

Feasibility Study to Catch up Opportunity for Creating A New Venture

Gabriela Victoria Haris Gunawan Sutanto

Entrepreneurship Department, BINUS Business School Undergraduate Program
Bina Nusantara University, Jakarta, Indonesia
Gabriela.sutanto@binus.ac.id

Mulyani Karmagatri*

Entrepreneurship Department, BINUS Business School Undergraduate Program
Bina Nusantara University, Jakarta, Indonesia
Mulyani001@binus.ac.id

Rudy Aryanto

Entrepreneurship Department, BINUS Business School Undergraduate Program
Bina Nusantara University,
Jakarta, Indonesia 11480
rudaryanto@binus.ac.id

Abstract

Having a new venture firm and driving the venture to the success level is the dream of many entrepreneurs. Some people are unaware that there are multiple processes involved in establishing a new enterprise. Begin with producing an idea and then transforming it into a reality. Occasionally, entrepreneurs have an incredibly stunning idea, but that idea does not result in a successful business launch. Feasibility analysis is essential to ensure that their impressive idea matches the opportunity and customer needs. This paper aims to implement feasibility and idea validation as an essential part of building a new venture. This research uses the action research method to describe the effort of the new entrepreneur in building her own business, starting from observing the trend and finding the business idea to the feasibility analysis. The action research in this study involves the tendency of people who have limited time to eat because of the activities they do and feel bored with monotonous food. Then, direct the idea of presenting fast food that is easy to consume and not monotonous to catch up the opportunity. This study result produces the completed steps and analysis process of feasibility analysis to decide whether this idea could bring to the next level or back to the idea generation process. This research has significant value to other entrepreneurs who want to create new ventures to give them a deep understanding of these processes. From the CFG Licious Case Study, the results show that CFG Licious can build a business during a pandemic and is a viable business idea to develop.

Keywords

Feasibility Analysis, Action Research, New Venture Creation, Business Innovation, Creativepreneurship

1. Introduction

Indonesia is one of the countries affected by the Covid-19 pandemic. During the Covid-19 pandemic, building a business is a challenge in itself. The Covid-19 pandemic has had an impact on various aspects, one of which is the economic aspect. Many small entrepreneurs have been forced to close their businesses due to the pandemic. This is because many small businesses cannot survive and adapt to changing conditions where there is a change from normal conditions to pandemic conditions. One of the most influencing factors is the conditions that make small businesses unable to carry out their routines where they carry out onsite sales activities, while the pandemic conditions do not allow this to be done. To survive in these conditions, innovation is needed.

The opportunity for new business quite bigger. The pandemic and many of effect such as government regulation about lock down, give the shocking effect and the big opportunity for business. this opportunity already proven by many of experimental business research (Alvin et al., 2021; Arvianto et al., 2021; Deborah et al., 2021; Irvan & Karmagatri, 2021; Megawan et al., 2021). During the pandemic, as the creativepreneurs, they create and run their business and can achieve successness. By looking at these conditions and the opportunities in the market, a business idea in the form of CFG Licious was created. The business ideas that have been obtained are then implemented into a real business. CFG Licious is a business engaged in the Food and Beverage (F&B) industry which was initiated in early 2021. The idea for the name CFG Licious was taken from the initials of the founders of this business, consisting of Ferdinand Theo Hezkia, Calvin Calvetta, and Gabriela Victoria Haris Gunawan Sutanto and Licious's words show that the products offered are delicious food products. This business idea was created by taking advantage of the opportunities that exist in the market where many people have a hobby of "snacking," especially for food products and many of them are starting to feel bored with the foods on the market today. Seeing this, CFG Licious wants to provide a solution by offering Ramen Burger products. The Ramen Burger offered by CFG Licious is different from the usual burgers because we replace the buns with noodles.

Having a new venture firm and driving the venture to the success level is the dream of many entrepreneurs. Some people are unaware that there are multiple processes involved in establishing a new enterprise. Begin with producing an idea and then transforming it into a reality. Occasionally, entrepreneurs have an incredibly stunning idea, but that idea does not result in a successful business launch. Feasibility analysis is essential to ensure that their impressive idea matches the opportunity and customer needs. This paper aims to implement feasibility and idea validation as an essential part of building a new venture. This research uses the action research method to describe the effort of the new entrepreneur in building her own business, starting from observing the trend and finding the business idea to the feasibility analysis. By conducting feasibility analysis and idea validation, business owners can ensure that the business idea is by customer opportunities and needs. This research was conducted to find out what CFG Licious did while running this business and what tools were used to develop its products. In this study, there are several data entered where the data entered is data based on customer feedback and input on the CFG Licious business. In this research, the researcher wants to answer the following two questions: (1) Is the business idea by the opportunities and needs of customers? And 2) How does CFG Licious implement its feasibility analysis and idea validation? In this study, researchers used the concept of statements and buying intentions as data for this study.

2. Literature Review

2.1 Feasibility Analysis

Bruce R. Barringer (2015) mention about Preparing Effective Business Plans: An Entrepreneurial Approach. Feasibility analysis is a process to determine whether an existing business idea is a viable business idea. The most effective business plans are part of a comprehensive process which includes identifying the business idea, screening of ideas (or ideas) to determine initial feasibility, feasibility analysis to see if it is necessary to proceed with the business plan and writing the plan. Proper feasibility analysis can serve as the basis for a business plan. The results of the feasibility analysis are the most convincing facts that a company can incorporate into its business plan.

2.2 Business Incubation for Idea Validation

Olokundun al. (2019) focus on Business Incubation and Student Idea Validation: A Focus on Nigerian Universities. The paper entitled "Business Incubation and Student Idea Validation: A Focus on Nigerian Universities" contains the validation of business ideas using a business incubation system at one of the universities in Nigeria, namely Ogun State College. To get the research results, a regression analysis system is used. The results of the research conducted show that business incubation has a positive influence in validating business ideas that have been thought of by Ogun

State students. From this research, it was also found that the Incubation Business can be applied to other universities to develop business ideas that have been generated by students.

2.3 Results and Expectations in the Decision to Start a New Venture

Townsend al. (2010) focus on To Start or Not to Start: Outcome and Ability Expectations in the Decision to Start a New Venture. The research entitled "To start or not to start: Outcome and ability expectations in the decision to start a new venture" aims to better understand why someone decides to start a new business and why some people decide not to start a new business. . The general perspective says that people who have a high level of self-confidence are more likely to start new businesses. The research was conducted on 316 entrepreneurs who had just started their businesses. The results of the research say that a person's confidence in doing a job related to entrepreneurship is a factor that can affect the results of a start-up made.

3. Methods

This research uses the action research method to describe the effort of the new entrepreneur in building her own business, starting from observing the trend and finding the business idea to the feasibility analysis. The action research in this study involves the tendency of people who have limited time to eat because of the activities they do and feel bored with monotonous food. Then, direct the idea of presenting fast food that is easy to consume and not monotonous to catch up the opportunity. the researcher uses action research because the researcher needs to understand what happens to the business and take action during the business. This research uses Licious CFG business as data. To ensure that the business idea of CFG Licious is by the opportunities and needs of the customer, the researcher uses feasibility analysis and idea validation methods. When researchers conducted feasibility analysis and idea validation methods, CFG Licious surveyed concept statements and buying intentions. The data that has been obtained will be measured and analyzed using descriptive analysis to get a conclusion.

4. Data Collection

This action research was done by the founder of CFG-Licious as the part of business process. The CFC-licious is the fast food business that trying to offer to customer alternatif food to consume. The concept talk about the fast serve food that could quickly consume and still consider the nutritions contain in the amount of food. The target customer of CFG-Licious is people who have limited time to eat because of the activities they do and feel bored with monotonous food.

Researchers took the data on the CFG Licious business, some of the data was taken in October 2021. This study uses data that has been obtained from a survey collected from all potential customers of CFG Licious. Surveys are created with open and closed answer options. The distribution of this survey can be seen in detail in the following table.

Table 1. CFG Licious Respondent Survey

Gender	Male and female
Age	16-25 years old
Occupation	Student
City	Bandung and Cimahi

The survey was made with open-ended questions and a combination of a scale of 1 to 5. This survey was distributed through several platforms such as Line and WhatsApp. The survey is made using a platform in the form of Google Forms. By using this survey, researchers can obtain data that will be analyzed and processed to obtain conclusions about the feasibility of the CFG-Licious business idea and the views of potential consumers towards CFG-Licious products. The data obtained will be used as guidelines by researchers to develop CFG-Licious' business and products.

Measurement of potential consumers' interest in CFG Licious products based on the data (scale) obtained are as follows:

Table 2. Data on the scale of consumer interest in CFG Licious products

1	0%
2	0%
3	29,4%
4	58,8%
5	11,8%

5. Results and Discussion

Conducting feasibility, this research using feasibility template called as first screen to analyze the business idea of CFG-licius product concept. The first screen feasibility consist of five parts:

- Strength of Business Idea
- Industry-Related Issues
- Target Market and Customer-Related Issues
- Founder- (or Founders-) Related Issues
- Financial Issues

5.1. Strength of Business Idea

Table 3. Strength of Business Idea

	Low Potential (-1)	Moderate Potential (0)	High Potential (+1)
1. Extent to which the idea: <ul style="list-style-type: none"> • Takes advantage of an environmental trend • Solves a problem • Addresses an unfilled gap in the marketplace 	Weak	Moderate	Strong
2. Timeliness of entry to market	Not timely	Moderately timely	Very timely
3. Extent to which the idea “adds value” for its buyer or end user	Low	Medium	High
4. Extent to which the customer is satisfied by competing products that are already available	Very satisfied	Moderately satisfied	Not very satisfied or ambivalent
5. Degree to which the idea requires customers to change their basic practices or behaviors	Substantial changes required	Moderate changes required	Small to no changes required

Base on the strength of business idea assessment above in table 3, the idea of CFG-licius as a healthy fast food moderate potential in the area of “take advantage of an environmental trend”, “solve problem”, “Addresses an unfilled gap in the marketplace”. As a healthy fast food, CFG-Licious not really taking environmental trend, because the presentation of the product not design by environmental trend. But, as the meal product, CFG-Licious is solve the problem and filled the gap in the marketplace in the moderate ways, because the meal product has various taste and has their own segment.

As the food product, there is no timeline or perfect timing to entry, that way in the term of timeliness of entry has low potentials.

In this industry, customers buy products based on their respective moods. Getting the right momentum in this industry takes time as momentum in this industry emerges slowly. The level of need for new companies in the market we are entering is relatively moderate. The development of environmental trends is very important to support the target market. In the market, we are entering there is a possibility that large companies enter this market because access to enter this market can be said to be quite easy.

5.2. Industry-Related Issues

Table 4. Industry-Related Issues

		Low Potential (-1)	Moderate Potential (0)	High Potential (+1)
1.	Number of competitors	Many	Few	None
2.	Stage of industry life cycle	Maturity phase or decline phase	Growth phase	Emergence phase
3.	Growth rate of industry	Little or no growth	Moderate growth	Strong growth
4.	Importance of industry's products and/or services to customers	"Ambivalent"	"Would like to have"	"Must have"
5.	Industry operating margins	Low	Moderate	High

Base on the Industry-related issues, table 4 shows us the assessment of CGS-Licious business idea. As next new business in the food business, the CGS-Licious has many competitor in the emergence phase of industrial life. the growth rate of food industry, especially healthy fast food has high potential with strong growth. This product also could become very important for specific customer. As food product, absolutely could become must have item and has high industry operating margin.

5.3. Target Market and Customer-Related Issues

Table 5. Target Market and Customer-Related Issues

		Low Potential (-1)	Moderate Potential (0)	High Potential (+1)
1.	Identification of target market for the proposed new venture	Difficult to identify	May be able to identify	Identified
2.	Ability to create "barriers to entry" for potential competitors	Unable to create	May or may not be able to create	Can create
3.	Purchasing power of customers	Low	Moderate	High
4.	Ease of making customers aware of the new product or service	Low	Moderate	High
5.	Growth potential of target market	Low	Moderate	High

Table 5 above shows the assessment of CGS-Licious in the field of target market and customer-related issues. CGS-Licious has identified target market and has high purchasing power if customers. With the appropriate strategy through digitalization the new product could easily to make their customer aware of the new product and moderate in potential market growth. Unfortunately as the common product, CGS-Licious do not have ability to create barriers to entry for potential competitors.

Survey to target market was made, Based on the data we got, it can be seen that there are several things that the target customer likes about the CFG Licious product concept. The target customer likes the concept: affordable prices, unique variants, adjustments to the tastes of the Indonesian people, good taste, interesting products, products that are

rarely sold, interesting product descriptions, ideas and concepts, and monotony innovation and the right portion. Several target consumers suggested that CFG Licious offer varied toppings or fillings, add bonuses at the time of purchase, add menu variations, strive for maximum product quality, develop concepts to make them more attractive, provide various promos, set clear target markets, and pay attention to all aspects (from packaging to taste). Based on these data, it can be seen that the CFG Licious product idea can be successful in the market.

From the data that has been obtained, it can be seen that the majority of the target market is interested in buying the products offered by CFG Licious.

The Food & Beverage industry is an industry that has existed for a long time. In the Food & Beverage (F&B) industry, there are many competitors. Developments in this industry can be said to be included in the industry with a fairly high level of development. The average net income earned by companies in this industry is quite large. This level of industry concentration is neither concentrated nor fragmented. The industry is in a growth phase. The products offered in this industry are products that must be owned by customers, this is because these products are primary products. The development of environmental trends is critical to business success in this industry. The development of new products in this industry moves very quickly. For the long term, business prospects in this industry are included in the neutral level

The number of competitors in the Food & Beverage industry is very large. The company's growth in the target market is classified as having fast growth. The company's average net income in the target market is at the medium level. The methods that can be used to generate income in this industry are clear. In this industry, companies cannot create barriers to prevent new competitors from entering the industry. Customers in this industry have different levels of satisfaction, this makes the offers provided cannot to meet the satisfaction level of all customers. Low-cost guerrilla and/or buzz marketing techniques can be used to promote a company's products or services in this industry. Usually, customers have their excited when there is a new product or service offering.

5.4. Founder- (or Founders-) Related Issues

		Table 6. Founder- (or Founders-) Related Issues		
		Low Potential (-1)	Moderate Potential (0)	High Potential (+1)
1.	Founder or founders experience in the industry	No experience	Moderate experience	Experienced
2.	Founder or founders skills as they relate to the proposed new venture's product or service	No skills	Moderate skills	Skilled
3.	Extent of the founder or founders professional and social networks in the relevant industry	None	Moderate	Extensive
4.	Extent to which the proposed new venture meets the founder or founders personal goals and aspirations	Weak	Moderate	Strong
5.	Likelihood that a team can be put together to launch and grow the new venture	Unlikely	Moderately likely	Very likely

Passion for business ideas, relevant industry experience, entrepreneurial experience, depth of professional and social networks, the creativity of management team members, as well as experience and expertise in cash flow management in management prowess are at a moderate level. Members of the management team of CFG Licious are college students.

The rating obtained from the majority of resource sufficiency is at a rating of 1 (available) and 2 (likely to be available). For key support personnel, the main equipment needed to run the business, as well as the ability to obtain intellectual property protection on key aspects of the business has a rating of 1 which means it is available to the business. As for the workspace, space to launch a service business, contract manufacturer or outsourcing provider, key management employees, government support for business launch, as well as the ability to form profitable business partnerships have a rating of 2 which means it is likely to be available to the business.

5.5. Financial Issues

Table 7. Financial Issues

	Low Potential (-1)	Moderate Potential (0)	High Potential (+1)
1. Initial capital investment	High	Moderate	Low
2. Number of revenue drivers (ways in which the company makes money)	One	Two to three	More than three
3. Time to break even	More than two years	One to two years	Less than one year
4. Financial performance of similar businesses	Weak	Modest	Strong
5. Ability to fund initial product (or service) development and/or initial startup expenses from personal funds or via bootstrapping	Low	Moderate	High

The financial Issues assessment for CGS-Licious shows in table 7. The CGS-Licious has moderate initial capital investment and one number of revenue through product selling. The business scale of CGS-Licious plan to become small business, as a small business require small investment and could reach break even less than one year which the fund initial come from owner personal fund. The total capital required by CFG Licious to realize its business is IDR 1,900,000.

Paying attention to the quality and nutritional content of the product must be able to compete with other competitors, provide various variants of noodles, and provide an overview of the concepts offered. By looking at the estimated annual sales and net income of a similar company, Burger Queen, it can be seen that this business has a quite good potential. This is because this business has estimated annual sales and net income that are in the average to an above-average level.

5.6. Overall Potential

Table 8. Overall Potential

	Overall Potential of the Business Idea Based on Each Part
Part 1: Strength of Business Idea	High potential <input type="checkbox"/> Moderate potential <input checked="" type="checkbox"/> Low potential <input type="checkbox"/>
Part 2: Industry-Related Issues	High potential <input checked="" type="checkbox"/> Moderate potential <input type="checkbox"/> Low potential <input type="checkbox"/>

Part 3: Target Market and Customer-Related Issues	High potential	<input checked="" type="checkbox"/>
	Moderate potential	<input type="checkbox"/>
	Low potential	<input type="checkbox"/>
Part 4: Founder- (or Founders-) Related Issues	High potential	<input checked="" type="checkbox"/>
	Moderate potential	<input type="checkbox"/>
	Low potential	<input type="checkbox"/>
Part 5: Financial Issues	High potential	<input type="checkbox"/>
	Moderate potential	<input checked="" type="checkbox"/>
	Low potential	<input type="checkbox"/>
Overall Assessment	High potential	<input type="checkbox"/>
	Moderate potential	<input checked="" type="checkbox"/>
	Low potential	<input type="checkbox"/>

From overall assessment shows in table 8, researcher conclude that business idea of CFG-Licious is at moderate potential, that means that this idea have good opportunity to move to the next step in the business development.

6. Conclusion

Having a new venture firm and driving the venture to the success level is the dream of many entrepreneurs. Some people are unaware that there are multiple processes involved in establishing a new enterprise. Begin with producing an idea and then transforming it into a reality. Occasionally, entrepreneurs have an incredibly stunning idea, but that idea does not result in a successful business launch. Feasibility analysis is essential to ensure that their impressive idea matches the opportunity and customer needs. This paper aims to implement feasibility and idea validation as an essential part of building a new venture. This research uses the action research method to describe the effort of the new entrepreneur in building her own business, starting from observing the trend and finding the business idea to the feasibility analysis. The action research in this study involves the tendency of people who have limited time to eat because of the activities they do and feel bored with monotonous food. Then, direct the idea of presenting fast food that is easy to consume and not monotonous to catch up the opportunity.

Based on the results of the analysis that has been done, the feasibility of the CFG Licious business idea can be seen from several aspects. In terms of the product aspect, CFG Licious needs to pay attention to the quality and nutritional content of the product, must be able to compete with other competitors, provide various variants of noodles, and provide an overview of the concept offered. CFG Licious must also offer products that are more innovative than other competitors. In terms of its organization, CFG Licious might try to collaborate with other companies that can provide benefits. In addition, the CFG Licious business idea has good potential from a financial perspective. In conclusion, the CFG Licious business idea can be said to be feasible to be implemented and developed.

Until now, CFG Licious has products with limited variants. However, CFG Licious is still developing other variants of the products it offers. The addition of variants of the CFG Licious product will continue to grow along with the growth of its business and of course, CFG Licious can develop and offer other new products. From the CFG Licious Case Study, the results show that CFG Licious can build a business during a pandemic and is a viable business idea to develop. From the research results, CFG Licious can be used as a small business sample. During the pandemic, there is still an opportunity to create a new business and to test its feasibility, a feasibility analysis and validation of the business idea can be carried out.

This study result produces the completed steps and analysis process of feasibility analysis to decide whether this idea could bring to the next level or back to the idea generation process. This research has significant value to other entrepreneurs who want to create new ventures to give them a deep understanding of these processes. From the CFG Licious Case Study, the results show that CFG Licious can build a business during a pandemic and is a viable business idea to develop

References

Alvin, A., Karmagatri, M., & Aryanto, R. (2021). Product Development and Business Creation Opportunity During

- The Pandemic : A Case Study Of Le Misure – Indonesia Italian Fusion Food. *Proceedings of the International Conference on Industrial Engineering and Operations Management*, 971–981.
- Arvianto, M. F., Piedita, N., & Karmagatri, M. (2021). Frozen Food Packaging And Innovation Product Design Addressing Customers Pains Point In Covid 19 Quarantine : A Case Study of Homemade Frozen Food. *Proceedings of the International Conference on Industrial Engineering and Operations Management*, 994–1001.
- Bruce R. Barringer, *Preparing Effective Business Plans: An Entrepreneurial Approach*, Global Edition, Pearson, United State, 2015.
- Deborah, M., Melinda, A., Chang, A., & Karmagatri, M. (2021). Digital Branding and Online Marketing Communication Strategy Optimization : A Case Study of A Small Hits Beverage Business. *Proceedings of the International Conference on Industrial Engineering and Operations Management*, 1011–1020.
- Irvan, J. M., & Karmagatri, M. (2021). The Value Innovation Capabilities to Create Powerful Business Strategy : A Case Study on The High Business Performance of An Investment Business in Covid 19 Pandemic. *Proceedings of the International Conference on Industrial Engineering and Operations Management*, 982–993.
- Olokundun, M. A., Ogbari, M. E., Obi, J. N., and Ufua, D. E. (2019). Business Incubation and Student Idea Validation: A Focus on Nigerian Universities. *Journal of Entrepreneurship Education*, 6.
- Megawan, K. C., Karmagatri, M., Bahri, R. S., & Lusia, E. (2021). Traditional Food Business Surviving Strategy during the Covid-19 Pandemic in Indonesia : A Case Study of a Small Traditional food business-Pempek MINIAMPERA. *Proceedings of the International Conference on Industrial Engineering and Operations Management*, 2234–2240.
- Townsend, D. M., Busenitz, L. W., and Arthurs, J. D. (2010). To Start or Not to Start: Outcome and Ability Expectations in the Decision to Start a New Venture. *Journal of Business Venturing*, 10.

Biographies

Gabriela Victoria Haris Gunawan Sutanto is an entrepreneur in the creative industry and a student of the entrepreneurship department. She has a focus and interest in the development of food and beverage business products.

Mulyani Karmagatri is a Lecturer of the Entrepreneurship Program at Bina Nusantara University. She graduated from the Doctoral of the economic program. She has a passion for research about entrepreneurship and Leadership. Scopus ID: 57210743902, Orchid ID:0000-0001-9730-1499. She is a Dance Entrepreneur with twenty years of experience in dance education and the dance performance industry.

Rudy Aryanto, having gained a doctoral of research in management degree. Orcid ID: 0000-0003-4935-8815 Scopus ID: 36781766900 ResearcherID: L-4376-2013. The subject area is business management, engineering, computer, entrepreneurship, tourism, marketing, and environmental science. Editor in chief of the winnersjournal: economics, business, management and information system journal eISSN : 25412388 pISSN : 25412388, Member of the international council for small business, central board member of Indonesia management forum and central board member of Indonesia entrepreneurship department alliance.