they work and cooperate with other people around the world. North Kuta has been a famous destination for this working trend, therefore it can increase possibility of guest from abroad to come and stay in Yarralumla.

3.3.2 Trend against the Industry

AirBnB is an online marketplace for people who want to rent and rent their private rooms, apartments or homes. Usually, people rent their house daily like hotel rooms. For owners of rooms, apartments or homes, this could be additional income. And for the users / guests, this could be one alternative to get local experience and accommodation is cheaper than staying at the hotel.
AirBnB system is very flexible. Owners can rent out a room like a traditional BnB system, or rent a whole house/apartment. When you search for rooms for AirBnB, you are given the option to filter the accommodation search results if you prefer to rent an entire apartment. Vice versa. If you choose to rent just a room in someone’s home, it is usually cheaper to have to share the facilities/room with the owner. This is very trending today and it has threatened the income of hotel, guest house and other kind of it everywhere. It has also increase competition in the market because all people who has house can be our competitors.

3.4 Five Forces Analysis (Porter’s Five Forces)

Five Porter's Five Forces Analysis is a simple but very useful tool to understand where our company's strength is in the face of the competitive situation in the business world. By using this Five-Power Analysis, we can understand the strength of the current competitive position and the strength of the competitive position on the business being planned. In this analysis

*Figure 3.2 Michael Porter Analysis*

1. Threat of New Entrants/Potential Competitors
No difficult regulation to build up hotel in Bali as long as it has their own strategy to compete over the existing players. There is certain minimum investment needed for new comer, the price of land is very expensive and no land for sale anymore in strategic locations near to beach, however the as long as land is in hand, the construction fund can be executed by taking loan from bank (Colliers International, 2017)

2. Threat of Substitute Products

There are some many alternatives to guest house, for example Airbnb, hotel, villa and traditional boarding house. They are so easy to find through internet (Colliers International, 2017)

3. The Bargaining Power of Buyers

The individual buyer has relatively medium power because there are so many visitors come to Bali everyday therefore they don’t really have much bargaining power (Marketeer Magazine, 2017)

4. The Bargaining Power of Suppliers

They are many competitive suppliers, people can stay in hotel, guest house, villa, traditional boarding houses and the coming of Airbnb has opened opportunity for all residents to rent their room to visitors (Marketeer Magazine, 2017)

5. Rivalry Among Existing Firms

The competition is very competitive because there are so many players in the market, however our innovation can save us from tight competitive area to premium market (Colliers International, 2017)

3.5 SWOT Analysis

SWOT is a strategic planning method used to evaluate strengths, weaknesses, opportunities (opportunities), and threats in a project or a business speculation. The four factors that form the SWOT acronym (strengths, weaknesses, opportunities, and threats). SWOT will be better discussed using tables made in large paper, so it can be well analyzed relationship of every aspect.
### Table 3.1 SWOT Analysis

<table>
<thead>
<tr>
<th>Yarralumla</th>
<th><strong>Strengths – S</strong></th>
<th><strong>Weaknesses - W</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1. Innovative and friendly environment</td>
<td>1. Still new and not famous yet</td>
</tr>
<tr>
<td></td>
<td>2. Energy saving</td>
<td>2. High investment in the beginning</td>
</tr>
<tr>
<td></td>
<td>3. Completed facility and work procedure is standardized</td>
<td>3. The location is not really near to beach</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Opportunities – O</strong></th>
<th><strong>SO</strong> - Hit premium market by cooperating with some tour and travel agents, government and digital companies</th>
<th><strong>WO</strong> – Raise brand equity by publication and digital marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Increasing number of visitors to Bali especially North Kuta</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Government helps to promote</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Increasing number of internet user and digital trend consumers</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Threats – T</strong></th>
<th><strong>ST</strong> – Register our business in Airbnb and point out standardized management which does not exist in Airbnb</th>
<th><strong>WT</strong> – Cooperate with communities to hold party or event for publication and hire IT consultant to strengthen the IT system</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The trend of Airbnb</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. The failure in system can affect satisfaction</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Author, 2018
3.6 Competitor Analysis

3.6.1 Direct Competitor

Figure 3.3 Maps of Direct Competitor

![Google Maps](image)

Source: Google Maps, 2018

Table 3.2 Direct Competitors

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name of Competitor</th>
<th>Price/night</th>
<th>Distance</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Kusuma Guest House</td>
<td>250.000 Rupiah</td>
<td>140 meter</td>
</tr>
<tr>
<td>B</td>
<td>Thirta Canggu Suites</td>
<td>225.000 Rupiah</td>
<td>132 meter</td>
</tr>
<tr>
<td>C</td>
<td>Bali Aman Darling House</td>
<td>240.000 Rupiah</td>
<td>156 meter</td>
</tr>
<tr>
<td></td>
<td>Guest House</td>
<td>Price</td>
<td>Distance</td>
</tr>
<tr>
<td>---</td>
<td>-------------------------------------</td>
<td>-----------</td>
<td>-----------</td>
</tr>
<tr>
<td>D</td>
<td>Putu Guest House</td>
<td>265,000 Rupiah</td>
<td>2100 Meter</td>
</tr>
<tr>
<td>E</td>
<td>Sunari Guest House</td>
<td>240,000 Rupiah</td>
<td>170 Meter</td>
</tr>
<tr>
<td>F</td>
<td>Mantra Bali Guest House</td>
<td>270,000 Rupiah</td>
<td>156 Meter</td>
</tr>
<tr>
<td>G</td>
<td>Filadelfia Bali Guest House</td>
<td>258,000 Rupiah</td>
<td>160 Meter</td>
</tr>
<tr>
<td>H</td>
<td>Saren Guest House</td>
<td>255,000 Rupiah</td>
<td>157 Meter</td>
</tr>
</tbody>
</table>

Source: Author, 2018

3.6.2 Indirect Competitor

Figure 3.4 Maps of Indirect Competitor

Source: Google Maps, 2018
### TABLE 3.3 INDIRECT COMPETITORS

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Name of Competitor</th>
<th>Price/night</th>
<th>Distance</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Savannah Villa</td>
<td>203.000 Rupiah</td>
<td>360 meter</td>
</tr>
<tr>
<td>B</td>
<td>Villa VOC</td>
<td>190.000 Rupiah</td>
<td>140 meter</td>
</tr>
<tr>
<td>C</td>
<td>Kei Residence Berawa</td>
<td>158.000 Rupiah</td>
<td>190 meter</td>
</tr>
<tr>
<td>D</td>
<td>Amelle Villas</td>
<td>270.000 Rupiah</td>
<td>1050 meter</td>
</tr>
<tr>
<td>E</td>
<td>D'Canggu Beach Residence</td>
<td>250.000 Rupiah</td>
<td>900 meter</td>
</tr>
<tr>
<td>F</td>
<td>Favehotel Umalas</td>
<td>508.000 Rupiah</td>
<td>2500 meter</td>
</tr>
<tr>
<td>G</td>
<td>Gypsy Moon Bali Hostel</td>
<td>222.000 Rupiah</td>
<td>400 meter</td>
</tr>
</tbody>
</table>

Source: Author, 2018

### 3.6.3 Future Competitor

In the future, there will be many more hotel and hosts of Airbnb who will be future competitors to Yarralumla, Fave hotel plans to invest nearby the same area therefore our innovation has to be completed and updated to be ready with competition today and in the future.
CHAPTER IV
EXECUTION PLAN

4.1 Market Research

Yarralumla applied in-depth interview technique. Interview is a meeting between two people to exchange information and ideas through question and answer so that can be constructed meaning in a particular topic. Interview is also a tool to check or verify information and also a direct communication technique between researchers and respondents. In-depth interviews do a deep digging on a predetermined topic (based on the purpose and intentions of the interview) using open-ended questions. Excavations conducted to find out their opinions based on perspective respondents in looking at a problem. This interview technique is conducted by an interviewer by interviewing one person face to face. This interview technique is qualitative research and we target some experts in its field to figure out if the concept of Yarralumla is feasible to do. We have already got 5 experts in its field to be interviewed as follow

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Position</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Via Arumputri</td>
<td>32</td>
<td>Guest house owner</td>
<td>Bali</td>
</tr>
<tr>
<td>Bambang Wahyudi</td>
<td>40</td>
<td>Villa owner</td>
<td>Bandung</td>
</tr>
<tr>
<td>Ima Widyatuti</td>
<td>34</td>
<td>Hospitality expert</td>
<td>Jakarta</td>
</tr>
<tr>
<td>Bambang Sutedjo</td>
<td>45</td>
<td>Hotel and guest house management consultant</td>
<td>Jakarta</td>
</tr>
<tr>
<td>Kristin Williani</td>
<td>25</td>
<td>Hotel and guest house management consultant</td>
<td>Jakarta</td>
</tr>
</tbody>
</table>

Source: Author, 2018
The interviewees above were chosen because they had relevant businesses for example Via Arumputri and Bambang Wahyudi, their price is the same as Yarralumla and budget is not also different from us and the other experts Ima Widyatuti, Bambang Sutedjo and Kristin Williani have been working in hospitality industry for long time and handle a lot of clients including guest house in Bali.

The interview resulted in opinions that Yarralumla can make it with its innovation and it can be successful in Bali especially if we target teenagers from Indonesia or another country also newly married couple who are passionate in technology. They think that smart home concept is prestigious and modern. It will give differentiation experience to the guest and improve service rating. As innovative guest house, Yarralumla can also get publication easily. There have been some companies leading by the same way, previously concept of Gojek and Airbnb is questionable for its security and responsibility of the owners, but now as matter of fact, it has been trendsetter in its field.

Another conclusion from in-depth interview is that Yarralumla has to give training to the staff and not always keep at premium price, sometimes it is also good idea to give sales promotion for some period of low season. Yarralumla management can also promote and speak up in university as learning coordinator about the application of smart home model in the context of entrepreneurship. This can also help with promotion and publication, empower educated people in Bali and outside of Bali to educate others and recommend Yarralumla to visitors plan to visit Bali.
4.2 Marketing Plan

Marketing Plan is a planned implementation of marketing resources to achieve marketing objectives. This means, Marketing Plan is a systematic process in designing and marketing of marketing decisions. The marketing plan will focus on information gathering, information dissemination formats and the structure of development and coordinating the company's strategic and tactical responses.

4.2.1 Segementing, Targeting, and Positioning

4.2.1.1 Market Segmentation

Market segmentation is the activity of dividing a market into different buyer groups that have different needs, characteristics or behaviors that may require different products or marketing mixes. There are some segmentation made for Yarralumla which are geographical segmentation, demographic segmentation and psychographic segmentation.

a. Geographic Segmentation

The segmentation is based on nationalities, according to data below it can be found that Australia and Chinese tourists are dominating in term of numbers compared to others for North Kuta incoming tourist in 2018.
b. Demographic Segmentation

According to demographic segmentation, there will be age segmentation applied to market of Yarralumla guest house. The existing naming in generations previously originated from the birth of generation theory that emerged in America. The theorists draw conclusions in the form of classifications of generations based largely on the year of their birth. If it refers to the demographics of those generations, there are five generations in the world that already exists. They all have different attitude and way of thinking therefore segmenting consumers based on their age can also be helpful way for marketers.
Baby Boomers are those born after World War II, roughly 1946 to 1964. In that timeframe, many nations of the west experienced rapid birth growth after recovering from wartime difficulties. As economic growth, educational development, and government assistance, baby boomers also enjoy prosperity in their lifetime. Today, most of the baby boomers have enjoyed a fairly secure retirement.

After baby boomers, Generation X was born in the late 1960s to the 1980s. When compared to the previous generation, those classified as Generation X tend to be more tolerant of differences, including in terms of religion, class, race, ethnicity, and sexual orientation. Currently, most of the Generation X are at the peak of careers in their late 30s to 50s. In Indonesia, this generation is being raised in a hot and tumultuous political event and event in the New Order era.
Internationally, Generation X also witnessed quite a number of global political conflicts or events such as the Vietnam War, the fall of the Berlin Wall, and the end of the Cold War.

Then Generation Y or Millennial generation was born. Those called the Generation Y or Millennial were born between the 1980s and 2000s. Growing up with the rapid technological developments, Generation Y is usually very fluent in using the internet as well as sophisticated devices, unlike previous generations. This generation is accustomed to connecting for 24 hours a day every day, through their various gadgets, including smartphones, tablets, or laptops. Most Y generations are the children of those who belong to the baby boomers. Because they see their parents working hard day and night, many of Generation Y are selective in choosing work, innovative in business or business affairs and often work out balance in work.

After that is Generation Z, those born between 2000-2010 are classified as Generation Z. Currently, they are still in their teens or children. Therefore, there is not much that can be concluded about the specific characteristics of this generation. One thing is certain, this generation is growing with a variety of technological conveniences and the availability of access to the outside world is unlimited. Most likely, this generation will produce people who make technology a significant part of their lifestyle. Alpha Generation generations After 2010, those newborns are referred to as part of the Alpha Generation. As with the Generation Z who were born before, those born after 2010 are familiar with technology since a very young age. Many of them are already holding the smartphone before running smoothly or talking. Therefore, many think that this generation is the most transformative generation, especially in the use and development of technology.

c. Psychographic Segmentation

Psychographic segmentation is the science that uses psychology and demographics to better understand the consumer. In psychographic segmentation, customers are divided into different groups based on lifestyle or personality or
value. Each customers has different lifestyle, there are backpackers who seek for experience, there are hedonic people who don’t only seek for experience but also prestigious and privilege that differ themselves from other people.

4.2.1.2 Target Market Segmentation

Target markets of Yarraluma based on some theories above fall down into Australian, Chinese and Japanese tourist, the online marketing will be focused on those 3 countries as major supplier of foreign tourist coming to Bali plus domestic marketing. Yarralumla will also target family with children because Yarralumla is homey designed and provide the best experience for family time.

4.2.1.3 Positioning

Basically the positioning statement of Yarralumla is “your happiness is in hand.” which means that we have superiority in automated hospitality management. We can control everything simply by our hand and once you arrive in Yarralumla, your happiness is likely to be guaranteed, your choice in us is not wrong so those messages are what we want to send to our potential customers from that positioning statement.

Yarralumla is very strong in service quality and facility because it is the only connected guest house in Bali. It makes Yarralumla so competitive in term of value prepositions. It is no 1 among competitors for its innovation. However, the price competition is not that easy, generally now there is huge tariff war in Bali between hotel and guest houses, therefore pricing strategy should be good to cope with this issue.
4.2.2 The 7Ps Marketing Mix

4.2.2.1 Product

The product of Yarralumla is room accommodation so people can stay in our guest house when they come to Bali for all kind of purposes. In addition, we also equip our rooms with smart home concept to give different experience to the guests.

Smart home concept brought by Yarralumla will be supported by internet of thing pioneer in its industry such as Amazon with its product named Alexa. Alexa can just listen to your voice and give you any information you want to about what interesting events or places to go nearby, Alexa will also let you know the best route and how to get there safely.

*Figure 4.3 Appearance of Alexa*

Source: Author, 2018
There have been so many companies selling concept of smart home today such as Samsung, Panasonic, Google, Amazon. It is not difficult to find suppliers and consultants for the implementation. Each room will have a smartphone that is connected to many sensors in the house, guest can control air conditioner, television, door, water heater in rest room, service calling, temperature control and lamps both separately and together as from one command by voice or pushing button on the smartphone. At the end, this higher investment will create better experience and eco-friendly approach of using energy that leads to energy efficiency. The concept of smart home has been adopted by all kind of stakeholders including government in its implementation of Jakarta smart city.

4.2.2.2 Price

There are mainly 3 pricing strategies which are skimming pricing, penetration pricing and prestige pricing. Skimming pricing is applied by way of setting a high price for a new or innovative product during the introductory stage, then lowering the price at a time when competition is getting tougher. A penetration pricing
strategy is where a company attempts to introduce a new product at a low price, in the hope of obtaining a large volume of sales in relatively lean time. Prestige pricing is strategies where high prices are set to create a high quality product image and are generally used for shopping and specialty products.

Pricing policy applied by Yarralumla is prestige pricing, this strategy is chosen because we focus on our value proposition and we want to stay in premium market area therefore we will not lower our price because we want to build brand equity for premium market. Generally, the pricing policy applied by Yarralumla is very flexible both to the distribution channel and to the end consumer. The price to stay in Yarralumla per night is 270,000 rupiah for the first year.

4.2.2.3 Place

The place is so strategic not really far from entertainment spots such as Batu Bolong beach, Splash Waterpark Bali and Taman Segara Madu Waterpark. It is at Raya Semat st, gg Mengkudu no.5, Tibu Beneng, Canggu, Kuta Utara, Badung, Bali. The distribution strategy of Yarralumla is that we will be accessible through mobile application and website based reservation and also via call. We will also cooperate with some tour and travel agents so foreign tourist can book our room via the agents. Yarralumla will also cooperate with some online companies such as traveloka and other website providing room searching services so that guest can also book via that website.
4.2.2.4 Promotional Activities

To introduce Yarralumla to the potential customers, then the management of Yarralumla, especially the marketing department has special strategies. There are some strategies to do by Yarralumla to promote its business:
a. Conducting cooperation with private companies

Another step that is done by the marketing side is to conduct continuous cooperation with private companies such as special price for employees of their company to stay in Yarralumla, this cooperation can be done with all kind of corporations, this strategic partnership practice has been proven to increase sales up to 24% in 1 year according to research by Fractal & MOS (2017)

b. Conducting cooperation with travel agent

Travel agent is a part of tourism industry that cannot be separated. The marketing side of Yarralumla actively cooperates with existing travel agent. This practice has been proven to increase sales up to 20% in 1 year according to research by Fractal & MOS (2017)

c. Advertising on the internet

Information technology is progressing rapidly as it is now a lot to provide the best solution for the marketing world. All who are in the business of the average use the internet to facilitate interaction with business relation. Internet marketing including social media marketing, SEO, Google ads. Therefore, Yarralumla management especially the marketing section should use this media by advertising on the internet. This practice has been proven to increase sales up to 35% in 1 year according to research by Fractal & MOS (2017)

d. Advertisement material distribution

Spread leaflets, brochures, stickers, and others in crowded area like beaches. This practice has been proven to increase sales up to 12% in 1 year according to research by Fractal & MOS (2017)

e. Provides a shuttle car for guests

To maximize the service to its guests, then the guest house provides a shuttle car for guests with the cost already budgeted in the room rate. Colliers international (2016) stated that this service is recommended by 41% of guest house customers
f. Public relation

To increase brand equity as well as sales, public relation is needed including attending community meet up as speaker, publication in printed mass media and educational seminar to promote and increase brand awareness of Yarralumla. This practice has been proven to increase sales up to 15% in 1 year according to research by Fractal & MOS (2017)

4.2.2.5 Process

Check-in process has been designed in accordance with international guest house standards, consumers who come to check in are accepted at the reception and done a registration for corporate purposes and report to the authorities, then with the help of a bell boy was escorted to the room, likewise on the other hand if the guest wants to check out. Every room will be completed by phone and emergency button to make our guest easy to reach management and ask for something or complain. Every complaint and request will be professionally handled.

4.2.2.6 People

Staffs will be professionally trained and they will standard operation procedure to serve customers. Staff will be borrowed some clothes to wear during work so everyone has to wear the same clothes that show identity of company.

4.2.2.7 Physical Evidence

There will be office room for staff, kitchen, small prayer room, shop, swimming pool, rest room and CCTV. All is completed to show our professionalism. Physical environment is always carried out maintenance, for example with maintenance of gradual interior and exterior of the company so that guests who stay at Yarralumla guest house feel like in his own home because his cleanliness is awake.
### 4.2.3 Annual Marketing Budget

*Table 4.2 Annual Marketing Budget*

<table>
<thead>
<tr>
<th>No</th>
<th>Item</th>
<th>Annual Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Advertizing materials</td>
<td>IDR 10,000,000</td>
</tr>
<tr>
<td>2</td>
<td>Digital marketing</td>
<td>IDR 50,000,000</td>
</tr>
<tr>
<td>3</td>
<td>Agent prospecting fee</td>
<td>IDR 10,000,000</td>
</tr>
<tr>
<td>4</td>
<td>Sponsorship</td>
<td>IDR 20,000,000</td>
</tr>
<tr>
<td>5</td>
<td>Uniform</td>
<td>IDR 10,000,000</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>IDR 100,000,000</td>
</tr>
</tbody>
</table>

Source: Author, 2018

### 4.2.4 Estimation of Annual Sales

*Table 4.3 Annual Sales Forecast*

<table>
<thead>
<tr>
<th>Month</th>
<th>Target occupancy per night (all rooms)</th>
<th>Additional charges and store income</th>
<th>Occupancy service charge</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>250</td>
<td>IDR 6,750,000</td>
<td>IDR 67,500,000</td>
<td>IDR 74,250,000</td>
</tr>
<tr>
<td>2</td>
<td>250</td>
<td>IDR 6,750,000</td>
<td>IDR 67,500,000</td>
<td>IDR 74,250,000</td>
</tr>
<tr>
<td>3</td>
<td>250</td>
<td>IDR 6,750,000</td>
<td>IDR 67,500,000</td>
<td>IDR 74,250,000</td>
</tr>
<tr>
<td>4</td>
<td>250</td>
<td>IDR 6,750,000</td>
<td>IDR 67,500,000</td>
<td>IDR 74,250,000</td>
</tr>
<tr>
<td>5</td>
<td>250</td>
<td>IDR 6,750,000</td>
<td>IDR 67,500,000</td>
<td>IDR 74,250,000</td>
</tr>
<tr>
<td>6</td>
<td>300</td>
<td>IDR 8,100,000</td>
<td>IDR 81,000,000</td>
<td>IDR 89,100,000</td>
</tr>
<tr>
<td>7</td>
<td>300</td>
<td>IDR 8,100,000</td>
<td>IDR 81,000,000</td>
<td>IDR 89,100,000</td>
</tr>
<tr>
<td>8</td>
<td>300</td>
<td>IDR 8,100,000</td>
<td>IDR 81,000,000</td>
<td>IDR 89,100,000</td>
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<tr>
<td>9</td>
<td>300</td>
<td>IDR 8,100,000</td>
<td>IDR 81,000,000</td>
<td>IDR 89,100,000</td>
</tr>
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<td>10</td>
<td>330</td>
<td>IDR 8,910,000</td>
<td>IDR 89,100,000</td>
<td>IDR 98,010,000</td>
</tr>
<tr>
<td>11</td>
<td>330</td>
<td>IDR 8,910,000</td>
<td>IDR 89,100,000</td>
<td>IDR 98,010,000</td>
</tr>
<tr>
<td>12</td>
<td>330</td>
<td>IDR 8,910,000</td>
<td>IDR 89,100,000</td>
<td>IDR 98,010,000</td>
</tr>
</tbody>
</table>

| Total |                           |                      |                          | IDR 1,021,680,000 |

Source: Author, 2018
4.3 **Operational Model and Procedures**

There have been standard operating procedures made to follow by staffs of how to serve guest of Yarralumla from very beginning phase to the end. These procedures are made to ensure customer satisfaction. It can be explained as follow:

1. Reservation via E-Mail / Website:
   - Receive a reservation from the office
   - Entering guest reservation data to the system, according to room type and length of stay
   - Write down all data regarding special request, honeymoon package, birthday celebration, transfer request or pick up and others
   - Enter guest reservation data into Front Office files according to date, month and year

2. Reservation by phone:
   - Greeting to guests, according to the time of receiving the phone
   - Ask for the full name of the guest
   - Ask room type and how many days guests will stay
   - Provide room rates to guests if the price has been agreed then the reservation process is continued
   - Request a guest phone number and credit card number as a warranty
   - Explain to the guest about reservation procedures and reservation cancellation procedures completely and correctly
   - Closing telephone conversations with greeting, thank you and not to mention the name of the guest
   - Write details on reservation forms, system inputs, and files by date and month

3. Preparation before guests check in:
   - Clean and tidy the area around the Front Office and Lobby area
• Create special requests (Honeymoon cake, fruit basket and Special decoration) if any and send to the department concerned
• Prepare all data and completeness of reservation and registration required
• Print guest in house list, arrival and departure for housekeeping and F & B departments
• Prepare cold towel
• Prepare a welcome letter and ask for a GM signature
• Prepare welcome drink
• Check the completeness of room facilities and put a welcome letter signed by GM at the desk in the appropriate room
• Prepare guest room keys to check-in

4. Guest check in:
   • Welcome guests in front of the hotel and welcome
   • Bring guest bag/suitcase to the lobby
   • Allow guests to sit down
   • Presents to welcome drink and cold towel guests
   • Explain and inform guests about hotel services and facilities
   • Explain and inform guests during breakfast and afternoon tea
   • Prepare a Bali map and explain it to the guests in detail
   • Explain and inform guests about activities and facilities in Canggu and North Kuta

5. Registration:
   • Submit a registration form to be completed by the guest
   • Request a guest passport to be photocopied
   • Allow guests to complete the registration form completely
   • Guests and Receptionists must sign a completed registration form
   • Store the guest registration in Front Office files according to the room number
   • Allow and escort guests to the room
   • Bring guest bag and suitcase to room
6. Service during overnight stay:
   - Saying greeting every guest (try to remember and mention the name of the guest)
   - Graciously provide explanations to guests when guests request information
   - Provide help requested by guests such as renting a bicycle, hiring snorkeling equipment, etc., and writing these things in Log Book
   - Provide all first aid kit (First Aid In Accidents) which is often needed when the guest snorkeling like Betadine, Perban, Eye Drops, etc
   - Provide a free internet voucher when requested by the guest

7. Preparation before guests check out:
   - Prepare transport when there is a request from the guest
   - Prepare the guests bill in detail
   - Check the room rates and the length of stay
   - Ask for Housekeeping to check the Mini Bar before guests leave the room
   - Print bill of guests
   - Give guests a bill, in accordance with each guest room along with supporting data such as bill restaurant, spa, etc

8. Payment:
   - If payment in cash in Rupiah must be checked in detail in front of guests
   - If payment in foreign currency must be adjusted to the prevailing exchange rate
   - Payment by credit card or debit card, when making a nominal transaction of money seen in detail so that no errors occur when making a transaction
   - Payments in city ledger, guest folionya on the settle in accordance with the name of Travel Agent who make the guest reservation page
   - Complimentary (guests do not pay for room bill during stay)

9. Guest check out:
   - Request room key from guest
   - Checking the room if there are items left behind
• Help guests carry bags / suitcases to the front of the hotel
• Asking impressions during a guest’s stay and request time to fill in the Guest Comment book in the Lobby or online at Trip Advisor
• Thank the guests for staying at Yarralumla guest house

10. After guests check out:
• Arranging the check-in bill of guests
• Checking that the number of check out guests is appropriate in the system
• Gives all their stuff to them

4.3.1 Operational Hours

Yarralumla will open every day 24 hours and anytime guest can come to do check in and check out. Room cleaning services and store will be opened only from 8.00 - 17.00. If guest needs massage or other professional services, management of guest house will make a call and invite massagers from outside to do the service.
4.3.2 Facilities and Equipments

4.3.2.1 Building Layout

*Figure 4.6 Exterior Design of Yarralumla (Frontside)*

Source: Author, 2018

*Figure 4.7 Exterior Design of Yarralumla (Backside)*

Source: Author, 2018
### List of Equipment and Furnitures

**Table 4.4 List of Equipment and Furnitures**

<table>
<thead>
<tr>
<th>No</th>
<th>Equipments</th>
<th>Price/Unit</th>
<th>Quantity</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cashier Machine</td>
<td>IDR 1,000,000</td>
<td>1</td>
<td>IDR 1,000,000</td>
</tr>
<tr>
<td>2</td>
<td>Desktop PC</td>
<td>IDR 2,500,000</td>
<td>1</td>
<td>IDR 2,500,000</td>
</tr>
<tr>
<td>3</td>
<td>CCTV</td>
<td>IDR 800,000</td>
<td>7</td>
<td>IDR 5,600,000</td>
</tr>
<tr>
<td>4</td>
<td>Small Print Machine</td>
<td>IDR 500,000</td>
<td>1</td>
<td>IDR 500,000</td>
</tr>
<tr>
<td>5</td>
<td>Oven/Microwave</td>
<td>IDR 3,000,000</td>
<td>1</td>
<td>IDR 3,000,000</td>
</tr>
<tr>
<td>6</td>
<td>Toaster</td>
<td>IDR 500,000</td>
<td>4</td>
<td>IDR 2,000,000</td>
</tr>
<tr>
<td>7</td>
<td>Blender</td>
<td>IDR 400,000</td>
<td>2</td>
<td>IDR 800,000</td>
</tr>
<tr>
<td>8</td>
<td>Refrigerator</td>
<td>IDR 1,500,000</td>
<td>1</td>
<td>IDR 1,500,000</td>
</tr>
<tr>
<td>9</td>
<td>Tablet</td>
<td>IDR 1,200,000</td>
<td>4</td>
<td>IDR 4,800,000</td>
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<tr>
<td>10</td>
<td>Telephone</td>
<td>IDR 100,000</td>
<td>1</td>
<td>IDR 100,000</td>
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<tr>
<td>11</td>
<td>Air Conditioner</td>
<td>IDR 2,000,000</td>
<td>6</td>
<td>IDR 12,000,000</td>
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<tr>
<td>12</td>
<td>Smart lock for door</td>
<td>IDR 1,200,000</td>
<td>1</td>
<td>IDR 1,200,000</td>
</tr>
<tr>
<td>13</td>
<td>Router</td>
<td>IDR 600,000</td>
<td>1</td>
<td>IDR 600,000</td>
</tr>
<tr>
<td>14</td>
<td>Small Plates</td>
<td>IDR 15,000</td>
<td>50</td>
<td>IDR 750,000</td>
</tr>
<tr>
<td>15</td>
<td>Medium Plates</td>
<td>IDR 25,000</td>
<td>50</td>
<td>IDR 1,250,000</td>
</tr>
<tr>
<td>16</td>
<td>Glass</td>
<td>IDR 10,000</td>
<td>50</td>
<td>IDR 500,000</td>
</tr>
<tr>
<td>17</td>
<td>Teapot</td>
<td>IDR 5,000</td>
<td>25</td>
<td>IDR 125,000</td>
</tr>
<tr>
<td>18</td>
<td>Food Utensils</td>
<td>IDR 10,000</td>
<td>50</td>
<td>IDR 500,000</td>
</tr>
<tr>
<td>19</td>
<td>Cooking Pan Set</td>
<td>IDR 500,000</td>
<td>3</td>
<td>IDR 1,500,000</td>
</tr>
<tr>
<td>20</td>
<td>Cooking Utensil Set</td>
<td>IDR 200,000</td>
<td>3</td>
<td>IDR 600,000</td>
</tr>
<tr>
<td>21</td>
<td>Cleaning Set</td>
<td>IDR 500,000</td>
<td>1</td>
<td>IDR 500,000</td>
</tr>
<tr>
<td>22</td>
<td>Trash Bin</td>
<td>IDR 50,000</td>
<td>2</td>
<td>IDR 100,000</td>
</tr>
<tr>
<td>23</td>
<td>Stove</td>
<td>IDR 2,500,000</td>
<td>2</td>
<td>IDR 5,000,000</td>
</tr>
<tr>
<td>24</td>
<td>Bed</td>
<td>IDR 2,000,000</td>
<td>12</td>
<td>IDR 24,000,000</td>
</tr>
<tr>
<td>25</td>
<td>Cupboard</td>
<td>IDR 1,000,000</td>
<td>12</td>
<td>IDR 12,000,000</td>
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<tr>
<td>26</td>
<td>Water heater</td>
<td>IDR 750,000</td>
<td>12</td>
<td>IDR 9,000,000</td>
</tr>
<tr>
<td>27</td>
<td>wastafel</td>
<td>IDR 550,000</td>
<td>12</td>
<td>IDR 6,600,000</td>
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<tr>
<td>28</td>
<td>Smart devices package</td>
<td>IDR 5,000,000</td>
<td>12</td>
<td>IDR 60,000,000</td>
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<tr>
<td>29</td>
<td>Alexa</td>
<td>IDR 3,000,000</td>
<td>12</td>
<td>IDR 36,000,000</td>
</tr>
</tbody>
</table>

**Total**: IDR 194,025,000

*Source: Author, 2018*
4.3.3 Government Codes and Regulation

To open guest house business in Bali, there are several codes and regulations the government made. Yarralumla needs to followed these codes and regulations before it can officially open or business. Those codes and regulations can be seen as below:

1. Search information about rules and regulation to open business in local area
2. Ask permission letter to open business to the related parties
3. Complete the required files and wait approval from the field checker
4. Register the business with application from along with the documents needed such as identity card, picture of site plan, land certificate, picture of the site plan, permit to establish building, permit to use land, and other documents related to environment
5. Pay retribution to local government

4.4 Team

4.4.1 Company Structure

Organizational Structure is an arrangement and relationship between each part as well as existing positions in an organization or company in carrying out operational activities to achieve goals in the hope and in want. Here is the organization structure of Yarralumla Guesthouse.
4.4.2 Job Description

There are respectively three main divisions at Yarralumla guest house. Each team has its own job description and job specification, which can be seen below:
**General Manager**

Job descriptions:

1. Organizing and leading all departments to achieve target and report it to owner
2. Handle all complaint, give reward and punishment to all department accordingly
3. Oversee the preparation of security, gardens and maintenance of goods
4. Plan and supervise store, cafe, swimming pool and any facilities had by Yarralumla
5. Observe the liquor, games and legal rules associated with it
6. Assess and check the satisfaction of the tam
7. Check books and purchase activities
8. Check and supervise budget spending
9. Supervise staff selection, training and supervision
10. Ensure the fulfillment of standard operation procedures in accordance with the laws and regulations

**Receptionist**

Job descriptions:

1. Welcoming every guest of the guest house with friendly
2. Answering the phone with regard to information about the guest house
3. Giving help directions to the location where requested to the visitors of the guest house
4. Provide information to guest house visitors
5. Record list of guest house visitors related to check in & check out
6. Recording all information required by the guest house such as check in check out reservation etc.
7. Sorting letters that enter the guest house both in form of paper and electronic
8. Provide assistance to every visitor of the guest house when needed
9. Observe and report the activity of suspicious guest house visitors when required

**Finance and administration**

Job descriptions:

1. Conduct corporate financial arrangements
2. Conducting all financial transactions into the program
3. Conduct corporate financial transactions
4. Make payments to suppliers
5. Related to internal and external parties related to the company's financial activities
7. Controlling the financial activities / financial transactions of the company
8. Make a report on the financial activities of the company
9. Receiving documents from internal and external vendors
10. Verify the validity of invoices
12. Evaluate the budget
13. Creating management reports to the parent company
14. Accrue income and expense on certain accounts
15. Preparing the invoice bill document / bill receipt and its completeness
16. Reconcile with other units

**Sales and marketing**

Job descriptions:

1. Maintain and increase sales volume
2. Set up new client leads
3. Analyze client's financial data with the purpose of assessing client's investment
4. Recommend appropriate and profitable investment strategies for clients
5. Establish good communication with customers
6. Have good quantitative skills  
7. Retain existing customers  
8. Ensure the achievement of sales targets  
9. Create a company sales report  
10. Reports the company's sales activity to the boss

**Room staff**

Job descriptions:

1. Receiving assignments and guidance from the manager  
2. Handing over from Room attendant night shift, morning shift and evening shift  
3. Set up trolley with work equipment, guest supplies, cleaning supplies and linen for each floor station  
4. Check the status of the room in accordance with the SOP on assigned area, condition and report the status of the room in accordance with the results of examination  
5. Clean room according to standard operating procedure  
6. Turn down service and clean up late check-out room, help with clean laundry delivery to room (*done by room attendant evening shift*)  
7. Create a room attendant report and return the key at the end of the assignment  
8. Report to the manager/order taker if there is a guest item left behind  
9. Maintain the use and use of expenses incurred for the use of guest supplies and cleaning supplies  
10. Serve guest who wants to buy something in the store

**Kitchen staff**

Job descriptions:

1. Prepare the Menu and cook based on request of guest  
2. Make standard recipe and its food cost
3. Make purchase order for the kitchen ingredients
4. Make a forecast to be achieved
5. Lead staff and subordinates
6. Supervise the operation of the kitchen

4.4.3 Salary Budget

<table>
<thead>
<tr>
<th>No</th>
<th>Position</th>
<th>Number of Person</th>
<th>Annual Remuneration Package</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>General Manager</td>
<td>1</td>
<td>IDR 72,000,000</td>
</tr>
<tr>
<td>2</td>
<td>Receptionist</td>
<td>1</td>
<td>IDR 24,000,000</td>
</tr>
<tr>
<td>3</td>
<td>Sales and Marketing</td>
<td>2</td>
<td>IDR 48,000,000</td>
</tr>
<tr>
<td>4</td>
<td>Finance and Administration</td>
<td>1</td>
<td>IDR 24,000,000</td>
</tr>
<tr>
<td>5</td>
<td>Room staff</td>
<td>2</td>
<td>IDR 36,000,000</td>
</tr>
<tr>
<td>6</td>
<td>Kitchen staff</td>
<td>1</td>
<td>IDR 24,000,000</td>
</tr>
<tr>
<td>7</td>
<td>Security</td>
<td>1</td>
<td>IDR 24,000,000</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td>IDR 252,000,000</td>
</tr>
</tbody>
</table>

Source: Author, 2018

4.4.4 Code of Conduct (Rules and Regulation)

There are some codes of conducts or rules for guest to follow, these rules are made for Yarralumla to prevent bad thing happens, it is also in line with government rules and social values in the society. The rule has to be followed so that management can satisfy all guests without any exception. Here are some rules of Yarralumla guest house:

1. Guest / lessee is an Indonesian citizen or a foreign national who has legal identity legally, has married, married couples (couples) or individuals / groups of persons from an agency / company
2. Guests / tenants are required to pay the full amount of the booking day upon check in. Deposits and fees paid are non-refundable
3. Guests / tenants must leave a valid ID card (KTP / SIM / Passport) as the guarantor to the owner and will be refunded upon check out
4. Guests / tenants shall maintain security and order; Not using the Guesthouse for crime or immorality as the public norm and prohibited by applicable law
5. Guests / tenants are required to maintain tolerance with neighbors / neighborhoods, especially in the case of noise (not creating disturbing voices) and parking vehicles (not blocking roads / vehicles of others)
6. Guest / lessee keeps the goods carried and the homestay is not responsible for any damage or loss
7. The Guesthouse owner has access right over the entire guesthouse.
8. Guesthouse does not provide toiletries (soap, towels) unless expressly stated in the homestay concerned
9. Maintain cleanliness and comfort of every room / room in Guesthouse.
10. It is not allowed to bring a pet here
11. It is forbidden to engage in political, religious and shamanic activities in or within the Guesthouse area
12. Prohibited from carrying or consuming drugs and alcoholic / alcoholic beverages
13. Do not stick anything or scratch the walls and furniture of the Guesthouse inventory with anything
14. Do not bring out or move furniture inventory Guesthouse
15. If a guest damages or loses the inventory of the Guesthouse
16. The tenant must replace the lost item or repair the defective item
CHAPTER V

FINANCIAL PLAN

5.1 Sources of Fund Statement

Figure 5.1 Source of Fund Statement

<table>
<thead>
<tr>
<th>Sources</th>
<th>Amount (In Rupiah)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner Investment</td>
<td>IDR 1,121,025,000</td>
</tr>
<tr>
<td>Total</td>
<td>IDR 1,121,025,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cost</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</td>
<td>IDR 194,025,000</td>
</tr>
<tr>
<td>Furniture</td>
<td>IDR 100,000,000</td>
</tr>
<tr>
<td>Marketing and Promotion</td>
<td>IDR 100,000,000</td>
</tr>
<tr>
<td>Salaries</td>
<td>IDR 252,000,000</td>
</tr>
<tr>
<td>Guest house supplies</td>
<td>IDR 25,000,000</td>
</tr>
<tr>
<td>Building Renovation</td>
<td>IDR 350,000,000</td>
</tr>
<tr>
<td>Cash ( Working Capital )</td>
<td>IDR 100,000,000</td>
</tr>
<tr>
<td>Total</td>
<td>IDR 1,121,025,000</td>
</tr>
</tbody>
</table>

Source: Self-Developed, 2018

5.2 Assumption Sheet

a. Net Sales are based on the service forecast that presented in Marketing Plan Section in this business plan.

b. Sales value is assumed to increase by 20% every year due to increased management performance, inflation and business growth

c. Selling expense is all other fees required in case of emergency or handling complaint from visitors that is not budgeted in any other post including additional services for VIP clients, about 1% of net sales
d. Salary and allowance are remuneration package for all employees that is budgeted to increase by 10% every year

e. Other operating expense such as office supplies, utilities, marketing and asset maintenance fee are assumed to increase by 20% every year

f. Tax 10% is mandatory due to government regulation and cut to the earning before tax

g. Asset value for both current and non-current asset are assumed to increase by 20% every year

h. Depreciation for equipment is assumed to be 20% ever year and cut to the original value

i. Appreciation for building is assumed to be 20% ever year and cut to the original value

j. Share earnings to investor or owner will be 50% of net cash flow while the rest 50% will be re-invested for future operation
## Income Statement

<table>
<thead>
<tr>
<th></th>
<th>year 1</th>
<th>year 2</th>
<th>year 3</th>
<th>year 4</th>
<th>year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>1,021,680,000.00</td>
<td>1,226,016,000.00</td>
<td>1,471,219,200.00</td>
<td>1,765,463,040.00</td>
<td>2,118,555,648.00</td>
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<tr>
<td><strong>Selling expense</strong></td>
<td>10,216,800.00</td>
<td>12,260,160.00</td>
<td>14,712,192.00</td>
<td>17,654,630.40</td>
<td>21,185,556.48</td>
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<tr>
<td><strong>Gross profit</strong></td>
<td>1,011,463,200.00</td>
<td>1,213,755,840.00</td>
<td>1,456,507,008.00</td>
<td>1,747,808,409.60</td>
<td>2,097,370,091.52</td>
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<tr>
<td><strong>Expense</strong></td>
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<td></td>
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<tr>
<td>Salary and allowance</td>
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<td>304,920,000.00</td>
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<td>Office supplies</td>
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<td>120,000,000.00</td>
<td>144,000,000.00</td>
<td>172,800,000.00</td>
<td>207,360,000.00</td>
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<tr>
<td>Utilities</td>
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<td>30,000,000.00</td>
<td>36,000,000.00</td>
<td>43,200,000.00</td>
<td>51,840,000.00</td>
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<td>marketing</td>
<td>100,000,000.00</td>
<td>120,000,000.00</td>
<td>144,000,000.00</td>
<td>172,800,000.00</td>
<td>207,360,000.00</td>
</tr>
<tr>
<td>Asset maintenance</td>
<td>10,000,000.00</td>
<td>12,000,000.00</td>
<td>14,400,000.00</td>
<td>17,280,000.00</td>
<td>20,736,000.00</td>
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<tr>
<td>Total operating expense</td>
<td>487,000,000.00</td>
<td>559,200,000.00</td>
<td>643,320,000.00</td>
<td>741,492,000.00</td>
<td>856,249,200.00</td>
</tr>
<tr>
<td><strong>Operational gross profit</strong></td>
<td>524,463,200.00</td>
<td>654,555,840.00</td>
<td>813,187,008.00</td>
<td>1,006,316,409.60</td>
<td>1,241,120,891.52</td>
</tr>
<tr>
<td><strong>Earning before tax</strong></td>
<td>524,463,200.00</td>
<td>654,555,840.00</td>
<td>813,187,008.00</td>
<td>1,006,316,409.60</td>
<td>1,241,120,891.52</td>
</tr>
<tr>
<td>Tax (10%)</td>
<td>(52,446,320.00)</td>
<td>(65,455,584.00)</td>
<td>(81,318,700.80)</td>
<td>(100,631,640.96)</td>
<td>(124,112,089.15)</td>
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<td><strong>Earning after tax</strong></td>
<td>472,016,880.00</td>
<td>589,100,256.00</td>
<td>731,868,307.20</td>
<td>905,684,768.64</td>
<td>1,117,008,802.37</td>
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Source: Self-Developed, 2018
<table>
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<tr>
<th>Balance Sheet</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
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<tbody>
<tr>
<td><strong>Asset</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current asset</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
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<td>120,000,000.00</td>
<td>144,000,000.00</td>
<td>172,800,000.00</td>
<td>207,360,000.00</td>
</tr>
<tr>
<td>Guest house supplies</td>
<td>25,000,000.00</td>
<td>30,000,000.00</td>
<td>36,000,000.00</td>
<td>43,200,000.00</td>
<td>51,840,000.00</td>
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<td><strong>Total current asset</strong></td>
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<td>150,000,000.00</td>
<td>180,000,000.00</td>
<td>216,000,000.00</td>
<td>259,200,000.00</td>
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<td><strong>Non current asset</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>194,025,000.00</td>
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<td>279,396,000.00</td>
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<td>402,330,240.00</td>
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<td>Accumulated depreciation for equipment</td>
<td>(19,402,500.00)</td>
<td>(23,283,000.00)</td>
<td>(27,939,600.00)</td>
<td>(33,527,520.00)</td>
<td>(40,233,024.00)</td>
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<td>Building asset</td>
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<td>5,000,000,000.00</td>
<td>5,000,000,000.00</td>
<td>5,000,000,000.00</td>
<td>5,000,000,000.00</td>
</tr>
<tr>
<td>Accumulated appreciation for building asset</td>
<td>1,000,000,000.00</td>
<td>1,000,000,000.00</td>
<td>1,000,000,000.00</td>
<td>1,000,000,000.00</td>
<td>1,000,000,000.00</td>
</tr>
<tr>
<td><strong>Total non current asset</strong></td>
<td>6,174,622,500.00</td>
<td>6,209,547,000.00</td>
<td>6,251,456,400.00</td>
<td>6,301,747,680.00</td>
<td>6,362,097,216.00</td>
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<tr>
<td><strong>Total asset</strong></td>
<td>6,299,622,500.00</td>
<td>7,559,547,000.00</td>
<td>9,071,456,400.00</td>
<td>10,885,747,680.00</td>
<td>13,062,897,216.00</td>
</tr>
<tr>
<td><strong>Liabilities and capital</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Capital</strong></td>
<td>6,299,622,500.00</td>
<td>7,559,547,000.00</td>
<td>9,071,456,400.00</td>
<td>10,885,747,680.00</td>
<td>13,062,897,216.00</td>
</tr>
<tr>
<td><strong>Total Liabilities and capital</strong></td>
<td>6,299,622,500.00</td>
<td>7,559,547,000.00</td>
<td>9,071,456,400.00</td>
<td>10,885,747,680.00</td>
<td>13,062,897,216.00</td>
</tr>
</tbody>
</table>
### Cash Flow

**Source**: Self-Developed, 2018

<table>
<thead>
<tr>
<th>Cashflow</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>472,016,880.00</td>
<td>589,100,256.00</td>
<td>731,868,307.20</td>
<td>905,684,768.64</td>
<td>1,117,008,802.37</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>(19,402,500.00)</td>
<td>(23,283,000.00)</td>
<td>(27,939,600.00)</td>
<td>(33,527,520.00)</td>
<td>(40,233,024.00)</td>
</tr>
<tr>
<td>Guest house supply</td>
<td>25,000,000.00</td>
<td>30,000,000.00</td>
<td>36,000,000.00</td>
<td>43,200,000.00</td>
<td>51,840,000.00</td>
</tr>
<tr>
<td><strong>Total cash flow from operating activities</strong></td>
<td>477,614,380.00</td>
<td>595,817,256.00</td>
<td>739,928,707.20</td>
<td>915,357,248.64</td>
<td>1,128,615,778.37</td>
</tr>
<tr>
<td><strong>Cash flow from investing activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of equipment</td>
<td>194,025,000.00</td>
<td>232,830,000.00</td>
<td>279,396,000.00</td>
<td>335,275,200.00</td>
<td>402,330,240.00</td>
</tr>
<tr>
<td><strong>Total cash flow from investing activities</strong></td>
<td>194,025,000.00</td>
<td>232,830,000.00</td>
<td>279,396,000.00</td>
<td>335,275,200.00</td>
<td>402,330,240.00</td>
</tr>
<tr>
<td><strong>Net increase in cash and cash equivalents</strong></td>
<td>671,639,380.00</td>
<td>828,647,256.00</td>
<td>1,019,324,707.20</td>
<td>1,250,632,448.64</td>
<td>1,530,946,018.37</td>
</tr>
<tr>
<td>Share earning to investor</td>
<td>335,819,690.00</td>
<td>414,323,628.00</td>
<td>509,662,353.60</td>
<td>625,316,224.32</td>
<td>765,473,009.18</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents, beginning</strong></td>
<td>100,000,000.00</td>
<td>435,819,690.00</td>
<td>850,143,318.00</td>
<td>1,359,805,671.60</td>
<td>1,985,121,895.92</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents, ending</strong></td>
<td>435,819,690.00</td>
<td>850,143,318.00</td>
<td>1,359,805,671.60</td>
<td>1,985,121,895.92</td>
<td>2,750,594,905.10</td>
</tr>
</tbody>
</table>
5.6 Payback Period

*Figure 5.5 Payback Period*

<table>
<thead>
<tr>
<th>Payback Period</th>
<th>Initial investment</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial investment</td>
<td>1,121,025,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flows</td>
<td>-</td>
<td>671,639,380</td>
<td>828,647,256</td>
<td>1,019,324,707</td>
<td>1,250,632,449</td>
<td>1,530,946,018</td>
</tr>
<tr>
<td>Cumulative cash flows</td>
<td>-</td>
<td>671,639,380</td>
<td>1,500,286,636</td>
<td>2,519,611,343</td>
<td>3,770,243,792</td>
<td>5,301,189,810</td>
</tr>
<tr>
<td><strong>Payback Period is 1 year and 9 months</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Self-Developed, 2018

5.7 Ratio Analysis

*Figure 5.5 Ratio Analysis*

<table>
<thead>
<tr>
<th>Profitability Ratio</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return of Assets = Net Income/Total Asset</td>
<td>7.49%</td>
<td>7.79%</td>
<td>8.07%</td>
<td>8.32%</td>
<td>8.55%</td>
</tr>
<tr>
<td>Return on Sales = Net Income/Net Sales</td>
<td>46.20%</td>
<td>48.05%</td>
<td>49.75%</td>
<td>51.30%</td>
<td>52.73%</td>
</tr>
<tr>
<td>Profit Margin = Net Profit/Net Sales</td>
<td>46.20%</td>
<td>48.05%</td>
<td>49.75%</td>
<td>51.30%</td>
<td>52.73%</td>
</tr>
<tr>
<td>Occupation Rate = Total of Occupied Room/Total of Room Capacity</td>
<td>79.63%</td>
<td>80.43%</td>
<td>81.23%</td>
<td>82.04%</td>
<td>82.86%</td>
</tr>
</tbody>
</table>

Source: Self-Developed
CHAPTER VI

MILESTONES

6.1 List of Milestones

Milestone is roadmap or action plan that we will executive from the very first phase this planning until the business ready to operate. There preparation to the date will need about 3 months since we already have the building and only need to facilitate and renovate it, also to prepare the management team and system. Here are some steps to take until Yarralumla ready to operate and reach its target:

1. Finalize the business plan for Yarralumla
   The business plan has to be finalized and all information will be updated then verify before finally the funding will be given to executive the business plan

2. Renovate the guest house based on planned design
   There will be agreed interior and exterior design that will make Yarralumla unique to the visitors and also it can deliver value prepositions of the guest house and combined with Balinese style, it will give experience to the guests

3. Furnishing the building
   All furniture will be provided and set, and then other facility such as swimming pool will be ready

4. Prepare facilities and supplies
   All facilities will be provided. Supplies for guest house and store will be prepared

5. Recruitment and selection
   This will take time to find the best people for each job. The recruitment will be posted via online and there will some phase of interviews started from resume review
6. Developing SOP and training
   It needs top management to put their ideas and develop SOP together for the efficient and safe management process within organization, at the same time trainings will be given to lower level staffs while security will be outsourced

7. Ready to market it and open service
   This is where the operation begins and we start to market it

8. Evaluation after first 3 months
   After 3 months of operation, everyone will sit together and evaluate everything. This includes modifying business plan and strategy in order to achieve yearly target, there may be some changes when reality is not as expected and different from business plan

### 6.2 Specific Dates for Accomplishing Key Milestones

*Figure 6.1 Gantt Chart*

<table>
<thead>
<tr>
<th>Activity (2018)</th>
<th>June</th>
<th>July</th>
<th>August</th>
<th>September</th>
<th>October</th>
<th>November</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finalizing business plan and propose funding</td>
<td>1 2 3</td>
<td>4 1 2</td>
<td>3 4 1 2</td>
<td>3 4 1 2 3</td>
<td>4 1 2 3</td>
<td>4 1 2 3 4</td>
</tr>
<tr>
<td>Guest house renovation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furnishing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepare facilities and supplies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recruitment and selection</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Developing SOP and training</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Open service</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>After 3 months evaluation</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Source: Self-Developed, 2018
CHAPTER VII

ASSESSMENT OF RISK

7.1 Risk of Business

In a business activity, risk is unavoidable. Risk is a natural thing in business activities, even in any activity we do. For that reason, it is important for us to understand what the risk is or the definition of risk and the types of risks in the business. By knowing the concept of risk in business, then we can be better prepared when walking business. Motivation in taking risks and risk management can be better prepared. The definition of risk more specifically, can be interpreted as a consequence that arises as the impact of uncertainty, resulting in adverse impacts for business actors. Here are some business risks for Yarralumla that successfully has been identified:

1. System failure may harm customer satisfaction
   The system is integrated and it needs a lot of sensor working property to be optimum. Therefore when a sensor or device is broken then the value prepositions will be failed to deliver, if there is no maintenance and it happens at night then guest may complain because we sell something different between reality and the ads.

2. Guest does not come after booking
   It is typical risk of room rental business. It does not only happen to guest house but hotels sometimes experience this problem. When the rooms have been booked online and no guest can use the room anymore, but then the booking is cancelled, guest house will lose potential serious customer and it is really disturbing.
3. Natural disaster or human made error that may damage the guest house

   Our facility is guest house, which means if it is on fire or there is
   earthquake that ruin or damage our guest house, our business cannot run
   anymore therefore it needs priority to keep it safe, quiet and clean.

4. Security and convenience problem

   Security is issue and essential, it can come from thief or robbery that may
   harm customer satisfaction, but also sometimes come from the guest
   himself for example if there is drunken guest that disturb his neighbor and
   both of them are guest, the problem maybe more complicated to solve
   especially if we commit not to receive complain from customers.

5. Data hacking that violates privacy

   Sensor will store data and it has been long trending discussion about the
   risk of technology to privacy. If hacker can steal our data, it will be threat
   to our security and if it is done by our competitors, it will be problem.

7.2 Contingency Plan

Companies can overcome any risks by doing the following things.

1. Use CCTV and fire alarm system to prevent the fire, we will also update
   news from travel warning and pay insurance for our properties
2. For booking system, guests are required to pay booking fee of 10% and it is not returnable when they cancel it. If they come late to check in, we can give tolerance up to 12 hours as long as they keep in touch with us all the way. The booking fee maybe returned if cancellation is done at least 24 hours before check in.

3. There has been rule set for guest so that they don’t disturb each other and if there is any conflict between guests, it will be solved by manager directly who is more able to mediate problem and communicate.

4. Maintenance and problem fixing with technology devices will done as quickly as possible and guest can check in after we check all the devices working properly, if there is damaged sensor we will tell earlier and offer 2 choices which are 100% refund or check in by special price which is cheaper.

5. Firewall system will be built and we will hire IT consultant for doing it and in case if there is system hacking.
8.1 Growth Strategy

Along with globalization and free competition requires every company to always develop its strategy in order to survive, develop and competitiveness. For that the company needs to develop a fixed strategy so that the company can maintain its existence and improve its performance. One of the company's strategy is growth strategy, which means closely related to step taken by company to do growth and development of company concerned.

Growing strategy is a competitive strategy that seeks to develop (enlarge) the company in accordance with the size of the agreed amount to achieve the long-term objectives of the company. This strategy is required to help Yarralumla to grow and develop, including:

1. Market Development
   Market development is respectively done by doing online and offline strategies such as cooperating with travel agencies in other countries, we will also sell this concept to find investors and set up another guest house in other area therefore we can get more revenue from more capacity under brand of Yarralumla, it is also possible to set up in tourism area other than Bali such as Raja Ampat.

2. Product Development
   In this case, we plan to add more facilities in the future that is supporting our core product such as karaoke room and barbeque area near to the swimming pool, we will also provide event host who by schedule will take
guests and make them know each other for friendship to events in Bali, for this guests are required to sign up first.

8.2 Exit Strategy

Exit strategy is a plan that allows you to leave your business either after reaching a goal or deciding to do something else while recovering every capital you have invested in the business. The exit strategy of Yarralumla is to sell out to other investor, it could be single investors or some investors and we can sell all the ownership at once or divide into some parts and find some investors. For this, management needs to put everything in sales record and financial statements has to be created accordingly because all documents will be needed to show to prospective investor who will buy the stock and replace us in the future. Public relation is also one important factor of this strategy success because once investor ever heard bad news about our guest house, it will be difficult to prospect them.

Alternatively, we can sell to competitor, other hotel or guest house owner may wish to acquire our business and still retain its value for themselves which is called as acquisition. Acquisition is a way of developing an existing company or saving companies that are experiencing shortages or capital difficulties. In other words, an acquisition is a transaction whereby a company buys the control or 100% of ownership of another company in order to more effectively use its core competencies by making the acquired company as a company that supports its business portfolio.
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"European, US tourists skip Sangam city, [Allahabad], The Times of India, Oct 11 2015

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