

Assessing Culinary MSME Feasibility Using an Integrated 5C-7P Marketing and Financial Evaluation Framework: Evidence from Kedai Huo, Samarinda

Putri Zasmien Az-Zahra¹, Najwa Salsabilla², Rahma Dwi Salsyabilla³

***Correspondent :**

Email:putrizasmienazzahra@gmail.com

Affiliation :

^{1,2,3} Politeknik Negeri Samarinda ,
Indonesia

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Abstract

Pengelolaan Penelitian ini mengkaji kelayakan bisnis Kedai Huo, sebuah usaha kuliner yang berlokasi di kawasan komersial Citra Niaga, Samarinda, dengan menggabungkan perspektif non-keuangan dan keuangan. Analisis non-keuangan berfokus pada kondisi pasar dan pemasaran, kinerja teknis dan operasional, manajemen sumber daya manusia, struktur organisasi, serta kepatuhan hukum dan perizinan. Hasil penelitian menunjukkan bahwa Kedai Huo beroperasi dalam konteks pasar yang menguntungkan, didukung oleh sistem operasional yang efisien, struktur organisasi yang berfungsi dengan baik, dan kepatuhan terhadap persyaratan hukum yang esensial. Namun, beberapa aspek administratif, terutama formalisasi pemasok dan pendaftaran jaminan sosial karyawan, memerlukan penguatan lebih lanjut untuk memastikan keberlanjutan bisnis jangka panjang. Kelayakan keuangan dievaluasi menggunakan indikator penilaian investasi standar, termasuk Nilai Sekarang Bersih (NPV), Tingkat Pengembalian Internal (IRR), Masa Pengembalian (PP), dan Rasio Manfaat Biaya Bersih (Net B/C), yang dihitung dengan tingkat diskon 10 persen selama horizon investasi enam tahun. Analisis menunjukkan kinerja keuangan yang kuat, tercermin dalam NPV positif sebesar Rp 4.873.564.772,84, IRR sebesar 45,17 persen, PP sebesar 23 bulan, dan Net B/C ratio sebesar 26,377. Uji sensitivitas menggunakan pendekatan nilai peralihan menunjukkan bahwa bisnis tetap secara finansial layak di bawah kenaikan biaya moderat dan penurunan pendapatan, meskipun ketahanannya berkurang di bawah kondisi ekstrem. Studi ini berkontribusi pada literatur kelayakan UMKM dengan menerapkan kerangka penilaian terintegrasi yang menggabungkan analisis pemasaran 5C dan 7P dengan alat evaluasi keuangan komprehensif. Dengan menganalisis dimensi pasar, operasional, hukum, dan sumber daya manusia secara bersamaan dengan indikator kelayakan investasi, penelitian ini menyediakan model yang lebih holistik dan praktis untuk menilai keberlanjutan UMKM kuliner yang beroperasi di lingkungan bisnis yang kompetitif dan semakin digital.

Abstract

This research examines the business feasibility of Kedai Huo, a culinary enterprise located in the Citra Niaga commercial area of Samarinda, by incorporating both non-financial and financial perspectives. The non-financial analysis focuses on market and marketing conditions, technical and operational performance, human resource management, organizational structure, as well as legal and licensing compliance. The results show that Kedai Huo operates within a favorable market context, supported by an efficient operational system, an adequately functioning organizational structure, and compliance with essential legal requirements. Nevertheless, several administrative aspects, particularly supplier formalization and employee social security registration, require further strengthening to ensure long-term business sustainability. Financial feasibility is assessed using standard investment appraisal indicators, including Net Present Value (NPV), Internal Rate of Return (IRR), Payback Period (PP), and Net Benefit–Cost Ratio (Net B/C), calculated using a 10 percent discount rate over a six-year investment horizon. The analysis reveals strong financial performance, reflected in a positive NPV of Rp 4,873,564,772.84, an IRR of 45.17 percent, a payback period of 23 months, and a Net B/C ratio of 26.377. Sensitivity testing using the switching value approach indicates that the business remains financially viable under moderate cost increases and revenue declines, although its resilience decreases under more extreme conditions. This study contributes to the MSME feasibility literature by applying an integrated assessment framework that combines 5C and 7P marketing analysis with comprehensive financial evaluation tools. By simultaneously examining market, operational, legal, and human resource dimensions alongside investment feasibility indicators, this research provides a more holistic and practically applicable model for assessing the sustainability of culinary MSMEs operating in competitive and increasingly digital business environments.



INTRODUCTION

The culinary sector in Indonesia has experienced rapid growth and has emerged as one of the key drivers of the national creative economy (Efendi et al., 2025). This expansion not only contributes to the Gross Domestic Product (GDP), but also intensifies competition among micro, small, and medium enterprises (MSMEs), particularly in urban culinary hubs. In practice, many culinary MSMEs continue to face high failure rates, largely due to investment decisions made without comprehensive feasibility assessment. Existing feasibility studies often emphasize either financial indicators or marketing considerations in isolation, which limits their ability to capture the complex operational realities faced by culinary businesses in increasingly competitive and digitalized markets.

Previous studies highlight the importance of market analysis and adaptive business strategies in ensuring MSME success. Efendi et al. (2025) emphasize that the performance of culinary MSMEs is strongly influenced by their capacity to identify market opportunities and respond to shifts in consumer behavior. Similarly, (Ichsan et al., 2019; Purnomo et al., 2017) argue that feasibility studies should incorporate both financial and non-financial dimensions to reduce business risk and support long-term sustainability. However, many existing approaches remain fragmented and do not fully integrate market, operational, legal, and human resource considerations with financial investment analysis. As a result, there is a critical need for a more integrated feasibility framework that reflects the dynamic business environment currently faced by culinary MSMEs. According to Ichsan et al. (2019), business feasibility analysis generally consists of market and marketing aspects, technical and operational aspects, human resources and organizational structure, legal and licensing compliance, as well as financial feasibility. Meanwhile, Sari (2021) measures business feasibility in culinary MSMEs through several dimensions, including market potential, production capability, location, management, finance, legality, and socio-economic impact, but does not incorporate sensitivity analysis to evaluate financial resilience under changing business conditions.

Other studies (Ferdiansa et al., 2013; Khamaludin et al., 2019; Latuny, 2010) primarily assess feasibility from financial or operational perspectives, without integrating structured marketing analysis frameworks such as the Five C's and the 7P marketing mix, nor do they comprehensively address legal compliance and human resource readiness. The researcher argues that to obtain a clearer and more context-sensitive understanding of business feasibility in the current culinary MSME environment, the integration of market structure analysis (5C), marketing strategy evaluation (7P), operational readiness, legal compliance, human resource management, and financial feasibility indicators should be examined simultaneously. This argument is consistent with Efendi et al. (2025), who highlight the increasing importance of adaptive marketing strategies and operational efficiency in responding to dynamic consumer behavior and competitive pressures in the culinary sector.

Despite the growing relevance of integrated feasibility analysis, such a comprehensive approach remains underexplored in existing MSME feasibility studies, particularly in the context of culinary businesses operating in urban commercial areas. Therefore, this research aims to fill this gap by applying an integrated non-financial and financial feasibility evaluation framework to assess the business viability of Kedai Huo.

Based on this research gap, the present study adopts a mixed qualitative quantitative approach that integrates non-financial and financial assessments. The non-financial dimension examines market attractiveness through the Five C's and 7P marketing mix, technical and operational readiness, human resource and organizational structure, as well as legal and licensing compliance. The financial dimension evaluates business viability using Net Present Value (NPV), Internal Rate of Return (IRR), Payback Period (PP), Break-Even Point (BEP), and Benefit Cost Ratio (B/C Ratio), complemented with sensitivity analysis to test the robustness of financial outcomes under potential cost and revenue fluctuations.

This study contributes conceptually by extending the discussion of business feasibility beyond fragmented assessments toward a holistic framework that integrates market structure, marketing strategy, operational readiness, legal compliance, human resource capacity, and financial performance.

Methodologically, the research integrates non-financial evaluation using the Five C's and 7P marketing mix with financial feasibility indicators, including NPV, IRR, Payback Period, Net B/C, and sensitivity analysis, providing a more comprehensive and realistic assessment model for culinary MSMEs. Practically, the findings offer actionable insights for MSME owners, policymakers, and practitioners by illustrating how integrated feasibility analysis can support informed decision-making, reduce investment risk, and enhance business sustainability in competitive culinary markets shaped by changing consumer and business practices.

LITERATURE REVIEW

2.1. Business Feasibility Studies

Business feasibility studies are commonly understood as systematic evaluations designed to assess whether a business idea or project is viable before significant resources are committed. Previous studies consistently highlight that feasibility analysis serves as a risk-mitigation tool by examining both financial and non-financial dimensions. For instance, Purnomo et al. (2017) and Sari (2021) emphasize the role of feasibility studies in estimating economic and social benefits, allowing business actors to anticipate potential risks and returns. Complementing this view, Obadja (2023) broaden the scope by underlining the importance of integrated assessments covering financial, operational, marketing, legal, and managerial aspects. Similarly, Satryawati et al. (2025) argue that feasibility analysis provides a strategic foundation for investment decision-making by supporting efficient resource allocation under uncertainty. Collectively, these studies suggest that business feasibility analysis is not limited to financial calculations alone but requires a comprehensive evaluation of operational readiness and environmental conditions. This integrated perspective forms the conceptual basis for the present study in assessing the feasibility of Kedai Huo as a small-scale culinary enterprise.

2.2. Marketing, Digital, Transformation, and Operational Feasibility

Marketing feasibility assesses whether a product or service has sufficient market acceptance to sustain operations. The 7P marketing mix—product, price, place, promotion, people, process, and physical evidence—helps evaluate marketing strategy readiness (Wibowo et al., 2015), while the Five C's framework—Company, Customers, Competitors, Collaborators, and Context—analyzes internal and external factors influencing business viability (Siswanto et al., 2020). Together, these frameworks determine whether market conditions and managerial capacity support sustainable operations.

Digital adoption has become a key factor in feasibility assessment, improving efficiency and enhancing marketing execution through online ordering, social media promotion, and digital payments (Ng et al., 2024; Satryawati et al., 2025; Surahman et al., 2025). Here, technology acts as an operational enabler rather than merely a competitive tool. Operational feasibility focuses on resource adequacy and system efficiency, with critical factors including production layout, capacity, location, and supply chain reliability (Ferdiansa et al., 2013; Hartanto Ismail & Rahmat, 2023). These aspects influence cost efficiency and service reliability, thereby affecting financial performance. Financial feasibility uses indicators such as NPV, IRR, PP, BEP, and B/C Ratio (Dai et al., 2022; Latuny, 2010), complemented by sensitivity analysis to test performance stability under changing conditions (Hasugian et al., 2020; Susilowati & Kurniati, 2018). Integrating these financial and non-financial dimensions ensures a more comprehensive evaluation of business sustainability. Overall, aligning marketing, digital readiness, operational capability, and financial analysis creates a holistic framework for assessing business feasibility, where non-financial aspects underpin financial sustainability.

2.3. Research Gap and Theoretical Positioning

Business feasibility studies evaluate whether a business can operate sustainably by assessing market potential, operational readiness, organizational capacity, legal compliance, and financial viability. For culinary MSMEs, this is crucial due to limited resources, high risk, and dynamic markets. Sari (2021) analyzed seven feasibility dimensions but did not include sensitivity analysis, while Latuny (2010) focused only on financial indicators without structured marketing assessment. Ferdiansa et al. (2013) and Khamaludin et al. (2019) highlighted operational aspects but neglected legal and human

resource readiness, so prior studies remain fragmented and rarely connect non-financial feasibility with financial performance. Therefore, this study adopts an integrative, context-specific approach by combining the Five C's, the 7P marketing mix, operational and organizational analysis, legal and licensing assessment, and financial indicators with sensitivity analysis to evaluate MSME sustainability more comprehensively in dynamic environments.

METODE

This study uses a qualitative-dominant approach supported by quantitative financial analysis. The qualitative method examines non-financial feasibility aspects—market, operations, human resources, and legal compliance—while quantitative analysis assesses financial feasibility based on investment appraisal indicators (Ichsan et al., 2019; Purnomo et al., 2017). Kedai Huo, a culinary MSME operating in Samarinda's Citra Niaga area, was chosen as a representative case due to its structured operations, legal compliance, and complete financial records. The research applies a descriptive design using both primary and secondary data. Primary data were collected through 45–60 minute structured interviews with the owner and two managerial staff, along with two weeks of direct observation covering production, service flow, and customer interactions. Supporting documentation on facilities, operations, and administration was also reviewed.

Three data collection techniques were employed: interviews, field observations, and documentation review. Interviews explored strategies and organization, while observations assessed technical feasibility—facility layout, production capacity, and service procedures (Khamaludin et al., 2019). Financial data, including investment, cost, and revenue records, were analyzed using NPV, IRR, PP, and B/C indicators to evaluate overall feasibility without survey-based methods. Data analysis encompassed five aspects: (1) market and marketing, using the Five C's and 7P marketing mix (Siswanto et al., 2020); (2) technical and operational efficiency (Ferdiansa et al., 2013); (3) human resources and organizational effectiveness (Surahman et al., 2023); (4) legal and licensing compliance, including permits, food safety, and halal certification (Efendi et al., 2025); and (5) financial performance.

Financial feasibility was assessed using several investment indicators, namely Net Present Value (NPV), Internal Rate of Return (IRR), Payback Period (PP), Benefit Cost Ratio (B/C), and Break-Even Point (BEP), based on the formulas commonly applied by (Hasugian et al., 2020; Susilowati & Kurniati, 2018). The formulas used are as shown Figure 1:

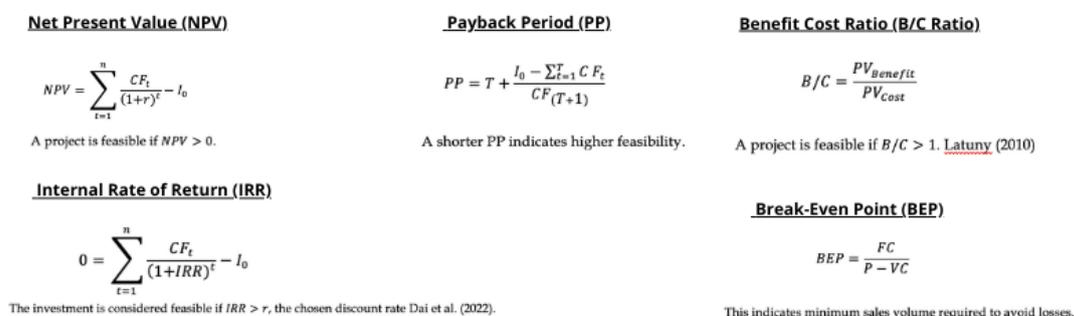


Figure 1. Formulas of NPV, IRR, PP, B/C, and BEP

In addition, sensitivity analysis was performed to evaluate the resilience of the business under economic changes, such as rising raw material prices and decreasing sales volume. This follows the approach of (Erdogan, 2024; Sabana, 2015), who emphasize the importance of assessing financial vulnerability under external fluctuations. The combined analysis of all five aspects serves as the foundation for determining the overall feasibility and sustainability prospects of Kedai Huo in Samarinda. This integrated approach allows the study to capture interactions between non-financial readiness and financial performance in a structured manner. The results of this analysis provide an evidence-based basis for decision-making regarding business continuation, improvement strategies, and potential expansion.

RESULTS AND DISCUSSION

RESULTS

4.1. Analysis of Market and Marketing Aspects

Citra Niaga, Samarinda, serves as a bustling urban commercial hub with high pedestrian traffic, dense culinary activity, and steady consumer flow, making it strategically vital for business feasibility through accessibility and visibility. Dominated by coffee shops, the area offers Kedai Huo a niche as a family-oriented, fast-service Chinese cuisine option. Field observations and interviews reveal consumers prioritize menu consistency, affordable prices, and hygiene, driving repeat purchases and stable transactions that confirm market feasibility.

The Five C's analysis highlights Company as the strongest factor, with Kedai Huo's PT status, halal certification, SOPs, and digital systems outpacing informal competitors, thus boosting trust. Customers (families, students) face moderate competition via faster service and specialization, while stable suppliers and digital access provide additional support. An open kitchen system enhances transparency by showcasing food preparation, cleanliness, and service flow, reinforced by standardized procedures and staff-customer interaction. The 7P marketing mix shows strengths in product, price, location, and process supporting sales, moderate people and physical evidence due to seating limits, and weak promotion—especially digital—which suffices for walk-ins but hinders future expansion.

4.2. Technical and Operational Aspect Analysis

Kedai Huo's production is centralized in one kitchen to ensure taste consistency and efficient raw material control, producing 120-150 portions daily with 8-12 minutes average serving time per order. This system standardizes portions, reduces waste, and maintains stable daily output capacity. Located in Citra Niaga area with high foot traffic, proximity to commercial businesses, and easy access via private and public transport, the restaurant benefits from nearby parking and walkable distance to offices, retail, and public spaces. These attributes support steady customer inflow without excessive promotional efforts. Operational efficiency is enhanced by digital cashier systems and transaction recording, plus SOPs for food preparation, hygiene, and shift scheduling. This combination maintains cleanliness, product consistency, and service reliability, indicating adequate operational readiness.

However, limited seating capacity during peak hours causes long waiting times and reduced dine-in turnover. The lack of long-term supply chain contracts also exposes the business to price fluctuations and raw material risks, potentially limiting revenue growth, raising long-term costs, and hindering scalability despite strong market demand.

4.3. Analysis of Human Resources and Organizational Aspects

The organizational structure of Kedai Huo remains relatively simple, with the business owner directly assuming the role of main manager and decision-maker. This centralized structure enhances managerial agility, allowing rapid decision-making and close supervision of daily operations. However, it also increases managerial risk, as operational continuity and strategic decisions are highly dependent on the owner's availability and capacity, potentially limiting scalability and increasing vulnerability during periods of business expansion.

Most employees at Kedai Huo are students working on a part-time basis, which provides labor flexibility and helps control labor costs during fluctuating demand periods. However, this employment pattern contributes to a relatively high turnover rate, which poses operational and financial risks. Frequent employee replacement requires repeated recruitment and training, increasing onboarding costs and reducing short-term service consistency. In addition, high turnover may affect service quality during peak hours, potentially influencing customer satisfaction and repeat visits.

The recruitment process is conducted openly, followed by brief job-specific training before employees begin their duties. Compensation is determined based on working hours and job positions, with monthly wages ranging from Rp1.5 to Rp3.4 million. Hygiene and sanitation training has been implemented to support workplace safety and food quality standards. Nevertheless, communication between work shifts remains a challenge, as information transfer regarding operational issues and

customer feedback is not yet fully standardized, reducing coordination efficiency and increasing the risk of service inconsistency.

4.4. Legal and Licensing Aspect Analysis

Legally, Kedai Huo operates as a Limited Liability Company (PT) and has obtained halal certification, indicating compliance with food safety standards and applicable national regulations. This formal legal status strengthens consumer trust, enhances business legitimacy, and reduces regulatory uncertainty, which is essential for maintaining operational continuity and supporting long-term business feasibility. However, several legal aspects still require improvement. The absence of formal written contracts with certain beverage suppliers may expose the business to supply disruption risks, price volatility, and disputes that could affect operational stability. In addition, the lack of employee enrollment in the National Social Security Program (BPJS Ketenagakerjaan) increases legal and financial risk exposure, particularly in the event of workplace accidents or labor disputes, and may negatively affect employee retention and workforce stability.

Addressing these legal and administrative gaps is therefore critical to minimizing operational risk and ensuring sustainable business operations. Formalizing supplier agreements and complying with labor protection regulations would not only strengthen legal compliance but also support cost predictability and employee security. Overall, the assessment of non-financial feasibility aspects indicates that Kedai Huo has a solid legal foundation, while targeted improvements in legal governance are required to fully support business sustainability. The following section presents the financial feasibility analysis to evaluate the project's overall economic viability.

4.5. Financial Aspect Analysis

Data Collection and Processing

The data utilized in this study include the initial investment capital, fixed costs, variable costs, and selling prices or production volumes per period. After data compilation, calculations were performed to determine the annual net cash flow (EAT) and evaluate the investment criteria, namely Net Present Value (NPV), Internal Rate of Return (IRR), Payback Period (PP), and Net Benefit Cost Ratio (Net B/C).

The analysis adopts the time value of money approach by applying a 10% discount rate over a five-year projection horizon. This rate is selected to reflect prevailing lending interest rates and the average expected return for small and medium-sized culinary investments, as commonly applied in MSME feasibility studies. The five-year projection period is considered sufficient to capture the investment recovery phase and medium-term financial performance of the business.

Investment Cost

Investment costs were allocated for the procurement of production facilities and supporting equipment. The largest investment components for Kedai Huo include a water pump (Rp 10,000,000) and plastic chairs (Rp 16,200,000), while the smallest is protective gloves (Rp 7,000). Detailed cost breakdowns are presented in the Fixed Cost (Equipment) a total initial investment of Rp 84,530,000 with an annual depreciation of Rp 30,431,152.

Variable Cost

Variable costs encompass raw materials (such as flour, sugar, rice, meat, and seasonings), packaging materials, and periodic operating expenses including electricity, water, rent, and employee wages. The frequency of usage follows the typical purchasing cycle daily, weekly, or monthly and all expenditures are consolidated into an annual total cost. The total annual variable cost amounts to Rp 692,016,000.

Net Operating Income (NOI) / Operating Profit (Before Tax)

The primary source of revenue for Kedai Huo comes from the sale of food and beverages through dine-in services, take-away orders, and online delivery platforms. Based on operational records, the average daily revenue is approximately Rp 5,000,000, equivalent to Rp 150,000,000 per month or Rp 1,800,000,000 annually.

This figure reflects the business’s consistent sales performance within the Citra Niaga commercial area and serves as the foundation for calculating the annual cash inflows (proceeds) used in the subsequent financial feasibility analysis. Based on the data, the total annual revenue amounts to Rp 1,800,000,000, while the total annual operating expenses reach Rp 692,016,000. Consequently, the annual Net Operating Income (NOI) or operating profit before tax for Kedai Huo is Rp 1,107,984,000, indicating a strong operational profit margin prior to depreciation and discount rate adjustments. Furthermore, the annual depreciation of the investment, calculated from the total fixed assets, is Rp 30,431,152.38. The discount rate applied in the Net Present Value (NPV) analysis is 10%, with an investment period projected over six years, aligning with the average economic lifespan of the equipment utilized at Kedai Huo. Accordingly, the annual proceed (net cash flow) is obtained by adding the Net Operating Income (NOI) to the annual depreciation, as shown below:

$$\text{Proceed per year} = \text{Rp } 1,107,984,000 + \text{Rp } 30,431,152.38 = \text{Rp } 1,138,415,152.38$$

This proceed value serves as the basis for computing the subsequent investment feasibility indicators, namely Net Present Value (NPV), Internal Rate of Return (IRR), Payback Period (PP), and Net Benefit Cost Ratio (Net B/C).

Table 3. Present Value of Kedai Huo

Year	EAT (Rp)	Depreciation (Rp)	Proceed (Rp)	Cumulative (Rp)	DF (10%)	PV Proceed (Rp)
1	1.107.984.000	30.431.152	1.138.415.152	1.138.415.152	0,909	1.034.922.866
2	1.107.984.000	30.431.152	1.138.415.152	2.276.830.304	0,826	940.838.969
3	1.107.984.000	30.431.152	1.138.415.152	3.415.245.456	0,751	855.308.154
4	1.107.984.000	30.431.152	1.138.415.152	4.553.660.608	0,683	777.552.867
5	1.107.984.000	30.431.152	1.138.415.152	5.692.075.760	0,621	706.866.243
6	1.107.984.000	30.431.152	1.138.415.152	6.830.490.912	0,564	642.605.675
Total						4.958.094.772

Net Present Value (NPV) analysis for Kedai Huo, using a 10% discount rate over 6 years, shows an initial investment of Rp 84,530,000 against a total present value of proceeds of Rp 4,958,094,772.84, resulting in NPV = Rp 4,873,564,772.84 (calculated as Rp 4,958,094,772.84 - Rp 84,530,000). Since NPV > 0, the project is financially feasible and expected to generate positive net returns over the investment period.

The calculation of the Internal Rate of Return (IRR) begins by identifying the discount rate (DF) at which the Net Present Value (NPV) equals zero. To determine this value, two nearby interest rates 45% and 46% are tested using the same calculation method. These trial discount rates allow for interpolation between the resulting NPV values, from which the IRR can be estimated. The detailed results for each discount rate are presented in the following tables.

Table 4. PV (Proceed) with an interest rate of 45%

Year	Proceed	DF (45%)	PV (Proceed) (45%)	DF (46%)	PV (Proceed) (46%)
1	Rp 42.749.622	0,689655	Rp 29.482.498	0,684932	Rp 29.280.563
2	Rp 42.749.622	0,475624	Rp 20.332.757	0,469131	Rp 20.055.180
3	Rp 42.749.622	0,328017	Rp 14.022.591	0,321323	Rp 13.736.425
4	Rp 42.749.622	0,226218	Rp 9.670.752	0,220084	Rp 9.408.510
5	Rp 42.749.622	0,156013	Rp 6.669.484	0,150743	Rp 6.444.185
6	Rp 42.749.622	0,107595	Rp 4.599.644	0,103248	Rp 4.413.825
Total PV Proceed			Rp 84.777.727		Rp 83.338.688

Calculate of 45%

NPV (45%) = Total PV of Proceeds - Total Investment

NPV (45%) = Rp 84,777,727 - Rp 84,530,000

NPV (45%) = Rp 247,727

Calculate of NPV 46%

NPV (46%) = Total PV of Proceeds - Total Investment

NPV (46%) = Rp 83,338,688 - Rp 84,530,000

NPV (46%) = Rp -1,191,312

The Internal Rate of Return (IRR) is calculated using linear interpolation between tested discount rates of 45% and 46% as follows:

$$IRR = 45\% + \frac{NPV_{(45\%)}}{NPV_{(45\%)} - NPV_{(46\%)}} \times (46\% - 45\%)$$

$$IRR = 45\% + \frac{247,727}{247,727 - (-1,191,312)} \times 1\% = 45.17\%$$

The resulting IRR value of 45.17% is substantially higher than the Minimum Attractive Rate of Return (MARR) of 10%, indicating that the project is financially feasible. The exceptionally high IRR is primarily driven by a relatively low initial investment requirement combined with strong operating cash inflows. Kedai Huo operates with efficient cost management, particularly in labor utilization, raw material sourcing, and centralized kitchen operations, which results in high operating margins. In addition, the business benefits from consistent daily sales volume in a strategic commercial location, allowing revenue generation to stabilize early in the investment period. These factors accelerate cash flow recovery and significantly enhance the project's internal rate of return.

Payback Period (PP) Basic Formula (expressed in months):

$$PP = \frac{I_0}{\text{Annual Net Cash Flow}} \times 12 \text{ months}$$

$$PP = \frac{84,530,000}{44,126,087} \times 12 = 23 \text{ months}$$

The payback period is approximately **23 months**, or **1 year and 11 months**, which is shorter than the project's total lifespan of six years. Therefore, the investment is considered **financially feasible** as the initial capital can be recovered within a relatively short period.

Table 6. Payback Period (PP) Calculation

Components	Value
Initial investment (I ₀)	Rp 84.530.000
Annual net cash flow (equivalent)	Rp 44.126.087
PP (months)	23

Benefit Cost Ratio (Net B/C)

Data (at a 10% discount rate over 6 years):

$$\sum PV(\text{Benefit}) = Rp 4,958,094,772.84$$

$$\sum PV(\text{Cost}) = Rp 188,000,000$$

$$\text{Net B/C} = \frac{4,958,094,772.84}{188,000,000} \approx 26.377$$

The resulting Net Benefit Cost Ratio (Net B/C) of 26.377 is greater than 1, indicating that the project is highly feasible. This means that every Rp 1 invested in the Kedai Huo project generates approximately Rp 26.38 in net benefits over the six-year period, reflecting strong profitability and economic efficiency.

Table 7. Calculation of Net Benefit Cost Ratio

Components	Value
Σ PV Benefit (10%)	Rp 4.958.094.772,84
Σ PV Cost (10%)	Rp 188.000.000
Net B/C	26,377 (> 1 → Layak)

Table 8. Financial Feasibility Criteria for Huo Cafe Business in the Citra Niaga Samarinda Area

No	Eligibility Criteria	Eligibility Standards	Value	Information
1	Net Present Value (NPV) (Rp)	$NPV > 0$	4.873.564.772,84	Feasible
2	Internal Rate of Return (IRR) (%)	$IRR > MARR (10\%)$	45,17	Feasible
3	Payback Period (PP) (months)	$PP \leq \text{project lifespan}$	23 months	Feasible
4	Benefit-Cost Ratio (B/C)	$B/C > 1$	26,377	Feasible

The financial analysis indicates that the Kedai Huo business is financially feasible to operate. The Net Present Value (NPV) of Rp 4,873,564,772.84 reflects a substantial net gain after accounting for the time value of money using a 10 percent discount rate, indicating that the projected cash inflows significantly exceed the initial investment. The Internal Rate of Return (IRR) of 45.17 percent far exceeds the Minimum Attractive Rate of Return (MARR) of 10 percent, demonstrating a very strong investment performance.

This high IRR is primarily driven by a relatively low initial investment requirement combined with stable and high operating cash flows generated from consistent daily sales, efficient cost control, and centralized kitchen operations. These factors enable faster capital recovery and enhance overall financial efficiency. The Payback Period of 23 months further confirms that the initial investment can be recovered in less than two years, indicating low medium-term investment risk. In addition, the Benefit-Cost Ratio (B/C) of 26.377 shows that each Rp 1 invested generates approximately Rp 26.38 in net benefits over the project’s lifespan. Overall, all financial indicators meet the established feasibility criteria, confirming that the Kedai Huo project is highly viable and financially sound for implementation.

Business Sensitivity Analysis

A sensitivity analysis using the switching value method was conducted to examine how 10%, 11%, and 12% changes in total production costs and sales revenue affect Kedai Huo’s profitability. Under cost increases of up to 11%, the project remains feasible with positive NPV, Net B/C > 1, IRR above 10%, and a longer payback period, but at a 12% increase NPV becomes only slightly positive and IRR falls below the discount rate, indicating higher risk. For revenue reductions, the project is still feasible at 10–11% declines, but a 12% decrease produces negative NPV, Net B/C < 1, a much lower IRR, and an excessively long payback period. In combined scenarios of rising costs and falling revenues, NPV is negative and Net B/C < 1 across all 10–12% variations, with IRR eventually dropping below economic viability at the worst case. Managerially, these results suggest that total production cost increases and revenue declines should each be kept below 11% to maintain financial feasibility, highlighting the need for tight control over raw material prices, supplier stability, and sales performance to sustain the business’s financial viability.

5 DISCUSSION

5.1. Interpretation of Main Findings

The findings suggest that Kedai Huo’s operation within a growing culinary cluster plays a decisive role in its business feasibility, not merely because of high customer traffic, but due to the cumulative effect of consumer familiarity, destination attractiveness, and reduced market entry barriers. Being located in an established culinary area increases spontaneous visits and repeat purchases, which in turn stabilizes daily revenue streams. This condition explains why consistent product quality and efficient service processes translate directly into sustainable financial performance rather than short-term sales fluctuations. The combined application of the Five C’s and 7P frameworks reveals that Kedai Huo’s operational practices are largely aligned with market expectations, although the limited use of digital promotion constrains its potential to expand beyond the existing customer base.

From an operational perspective, the centralized kitchen system and standardized operating procedures contribute to cost efficiency by minimizing waste, maintaining product consistency, and

shortening service time. These factors collectively reduce variable costs and enhance margin stability. However, limited seating capacity and the absence of long-term supplier agreements represent structural constraints that may restrict scalability and increase cost volatility if demand continues to grow. Without operational expansion and supplier formalization, future revenue growth may be constrained despite favorable market conditions.

In terms of human resources, the reliance on part-time employees increases short-term labor flexibility but introduces operational risks related to service consistency and training costs. High turnover can lead to knowledge loss and uneven service quality, which may indirectly affect customer satisfaction and repeat purchases. Similarly, partial legal compliance, particularly the absence of formal supplier contracts and employee social security registration, increases administrative and financial risk exposure, especially in the event of regulatory audits or labor disputes. These non-financial weaknesses highlight that feasibility is not solely determined by profitability but also by institutional and organizational robustness.

From the financial perspective, the investment indicators indicate exceptionally strong feasibility when compared to findings in similar culinary MSME studies. Previous feasibility analyses of small-scale food businesses commonly report moderate IRR values and longer payback periods (Latuny, 2010; Sari, 2021), whereas Kedai Huo demonstrates a significantly higher IRR and a relatively short capital recovery period. This superior performance is largely driven by a low initial investment requirement, efficient cost management, and stable cash inflows generated from its strategic location. Sensitivity analysis further confirms that the business maintains financial viability under moderate cost increases and revenue declines, indicating a resilient business model. However, the sharp decline in feasibility under extreme scenarios underscores the importance of proactive cost control and revenue stabilization strategies to safeguard long-term sustainability.

5.2. Theoretical and Practical Implications

From a theoretical perspective, this study strengthens the argument that business feasibility analysis should not rely solely on financial indicators, but must integrate non-financial dimensions to capture the real conditions faced by MSMEs. The combined use of the Five C's framework and the 7P marketing mix provides a structured approach to evaluating market readiness, operational alignment, and strategic positioning within a feasibility context. This finding supports the perspectives of Siswanto et al. (2020) and Ichsan et al. (2019), who emphasize that comprehensive feasibility assessment enhances decision accuracy and reduces business risk. Furthermore, the integration of operational, legal, and human resource considerations demonstrates that feasibility is closely linked to organizational preparedness, not merely profitability.

From a practical standpoint, the findings offer several implications for Kedai Huo and similar culinary MSMEs. First, improving in-store service quality, seating capacity, and outlet layout can enhance customer comfort and increase revenue potential, particularly given the business's strategic location in a high-traffic culinary area. Second, strengthening operational systems through long-term supplier agreements would reduce cost uncertainty and support stable production planning. Third, improving human resource management through structured training and clearer inter-shift communication can mitigate turnover-related risks and improve service consistency. Finally, given the strong financial performance and short payback period, business expansion through the opening of additional outlets in nearby commercial zones represents a feasible strategic option, provided that operational and legal systems are strengthened in parallel.

5.3. Research Limitations

This study is limited by its focus on a single culinary MSME operating within a specific geographic area, namely the Citra Niaga commercial zone in Samarinda, which may restrict the generalizability of the findings to other regions or business contexts. The results are also specific to the culinary sector; feasibility outcomes may differ for MSMEs operating in other industries with distinct cost structures, operational characteristics, and market dynamics. In addition, the financial projections rely on current

operational data and assume relatively stable economic conditions. External shocks such as inflation fluctuations, supply chain disruptions, or changes in consumer spending behavior may affect future performance. Furthermore, the unavailability of certain administrative documents limited the depth of legal analysis, and reliance on owner interviews may introduce subjective bias in assessing some operational aspects.

CONCLUSION

This study provides a comprehensive feasibility evaluation of the Kedai Huo culinary business through five major dimensions market and marketing, technical and operational, human resources and organizational structure, legal and licensing, and financial viability. The research contributes to the existing literature by integrating both non-financial and financial analyses, supported by sensitivity testing, to offer a holistic assessment rarely applied in MSME-focused feasibility studies. The findings demonstrate that Kedai Huo has strong market prospects driven by strategic location, clear segmentation, and a differentiated fast-food Chinese cuisine concept. Operational performance is supported by centralized production, consistent SOP implementation, and the use of digital systems, although further improvements in supply chain stability and service capacity remain necessary. From the human resource perspective, the business benefits from a functional organizational structure but faces challenges related to turnover among part-time workers. Strengthening employee training and improving communication between shifts can enhance operational continuity. Legally, the enterprise has fulfilled major requirements, including PT registration and halal certification, which enhance consumer trust. However, administrative consolidation particularly supplier contracts and BPJS Employment registration is required for long-term compliance and sustainability. The financial analysis further confirms strong feasibility: the business generates a high NPV, IRR greatly exceeding the discount rate, a short payback period, and a highly favorable Net B/C ratio. Sensitivity analysis shows that the venture remains financially resilient under moderate fluctuations in costs and revenues, although performance weakens under extreme variations. The findings imply that Kedai Huo is feasible to operate and well-positioned for expansion, particularly if digital marketing strategies are strengthened, human resource systems are improved, and administrative procedures are fully formalized. Future research may examine consumer behavioral patterns in more depth, assess comparative feasibility across similar culinary businesses, or apply scenario-based forecasting to evaluate long-term sustainability. Practically, this study provides a structured framework for culinary MSMEs to evaluate business readiness before expanding or investing. Theoretically, the integration of 5C, 7P, and multi-indicator financial analysis contributes to a more holistic model for MSME feasibility studies.

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