

Long Term Financial Planning using Financial Performance Analysis and Prospective Analysis in XYZ Workshop

Hani Novanti and Hasnul Suhaimi

Magister of Management, University of Indonesia, Salemba Raya, Jakarta, Indonesia

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Abstract: This research is in the form of business coaching conducted at SME XYZ Workshop, located in Margonda Raya, Depok. This study aims to address the challenge in constructing financial projection for small business based on the experience of the XYZ Workshop. A series of structured coaching and interviews with the owner and staff with additional secondary data from the historical financial transaction of XYZ Workshop in Depok. Subsequently, the results were analyzed with gap analysis and financial analysis. Based on the mapping of the condition of the workshop, there is some gap between the actual conditions that occur with the expected ideal condition. One of that is, the owner of XYZ Workshop didn't use financial analysis and projection for investing and capital budgeting decision. The need for financial analysis and was a proposal submitted to XYZ Workshop. This business coaching process is expected to help XYZ Workshop and other SMEs to improve their performance.

1 INTRODUCTION

Vehicle maintenance business opportunities that meet customer criteria are captured by XYZ Workshop which was built in mid -1993 by the husband and wife couple of Mr. A and Mrs. B. This business is an expansion of his business from similar business field, namely workshop. The establishment of XYZ Workshop is intended to capture business opportunities from the development and growth of the city of Depok. XYZ Workshop was inaugurated in May 1994, by Marketing Director of PT Bridgestone Tire Indonesia. This inauguration also indicates that XYZ Workshop has been considered by PT Bridgestone Tire Indonesia as a business partner, by making XYZ Workshop as an authorized outlet for Bridgestone brand tire sales.

Core business XYZ Workshop is thorough maintenance and repair of 4 wheel vehicles. With the concept of "one stop service" - which consists of the concept of vehicle maintenance, general repair, car salon, the availability of tires, spare parts, lubricants, accessories and others - XYZ Workshop is expected to provide comprehensive service workshop in one place. Nevertheless, the founders realized that the workshop field is so vast that it can be very difficult

and almost impossible to fulfill all types of workshop services. In this context, until now the XYZ Workshop does not have any kind of repair service body repair and painting.

One effort to empower SMEs can be done through business coaching. Today, many business actors are beginning to agree that coaching can be one of the business development efforts. According to Passmore (2010), an important part of a coaching process is to empower people by facilitating learning for themselves, personal growth, and performance improvements.

Through the business coaching process conducted by the writer and team of XYZ Workshop, several problems were encountered, such as problems related to the opening of new branches, loyalty program, marketing communications, human resources, and also problems related to financial management systems. Based on the result of independence assessment conducted by Yayasan Dharma Bhakti Astra (YDBA) to XYZ Workshop as one of its partner SMEs, from the financial aspect it is known that XYZ Workshop does not have budgeting system for making financial decisions. XYZ workshop has not implemented financial management systems.

Based on the interviews of owners and employees, direct observation, and mapping of

conditions to the XYZ Workshop, then formulated the priority issues in the field of financial management facing the XYZ Workshop is “How to create long term financial planning in XYZ Workshop using financial performance analysis and prospective analysis?”

Seeing the formulation of the problem in the field of financial management, the purpose of research in the process of business coaching implementation of this XYZ Workshop, is “Create long term financial planning in XYZ Workshop using financial performance analysis and prospective analysis”

2 BUSINESS COACHING METHODS AND DATA ANALYSIS

2.1 SME’s Profile

XYZ Workshop was founded in 1993 by a married couple Mr. A and Mrs. B. The couple opened the business because of the need for workshops and there was an increase in the number of vehicles, especially cars in the Jalan Margonda Raya area, Depok. The workshop was built using personal funds and developed into a family business.

XYZ Workshop offers washing service and car service. Car service offers a variety of regular maintenance services, repairs, performance improvements, and sales of car parts and accessories. In addition to washing and car repair services, XYZ Workshop also sells Bridgestone brand tires along with installation, sporing and balancing services.

XYZ Workshop Building stands 1,000 square meters on the edge of Jalan Margonda Raya, Depok. The workshop already has a variety of facilities and equipment that are adequate to support 2S activities, namely Service & Spare Parts. In addition to equipment for service and spare parts, XYZ Workshop also has a robotic car wash machine for car washing which is one of the excellent services offered by the workshop.

XYZ Workshop Owners have several business development targets for the future in the short, medium and long term. In the short term, the expected target is to create loyalty programs and improve marketing communication through social media. The medium term target is to open a new branch of XYZ workshop in the form of own ownership or a franchise system. Whereas in the long term, the expected target is to maintain growth and expand the business range of the XYZ Workshop.

The vision of the XYZ Workshop is to make the XYZ Workshop the best general workshop by using the work standards of the official workshops of Astra Toyota and Daihatsu, which offer solutions, safety and comfortability in one place. While the mission of the XYZ Workshop is:

- Providing the best vehicle maintenance and repair services by promoting consumer safety and comfort.
- Using the best quality products that are tailored to the needs and desires of consumers.
- Holds the principle of honesty and quality to maintain service quality in accordance with applicable SOPs.
- Building good relations with customers both individuals and corporations and other parties who are stakeholders.
- Build an organizational structure with work culture characteristics that are disciplined and open to employees so as to create family cooperative relationships so that companies and employees can prosper together.

2.2 Business Model Canvas

Business model canvas of XYZ Workshop can be seen in Table 1.

2.3 XYZ Workshop’s Business Process

Business process in XYZ Workshop is summarized in the form of service blueprint. Service blueprint XYZ Workshop can be seen in Figure 1.

The XYZ Workshop is good enough in carrying out its business processes, however, the authors find several conditions in the field that can be improved again. For example, financial administration systems that have not been computerized and integrated. The cashier at the XYZ Workshop still uses handwritten payment receipts so that the process of recording sales reports carried out by administrative staff is done manually one by one into the computer. Another condition is the stall capacity for vehicle repair and maintenance is still not used optimally because of the fluctuating number of customers. On the other hand, the number of transactions for repairs and maintenance still does not meet the target.

2.4 GAP Analysis

Based on the mapping of the SME's conditions carried out on the XYZ Workshop through the results of interviews, observations and also the identification of the analysis of internal, external conditions and

SWOT analysis, it can be seen that the gap between the ideal conditions and the actual conditions that occur. Gap analysis can be seen in Table 2. Based on the gap analysis that has been done to the XYZ Workshop, it can be seen that there are several problems which then cause gaps. Therefore, Pareto

analysis will be carried out, namely a priority scale based on the level of urgency for SMEs. Levels of problems from the highest to the lowest will be seen based on calculations that use values and weights on each problem that exists. Pareto states that 80% of disorders originate from 20% of problems experienced.

Table 1: XYZ Workshop’s Business Model Canvas.

KEY PARTNERS	KEY ACTIVITIES	VALUE PROPOSITION	CUSTOMERS RELATIONSHIPS	CUSTOMER SEGMENT
<ul style="list-style-type: none"> - Bridgestone tire’s distributor - Lubricant’s distributor - Hyundai and proton spare parts factory - Spare part agents (Toyota, Honda) - Yayasan Dharma Bakti Astra (YDBA) 	<ul style="list-style-type: none"> - Car repair and maintenance - Car wash - Purchasing tire, spare part, and lubricants - Selling tire, spare part, and lubricants - Promotion 	<ul style="list-style-type: none"> - One stop service - Nice and clean building - Competitive price - Guaranteed quality - Friendly service - Pre and after Service 	Via: e-mail, telephone, SMS, SA, Bridgestone official website, advert website In a way: <ul style="list-style-type: none"> - Service time reminder - Ask customer satisfaction - Consultation - Offering a discount and souvenir 	Behavioral: <ul style="list-style-type: none"> - Car owner with expired free service period from dealer - Need to repair and maintain car machine - Routine chek Psycographic: Not having automotive skills Demographic: <ul style="list-style-type: none"> - Adults age 25-50 - Middle income’s man and women Geographic: Depok city area radius 5-10 km from workshop
	KEY RESOURCES Physical: Land, building, and equipment Non Physical: Owners equity, human resources		CHANNEL Direct selling in workshop location	
Cost Variable cost: employee’s incentive, purchasing, promotion Fixed cost: employee’s salaries, building depreciation, electricity, tax			Revenue <ul style="list-style-type: none"> • General repair and car maintenance service • Robotic car wash service • Car tire sales • Spare part sales • Lubricant sales • Businss to business partnership 	

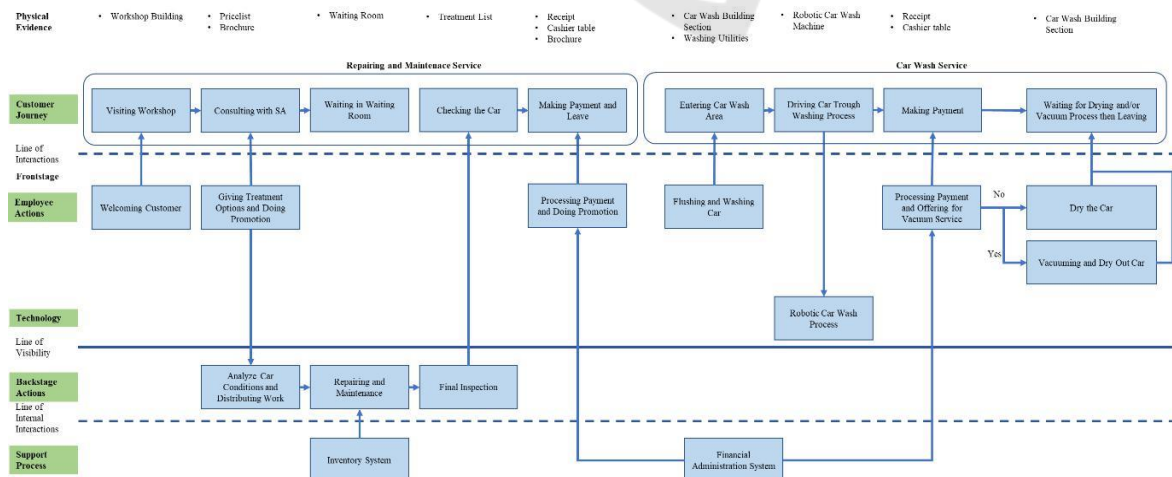


Figure 1: Service Blueprint XYZ Workshop.

Table 2: Gap Analysis on XYZ Workshop.

Indicator	Actual Conditions	Ideal Conditions	Gap	Follow up plan
Business Process, SWOT, and IFE Matrix	The recording of sales transactions has not been computerized and integrated	Recording of computerized and integrated sales transactions	Sales receipts still use handwriting at the cashier and inputted to Ms. Excel by admin staff	Make a computerized system for recording sales transactions
	Stall capacity has not been used optimally	Stall capacity is used optimally	The number of customers is volatile	Improve marketing communication
VRIO, SWOT, and IFE Matrix	Don't have a long-term financial plan	Have a long-term financial plan	Difficulty in determining the company's strategy because it does not have a long-term financial plan	Make a long-term financial plan
PESTEL	Social media has not been utilized optimally	Social media is utilized optimally	Website and social media (Facebook) are not managed properly	Manage website and social media
PESTEL, SWOT, and EFE Matrix	Online taxi drivers are not yet targeted	Online taxi drivers become regular customers	Special offers for online taxi drivers have not been well communicated and have not cooperated with online taxi cooperatives	Cooperate with online taxi cooperatives
Marketing Mix	Complete products and services, with a slightly higher price compared to other general workshops	Complete products and services, at attractive prices (equal to or cheaper) compared to other general workshops	A slightly higher price must be adjusted to the value given to consumers	Service development to ensure compatibility between the price and value that is to be conveyed to consumers
Marketing Mix, SWOT, dan EFE Matrix	The strategic location is easily accessible to consumers when not have traffic jam	The location is easily accessible to consumers at any time	When there is a traffic jam in front of the workshop, the customers reduce in number	Open a new branch in a different location
Marketing Mix and SWOT	Promotion: Still limited and less attractive	Promotion: Routine and attract consumers	Promotional activities have not been managed properly and optimally	Add the upselling process to increase the number of gen. repair and maintenance sales
SWOT Analysis	Low customer loyalty	High customer loyalty	The frequency of fluctuating consumer arrivals	Creating loyalty programs to increase customer loyalty
SWOT Analysis	Do not have a complete consumer data collection system	Has a complete consumer data collection system	Consumer data collection has not been done optimally	Creating a consumer data collection system
SWOT Analysis and IFE Matrix	There is no individual performance rating system	There are individual performance rating systems	Evaluation has not yet reached individual employees	Create an individual KPI-based employee performance appraisal system
Business Model Canvas	Key Partner: Bridgestone as a supplier becomes the sole partner of tire products	There are other brands of tire suppliers to meet consumer needs	Decreased sales of tire products	Collaborating with several tire suppliers to increase the variety of brands and types of tires

That way, this concept makes it easier for companies to see what problems are most important to solve.

Value : 1 (most difficult to do) - 10 (easiest to do)
 Weight: 1 (least significant) - 10 (Most significant)

Contributions: Value x Weight

$$\% \text{Distribution} = \frac{\text{Value} \times \text{Weight}}{\text{Total}} \times 100\%$$

The result of calculating the contribution of the XYZ Workshop can be seen in Table 3.

Based on the Pareto diagram, there are four problems that require the attention of the XYZ workshop, namely loyalty programs, upselling, long-term financial plans, and individual KPI systems. Problems with loyalty programs, upselling, and individual KPI systems will be followed up by other coaches.

The need to make a financial plan contributes 14% of the total problem and is one of the problems which includes 80% of the impact. The results of the Pareto are the basis for the writer to raise the issue that XYZ Workshop did not have financial planning and financial performance analysis. The financial planning used to overcome the gaps in financial management aspects will be discussed further in the next chapter.

3 DISCUSSION OF THE IMPLEMENTATION OF BUSINESS COACHING

3.1 Business Coaching Implementation

The author focuses on the discussion of financial management aspects when implementing business coaching process. Based on the gap analysis on the XYZ Workshop, the author raised the issue that was the focus of this business coaching, namely XYZ Workshop did not have long-term financial planning. Based on the results of the assessment of the independence of YDBA SME Partners, it is known that there is no long-term financial planning in the XYZ Workshop.

XYZ Workshop had a plan to expand its business by opening a new branch. The plan is also based on difficulty in accessing workshop because of traffic congestion and a decrease in the number of customers. With the plan, the management of the XYZ Workshop needs to assess the feasibility of investing by opening a new branch that will be carried out by another coach

happened because the XYZ Workshop was very private in conducting their business. The result is

team. In addition to the investment feasibility, management also requires long-term planning in the XYZ Workshop so that it can be used as a tool to analyze whether or not to open a new branch. The stages in carrying out long-term financial planning will be outlined in the next section

Table 3: Gap Codification and Urgency Value at XYZ Workshop.

Codification	Value	Weight	Contribution	Distribution	Accumulation
Upselling	8	9	72	23%	23%
Financial Planning	9	7	63	21%	44%
Loyalty Program	8	8	64	21%	65%
KPI System	7	6	42	14%	79%
Open new branch	5	7	35	11%	90%
Promotion	4	4	16	5%	95%
Financial Admin	3	5	15	5%	100%
Total			307	100%	

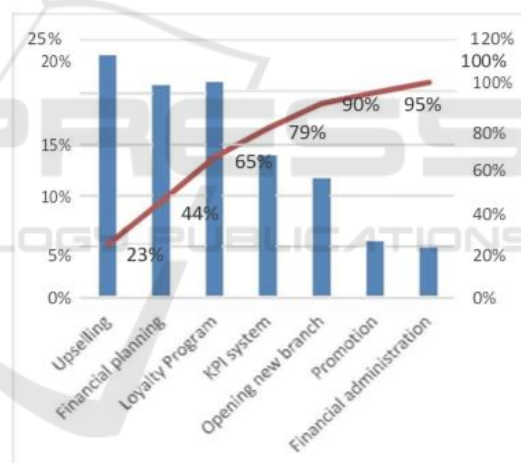


Figure 2: Pareto Diagram.

3.1.1 Financial Performance Analysis

Analysis of financial performance is carried out by calculating financial ratios. These financial ratios are divided into various analyzes, namely, profitability, liquidity, solvency, and turnover. The data needed in making these analyzes is the income statement and balance sheet of the XYZ Workshop.

The obstacle faced in making an analysis of financial performance is the collection of financial statement data. The difficulty of collecting data

that the financial statements used for analysis only have a period of two years.

3.1.2 Prospective Analysis

The process of making financial projections starts with taking information that can be obtained from financial statements such as the proportion of cash compared to sales. This information can be seen in the table below.

Table 4: Input Data for Forecasting.

	2015 Rp '000	2016 Rp '000	Average
Cash	Rp 77.295	Rp 89.295	
% Cash from sales	3,29%	3,25%	3,27%
Sales	Rp 2.346.198	Rp 2.747.487	
Inventory	Rp 2.046.149	Rp 2.191.254	
COGS	Rp 1.283.527	Rp 1.543.879	
Inventory/COGS	159,42%	141,93%	150,67%
Account Receivable (AR)	Rp 10.302	Rp 12.157	
AR/Sales	0,44%	0,44%	0,44%
Purchasing Debt	Rp 1.319.894	Rp 1.688.984	
	Rp 438.754	Rp 310.410	
Debt/Purchasing	33,24%	18,38%	25,81%
Retained earning	Rp 1.677.494	Rp 1.843.883	
Net income	Rp 207.925	Rp 246.526	

The average data percentage of the amount of cash from sales and receivables is used as a reference in conducting financial projections. However, the reference data used to project inventory amounts and account receivable uses the latest year data. This is due to an increase in performance from the previous year. XYZ Workshop inventory decreased from 159.42% to 141.93%. Plus, the XYZ Workshop trade debt also decreased from 33.24% to 18.38%. Therefore, it is expected that the XYZ Workshop can maintain that performance.

The next step is to look for information other than those contained in financial statements, namely data on current year's inflation rate, a number of customers, sales price, and purchase price. In the case of XYZ Workshop, due to the variety of products sold in the form of spare parts, tires, and oil, the selling price and purchase price are the results of the average calculation. This information can be seen in the table 5.

Table 5: Additional Data not Found in The Financial Statements.

	2015 Rp '000	2016 Rp '000
Inflation	6,38%	3,53%
Number of customers	328	367
Selling Price (Average)	Rp 7.153	Rp 7.479
Purchasing Price (Average)	Rp 3.913	Rp 4.202

Table 6: Estimation of Historical Nominal and Real Price Increases

	2016
Nominal increase in administrative and selling expenses	17,53%
Real increase in administrative and selling expenses	13,52%
Nominal increase in Selling price	4,56%
Real increase in Selling price	0,99%
Nominal increase in Purchasing price	7,40%
Real increase in Purchasing price	3,73%
Nominal increase in Sales revenues	17,10%
"Real" increase in sales revenues	13,11%

Next is calculating the increase in costs, sales, and purchases in real terms based on the inflation rate in the current year. These calculations use the Fisher equation (Velez-Pareja & Tham, 2009) as follows.

$$Real = \frac{1+Nominal}{1+Inflation} - 1 \tag{2}$$

The calculation results can be seen in the table 6.

The next step is to prepare a table of prediction data to serve as input data in making financial projections. The data table 7 is compiled using data from calculations that have been done before.

The inflation rate prediction is obtained from the official website of Bank Indonesia. In addition, the prediction of an increase in sales volume was obtained from the management target of the XYZ

Workshop which was adjusted to the capacity of the workshop. Based on the YDBA UKM Partner Independence Form Assessment (2015), the capacity of the newly used workshop is 70% of the overall capacity of the workshop. Therefore, it is expected that within 5 years the capacity can be used optimally.

The next step is to calculate the nominal predictions of sales, purchases, and salary costs based on the previous table. Calculation of nominal

numbers is done using the Fisher equation (Velez-Pareja & Tham, 2009) as follows. The calculation results can be seen in Table 8.

Table 7: Input data.

	2017	2018	2019	2020	2021
Inflation rate (BI Prediction)	4,00%	3,50%	3,50%	3,00%	3,00%
Real increase in selling price	0,99%	0,99%	0,99%	0,99%	0,99%
Real increase in purchase price	3,73%	3,73%	3,73%	3,73%	3,73%
Real increase in payroll expenses	18,31%	18,31%	18,31%	18,31%	18,31%
Real increase n selling and administration expenses	13,52%	13,52%	13,52%	13,52%	13,52%
Increase in sales volume (units) (internal estimates)	6,00%	6,00%	6,00%	6,00%	6,00%
Inventory as % of COGS	141,93%	141,93%	141,93%	141,93%	141,93%
Accounts receivable as % of sales	0,44%	0,44%	0,44%	0,44%	0,44%
Accounts payable as % of purchases	18,38%	18,38%	18,38%	18,38%	18,38%
Minimum cash required as % of sales revenues	3,27%	3,27%	3,27%	3,27%	3,27%

Table 8: Nominal Increase in Prices and Growth in Units.

	2017	2018	2019	2020	2021
Selling	5,03%	4,53%	4,53%	4,02%	4,02%
Purchase	7,88%	7,37%	7,37%	6,85%	6,85%
Payroll expenses	23,04%	22,45%	22,45%	21,86%	21,86%
Increase factor in volume	6,00%	6,00%	6,00%	6,00%	6,00%

Table 9: Sales Prediction Calculation.

	2016 Rp '000	2017 Rp '000	2018 Rp '000	2019 Rp '000	2020 Rp '000	2021 Rp '000
Number of Customers, Q	367	389,40	412,77	437,53	463,78	491,61
Selling price, P	Rp 7.479	Rp 7.928	Rp 8.403	Rp 8.908	Rp 9.442	Rp 10.008
Total sales, P×Q	Rp 2.747.487	Rp 3.087.080	Rp 3.468.640	Rp 3.897.363	Rp 4.379.078	Rp 4.920.331
Forecast for unit cost	Rp 4.202	Rp 4.534	Rp 4.868	Rp 5.226	Rp 5.584	Rp 5.967

Table 10: Purchasing Prediction Calculation.

	2016 Rp '000	2017 Rp '000	2018 Rp '000	2019 Rp '000	2020 Rp '000	2021 Rp '000
Units sold	367,36	389,40	412,77	437,53	463,78	491,61
Final inventory in units	521,40	552,68	585,85	621,00	658,26	697,75
Initial inventory in units	522,88	521,40	552,68	585,85	621,00	658,26
Purchases in units		420,69	445,93	472,68	501,04	531,11
Forecasted Unitary cost	Rp 4.203	Rp 4.534	Rp 4.868	Rp 5.226	Rp 5.584	Rp 5.967

Table 11: Cost of Goods Sold (COGS) and Overhead and Administrative and Selling Expenses Calculation.

	2017 Rp '000	2018 Rp '000	2019 Rp '000	2020 Rp '000	2021 Rp '000
Initial inventory in dollars	Rp 2.191.254	Rp 2.505.855	Rp 2.851.846	Rp 3.245.609	Rp 3.675.897
Purchases in dollars	Rp 1.907.377	Rp 2.170.734	Rp 2.470.454	Rp 2.797.975	Rp 3.168.917
Final inventory in dollars	Rp 2.505.855	Rp 2.851.846	Rp 3.245.609	Rp 3.675.897	Rp 4.163.229
COGS	Rp 1.592.776	Rp 1.824.743	Rp 2.076.691	Rp 2.367.688	Rp 2.681.585
Increase in administrative and selling expenses	18,07%	17,50%	17,50%	16,93%	16,93%
Administrative and selling expenses	Rp 1.037.891	Rp 1.219.498	Rp 1.432.881	Rp 1.675.469	Rp 1.959.126

Table 12: Purchase and Payment Prediction Calculation.

	2017 Rp '000	2018 Rp '000	2019 Rp '000	2020 Rp '000	2021 Rp '000
Total sales revenues	Rp 3.087.077	Rp 3.468.640	Rp 3.897.363	Rp 4.379.078	Rp 4.920.332
Credit sales	Rp 13.607	Rp 15.289	Rp 17.179	Rp 19.302	Rp 21.688
Inflow of sales revenues for current year	Rp 3.073.470	Rp 3.453.350	Rp 3.880.184	Rp 4.359.775	Rp 4.898.644
Total purchases	Rp 1.907.377	Rp 2.170.734	Rp 2.470.454	Rp 2.797.975	Rp 3.168.917
Purchases on credit	Rp 350.548	Rp 398.949	Rp 454.033	Rp 514.226	Rp 582.400
Purchases paid the same year	Rp 1.556.829	Rp 1.771.785	Rp 2.016.421	Rp 2.283.749	Rp 2.586.517
Inflow of sales revenues for current year	Rp 3.073.470	Rp 3.453.350	Rp 3.880.184	Rp 4.359.775	Rp 4.898.644
Inflows from Accounts Receivables	Rp 12.157	Rp 13.607	Rp 15.289	Rp 17.179	Rp 19.302
Total inflows	Rp 3.085.627	Rp 3.466.958	Rp 3.895.474	Rp 4.376.954	Rp 4.917.946
Purchases paid the current year	Rp 1.556.829	Rp 1.771.785	Rp 2.016.421	Rp 2.283.749	Rp 2.586.517
Payment of Accounts Payable	Rp 310.410	Rp 350.548	Rp 398.949	Rp 454.033	Rp 514.226
Total payments for purchases	Rp 1.867.239	Rp 2.122.333	Rp 2.415.370	Rp 2.737.782	Rp 3.100.744

$$\text{Nominal} = ((1 + \text{Real}) \times (1 + \text{Inflation})) - 1 \quad (3)$$

from the previous tables. Calculations can be seen in Table 9, 10, 11, and 12.

The making of financial projections is then carried out by performing calculations based on input data

3.2 Discussion of Business Coaching Results

3.2.1 Financial Performance Analysis Results

Based on the information obtained from the results of interviews with informants and observations on the XYZ Workshop, it is known that XYZ Workshop has not performed financial performance analysis regularly. Through the implementation of business coaching, an analysis of the financial performance of the XYZ Workshop was conducted from 2015 to 2016. There are several calculations carried out, namely, profitability, liquidity, solvency, and turnover. The results of these analyzes can be seen in Table 13.

Based on the table above, the overall profitability of the XYZ Workshop in 2016 has increased from the previous year. The increase in profitability was caused by an increase in sales from 2015 Rp 2,346,198.00.00 to Rp. 2,747,487,464 in 2016. On the other hand, an increase in ROA could be caused by a reduction in fixed assets of XYZ Workshop in 2016 6% from 2015. On the other hand, the increase in ROE of the XYZ Workshop indicates that workshop management is better able to utilize the equity invested by the capital voters of the XYZ Workshop. The table above also shows the results of calculating the XYZ Workshop liquidity ratio.

Table 13: Analysis of Financial Performance of XYZ Workshop.

Profitability Ratio	2015	2016
Profit Margin	0,089	0,090
ROA	0,062	0,072
ROE	0,072	0,080
Liquidity Ratio		
Current Ratio	4,515	6,577
Quick Ratio	0,185	0,291
Cash Ratio	0,164	0,256
Working Capital to Total Assets Ratio	0,495	0,565
Solvability Ratio		
Total Debt Ratio	0,141	0,101
Debt to Equity Ratio	0,164	0,113
Turn Over Ratio		
Total Asset TO	0,699	0,799
Fixed Asset TO	1,916	2,397
Receivable TO	227,742	226,000
Inventory TO	0,627	0,705
Average Day Inventory	582	518
Working Capital Turnover	1,412	1,413

Overall, the XYZ Workshop liquidity ratio in 2016 has increased from the previous year. This increase was caused by short-term debt compared to the previous year. In addition, this also shows the better management of the company's margin of safety every year.

Table 14: Cash Projection of XYZ Workshop.

	2017 Rp '000	2018 Rp '000	2019 Rp '000	2020 Rp '000	2021 Rp '000
Cash inflows					
Total AR plus sales on cash	Rp 3.085.627	Rp 3.466.958	Rp 3.895.474	Rp 4.376.954	Rp 4.917.946
Total inflows	Rp 3.085.627	Rp 3.466.958	Rp 3.895.474	Rp 4.376.954	Rp 4.917.946
Cash outflows					
Total payments for purchases	Rp 1.867.239	Rp 2.122.333	Rp 2.415.370	Rp 2.737.782	Rp 3.100.744
Administrative and selling expenses	Rp 1.037.891	Rp 1.219.498	Rp 1.432.881	Rp 1.675.469	Rp 1.959.126
Total cash outflows	Rp 2.905.130	Rp 3.341.830	Rp 3.848.251	Rp 4.413.250	Rp 5.059.870
Net cash balance (NCB) before fixed assets purchase	Rp 180.496	Rp 125.127	Rp 47.222	-Rp 36.296	-Rp 141.924
NCB	Rp 180.496	Rp 125.127	Rp 47.222	-Rp 36.296	-Rp 141.924
Cumulated NCB	Rp 269.791	Rp 394.919	Rp 442.141	Rp 405.845	Rp 263.921

Table 15: Income Statement Projection of XYZ Workshop.

	2017 Rp '000	2018 Rp '000	2019 Rp '000	2020 Rp '000	2021 Rp '000
Sales	Rp 3.087.077	Rp 3.468.637	Rp 3.897.363	Rp 4.379.078	Rp 4.920.332
COGS	-Rp 1.592.776	-Rp 1.824.743	-Rp 2.076.691	-Rp 2.367.688	-Rp 2.681.585
Gross Profit	Rp 1.494.301	Rp 1.643.897	Rp 1.820.672	Rp 2.011.390	Rp 2.238.747
Administration and General Expenses	-Rp 1.037.891	-Rp 1.219.498	-Rp 1.432.881	-Rp 1.675.469	-Rp 1.959.126
Operating Profit	Rp 456.410	Rp 424.399	Rp 387.791	Rp 335.921	Rp 279.621
Depretiation	-Rp 78.515	-Rp 78.515	-Rp 78.515	-Rp 78.515	-Rp 78.515
EBIT	Rp 377.895	Rp 345.884	Rp 309.276	Rp 257.406	Rp 201.106
Interest Expenses					
Profit Before Tax	Rp 377.895	Rp 345.884	Rp 309.276	Rp 257.406	Rp 201.106
Tax					
Net Income for the Year	Rp 377.895	Rp 345.884	Rp 309.276	Rp 257.406	Rp 201.106

Table 16: Balance Sheet Projection of XYZ Workshop.

	2017 Rp '000	2018 Rp '000	2019 Rp '000	2020 Rp '000	2021 Rp '000
Current Assets					
Cash	Rp 269.791	Rp 394.919	Rp 442.141	Rp 405.845	Rp 263.921
Account Receivable	Rp 13.607	Rp 15.289	Rp 17.179	Rp 19.302	Rp 21.688
Inventory	Rp 2.505.855	Rp 2.851.846	Rp 3.245.609	Rp 3.675.897	Rp 4.163.229
Total Current Assets	Rp 2.789.254	Rp 3.262.054	Rp 3.704.930	Rp 4.101.044	Rp 4.448.839
Fixed Assets					
Office Supply	Rp 1.193	Rp 1.193	Rp 1.193	Rp 1.193	Rp 1.193
Workshop Equipment's	Rp 136.450	Rp 136.450	Rp 136.450	Rp 136.450	Rp 136.450
Building	Rp 608.662	Rp 608.662	Rp 608.662	Rp 608.662	Rp 608.662
Land	Rp 400.000	Rp 400.000	Rp 400.000	Rp 400.000	Rp 400.000
Total Fixed Assets	Rp 1.146.305	Rp 1.146.305	Rp 1.146.305	Rp 1.146.305	Rp 1.146.305
TOTAL ASSETS	Rp 3.935.559	Rp 4.408.359	Rp 4.851.235	Rp 5.247.350	Rp 5.595.144
LIABILITIES					
Account Payable	Rp 350.548	Rp 398.949	Rp 454.033	Rp 514.226	Rp 582.400
TOTAL LIABILITIES	Rp 350.548	Rp 398.949	Rp 454.033	Rp 514.226	Rp 582.400
EQUITY					
Paid in Capital	Rp 1.000.000	Rp 1.000.000	Rp 1.000.000	Rp 1.000.000	Rp 1.000.000
Retained Earning	Rp 1.460.811	Rp 1.917.221	Rp 2.341.621	Rp 2.729.412	Rp 3.065.333
Net Income	Rp 377.895	Rp 345.884	Rp 309.276	Rp 257.406	Rp 201.106
TOTAL EQUITY	Rp 2.838.706	Rp 3.263.105	Rp 3.650.897	Rp 3.986.818	Rp 4.266.439
TOTAL LIABILITIES AND EQUITY	Rp 3.935.559	Rp 4.408.359	Rp 4.851.235	Rp 5.247.350	Rp 5.595.144

The solvability ratio calculation in the table above shows that there is a decrease in the total debt ratio and the debt to equity ratio from 2015 to 2016. This is due to the short-term debt of the XYZ Workshop which has also decreased. Based on the calculation of the ratio also shows the ability of XYZ Workshop in fulfilling its financial obligations increased in 2016.

Overall, the XYZ Workshop turnover ratio evaluation shows an increasing trend every year, meaning that the management of XYZ Workshop can better manage company assets. The biggest ratio on this turnover ratio is the receivables turnover ratio, which indicates that the sales obtained by the company come from sales in cash. However, the results of calculating average day inventory show a number that is not good because the number of days of inventory is in the warehouse for more than one year. This indicates that the XYZ Workshop has more inventory than the number of sales.

The conclusion from the analysis of the financial performance of the XYZ Workshop is the financial performance of the XYZ Workshop during 2015 and 2016 as a whole is quite good. This is indicated by an increase in various indicators, namely increased profitability, ability to pay debts, and turnover of XYZ Workshop assets.

3.2.2 Financial Projection Results

The making of long-term financial projections is done to find out the prospect of financial benefits that will be obtained in the future. In addition, the XYZ Workshop has no previous long-term financial projections. Through the business coaching process, XYZ Workshop is expected to be able to make financial projections independently and be carried out routinely. In addition, the results of the financial projections conducted are expected to provide an overview of the development opportunities and business continuity of the XYZ Workshop. The results of the cash budget projection, income statement, and financial balance of the XYZ Workshop over the next five years can be seen in Table 14, Table 15 and Table 16.

Based on cash budget projections, it can be seen that the prediction of the amount of cash that will be received by the XYZ Workshop will always decrease from year to year. This is due to the predicted purchase of inventory will always increase even though supplies more warehouse than sold. These predictions are obtained from historical purchase data which also increased. Net income is also projected to

decline from year to year even though sales continue to increase. This is caused by the increase in the cost of goods sold and overall costs along with predictions of an increase in the number of customers of XYZ Workshop. However, the XYZ Workshop is predicted to continue to benefit for the next five years.

Overall, the financial projections of the XYZ Workshop did not show encouraging results. However, these results indicate that XYZ Workshop needs to open a new branch to be able to develop its business. This is due to the growth of the XYZ Workshop which is predicted to decline even though efforts have been made to increase sales. Long-term financial projections can also be used as an evaluation material for management to determine the business strategy of XYZ Workshop in the future.

4. CONCLUSIONS

Based on the research objectives in the process of implementing business coaching on XYZ Workshop, conclusions can be obtained as follows:

1. Financial performance analysis can help the management of XYZ Workshop in identifying financial problems.
2. Long-term financial projections can provide an overview of the prospects for future profits and the costs needed to reach the target.
3. Financial performance of the XYZ Workshop in 2016 has increased from 2015.
4. XYZ Workshop financial projections show a decline in net income even though sales have increased.

The following action plan can be used as a follow-up activity for implementing business coaching on XYZ Workshop related to long-term financial planning, namely:

1. Determine the strategy that will be carried out to be able to achieve the sales targets determined by the XYZ Workshop based on financial projections.
2. Make a budget that is needed for each part or department that refers to financial projections.
3. Conduct regular evaluations to be adapted to the needs of the workshop.
4. Evaluate policies in making purchases and improving inventory management.

Based on this study, the authors would also recommend for further research involving more historical data. In addition, comparison of financial performance with other similar workshops is also needed.

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