IMPLEMENTATION OF FINANCIAL STRATEGY BUSINESS PLAN ARENA CORNER

ABSTRACT: In today's increasingly tight and high-speed sports *startup* industry, companies need to create and plan financial strategies, especially investment strategies. This meets the funding needs and economic needs to compete in the startup ecosystem, the Sports, *Venuestartup.* To capture this financial strategy, the company must have added value in the financial investment planning of PT Arena Corner Indonesia as a company that owns arena *corner* brand products. Good financial strategy to be able to compete with competitors in the market. So, to survive, this company must focus on business activities and processes by concentrating on product development and financial efficiency to maintain the company's sustainability. Therefore, our initial business Financial Strategy Method focuses on calculating the value of an investment by calculating the IRR, NP, V, Return on Investment (ROI), and payback *period* of this business plan. To determine the feasibility of this business, it is necessary for financial strategy feasibility investment appropriate and quality and always follow the development of the times. The Conclusion that the Sports *Venue* Business plans and executes is profitable and feasible to get the right investors.

KEYWORD -*Financial Modelling, Strategic Financial, Business Plan, Arena Corner*

I. INTRODUCTION

The development of the world of sports today is very rapid with the rise of *venues* and sports equipment that began to mushroom in various Indonesia locations, one of which is Jakarta. In sports, especially in Jabodetabek, there are currently a variety of sports facilities, both sports conducted in groups and sports activities conducted individually. Based on data from BPS (2018), DKI Jakarta is currently the location of group sports. There are 139 places to rent football fields, 229 futsal courts and 247 badminton courts, 174 tennis courts, 155 basketball courts, and 196 volley *courts*. While sports are conducted individually, there are 230 fitness sports locations, 165 yoga studios, 160 Zumba studios,97 swimming pools, 17 driving *golf*, andten0 bowling locations. (BPS data, 2018). Technology from developing a *smartphone* application still needs much of the data we see in the Central Bureau of Statistics (BPS). In 2015, the number of regular exercises did not reach one-third of the total population. Only7.61 percent of Indonesians sport at least once a week. This means that out of 100 Indonesians agedten0 years and above, only about 28 actively participate in sports activities, while 72 others do not exercise regularly (BPS, 2018). And according to the APJII survey (2020), from the total population of Indonesia of264.16 million people in 2018, as many as 171.17 million people or more than 64.8% percent of the population of Indonesia has used the internet, an increase of more than 10 million people compared to 2017 (APJII, 2020).

From the data, today, there are still few who use digital media in the use and booking and reservation of sports ven*ues*, so this becomes an opportunity for Arena *Corner* to make a pioneering Star *up Sports venue.* Digital technology in sports has not been so interesting such as Marketplace and startup stubs such as gojek, *halo doc*, Ruang Guru. And so, the prospects are still wide open. Technology from the development of a smartphone application *sports venues* is still much needed. This is seen from the many sports interests that began to increase in DKI Jakarta. *As* one of *the mobile* digital platforms, Arena Corner is trying to enter this segment to bridge the needs of group sportsmen and individuals in meeting the needs of sports venues in DKi Jakarta. The progress of this Startup is strongly supported by working capital needs, where working capital management directly affects the profitability and liquidity position of the company also confirms the important role of working capital (Sutjiadi et al., 2020).

Arena *Corner* development pioneer requires working capital needs and funds from investors as part of the continued development that Arena Corner will implement, *so* Arena Corner must conduct Investment Analysis for investors for this business to get additional working capital. Four methods will be used in this

study, the first using the Payback Period (PP) Method, the second using Net Present Value (NPV), the third is Return on Investment (ROI), and the last is Internal Rate Return (IRR) which is used to calculate income interest rates (Gammanpila et al., 2012; Solomon, 2013; Winantara et al., 2014). For Investors, it is very important to know and study the Potential of the Startup (Prihambodo et al., 2020).

Furthermore, the purpose of this feasibility analysis is comprehensively enough to use Present Net Value (NPV), Internal Rate Return (IRR), Return on investment (ROI), and Payback Period (PP)(Marsiwi et al., 2019). Using these four methods can indicate financially or financially unfeasible business feasibility (Kim et al., 2013; Kangotra, 2013). So, from the existing development, researchers try to research the research theme **"Implementation of Arena Corner Business Plan Financial Strategy" so** that it is expected that this analysis can guide investors to assess the feasibility of investment in *Arena Corner*.

II. LITERATUR RIVEW

While *the* definition of digital Star up according to Ries (2011), is a group of individuals who create and sell new products or services on erratic market dynamics in search of the right business model so that startups face changing market conditions with a very high level of uncertainty. This is what distinguishes Star *up* from the company. Based on the understanding, according to Brikman (2015), Digital Star *up* is a group of individuals who form the organization as a start-up company that produces products in the field of technology. By utilizing internet technology in an all-digital age, Startups must be ready to enter the free market on the internet that can reach all consumers in expanding market share by expanding the market massively. So, it is not uncommon for Star to disrupt large-scale technology from conventional models into digital forms that can be accessed without space and distance limits. This is the basis of Star *up* has targeted for massive consumer growth at the beginning of its launch (Fisher et al., 2015).

The payback period is the most common method used by businesses to measure the length of investment funds reinvested as before. Therefore, the calculation results are expressed in units of time, i.e., years or months. The faster the return period on investment, the smaller the investment risk and the investment project are worth running. On the contrary, the longer the return on investment risk, the greater, and the investment project is less feasible/unfit to run (Harmono, 2016).

Net Present Value (NPV) is a net financial assessment in the company after being reduced by other costs. The value-added or lack of money of existing companies can be used as a reference to assess whether or not the company's finances are appropriate.

IRR, or Internal Rate of Return, is an evaluation instrument used to decide whether a capital owner wants to invest or not. The IRR > the required profit level, the project is accepted, but when the IRR < the required profit level, the project is rejected.

Return on Investment (ROI) is a ratio measuring the company's success in generating shareholders' profit and loss. Therefore, ROI is considered a representation of shareholder wealth or company value. Let's look at the existing ROI trends. The company, in generating profits for shareholders, experienced a noticeable increase in the value of ROI ratio (Harmono 2016).

III. METHOD

In conducting business investment feasibility analysis, PT Arena Corner Indonesia using several methods of calculating feasibility. The value of Net Present *Value* (NPV) is a net financial cash flow. Understanding Net *Present Value* (NPV) in Net Present *Value* (NPV) calculation activities in a company needs to be done by competent corporate financial personnel. This is because miscalculations of existing values can affect the large level of profit revenue in the company. *Net Present Value* (NPV) can be linked to the company's funds summed up when the existing funds are no longer mixed with investment funds. This can be attributed to the total net capital earned by the company with added net profit (Syamsuddin, 2011). Therefore, *Net Present Value* (NPV) is defined as a financial analysis used to determine whether the efforts made by the company are seen through the present value of net cash flow to be received by the company in question compared to the present value of the investment capital issued by the company. This is the company's financial analysis reviewed according to investment expenditures conducted by the company (Pinson, 2008) (Harmono 2016). The Net *Present Value* (NPV) method is used to see the difference between receipt and the investment value.

IRR is more an indicator of the efficiency of an investment than an NPV, which indicates the value or amount of money. IRR is an effective compounded return rate annually generated from an investment or yield of an investment. A project/investment can be made if the rate of return is greater than the return received if we invest elsewhere (banks, bonds, etc.). So the IRR should be compared with other investment alternatives. IRR has a weakness where IRR is commonly used for decision-making for single projects instead of mutually exclusive projects. The NPV criteria are more dominantly used for mutually exclusive projects where projects with larger NPVs will be selected despite having a smaller IRR. From the chart, a project will probably have several discount rates that make the value of NPV = 0 (there are a negative net income in-between years of positive net

income), so that the IRR value can be more than one or we are faced with several choices of IRR values. In terms of reinvestment, IRR also has drawbacks, so that Modified *Rate of Return (*MIRR*)* is issued. Although NPV is academically more dominantly chosen, surveys indicate that executives prefer IRR over NPV. This is because managers or owners of capital are easier to compare investments/projects of different sizes in the form of % rate of return (IRR) compared to the amount of money (NPV) (Harmono, 2016).

The *Payback Period* method is used to view the period of return of capital that has been issued. The payback Period method is needed to recoup investment expenditures (initial cash investment) using cash flow. In other words, the *Payback Period* is a ratio between initial *cash investment* and *cash flow which* is a unit of time. This method has a drawback: ignoring the time value of money (time value of money). To overcome one of the disadvantages of the *Payback Period*method, which is not paying attention to the money's time value, try to improve the method by changing the cash inflow to the present value of the investment plan and then just calculate the *Payback Period.* Thus, cash flow used is cash flow that has been discounted based on *interest rate / Required rate of return* or *opportunity cost* (Karaini, 2000).

Return on Investment (ROI) in Arena *Corner* is a ratio measuring the success of Arena Corner in generating profit and loss in a period of 5years. Thus, Arena Corner ROI is a representation of arena corner wealth as well as arena corner company value. If we look at the existing ROI trends, then companies generating profits for shareholders experienced a noticeable increase in the value of ROI ratio. (Harmono 2016).

IV. RESULT

In performing NPV and IRR calculations PT Arena Corner uses three pessimistic parameters: normal, and optimistic, as follows:

Table 1. *Net Present Value*

Year	discounted 10% Net Cash Flow	Factor PV	OPTIMIS PV
	6.269.510.014		
1	6.168.407.562	0,909	5.607.643.238
2	9.454.790.359	0,826	7.813.876.330
3	18.872.380.970	0,751	14.179.099.151
4	(4.139.953.503)	0,683	(2.827.643.947)
5	211.774.223.777	0,621	131.495.131.217
		PV	156.268.105.989
		NPV	149.998.595.974
		IRR	4%

Year	discounted 10% Net Cash Flow	Factor PV	NORMAL PV
	6.269.510.014		
1	352.985.985	0,909	320.896.350
2	(75.233.936)	0,826	(62.176.807)
3	4.806.293.684	0,751	3.611.039.582
4	9.633.520.560	0,683	6.579.824.165
5	245.561.420.465	0,621	152.474.322.087
		PV	162.923.905.377
		NPV	156.654.395.363
		IRR	4%

Year	discounted 10% Net Cash Flow	Factor PV	PESIMIS PV
	6269510014		
1	(3.980.134.328)	0,909	(3.618.303.934)
2	(9.174.786.593)	0,826	(7.582.468.258)
3	(14.599.991.561)	0,751	(10.969.189.752)
4	(16.350.147.821)	0,683	(11.167.370.959)
5	76.376.051.069	0,621	47.423.518.680
		PV	14.086.185.776
		NPV	7.816.675.762
		IRR	80%

In *the* table, Net Present Value Optimistic conditions are calculated using traditional accounting in the 10th year appeared NPV results (149,998,595,974) positive and IRR also positive (4 %), so it can be concluded that this business is increasing the user and the number of downloads arena corner application so it is worth to run, this needs to be compared with the calculation of user valuation of arena *corner application*. (Harmono 2016). In the table, *Net Present Value* normal conditions are calculated using accounting in the 5th year visible NPV results (156,654,395,363) positive and IRR also positive (4 %), so it can be concluded that this business is in the medium of increasing the user and the number of downloads arena corner application and worth to run, this needs to be compared with the calculation of the valuation of the arena *corner* application user. (Harmono 2016). In the table, *Net Present Value* optimistic condition appears NPV results from 7.816. 675. 762 positive and IRR is also positive 80%, so it can be concluded that this business is worth running. (Harmono 2016). Looking at all the calculation results above; it can be concluded that the feasibility of this digital startup business is not only seen using traditional accounting calculations but must also be compared with user valuation calculations.

Payback Period

Table 2.*Payback Period*

OPTIMIS		
YEAR	NET PROFIT	BALANCE
1	1.795.661.800	-
2	3.533.147.050	3.533.147.050
3	5.275.697.853	8.808.844.903
4	50.108.660.418	58.917.505.321
5	105.881.220.811	164.798.726.132
PAYBACK PERIOD		2,4

NORMAL		
YEAR	NET PROFIT	BALANCE
1	(1.581.249.763)	-
2	(181.455.669)	(181.455.669)
3	739.634.863	558.179.194
4	45.073.991.128	45.632.170.322
5	100.289.084.592	145.921.254.914
PAYBACK PERIOD		3,2

PESIMIS		
YEAR	NET PROFIT	BALANCE
1	(5.914.370.075)	(5.914.370.075)
2	(4.947.888.013)	(10.862.258.088)
3	(5.178.440.715)	(16.040.698.803)
4	38.496.607.992	22.455.909.189
5	92.972.963.143	115.428.872.332
PAYBACK PERIOD		3,3

Based on the calculation in Table 2 of the investment Assessment, the *Payback Period* is the optimistic condition of the PT application business investment project. Arena Corner Indonesia 5 years explains that a period of 2 years four months is favorable for investors. (Harmono 2016). Based on the calculation in Table 2 of Investment Assessment, the *Payback Period* is the pessimistic condition of the PT application business investment project. Arena Corner Indonesia 5 years, in the calculation of traditional accounting then this

business for 3.3 years for payback, explains that the period of 3 years three months is a favorable condition for investors (Harmono 2016). Based on the calculation in Table 2 of Investment Assessment, the *Payback Period* is a normal condition of PT application business investment project. Arena Corner Indonesia 5 years, in accounting calculations, this business is worth running with 3.2 years for the payback period. This explains that a period of 3 years and three months is a favorable condition for investors. (Harmono 2016).

Return of Investment

Table 6.*Return of Investment*(ROI)

OPTIMIS	
Net Margin	26.470.305.203
Total Investment	6.269.510.014
ROI	24%

NORMAL	
Net Margin	25.072.271.148
Total Investment	6.269.510.014
ROI	25%

PESIMIS	
Net Margin	23.243.240.786
Total Investment	6.269.510.014
ROI	27%

In *the table Return of Investment* (ROI), optimistic conditions appear that the positive average percentage of 24 percent over five years of investment explains that the business is quite attractive for investors to make investments with calculations based on financial analysis. In *the Table return of Investment* (ROI), normal conditions appear that the positive average percentage of 25% percent during the five year investment period, this explains that the business is attractive enough for investors to make investments with calculations based on financial analysis, In the table Return of Investment (ROI) pessimistic conditions appear that the positive average percentage of 27 percent over five years of investment, this explains that the business is quite attractive for investors to make investments with calculations based on financial analysis (Harmono 2016).

V. CONCLUSION

The Final Conclusion that the Sports *Venue* Business is planned and executed using Present Net Value (NPV) on the optimized three parameters, normal and pessimistic, are still in the positive category and worth carrying out, In the analysis of Internal Rate Return (IRR) method also in 3 parameters Optmis, normal and pessimistic also showed a positive value, Return on Investment (ROI) also showed a positive value with an average of above 20%. At the same time, the Payback Period (PP) of this business also showed a positive value with a payback of 2 years four months to be optimistic up to 3 years three months at a pessimistic condition. Overall, this analysis provides good information to investors to be able to provide their investments to Arena Corner. In addition, for further research, it is necessary to examine other fundamental factors that impact investor interest in investing in Arena Corner.

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