

Assessing The Viability of Strategic Expansion: A Case Study on Opening A New Mcg Coffee Branch

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ABSTRACT

This study evaluates the financial feasibility of expanding MCG Coffee by opening a new branch in *Tebet*, Jakarta. Using a mixed-methods approach, the research combines qualitative strategic analysis—including *SWOT* and *Porter's Five Forces*—with quantitative financial modeling tools such as *Net Present Value (NPV)*, *Internal Rate of Return (IRR)*, and *Payback Period (PP)*. Data collection involved both primary sources (surveys and interviews) and secondary sources (financial records and industry benchmarks). The findings reveal that the proposed expansion is financially viable, with a positive *NPV* of Rp 145,349,219, an *IRR* of 25%, and a payback period of 4 years and 7 months. Sensitivity analysis indicates that revenue fluctuations have the highest impact on investment outcomes. The study also presents a detailed implementation roadmap to guide the setup of the new branch, emphasizing community engagement and diversified revenue streams. These results provide actionable insights for *SME* coffee shop owners seeking sustainable growth through strategic expansion.

Keywords: Financial Feasibility, SME Expansion, NPV, Coffee Shop Strategy, Sensitivity Analysis

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INTRODUCTION

Coffee, as a beloved beverage, began its story in the Ethiopian highlands, where legend says that a goat herder named *Kaldi* discovered the energizing effects of coffee beans in the 9th century (Grondys O.; Hussain H. I.; Androniceanu A., 2021). Coffee has long been more than just a beverage; it is a global phenomenon that influences cultures, economies, and social interactions. In recent decades, coffee consumption has experienced significant growth worldwide, driven by evolving consumer preferences and an increasing appreciation for high-quality coffee (Mowen D. R.; Heitger D. L., 2020). According to the International Coffee Organization (ICO), global coffee consumption reached approximately 170 million (60-kilogram bags) in 2023, reflecting increases from previous years (International Coffee Organization, 2023). In developed markets such as the United States and Europe, coffee culture has shifted from mass-produced instant coffee to artisanal, sustainably sourced options offered by independent coffee roasters and specialty coffee shops (Lubis M., 2022). Emerging markets, including Southeast Asia, have also witnessed a surge in coffee consumption, reflecting a broader lifestyle trend where coffee is intertwined with social interactions and personal indulgence (Lazuardie, 2023). This growing enthusiasm for coffee has had a profound impact on global and regional markets, including Indonesia, where coffee culture has flourished rapidly in recent years (Aremu A. O.; Sulaimon A. O., 2021; Kuncoro S., 2022).

Indonesia, as the world's third-largest coffee producer with a total production of approximately 790,000 tons as of 2024, boasts a rich coffee heritage and a diverse range of indigenous varieties such as *Sumatra Mandheling*, *Java Arabica*, and *Toraja Coffee* (Worldstats, 2025). According to the Indonesian Coffee Exporters Association (GAEKI), domestic coffee consumption has experienced a consistent annual growth rate of approximately 7–8% over the past decade (Alhassan D., 2021). This growth is attributed to factors such as the increasing popularity of coffee among young adults, the rise of the urban middle class, and the growing availability of affordable coffee options (Rahardjo D., 2023;

Rahmawati H., 2022). Moreover, the rise of digital platforms and social media has further amplified this trend, with coffee shops becoming popular venues for work, meetings, and social gatherings (Latief R.; Handayani W., 2023). Data from *Statista* shows that coffee consumption in Indonesia reached approximately 4.9 million (60-kg) bags in 2022/2023 and is predicted to continue increasing steadily (Statista, 2023).

Data from the Indonesian Ministry of Agriculture processed by the *Kamar Dagang dan Industri Indonesia (Kadin)* shows that Indonesia has a roadmap for coffee production, exports, and consumption until 2026, as follows in thousand tons:

Parallel to this growth, Indonesia has seen a rapid expansion of coffee shops across the country. The rise of local coffee chains and independent cafés has reshaped the competitive landscape of the industry (Yahia-Marzouk J., 2022). According to a 2022 report by *Statista*, Indonesia had over 3,000 coffee shops nationwide, a number that has grown substantially from previous years (Statista, 2022). In Jakarta, there are more than 1,195 coffee shops as of January 23, 2025, marking a 1.79% increase from 2023. Among these, 65.69% are single-owner operations, and 34.31% are affiliated with larger brands (Rentechdigital, 2025). This surge is largely attributed to increasing urbanization, the proliferation of co-working spaces, and the growing demand for third-wave coffee experiences that emphasize quality and craftsmanship (Gürel M., 2017). However, this growth has also led to market saturation and intensified competition, making it increasingly challenging for individual coffee brands to differentiate themselves. As a result, coffee shop owners must continuously innovate, refine their business strategies, and explore opportunities for expansion to sustain long-term growth (Fajari T.; Hasyim M., 2021).

Established in 2017, MCG Coffee has contributed to the growth of Indonesia's coffee industry by offering a unique blend of specialty coffee, inviting ambiance, and a community learning ecosystem. However, as market saturation in its current location limits growth, expansion is essential to reach a wider audience and unlock new growth potential (Aladejebi, 2020). MCG Coffee, located in a governmental office building, has faced challenges in sustaining growth due to its current location, which has seen stagnant demand (Helms J., 2010). While the brand has established a loyal customer base, limited foot traffic and local competition have hindered the potential for revenue growth. Expanding into a new location with a higher density of target customers can address these challenges and allow MCG to tap into unexplored market potential (Sudartini et al., 2020). However, to avoid risks and ensure sustainable growth, a structured and strategic approach is necessary to evaluate the potential success of a new branch (Widyaningsih R.; Sembel R., 2021).

One of the fundamental strategic steps to consider is assessing the viability of the expansion through a feasibility study. A financial feasibility study is crucial for evaluating the viability of a new MCG Coffee branch. By providing a foundation for data-driven decision-making, a financial feasibility study ensures that MCG Coffee's expansion efforts align with both strategic goals and market demands, increasing the likelihood of long-term success.

This research will conduct feasibility studies, including analysis of the market situation and financial aspects, using the *Net Present Value (NPV)* method, *Internal Rate of Return (IRR)*, and *Payback Period (PP)* method. Based on the results of these analyses, MCG can then decide whether opening the new branch is financially feasible. Therefore, the objectives of the research are: (1) to determine whether opening a new branch of MCG Coffee is financially feasible, and (2) to formulate the implementation plan for opening the new MCG branch.

METHOD

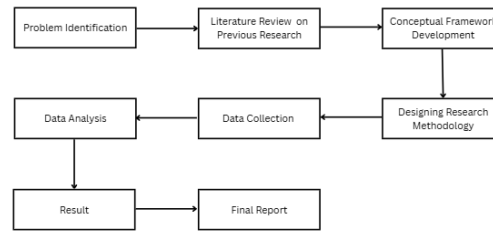


Figure 1. research flow

The diagram illustrates the systematic process of the research design for this study, ensuring that the research objectives are achieved efficiently and accurately. This research adopts a descriptive and evaluative design using a mixed-methods approach, combining both qualitative and quantitative methods to assess the financial feasibility of opening a new MCG branch in *Tebet*. The process begins with problem identification, where the core issue—namely, the financial feasibility of opening a new MCG Coffee branch—is defined. This problem statement forms the foundation of the research.

Following this, a literature review is conducted on previous research related to strategic analysis and financial feasibility in the food and beverage (*F&B*) sector, particularly in *SME* contexts. This step helps build a theoretical framework and identify gaps in prior research. The mixed-methods approach integrates qualitative and quantitative research methods to provide a comprehensive evaluation, as it allows the study to benefit from both the contextual depth of qualitative data and the generalizability of quantitative findings. The research design is structured to address key questions related to market demand, customer preferences, and the financial viability of the proposed expansion.

Data collection encompasses both primary and secondary sources. Primary data is gathered through customer surveys, offering insights into consumer preferences and demand for the new branch. This supports the business case for expansion by aligning company decisions with customer expectations. Secondary data is divided into internal and external categories: internal data is sourced from company records, including financial statements, operational data, and expenditure reports, while external data is obtained from industry reports, market benchmarks, and academic literature to provide comparative context. This comprehensive data collection enables a robust analysis of both financial and non-financial factors influencing the decision.

The data analysis phase is carried out systematically. Qualitative analysis employs *SWOT* and *Porter's Five Forces* frameworks to assess internal and external factors impacting the expansion. Quantitative analysis focuses on projecting financial statements and applying capital budgeting tools such as *Net Present Value (NPV)*, *Internal Rate of Return (IRR)*, and *Payback Period (PP)* to evaluate project feasibility. By integrating these methods, the research offers a holistic view of both the strategic context and the financial outlook for opening a new MCG Coffee branch in *Tebet*, ensuring that the research objectives are addressed thoroughly and accurately.

RESULTS AND DISCUSSION

Internal Analysis – SWOT Analysis

The internal analysis is conducted using the SWOT framework, focusing on identifying MCG's internal strengths and weaknesses that influence its current operations and future scalability. This assessment is crucial in evaluating the company's readiness to expand into a new location while maintaining its operational standards and strategic direction.

Strength

One of MCG's core strengths is its strategic location inside the Ibnu Sutowo Building in Kuningan, Jakarta, which houses the Directorate General of Oil and Gas (Ditjen Migas) under the Ministry of Energy and Mineral Resources. This positioning has enabled MCG to build a strong and reputable presence among professionals within the oil and gas sector. Over time, MCG has developed deep-rooted institutional trust, often receiving repeat catering orders for internal meetings and events, and benefiting from referrals across departments and offices. These relationships are not only a consistent source of revenue but also elevate MCG's brand image as a trusted and reliable partner. In addition to this strategic customer base, MCG has successfully partnered with high-quality, standardized suppliers, ensuring consistent product quality and smooth supply chain operations. Operationally, MCG benefits from an experienced team and established workflows that allow it to deliver reliable service to both retail customers and institutional clients. These strengths demonstrate that MCG possesses a level of operational maturity and customer trust that can be leveraged in the expansion process.

Weakness

Operating within a government office building, the business has a limited and saturated customer base, mainly composed of office workers with restricted consumption hours. Furthermore, the shop suffers from physical space constraints, which hinder its ability to host community events, expand seating capacity, or store inventory, especially for out-of-café catering or delivery services. Restricted operating hours aligned with office hours also reduce the business's flexibility and revenue potential during evenings or weekends. As a result, MCG has been unable to fully meet the growing demand for catering services or expand its offerings and hosting larger community events. In summary, while MCG possesses strong institutional backing and a proven operational model, its current environment imposes structural limitations. These internal factors support the rationale for expansion into a new, more versatile space, where MCG's core strengths can be amplified, and its weaknesses strategically addressed.

Opportunity

The planned new location in Tebet offers access to a broader, more diverse customer base, and more flexible than the current office-focused environment. Tebet is known for its creative and socially active communities, aligning with current consumer trends that value experiential spaces, events, and a sense of belonging. MCG is well-positioned to tap into this by offering a venue that supports community events, open discussions and workshops. By shifting into a residential neighborhood, MCG can attract families, students, freelancers, and local residents who seek both high-quality coffee and welcoming spaces for gathering or remote work. In addition, the specific location of the new branch will be in a strategic location of Gudang Peluru area, only 5 minutes from Tebet train station and other public transportation options. This offers excellent accessibility for daily commuters, students, and community attendees, which is a plus point for MCG to attract broader customers.

Another major opportunity lies in MCG's existing strong networks with various communities which it has built over time through past collaborations and partnerships. These communities represent a ready/potential audience that could become loyal customers at the new branch, especially if MCG provides a space tailored to their needs. Additionally, the new branch's

larger space will enable MCG to support community events, workshops, and private gatherings, which is an important value proposition that addresses current customer feedback and expectations. Moreover, the expansion plan includes a dedicated kitchen, allowing MCG to offer a wider food selection and increase per-customer transaction value. This opens new revenue streams and strengthens the brand’s competitive positioning in a market where food offerings often complement coffee sales.

Threat

The Jakarta coffee shop market is highly competitive, especially in urban-residential areas like Tebet where numerous small and medium-sized cafés are already operating with strong local followings. Differentiating MCG in such a market will require a clear value proposition, consistent branding, and memorable customer experiences. There is also the risk of economic instability and fluctuating consumer spending, which can affect demand in the F&B industry. Additionally, operating in a residential area may pose regulatory and neighborhood challenges, such as noise limits, parking availability, and business licensing, all of which must be addressed carefully.

Table 1. MCG – SWOT Analysis

STRENGTHS	WEAKNESSES
- Strategic location and strong institutional client base	- Limited and saturated customer base, primarily composed of office workers
- Consistent catering orders and referrals across departments	- Restricted operating hours, aligned only with office hours (no evening or weekend sales)
- High brand credibility as a trusted and reliable partner	- Physical space limitations
- Partnerships with high-quality, standardized suppliers	- Inability to accommodate larger catering or delivery services
- Proven ability to serve both retail and institutional customers reliably	- Growth is constrained by capital limitations (space, human resources, capital, etc)
OPPORTUNITIES	THREATS
- Access to a broader and more diverse market segment in Tebet	- High competition in Tebet from existing popular local cafes
- Strategic location near train stations and public transport	- Need for strong differentiation, consistent branding, and unique customer experience
- Larger space allows hosting community events, trainings, workshops, etc.	- Economic uncertainty affecting consumer discretionary spending in F&B
- Utilization of existing broad networks with various communities	- Potential regulatory and neighborhood challenges (e.g., noise restrictions, parking, licensing)
- Dedicated kitchen in the new branch enables wider food offerings	- Operational risks from shifting into a residential environment with different dynamics
- More revenue streams (events, room rentals, catering, etc.)	

External Analysis – Porter’s Five Forces

To assess the competitive dynamics surrounding MCG’s planned expansion into Tebet, this section applies Porter’s Five Forces framework. This model is adapted to reflect the unique characteristics of Tebet as a lively residential and lifestyle hub in South Jakarta, which is increasingly known for its community-driven businesses, culinary culture, and creative scene. This model evaluates five key forces that shape industry competition and influence business viability: industry rivalry, threat of new entrants, bargaining power of buyers, bargaining power of suppliers, and threat of substitutes.

1. Industry Rivalry : High

The coffee shop industry in Jakarta, particularly in vibrant areas like Tebet, is highly competitive. In 2022, cafés and bars in Indonesia generated approximately \$1.9 billion in sales,

reflecting a robust and growing market (Statista, 2024). This surge is driven by a burgeoning café culture among urbanites, especially the younger demographic. Tebet has become one of the most popular F&B destinations in South Jakarta, particularly for younger demographics and families seeking casual, creative, and experience-focused hangout spots. Cafés in Tebet often double as workspaces, event venues, and lifestyle destinations. Independent local brands like Fore, Kopi Nako, and smaller boutique cafés are already well-established, with strong brand followings and unique concepts.

This creates **high competitive pressure** for any new entrant. For MCG, differentiation will be essential—not only through product offerings but also through space design and community involvement. However, Tebet's reputation for supporting local and creative businesses also presents an opportunity for MCG to thrive if it can carve a unique identity.

2. Threat of New Entrants : Moderate to High

The barriers to entry in Jakarta's coffee shop market are relatively low, leading to a continuous influx of new players. Based on the Redseer Analysis report, Indonesia's market is projected to grow with an 11% compound annual growth rate (CAGR) until 2030, attracting entrepreneurs seeking opportunities in this expanding sector.

Opening a coffee shop in Tebet is relatively accessible due to the availability of renovated old houses, many of which are converted into commercial spaces. The required capital investment is generally lower compared to business districts, and the target markets, which is middle-income urban dwellers, remains strong.

This makes the threat of new entrants quite high, as more F&B players, especially small independent brands, continuously emerge. However, MCG's use of a pre-owned asset (the investor's house), significantly reduces startup costs. Also, the new branch will specifically located in Gudang Peluru residential area with very few café competitors around. Combined with MCG's operational experience and supply chain readiness, this lowers its risk profile compared to newer players.

3. Bargaining Power of Buyers : High

Indonesian consumers have a strong affinity for coffee, with **79%** of the population consuming coffee daily (AP News, 2024). This widespread consumption has led to discerning customers who seek quality and variety, increasing their bargaining power. Additionally, the availability of numerous coffee shops gives consumers ample choices, making it imperative for MCG to focus on customer loyalty and satisfaction.

Customers in Tebet are spoiled with choices, making their bargaining power quite strong. Consumer behavior here leans toward experience-based purchasing: they care about ambiance, Instagrammability, community vibe, and food variety—not just coffee quality.

Many of these customers are students, young professionals, or families, who often seek affordable yet high-value experiences. Based on BPS Jakarta Selatan (2023) data, Tebet is one of the subdistricts with a relatively high proportion of youth and creative workers, which aligns with MCG's potential new positioning.

To remain competitive, MCG must offer not only great products but also a strong experiential value—like community events, food pairing menus, or exclusive collaborations.

4. Bargaining Power of Suppliers : Low to Moderate

Indonesia is the world's fourth-largest coffee producer, cultivating both Arabica and Robusta varieties (World Coffee Portal, 2022). This abundant local production means that suppliers have less leverage, as coffee shops can source quality beans from various producers. Jakarta's F&B supply network is dense and competitive. Quality coffee beans, bakery goods, and packaging materials are readily available from various local and regional suppliers. Tebet's

location also makes logistics manageable, with easy access to central and southern distribution routes. MCG's existing partnerships with **trusted, standardized suppliers**, forged through its years of operating in Kuningan, give it a bargaining advantage. These relationships help MCG **ensure quality, consistency, and competitive pricing**, giving it better terms than a new café just starting to build supplier trust.

5. Threat of Substitutes: Moderate to High

The Indonesian coffee market is projected to reach **\$2.22 billion** in 2024, driven by a rising middle class and increasing health consciousness (Asia News Network, 2024). This growth has led to the proliferation of alternative beverage options, such as tea houses, juice bars, and functional drinks. To mitigate this threat, MCG can diversify its menu to include non-coffee beverages and health-conscious options, catering to a broader customer base. In Tebet, the threat of substitutes doesn't come from coffee alternatives alone, but from a wide range of casual lifestyle venues: dessert shops, coworking cafés, indie bookstores, bubble tea outlets, and social event spots. For many consumers, these venues are interchangeable depending on mood, budget, and convenience. That said, this threat can be countered by MCG building a loyal community base, offering unique experiences (e.g., creative events, weekend markets, or cozy coworking corners), and tapping into customer routines. Offering more than just coffee, like personalized service and a welcoming "second home" atmosphere, will be crucial.

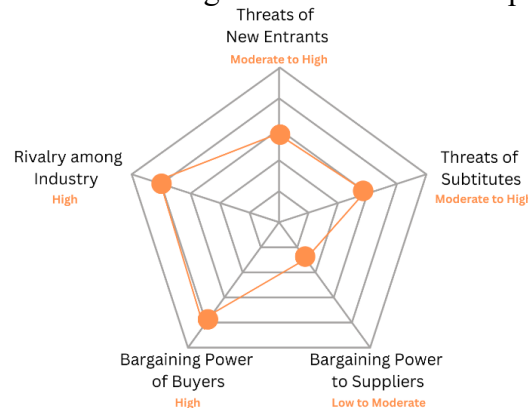


Figure 2. MCG – Porter's 5 Forces Analysis

In the context of Tebet, the competitive landscape is vibrant but not impenetrable. While MCG faces high competition and high customer expectations, its existing brand strength, institutional operational experience, and community-first concept provide a realistic opportunity to establish a successful branch. The key to success will lie in local adaptation, customer engagement, and strategic positioning rather than price-based competition.

Financial Projections

Historical Data

In evaluating the financial feasibility of opening a new branch of MCG Coffee Shop, an analysis of the business's historical performance is essential to establish a rational baseline for future revenue projections. The following assessment summarizes the revenue growth trajectory of MCG over the past three years (2022–2024), which serves as the minimum or floor growth benchmark for the upcoming financial modeling.

MCG recorded annual revenues of Rp 192,230,500 in 2022, Rp 191,414,700 in 2023, and Rp 228,298,900 in 2024. This growth pattern reflects a relatively stagnant performance in the first two years, followed by a significant recovery in 2024. This trend corresponds with the post-COVID hybrid work recovery and continued operational constraints from the current limited physical space in the Kuningan office location.

To quantify MCG's historical growth, the Compound Annual Growth Rate (CAGR) method is used as it is most appropriate metric for this case. Unlike simple average growth, CAGR offers a more stable and realistic measure of long-term performance, it neutralizes the volatility and irregularity often seen in year-over-year growth figures, especially relevant for businesses subject to seasonality such as Ramadhan Month (Gallo, 2016). In the context of feasibility studies, CAGR provides a conservative growth floor that minimizes the risk of overestimation. It ensures that the growth assumptions used in projections are grounded in past performance and are justifiable to stakeholders or investors. Therefore, in this study, the historical CAGR of MCG serves as a conservative yet analytically defensible benchmark for modeling revenue in the new Tebet branch, while allowing room for scenario adjustments based on expected operational expansions.

CAGR is used to measure the smoothed annual growth rate across multiple years, eliminating short-term volatility, the following is the calculation:

$$\text{CAGR} = \left(\frac{\text{Ending Value}}{\text{Beginning Value}} \right)^{\frac{1}{n}} - 1 = \left(\frac{228,298,900}{192,230,500} \right)^{\frac{1}{2}} - 1 = 8.98\%$$

This historical CAGR of 8.98% will be used as the floor growth assumption for projecting the financials of the new Tebet branch. This conservative baseline is justified because the new location will integrate multiple new revenue-generating units that the current location cannot accommodate. These include:

- Rental income from the community and meeting space
- Expanded food and beverage offerings due to the inclusion of a kitchen
- Catering services for external clients
- Longer operational hours and higher footfall due to residential and community-based customer flow

In this context, the historical CAGR reflects the maximum potential that the current location can achieve under existing constraints. However, as the new branch will have different location, different consumer behaviour and different revenue streams, therefore the financial model for the new branch will apply growth rates tailored to different scenarios based on the new business units' expected contributions.

Setting assumptions

Initial Investment

To assess the financial feasibility of the new MCG branch in Tebet, an initial investment plan was developed based on operational needs, asset requirements, and strategic readiness. The total investment required is Rp 255,650,000, comprising both capital expenditures (CapEx) and pre-operating costs. The investment allocation is detailed as follows:

- The largest portion of the investment is allocated to renovation costs amounting to Rp 100,000,000, as the new site involves repurposing an old residential house into a functional coffee shop and community space. This includes structural work, layout redesign, electrical and plumbing adjustments, and aesthetic enhancements.
- Core production and service equipment includes a coffee machine set (Rp 18,000,000), sealing and molding machine (Rp 3,800,000), and a showcase display unit (Rp 3,300,000), all of which are essential for beverage preparation and product visibility. These items are expected to have a useful life of up to 10 years, based on existing operational experience at the Kuningan branch, and are considered long-term assets.
- Furnitures account for Rp 56,000,000, covering indoor and outdoor seating, tables, and decor tailored for both individual customers and community events. A freezer (Rp 5,900,000) and air conditioning units (Rp 10,000,000) are included to support kitchen operations and ensure customer comfort.

- The business will also invest in media equipment (Rp 18,000,000), a category that includes both sound systems and a projector, for use during events, workshops, and community activities. Meanwhile, CCTV installation (Rp 2,100,000) is included to support operational security and safety.
- A cloud-based ERP POS system by Olsera (Rp 2,000,000) will be used to manage sales, inventory, and reporting efficiently. This subscription will be renewed every 2 years. Additionally, the business will invest in a website system named Holstinger (Rp 550,000) to strengthen its online presence and digital ordering capabilities.
- In preparation for operations, Rp 3,000,000 has been allocated to operational tools and small utensils, including items such as measuring cups, servers, napkins, and other consumable serviceware that do not qualify as fixed assets but are essential for day-to-day café activities.
- To ensure operational readiness, the business will stock initial inventory (Rp 5,000,000) of raw materials and packaging supplies. A working capital buffer of Rp 18,000,000 is also included to cover early-stage operating costs such as wages of 2 workers for 3 months (2 x 3 x Rp3.000.000,-). Finally, a cash reserve of Rp 10,000,000 is allocated to provide financial flexibility and cushion against short-term uncertainties.

This initial investment framework is designed to ensure that the new MCG branch launches with sufficient infrastructure, equipment, and liquidity to support both its core coffee shop operations and its expanded vision as a community hub. The investment allocation is detailed in **Table 2** below.

Table 2. MCG New Branch’s Initial Investments

No.	Item Name	Cost (IDR)
1	Renovation Cost	100,000,000
2	Coffee Machine 1 set	18,000,000
3	Sealing & Moulding Machine	3,800,000
4	Showcase	3,300,000
5	Furniture	56,000,000
6	Freezer	5,900,000
7	Media Equipment	18,000,000
8	Air Conditioners	10,000,000
9	CCTV	2,100,000
10	ERP POS	2,000,000
11	Working Capital Buffer	18,000,000
12	Website System (Hostinger)	550,000
13	Operational Tools and Small Utensils	3,000,000
14	Initial Inventory	5,000,000
15	Cash Reserve	10,000,000
TOTAL		255,650,000

To fulfil the investment needs, MCG decided to use 100% capital from the owners/investors. Therefore, there is no loan uses in this project.

Projected Statements

The next step is to make the financial statements projection by constructing Proforma Financial Statements. Prior to it, we need to set the assumptions on each account in the income statement, balance sheet and cashflows first. The owner’s assumptions and expert opinions are used to make the research more accurate. These assumptions, which are essential for the preparation of the proforma financial report, are derived by the primary data of current MCG branch (Kuningan) and supported by secondary data derived from benchmarking against relevant competitors such as Kumu Ground Coffee Tebet which is located around 750 meters apart from MCG’s new branch and the only coffee shop around in the residential area. Also, market research on consumer behavior in residential urban areas like Tebet, and managerial judgment

drawn from interviews with the business owner are also performed. These assumptions serve as the foundation for financial forecasting over a 10-year horizon. The business is expected to generate income from four primary business units (BUs), each with distinct revenue streams, customer segments, and growth dynamics.

Sales Revenue Projections

Based on this multi-source approach, the business model for MCG Tebet is structured around 4 core business units (BUs): Catering Services, Community Space (Event) Rentals, Meeting Room Rentals, and Online Sales. Each unit is projected with tailored pricing, usage frequency, and growth assumptions that reflect both the localized customer dynamics and the strategic intent of MCG in its expansion into the Tebet area.

1. F&B Catering Services

MCG's catering unit focuses on fulfilling bulk food and beverage orders, primarily for institutions, meetings, local events, and community groups. There are several types of food packages available, priced at Rp 25,000, Rp 53,000, and Rp 75,000 per person. Since the Rp 53,000 package is the most frequently ordered option, this price is used as the base price for revenue projections in this study.

In terms of quantity, the projected volume will start at 220 pax per month, based on the historical average recorded at the existing Kuningan branch. This baseline reflects actual operational experience and provides a conservative foundation for future projections. Revenue for this unit is projected to grow at an annual rate of 8% in Year 1, increasing incrementally to 12% in Year 5, before stabilizing at 10% per year from Year 6 onward. This growth assumption is justified by MCG's established catering workflows, reliable supplier network, and the scalability of its food production system. Additionally, Tebet's relatively untapped institutional and residential market presents a new growth opportunity, particularly as community engagement and brand awareness increase. Repeat orders and referrals, which have been a key revenue driver in the Kuningan location, are expected to play a similar role in the Tebet expansion.

2. Community Event Space

The Community Space unit generates revenue by providing a fully equipped event space for activities such as workshops, training sessions, gatherings, and creative events. The pricing is set at Rp 110,000 per person, which includes access to the facility, food and beverage service, as well as supporting amenities such as seating arrangements, presentation tools, and a comfortable social environment.

Based on the latest historical data and pilot events hosted under the MCG brand, the monthly baseline projection is set at 45 participants, which reflects typical group sizes and booking frequencies observed during trial operations and customer inquiries. Revenue for the community space unit is projected to grow by 7% in the first year, gradually increasing to 15% by Year 4, and then stabilizing at 10% annually. This growth trajectory is supported by the unique positioning of MCG as a hybrid café-community concept in a residential area where creative spaces remain limited. The integration of food, drinks, and venue access in a single price point is expected to be attractive for local communities, hobbyist groups, and educational organizers. As brand awareness grows and partnerships with local stakeholders deepen, demand for the community space is anticipated to increase steadily over the projection period.

3. Meeting Room Rent

The Meeting Room unit is designed to serve customers like professionals, freelancers, and students who require a quiet, functional space for discussions, team meetings, or focused work sessions. The space is priced at Rp 150,000 per hour, with projected usage of 4 hours per week, totaling 16 hours per month.

This revenue stream is projected conservatively, acknowledging the niche nature of its demand and the relatively modest capacity of the room. Initial projections are based on anticipated

demand from freelancers, project teams, and recurring local clients who value accessible and affordable meeting spaces within a residential setting.

Revenue growth is forecasted at 2% in Year 1, gradually increasing to 5% from Year 3 onward. These conservative growth assumptions reflect the anticipated steady but limited increase in utilization, driven primarily by repeat users and occasional word-of-mouth referrals. While not a primary driver of total revenue, the meeting room serves as a strategic complementary offering that maximizes space utilization and reinforces MCG's value proposition as a flexible, multi-use venue.

4. Online Sales : Food and Drink

The Online Sales unit are revenue generated from online platforms such as GoFood, GrabFood, and ShopeeFood. This channel is essential to expand MCG's reach beyond walk-in customers and to serve the growing demand for convenience-based consumption in urban residential areas.

Based on benchmarking against Kumu Ground Coffee — which reports an average of 10 daily online orders — MCG's projections take a more conservative stance, estimating 8 orders per day for food and 8 for beverages, resulting in 240 orders each per month. Both food and beverage items are priced at an average of Rp 30,000 per unit.

Revenue from this unit is expected to grow aggressively in the early years, starting at 15% in Year 1 as a result of promotional campaigns, visibility on delivery platforms, and organic digital reach. Growth gradually tapers to 6% per year from Year 5 onward, reflecting the stabilization of demand and increasing market saturation. This assumption mirrors broader F&B delivery trends where initial growth is driven by marketing efforts and novelty, but levels off as customer acquisition slows and competition intensifies. Despite lower margins due to platform fees, online sales are a strategic revenue stream that enhances MCG's brand exposure and customer accessibility (Agriqisthi R.; Saludin M. N., 2023; Papadakis G., 2022; Wicaksana W., 2021).

In developing the financial projections for the new MCG branch in Tebet, this study applies differentiated growth rates for each revenue stream rather than a single uniform growth assumption. This approach is based on the recognition that the business will operate through multiple income-generating units—including dine-in food and beverage sales, event space rental, meeting room rental, online delivery platforms, and catering services—each of which has distinct market dynamics, adoption curves, and scalability potential. For instance, community event space rental is expected to grow gradually in the early years due to low initial awareness, but accelerate through word-of-mouth as community engagement strengthens. Conversely, online delivery sales may scale rapidly in the early years through digital exposure and platform promotions, but taper off in later years due to competition and delivery margin pressure (Ardiansyah E. D., 2024; Chien M.; Kamran H. W.; Nawaz M. A., 2021).

Differentiating growth assumptions per business unit is not only methodologically sound, but also reflects industry best practices in feasibility studies. It ensures that projections are aligned with the realistic behavior of each revenue stream, rather than relying on generalized estimates that could lead to over- or underestimation. While an overall compound annual growth rate (CAGR) may still be used as a high-level benchmark for comparison with national trends—such as the 11% CAGR projected for Indonesia's coffee market (Redseer, 2023)—the underlying revenue forecast is grounded in tailored, operationally justified growth assumptions. This enhances the accuracy, transparency, and credibility of the financial model. The financial projection is set to begin in January 2026, which is the anticipated first month of operation for the new MCG Tebet branch. As of the time of this analysis, the business is still undergoing renovation and preparation, including space conversion, procurement of equipment, and initial setup of operational infrastructure. After setting all the revenue

assumptions, we then construct the first year proforma monthly Sales Revenue projections, starting from the first year of 2026.

After calculating the estimated monthly revenue for each business unit in the first operational year, the next step is to develop the 10-year proforma revenue projections. These projections are constructed by first determining the monthly revenue for each unit, then aggregating it into annual figures. Subsequent years are adjusted based on the respective growth assumptions outlined earlier for each business unit.

Cost Projections (Cost of Goods Sold)

Before continuing to make the proforma income statement, it is essential to project the gross profit accurately by determining the Cost of Goods Sold (COGS) for each revenue-generating unit. These costs include raw materials, packaging, and other direct expenses incurred to produce and deliver the final product or service. The following assumptions are developed based on actual expense patterns from the current MCG Kuningan branch, supplier quotations, and operational benchmarking:

1. F&B Catering Services

For the F&B Catering unit, the cost of goods sold per customer is estimated at Rp 35,000, based on a standard selling price of Rp 53,000. This COGS figure is comprised of Rp 30,000 for food ingredients and packaging materials, and Rp 5,000 for overhead costs, which include utilities, cooking gas, disposable supplies, and indirect kitchen labor. The resulting gross margin of approximately 34% is considered realistic and sustainable for a mid-range catering operation, particularly given MCG's established supplier relationships and operational efficiencies derived from its Kuningan branch. This cost structure reflects the business's commitment to maintaining product quality while ensuring profitability at scale.

According to Badan Pusat Statistik, the average food inflation rate in Indonesia ranged from 3% to 5% annually over the past five years. In 2023, food and beverage inflation averaged 4.02% (BPS, 2024). This aligns with typical supplier price adjustments for raw ingredients, rice, chicken, cooking oil, and packaging materials. Therefore, in this research the COGS for the catering unit is projected to grow at a rate of 4% annually, reflecting steady food inflation, moderate increases in packaging and kitchen overhead, and general cost adjustments consistent with SME catering operations in Jakarta.

2. Community Event Space

For the Community Space Rental unit, the total cost of goods sold per participant is estimated at Rp 60,500, against a selling price of Rp 110,000. This cost includes Rp 55,000 for food and beverages provided during the event, and additional components such as cups, tissues, and disposable items (Rp 1,500), utilities (Rp 3,000), and cleaning and staff support (Rp 1,000). The bundled service model integrates all components into a single pricing structure, offering a full-service experience to event participants. This results in a gross margin of roughly 45%, aligning with industry benchmarks for bundled hospitality-event offerings in SME settings, while supporting operational sustainability through optimized per-head servicing.

Bundled services (F&B + utilities + service staff) typically experience compound inflation, especially in urban centers like Jakarta. Electricity tariffs, minimum wage increases, and non-food consumables (tissues, cups) often rise at 4–6% annually (Kompas, 2023). Hospitality SMEs in Jakarta often plan for 5%–6% cost escalations to maintain service quality amid inflationary pressure (Bank Indonesia, 2023). Therefore, in this research, the assumption for cost components for community space rentals are expected to increase by 5% annually, driven by rising food and beverage input prices, energy consumption during events, and the need to maintain service quality in a bundled experience offering.

3. Meeting Room Rentals

The Meeting Room Rental unit incurs a cost of goods sold of Rp 14,000 per hour, against a selling price of Rp 150,000 per hour. The cost components include utilities (Rp 6,000), cleaning and maintenance (Rp 3,000), and an allocated depreciation and usage fee for Wi-Fi and technology infrastructure (Rp 5,000). These costs reflect the operational needs of maintaining a professional and functional meeting environment. Since the meeting room does not involve food service, the COGS remains minimal, yielding a high gross margin while offering additional income diversification and better space utilization for the business.

Meeting room cost structure is driven primarily by electricity and maintenance, both of which are relatively stable and predictable. The base electricity tariff (Tarif Dasar Listrik, TDL) increased only marginally in recent years (1–2% per year), particularly for non-subsidized commercial use (PLN, 2023). Therefore, a modest 1% annual increase is applied to meeting room costs, accounting primarily for incremental rises in electricity usage and periodic maintenance of shared technological and utility infrastructure. Given no food or consumable expenses, a 1% increase is rational and defensible.

4. Online Sales

For Online Sales, COGS is calculated separately for food and beverage items, each priced at Rp 30,000 per unit. For online beverages, the COGS is Rp 11,500, consisting of raw ingredients (Rp 5,000), packaging (Rp 1,000), overhead costs (Rp 500), and platform fees (Rp 5,000) charged by third-party delivery applications. Meanwhile, online food carries a slightly higher COGS of Rp 12,500, with raw ingredients (Rp 6,000), packaging (Rp 1,000), overhead (Rp 500), and the same platform fee (Rp 5,000). These assumptions reflect the direct costs associated with fulfillment, packaging, and third-party distribution, while ensuring pricing competitiveness and maintaining an efficient margin structure for digital sales channels.

Online sales are exposed to multi-component cost increases: food ingredients, packaging, and third-party platform fees. GoFood and GrabFood platform fees have risen incrementally over the years, with some reports indicating take rates between 20%–25% (Katadata, 2023). SME digital merchants in Indonesia typically build in a 3–5% annual increase to accommodate fee volatility and packaging cost escalation (McKinsey & Company, 2022). Therefore, in this research, the COGS for online sales is assumed to grow at 3% per year, due to projected increases in raw material prices, delivery platform fees, and the cost of packaging, which is increasingly important in digital food retail.

Proforma Income Statement

In constructing the proforma income statement, figures from the previously developed sales and COGS projections are used to calculate gross profit. The gross profit is then reduced by operating costs, which include general & administrative expenses as well as selling & marketing expenses and Other Expense (Depreciation Expense), to arrive at the operating income. Operating income is subsequently reduced by tax expenses, which in this case refers to PPh Final of 0.5%, as MCG is still classified as a Micro, Small, and Medium Enterprise (MSME) with annual revenue below Rp 4.8 billion. This final income tax (regulated under Peraturan Pemerintah No. 23 Tahun 2018) is imposed at a flat rate of 0.5% of gross revenue and is paid either monthly or quarterly.

The depreciation expense is calculated based on the individual assets owned by the company. The depreciation expense in this study is calculated using the Straight-Line Depreciation Method, which evenly allocates the cost of an asset over its useful life. This method is chosen because it is the most widely accepted and simplest to apply, particularly for small and medium enterprises that utilize assets with consistent usage patterns over time. It is also compliant with standard accounting and tax regulations in Indonesia, which recognize the straight-line method as an appropriate approach for asset depreciation (Kieso et al., 2020;

Direktorat Jenderal Pajak, 2021). The table below presents the annual and monthly depreciation values for each asset.

With all the necessary assumptions established, including revenue projections, cost of goods sold, operating expenses, depreciation, and tax treatment, the next step is to construct the Proforma Income Statement. This begins with a detailed monthly income statement for the first operational year, allowing for a granular understanding of the business's financial performance during its early stage. Subsequently, a yearly income statement projection is prepared for the full ten-year period to assess long-term profitability and evaluate the financial feasibility of the new MCG Tebet branch. The following are the monthly and yearly proforma income statements of MCG.

Proforma Balance Sheet

After constructing the income statement, the next step is to prepare the Proforma Balance Sheet, which reflects the projected financial position of the business. The balance sheet presents the estimated value of MCG Tebet's assets, liabilities, and equity at the end of each fiscal year. This projection is based on the assumption that the business is entirely equity-funded, with no external debt, and that capital expenditures and operating results flow consistently from the projections previously established in the income statement and depreciation schedules.

After establishing the underlying assumptions for each balance sheet account, the next step is to construct the Proforma Balance Sheet. This includes both monthly projections for the first operational year and yearly summaries over the 10-year period. The proforma balance sheet reflects the expected financial position of MCG Tebet at the end of each period, incorporating accumulated depreciation, retained earnings, and movements in key current accounts such as cash and inventory, based on the previously developed income statement and operational assumptions. The following are the first year monthly proforma balance sheet and the yearly proforma balance sheet.

Proforma Cash Flow Statement

The proforma cash flow statement is prepared using the indirect method, which is widely adopted in both academic and practical financial reporting due to its clarity in linking net income to actual cash flow. This method is particularly suitable for SMEs and feasibility studies because it helps users track how accounting profit translates into cash availability, while also emphasizing the impact of non-cash expenses and changes in current assets and liabilities (Kieso et al., 2020). Moreover, the indirect method is the preferred format under IAS 7 (International Accounting Standard for Cash Flow Statements), and it is commonly used in Indonesia for its compatibility with standard accounting systems and ease of reconciliation (PwC Indonesia, 2022).

The proforma cash flow statement is divided into three sections: Operating activities, Investing activities, and Financing activities. Under operating activities, the net income is adjusted by adding back non-cash depreciation expenses. Additionally, changes in inventory levels are accounted for monthly, based on the assumption that ending inventory is maintained at 4% of monthly COGS.

For investing activities, the initial purchases of fixed assets are recorded in the first month of operation, with no further capital expenditures assumed throughout the projection period. No asset disposals or additional investments are projected during the 10-year horizon.

In financing activities, a one-time capital injection of Rp 255,650,000 is recorded at the start of Year 1, representing the full equity investment used to fund the business setup. Since the business is assumed to be entirely equity-financed, no loan or interest-related cash flows are included. The resulting cash balance is updated monthly, capturing the net change from all

three activity sections. This cash position is used to populate the cash and cash equivalents line in the balance sheet, ensuring full financial reconciliation across statements.

Financial Feasibility Study

Capital Asset Pricing Model (CAPM)

Before moving to the feasibility study, the appropriate discount rate for the investment feasibility analysis needs to be determined first. This study applies the Capital Asset Pricing Model (CAPM) to estimate the cost of equity. Since MCG is entirely equity-funded and does not utilize debt financing, the cost of equity also represents the firm's Weighted Average Cost of Capital (WACC). CAPM is widely used to quantify the expected return required by investors, based on the systematic risk of the business relative to the market. The CAPM formula is as follow:

$$\text{Cost of Equity} = R_f + \beta (R_m - R_f)$$

Where:

R_f = Risk Free Rate

β = Beta Coefficient

$(R_m - R_f)$ = Market Risk Premium

This method is chosen due to its practicality, theoretical robustness, and its frequent use in investment feasibility studies and valuation analysis (Damodaran, 2023). The following assumptions are applied to calculate MCG's cost of equity.

In the context of the Capital Asset Pricing Model (CAPM), the risk-free rate (R_f) represents the return on an investment with zero default risk, serving as the baseline against which riskier investments are assessed. It reflects the time value of money and is typically proxied by the yield on long-term government bonds, as these instruments are backed by the government and considered default-free. In this study, the 10-year Indonesian government bond yield is used to represent the risk-free rate, consistent with common practice in valuation and capital budgeting (Damodaran, 2024). As of the latest available data from Bank Indonesia 2025, the 10-year yield stands at 6.5%, which is used in the CAPM calculation to ensure alignment with current market expectations and academic standards.

Beta (β) measures the systematic risk of a company relative to the overall market. It reflects how sensitive a company's returns are to market movements. If Beta value = 1.0 then the company moves in line with the market. If Beta value > 1.0, the company is more volatile than the market (higher risk). If the Beta value < 1.0, then the company is less volatile than the market (lower risk). Since MCG has no debt, so the beta used will be unlevered beta. In this case, based on Damodaran (2023), the unlevered beta for "Restaurant/Coffee chains (Emerging Market)" sector is 0.88. This assumption is more conservative and probably more appropriate for MCG as this research is modelling an SME (Small Medium Enterprise) which is not publicly traded, and MCG operates in a relatively stable cash-based operation with no leverage.

In the CAPM framework, the market risk premium—also referred to as the equity risk premium (ERP)—represents the additional return that investors require for choosing to invest in the overall equity market over a risk-free asset. It quantifies the compensation for bearing market-wide systematic risk and is a core component in determining the cost of equity. The market risk premium is defined as the difference between the expected return on the market (R_m) and the risk-free rate (R_f), or $(R_m - R_f)$.

In this study, the equity risk premium for Indonesia is based on data published by Aswath Damodaran of NYU Stern, which is widely regarded as one of the most reliable and globally accepted sources for country-level risk premiums. As of 2024, the ERP for Indonesia is reported at 6.87%, and this figure is adopted to reflect the return expectations and macroeconomic risks specific to emerging markets (Damodaran, 2024). Using a country-specific ERP is considered best practice when conducting valuation or feasibility studies in

developing economies, as it accounts for sovereign risk, economic volatility, and investor sentiment within the national market context.

Table 3. Cost of Equity components

Component	Value	Justification	Reference
Risk-Free Rate (Rf)	6.5%	Based on the 10-year Indonesian government bond yield, which reflects long-term return expectations on a default-free investment.	Bank Indonesia (2025); Damodaran (2024)
Beta (β)	0.88	Proxy for unlevered beta of restaurant/coffee chains in emerging markets, aligned with SME risk profile and zero debt structure.	Damodaran (2024)
Equity Risk Premium (Rm – Rf)	6.87%	Country-specific equity risk premium for Indonesia, capturing market volatility, sovereign risk, and investor return expectations.	Damodaran (2024)

Using the Above’s formula, then the calculation of the Cost of Equity is:

$$\begin{aligned} \text{Cost of Equity} &= R_f + \beta (R_m - R_f) \\ &= 6.5\% + 0.88 (6.87\%) \\ &= 12.55\% \end{aligned}$$

This Cost of Equity value of 12.55% will then be used as the discount rate (WACC) in the capital budgeting analysis, since MCG is entirely equity-funded with no debt. The Weighted Average Cost of Capital (WACC) normally reflects the weighted cost of equity and debt capital. However, in this case, because the business is financed solely by owner’s equity and carries no financial liabilities, the WACC is equal to the cost of equity. Using 12.55% as the discount rate ensures that the Net Present Value (NPV), Internal Rate of Return (IRR), and Payback Period are evaluated based on the return required by equity investors, while maintaining internal consistency across the financial feasibility model.

Capital Budgeting Analysis

To assess the financial feasibility of opening the new MCG Tebet branch, this study applies capital budgeting analysis, which is a set of quantitative tools used to evaluate long-term investment decisions. Capital budgeting helps determine whether the expected returns from a project justify the initial investment, considering both the time value of money and the project’s risk profile. The analysis in this section employs three key methods: Net Present Value (NPV), Internal Rate of Return (IRR), and Payback Period. Each of these tools provides a different perspective on the investment’s performance. The previously calculated cost of equity of 12.55% is used as the discount rate, as MCG is fully equity-financed. These capital budgeting indicators will serve as the basis for concluding whether the proposed expansion is financially sound.

To calculate the Net Present Value (NPV), it is necessary to determine the projected annual cash inflows that the project is expected to generate. While many valuation models apply Free Cash Flow (FCF) as the basis for NPV calculation, this study uses the net increase in cash, as reflected in the proforma cash flow statement. This approach is appropriate for SME feasibility studies, where a project-level, cash-based perspective is prioritized to reflect the actual cash recovery of the investment. The initial investment outlay occurs at the start of Year 1, while the subsequent net cash flows are projected over a 10-year period. The following table presents the cash flow stream that will be used in the NPV calculation.

Table 4. Projected Cash Inflows (10 Years)

Initial Investment	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
-	255,650,000	151,009,740	3,407,414	20,059,146	40,844,486	63,315,134	86,399,603	93,587,739	98,696,724	102,729,659

Based on the financial projections and cost of capital analysis presented in the previous sections, the next step is to evaluate the investment feasibility using capital budgeting metrics. These include the Net Present Value (NPV), Internal Rate of Return (IRR), and Payback Period, which serve as key indicators of the project’s financial viability. The following table summarizes the calculated results for each of these methods.

Table 5. Capital Budgeting Analysis results

Metrics	Value	Interpretation	Conclusion
NPV	145.349.216	Positive: means the project adds value. Acceptable.	Feasible
IRR	25%	Higher than WACC (12.55%). Acceptable.	Feasible
Payback Period	4 Years, 7 Months	Reasonable for SME investment (under 5 years). Acceptable.	Feasible

The results of the capital budgeting analysis indicate that the proposed expansion of MCG to the Tebet location is **financially feasible**. The Net Present Value (NPV) of **Rp 145,349,219** is positive, which means the project is expected to generate a return that exceeds the initial investment when discounted at the cost of capital. The Internal Rate of Return (IRR) is calculated at **25%**, which is significantly higher than the discount rate of 12.55%, reinforcing the project’s attractiveness. Furthermore, the Payback Period falls within **4 years 7 months**, which is reasonable for a small-to-medium scale business investment. These indicators collectively suggest that the project is expected to be profitable, recover its capital outlay in a timely manner, and provide an acceptable return on investment for the business owner.

Sensitivity Analysis

Sensitivity analysis is conducted in this study to evaluate how changes in key financial assumptions would affect the Net Present Value (NPV) of the MCG Tebet investment project. Given that revenue projections are derived from multiple business units, each with distinct annual growth rates, this analysis applies a uniform $\pm 5\%$ adjustment to total projected revenue. This method simulates overall market performance fluctuations while preserving the integrity of the original business unit assumptions. Similarly, instead of adjusting each business unit’s individual cost structure, which varies significantly across units, this study applies a $\pm 5\%$ variation to total COGS to reflect general input cost inflation or efficiency improvements. Finally, the discount rate (WACC) is varied ± 5 percentage points to test sensitivity to capital cost assumptions. These adjusted NPV values provide insight into the project’s financial robustness under moderate, realistic shifts in operational and financial variables.

The following tables present the results of the sensitivity analysis conducted on the three most relevant financial variables—total revenue, total cost of goods sold (COGS), and the discount rate (WACC), to assess their respective impacts on the Net Present Value (NPV) of the project.

The analysis shows that **Sales Revenue** has the most significant influence on the project’s viability. A 5% increase in revenue leads to an NPV of Rp 299,203,967, an IRR of 38%, and a shortened payback period of only 3 years and 1 month. Conversely, a 5% decrease in revenue results in a negative NPV (–Rp 40,910,056), an IRR of only 8%, and a delayed payback period of 7 years and 5 months, indicating that the project would no longer be financially viable under such conditions.

COGS also plays a substantial role. When COGS decrease by 5%, the NPV increases to Rp 279,176,758, IRR reaches 34%, and the payback is reduced to just 3 years and 6 months. In contrast, a 5% increase in COGS dramatically reduces the NPV to Rp 11,521,674, with IRR dropping to 14%, and the payback extending to 6 years and 2 months. This illustrates the project’s sensitivity to cost efficiency, where a relatively small change in COGS significantly affects profitability.

On the other hand, changes in **WACC** have a more moderate impact. Whether WACC increases or decreases by 5%, the IRR remains constant at 25%, since IRR is an internal metric independent of discount rate. However, the NPV fluctuates notably: Rp 249,881,716 under the lower WACC (favorable) and Rp 72,159,658 under the higher WACC (less favorable), although the payback period remains unaffected at 4 years and 7 months. This demonstrates that while WACC shifts affect the present value of returns, they do not alter the actual cash flow timing.

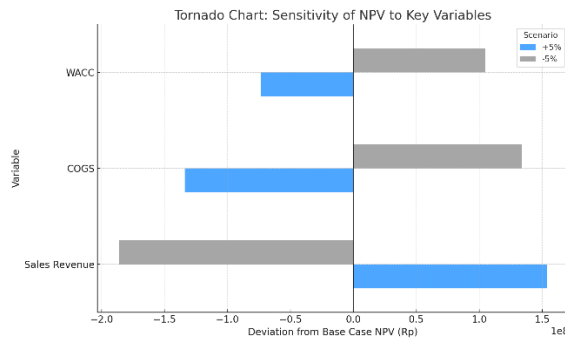


Figure 2. Tornado Chart

In conclusion, the project is **most sensitive to changes in sales revenue**, followed by **COGS**, with **WACC** being the least sensitive variable among the three tested. This analysis reinforces the importance of maintaining revenue performance and managing cost structures to ensure financial feasibility.

Implementation Plan

Following the results of the financial feasibility analysis, which indicated that the proposed MCG Tebet branch is financially viable, the next step is to outline a practical implementation plan. This plan serves as a roadmap for executing the business expansion in a structured, timely, and strategic manner. It includes phases beginning in July 2025, such as preparing financial projections and budgeting, ERP system integration, digital marketing rollouts, renovation and procurement, recruitment, and operational trial periods. Each task is categorized by division (Finance, Marketing, and Operations), includes clearly defined expenses, and is scheduled for one-time or phased execution. This implementation roadmap ensures that the branch is fully prepared for its launch in early 2026, minimizing risk and maximizing operational readiness through a disciplined, step-by-step approach. The following is the implementation plan table and the Gantt Chart:

Table 6. Implementation Plan

No.	Division	Activities	Details	Expenses	Frequency	Time
1	Finance	Prepare financial planning and budgeting	Create detailed cost projections, revenue targets, and capital allocation for the new branch.	Planning cost	One-time	Jul–Sep 2025
2	Finance	Implement ERP system for accounting	Setup and test accounting automation to ensure transparency and reporting readiness.	ERP Subscription	One-time	Aug–Oct 2025
3	Marketing	Develop marketing content and campaign strategy	Design content pillars and campaign materials for pre-launch and grand opening period.	Marketing Budget	One-time	Aug–Nov 2025
4	Marketing	Execute pre-opening digital marketing	Run targeted digital ads and soft promotions to build awareness ahead of opening.	Marketing Budget	One-time	Oct–Dec 2025

No.	Division	Activities	Details	Expenses	Frequency	Time
5	Marketing	Brand partnership and awareness building	Engage with local community leaders and institutions for collaboration and exposure.	Marketing Budget	One-time	Sep–Nov 2025
6	Operations	Renovate store and procure equipment	Renovate the building and install all required kitchen and café equipment.	Renovation CAPEX	One-time	Jul–Oct 2025
7	Operations	Recruit and train barista & service team	Hire frontliners and baristas, followed by product training and SOP familiarization.	HR Expenses	One-time	Sep–Dec 2025
8	Operations	Soft opening & customer feedback trial	Run operations in trial mode to collect customer insights and test systems.	-	Pre-opening Phase	Nov–Dec 2025
9	Operations	Launch operational SOP & control system	Activate full SOPs including opening-closing, cashier, inventory and service flows.	-	Daily	Dec 2025 – Jan 2026
10	Operations	Evaluate operations and supplier performance	Review vendor relationships and post-opening performance to ensure quality.	-	Quarterly	Jan–Mar 2026

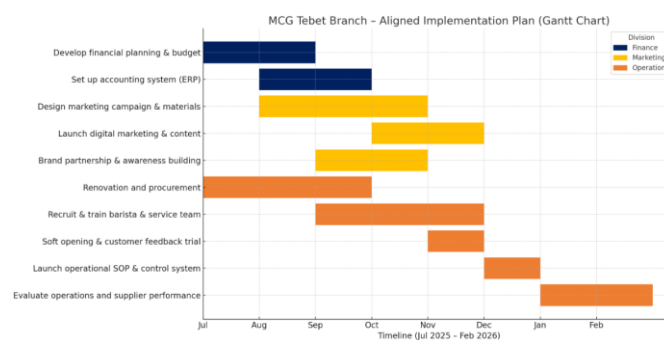


Figure 3. Gantt Chart

CONCLUSION

This research assessed the financial feasibility of expanding MCG Coffee by opening a new branch in *Tebet*, Jakarta, utilizing a 10-year financial model based on data from the Kuningan branch, customer demand studies, competitor analysis, and managerial judgment. The analysis showed a positive *NPV* of Rp 145,349,216, an *IRR* of 25%, and a payback period of 4 years and 7 months, meeting *SME* investment criteria. The implementation plan schedules all pre-operational activities to be completed by December 2025, supporting a smooth launch in early 2026. Sensitivity analysis revealed that sales revenue is the most critical factor affecting financial outcomes, with negative *NPV* and lower *IRR* in pessimistic sales scenarios, while the project remains resilient to increases in *COGS* or *WACC*. The study concludes that the expansion is financially viable, provided that execution is effective and revenue targets are met. For future research, it is recommended to explore the impact of digital marketing strategies and customer loyalty programs on revenue growth and long-term sustainability for new coffee shop branches.

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