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Business Strategy to Increase the Asset Value of Pt. Martheen House (Case Study: Land in Pattimura Airport, Ambon)

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ABSTRACT: PT. Martheen House is the owner of the Idle Assets in North Maluku, Ambon. Numerous project options exist in the vicinity of Asset Idle, including the Pattimura international airport in Ambon, the processing of raw materials from crushed stone, and the surrounding countryside. In addition to numerous project options, Idle Assets also has office space and a total fisheries asset and facility value of Rp 7,761,500,000. In this study, PT. Martheen House intends to devise a plan to raise the selling price of its assets. Alternative projects that boost the resale value of these assets will be analyzed and profitable project ideas will be selected. utilizing SWOT to determine the internal components of an organization PESTLE to study competitors to explain external elements from the company that must be open, Porter's Five Force to enable the company to overcome the underlying opportunities and dangers in the company's external environment. After performing a Feasibility Study to establish the alternatives and the US Index to determine the chosen resource, the corporation must maximize capital in the form of Equity, Debt, or both to determine which resource to select. The final step is to determine the internal financial position using Financial Ratio Analysis.The investigation reveals that the chosen alternative project is the crushed stone processing project for Rp. 2.035 billion, the Warehouse Project + small office for Rp. 8.787 billion, and the Transit Hotel Project for Rp. Using loans to finance the implementation of this alternate project is doable. Due to the company's internal financial predicament, it will implement the first alternative project selected, the crushed stone processing project.

KEYWORDS: Asset Idle, Asset Value, Feasibility Study, Financial Ratio Analysis, PESTLE, Porter's Five Force, SWOT, Us Index

INTRODUCTION

Following the COVID-19 epidemic, economic growth in both emerging and developed countries began to improve; nonetheless, this event had a long-term detrimental influence that produced economic instability. This is commonly known as the "Scar Effect." (Stevenson, 2020). The terrifying effect can be felt throughout Indonesia; nonetheless, the author will concentrate on Maluku (Ambon). Maluku (Ambon) was left with scars that were aggravated by rioting in Ambon in January of this year, which occurred on Maluku Island and resulted in the destruction of more than 211 houses. (H Tuasamu, 2022)

In view of the problems that were described, the government of Maluku focused its efforts on rehabilitation by providing assistance with regulations. This regulation is observable through the GRDP of each island (f and it is centered on reestablishing the supply chain in order to meet the material requirements of infrastructure projects as well as increasing the number of tourists that visit Ambon.

Entrepreneurs may be able to capitalize on the rules and issues stated. As a result, we require the proper company plan and estimates. The business plan that will be employed in this article is the use of idle land, which will minimize the company's capital expenditure costs if used effectively (Rahayu, 2019). This method will then be supplemented with innovative fundraising to attract funders.

BUSINESS ISSUE

Marthen House's business concern is that the company owns idle land with high opportunities in Maluku. The following are the important advantages of this idle land prospect:

1. 1.54 hectares of vacant land
   Roughly 1.54 hectares of land with a title document, the area on the land is still a rock hill in a square shape (figure I.3.1). This property is approximately one kilometer from Maluku's airport, Pattimura Ambon Airport (figure I.3.2)

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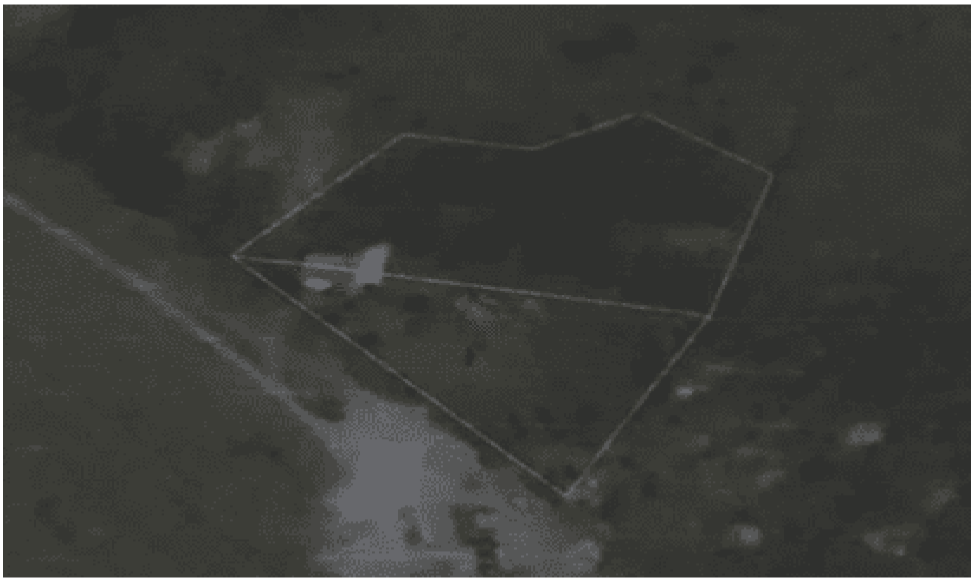

Figure I.3-1 The terrain shape as shown on Google Earth 1

Figure I.3-2 The terrain shape as shown on Google Earth 2

2. The property has Home/Office facilities.

   There are features accessible for the home/small office:

   a. four bedrooms and an office
   b. two large rooms for conference purposes
   c. three restrooms
   d. The remaining is undeveloped ground that was previously utilized for brick manufacture.

3. Opportunities that exist in the surrounding area

   The following picture depicts the benefits associated with the land:

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a. Number 1 in the graphic below depicts the extraction area for the crushed bridging load and sand used as the major ingredient of concrete, which is used to construct roads and structures. The opportunity from here is to process crushed stone.

b. Number 2 in the image below depicts the Pattimura International Airport, which is approximately one kilometer away from land assets that might be used as warehouses, small offices, or transit hotels.

c. Number 3 in the image below depicts a rural region of Hatu Village; this possibility can be used to develop housing.

Figure I.2-3 Opportunities that exist in the surrounding area

The above-mentioned business issues center on how to transform idle assets into successful businesses so that the company's commercial expansion can go smoothly. Even if it operates smoothly and correctly, the company must consider how many investments it makes in order to persuade investors to invest in the company's expansion.

RESEARCH QUESTION

The following questions will be addressed by this research:

1. What are the best business opportunities for using idle land for enterprises expanding in Maluku?
2. What is the feasibility study on the chosen strategy?
3. How much capital do companies need to invest in order to expand their business by effectively utilizing idle land?
4. What is the best suitable funding strategy?

RESEARCH OBJECTIVE

The objectives of this study are based on the questions in the research question above:

1. Determine acceptable alternative solutions for the company's idle land utilization in business expansion.
2. Determine the feasibility of the chosen alternative business expansion strategy.
3. Determine the investment made available by the company.
4. Determine an appropriate financial source to carry out the idle land use strategy in business expansion.

Investment

An investment is an asset or item purchased with the intention of generating income or appreciation (Nweze & Ejim, 2021). Income or appreciation comes in the form of a growing asset or item in which the investor initially invested. When investors buy assets (goods, a house, land, or a machine), they do not intend to consume the goods right away, but rather to generate wealth from those assets in the future.

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Furthermore, an investment project is a collection of activities that require capital resources, such as founding, purchasing, and expanding. Typically, the investor anticipates a profit or margin at the end of the investment project. However, if the investors lack sufficient knowledge of investment fundamentals and the area of their investment, an investment may go wrong and generate no profit. In today's market, investment failures are relatively common.

The majority of significant losses in businesses appear to be the result of unreasonable and ineffective investments (Aničić & Aničić, 2019).

Investment Feasibility

The business investment seeks to expand the company in order to generate more profit in the future. Furthermore, the feasibility study research provides information about the investment's worth and the benefits to investors (Firmansyah et al., 2006). The Net Present Value (NPV), Internal Rate of Return (IRR), and Payback Period are commonly used as indicators to determine whether an investment is feasible or not. Feasibility should be thoroughly prepared because it helps the entrepreneur make sound decisions by contributing to his or her evaluation of all possible outcomes (Gezer & Kingir, 2020). As a result, the feasibility study can be regarded as the first step prior to the execution of the investment project.The feasibility study reduces risk and ensures that the proposed investment is advantageous (Soraya et al., 2017). Furthermore, a thorough and accurate calculation of the feasibility study can reduce the risk of loss in the investment project. A feasibility study could provide an overview of the investor's money, how long it will return, and how much profit is expected. Although this feasibility study will cost money, it is a small price to pay when compared to the risk of investing (Yomina et al., 2021). As a result, it is preferable for a company to set aside a specific budget for a feasibility study before embarking on an investment project, especially when large sums of money are at stake.

SWOT Analysis

The Strengths, Weaknesses, Opportunities, and Threats analysis is a well-known method for examining market features. The SWOT Analysis, which is an acronym that stands for a firm's strengths, weaknesses, opportunities, and threats, is a tool that is used in business planning to analyze how a company stacks up against its rivals (Teoli et al., 2019). The process of conducting a SWOT analysis can also be viewed as an initial stage that a corporation goes through before making a decision. Opportunities and threats are concerned with external issues, whereas strengths and weaknesses are concerned with internal factors (current procedures, human resources, physical resources, and financial resources) (market trends, economic trends, political and economic regulations).

Financial Ratio Analysis

Financial ratios will be utilized in this study to evaluate the internal financial performance of the business. In this study, there are four different types of ratios: liquidity, debt, profitability, and activity.

a. Liquidity Ratio

The liquidity ratio will evaluate the company's capacity to repay short-term and long-term debts using current or quick assets. The liquidity ratio includes the current ratio and the quick ratio, although this study will only focus on the current ratio.

1. Current ratio

The current ratio is used to assess a company's capacity to meet its short-term obligations with current assets. A healthy corporation will most likely have a result greater than one. This occurs because assets outnumber liabilities.

$$Current\ Ratio\ =\ Current\ Asset\ \div\ Current\ Liabilities$$

b. Debt Ratio

The debt ratio calculates the percentage of a company's resources that are financed by debt. It evaluates the scope of the company's leverage. Leverage has more ramifications than equity because it includes interest payments and other terms and conditions. In this study, two types of debt ratios will be used:

1. Debt To Equity Ratio

The debt to equity ratio assesses a company's capital structure. It computes the weighted average of total liabilities versus shareholder equity. A high debt to equity ratio indicates that the company is leveraged. In contrast, a low result indicates that the company is conservative.

$$Debt\ to\ Equity\ =\ Total\ liabilities\ \div\ Total\ Equity$$

2. Debt To Assets Ratio

The debt to asset ratio, like the debt to equity ratio, shows the proportion of a company's assets that are financed by debt. The higher the debt to assets ratio, the more liabilities are used to pay for the company's assets.

$$Debt\ to\ Assets\ = Total\ liabilities\ \div Total\ Assets$$

c. Profitability Ratio

Profitability ratios assess a company's capacity to create income relative to revenue, balance sheet assets, operating costs, and equity over a certain time period. It demonstrates how the corporation uses its assets to maximize shareholder profit. Higher profitability ratios suggest greater efficiency and productivity in operating activities. The operational profit margin and gross profit margin will be evaluated in this study.

1. Gross Profit Margin

The gross profit margin is the ratio of gross profit to sales revenue. This indicates how much a company earns after deducting the costs of producing its goods and services (Corporate Finance Institute, 2022). A high gross profit margin shows increased operational efficiency and the ability to meet operating expenses while also producing a net profit to the business.

$$Gross\ Profit\ Margin\ = Gross\ Profit\ : Revenue$$

2. Operating Profit Margin

The operating profit margin is widely used to evaluate a company's management performance. Operating profit margin is the percentage of total revenue that is made up by operating income over a certain period. A high operating profit margin indicates competent management that is capable of significantly improving profitability by managing its operating costs.

$$Operating\ Profit\ Margin\ = Operating\ Profit\ \div Revenue$$

d. Activity Ratio

Activity ratios are used to determine how well a corporation uses its balance-sheet assets to produce revenue.

1. Total Asset Turnover

The Total Asset Turnover ratio is used to assess how well a company's total assets are being used to generate revenue. This ratio illustrates how a corporation uses its assets in its operational activities. The greater the value of Total Assets Turnover, the better the company's success in utilizing its assets to create sales.

$$Total\ Asset\ Turnover\ = Revenue\ : Total\ Asset$$

PESTLE Analysis

PESTLE analysis is a tool for competitive analysis that elucidates organizational external factors such as political, economic, social, technological, legal, and environmental factors that impact the organization. PESTLE stands for Political, Economic, Social, Technological, Legal, and Environmental analysis (Simões E, 2019). The primary objective of the analysis is to develop general situations about organizational environmental drivers. These are situations that should be considered when an organization defines and implements a competitive strategy that may have an impact on the organization's environment. The analysis will be carried out in order to accomplish this primary objective. The PESTLE analysis is a crucial framework for companies to utilize in order to concentrate on the expansion process. This is because it is involved in the environmental screening component of the strategic management process.

Porter Five Force Analysis

The idea behind Porter's Five Forces Model, which includes "rivalry with existing competitors," "threat of new entrants," "power of suppliers and buyers," and "substitute products and services," is that an organizational strategy ought to address the opportunities and threats that are inherent in an organization's external environment (Bruijl, 2018). Michael E. Porter of Harvard Business School established the five forces model in 1979. This model explores five separate factors that determine whether or not a business may be profitable in comparison to other businesses operating in the same industry. It is essential for a firm to have a solid understanding of its rivals' products, services, and marketing strategies in order for it to continue existing in the market

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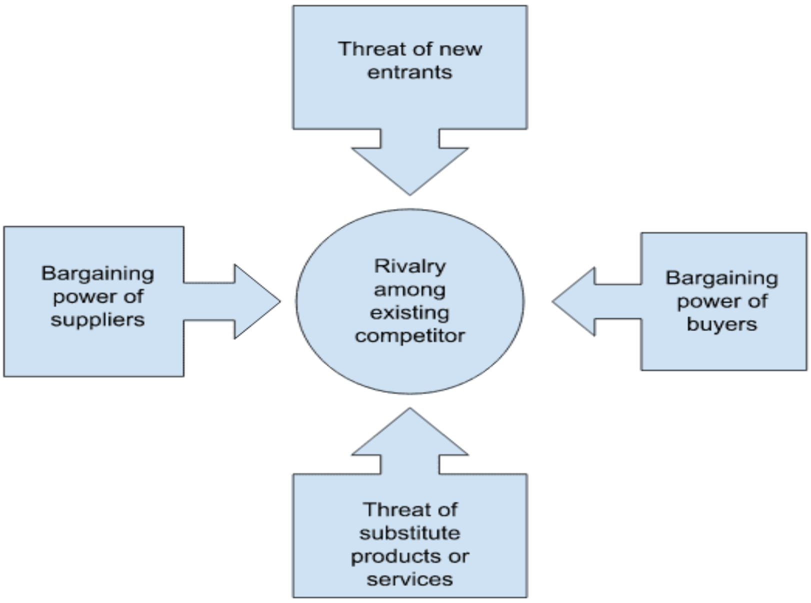

Figure II.4.2-1 Porter's Five-Force

According to Simes E. N. (2019), Porter's five forces are defined as follows: If it is simpler for new companies to break into an existing market, then that market's position as a whole will be in a weaker position than it was before. This is because new companies constitute a threat to the market strength of existing industries. The ability to decide the cost of inputs or materials is what we mean when we talk about the bargaining power of suppliers. Customers' abilities in the market are directly proportional to their bargaining power as buyers. When a firm's power is threatened by another company that provides a similar product or service, the company may issue a threat of substitute or service.

Comparison of Alternative Business Opportunity

Table III.1.5-1 Comparison of Alternative Business Opportunity

Business Opportunities Alternative	**Business Situation Analysis**		
	SWOT	**PESTLE**	**5 Porter**
Housing Area	X	X	X
Transit Hotel	V	V	V
Warehouse + Offices	V	V	V
Crushed Stone Processing	V	V	V
Hospital	X	X	X

Alternative projects that are appropriate to perform based on the company's internal and external analysis (SWOT, PESTLE, Porter five Force) are the Warehouse + Small Offices Project, the crushed stone processing project, and transit hotel project. The chosen project offers significant advantages in terms of legislation and the necessity for an Ambon-based supply chain. Selected initiatives are also less vulnerable to external threats than non-selected projects. Based on the business situation analysis, the housing area project and hospital were rejected. The hospital project that was rejected has a fatal flaw that can be denied. The noise from the airport can be hazardous to a hospitalized patient's recovery progress. Hospital development requires medical experts, such as doctors, who are hard to come by in Maluku. The housing project was rejected due to airport noise and a lack of road infrastructure, so development could not take place.

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Comparison of Alternative Business after feasibility study on project

Table III.3.4-1 Comparison of Alternative Business after feasibility on project

Feasibility Study	Warehouse + Small Offices	Transit Hotel	Processing Stone Crush
IRR	11.95%	10.47%	127.99%
Payback Period	5.38	5.7	0.79
WACC	10%	10%	10%
NPV	746,238,253.63	53,574,680.35	14,717,325,108.87
ROI/ ROA	26.45%	29.15%	188.10%
ROE	90.28%	449.40%	389.84%
Profitability Index (PI)	1.084925259	1.030348596	8.232100791

According to the research results of a feasibility study analysis conducted on the three alternative projects that offer the greatest potential for advancement in the northern Maluku region, the project involving the processing of crushed stone comes in first, followed by a warehouse and a small office, and then by a transit hotel as the third and final option.

Financial Ratio Analysis on the Selected Project

Table III.5-2 Financial Ratio Analysis on the Selected Project

Financial Ratio Analysis	Transit Hotel Project	Warehouse + Small Offices Project	Stone Crush Processing Project
Liquidity Ratio			
Current Ratio	5.50	1.10	4.77
Debt Ratio			
Debt to Equity	4.00	4.00	4.00
Debt to Assets	0.18	0.91	0.21
Profitability Ratio			
Gross Profit Margin	0.56	0.92	0.87
Operating Profit Margin	0.36	0.80	0.75
Activity Ratio			
Total Asset Turnover	0.17	0.46	0.73

The crushed stone processing project that creates the best financial ratio for the implementation of the selected business is the first choice based on the results of the financial ratio analysis performed on the selected project; the second choice for the project was a warehouse including some modest offices, and the hotel was the final option.

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CONCLUSION

The research results of the research conducted for PT. Martheen House uses a strategy to increase the value of assets that are located in northern Maluku. This strategy is as follows, and it is based on the discussion that took place in the chapter before this one (business exploration, business solutions, and financial analysis).

1. A suitable and feasible possibility that can be applied to idle property that is part of the assets of PT. Marthen House, notably the first crushed stone processing project, the second warehouse + small office project, and, finally, the transit hotel.
2. Each of the most promising alternative company prospects is subjected to feasibility studies and financial ratios. The first project is a crushed stone processing facility, the second is a warehouse + small office facility, and the third is a transit lodging facility. The most likely alternative business possibility is the crushed stone processing plant.
3. Each alternative business possibility requires the following amount of capital: The first is for crushed stone processing, which requires Rp. 2.035.0000.000.00; the second is for warehouse + small office, which wants Rp. 8,787,000,000.00; and the third is for a transit hotel, which requires Rp. 1,765,310,000.00.
4. In PT. Martheen House scenarios, a suitable source of funding for every alternative company possibility based on issue analysis and business solutions advises utilizing bank loans to reduce risk.

Implementation

TableIV.2-3 Implementation Plan

Activity	2022		2023				2024 - 2032
	Q3	Q4	Q1	Q2	Q3	Q4	
Strategic Plan							
Funding Sources Consideration							
Business Selected Implementation							
Loan Submission & Process							
Purchase equipment and construct a structure							
Hire Employee							
Start Business							

According to the previous chapter, the crushed stone processing project is suitable for implementation. The following is a description of each phase of the project's implementation, as presented in Table IV.2-1 of the project's implementation schedule.

1. Stage 1: PT. Martheen House will hold a strategy meeting based on the findings of the feasibility study and financial ratio analysis.
2. Stage 2: PT. Martheen House will conduct a risk analysis and opportunity analysis of each funding alternative, such that the outcomes of this study are strengthened by the company's ability factor's strengths and weaknesses.
3. Stage 3: PT.Marteen House will put the chosen business possibility into action by making additional adjustments to account for unknown field conditions.
4. Stage 4: PT. Marteen House will seek for and process loans for selected business finance.
5. Stage 5: PT. Martheen House will purchase goods and construct the selected business.
6. Stage 6 PT. Martheen House will hire workers who will meet the needs of the chosen firm.
7. Stage 7: PT. Martheen House will begin the chosen business with a mature degree of readiness from the previous stage, ensuring that the chosen business runs smoothly.

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