

ANALYSIS ON CHILDREN’S TRAFFIC PLAYSCHOOL AS A POTENTIAL NEW BUSINESS IN INDONESIA

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Abstract

Thinking and opening a new venture may not be an easy task. As the market may have been crowded-out by numerous ventures, entrepreneurs may continuously seek for opportunities to excel in the marketplaces.

This research attempts to provide a feasibility study in trying to formulate the best plausible financial projections on a new venture in children’s educational industry. Looking on from the perspective of entrepreneurial theory, and theory of firm, including its later development, as well as taking into account the importance of factors of productions for firms, this paper attempts to analyze the plausible financial projections on the establishment of children’s traffic playschool in Indonesia.

The primary purpose of this research is to see how far the early age traffic education for children can minimize the traffic problem in Jakarta in the future. As the origin of this idea is in a foreign country, it portrays an interesting initiative for the Indonesian market. Financial analysis on such an idea becomes an important backbone to provide economic supports for its future profitability.

This research relies on descriptive study, which covers both the qualitative and quantitative data as well as hypothesis testing as the preliminary guidance on the estimated outcome. Questionnaires are used to gather information from public concerning the children’s traffic playschool. The findings include the formulation of business plan, which may serve as an important stepping-stone in starting a new business venture, whether or not traffic education for children is an important investment for the future, and children’s traffic playschool business may be proven profitable based on the available financial figures and projections. The conclusion of this research is expected to provide sufficient foundation that this is an acceptable a new business ventures.

Keywords: children, playschool, profitability, business plan, financial projections, entrepreneurs, business ventures

1. Introduction

As one of the developing countries in the world, Indonesia has certainly encountered a growing number on automotive sales. The sales figures from www.gaikindo.org (2007) indicate the automotive sales growth in Indonesia, which are predicted to be at 750,000 cars sold by the year 2011. On the contrary, road infrastructure of Jakarta is growing slowly from year to year (Office of Provincial and Regency Public Work, 2007).

In 2005, total length of road in Indonesia,

excluding the province of DKI Jaya, is only about 391,009 kilometers long. The total length of road in the country does not seem to balance the total number of cars sold in Indonesia. Jakarta, as a capital city of Indonesia, has at least one similar problem with other capital city around the world, especially in the developing country, which is traffic (Yudha, 2008; www.kompas.com).

With a high number of sales in automotive and low number of total length of road infrastructures, traffic density becomes high.

The most common sight of the Jakarta city view on weekdays is traffic jam. Besides the unbalance numbers of cars as compared to the total length of the road infrastructures, not only in Jakarta, but also in other cities, traffic jam is also the results of substandard driving habits and low mentality of drivers.

One of the strategic thinking in attempting to improve the driving habits and mentality of drivers, it may be impediment to start focusing on children. Children are the important assets for the country's future economy (Anantadjaya and Nawangwulan, 2007). With a bit of twist in learning approach and curriculum innovation (Anantadjaya and Nawangwulan, 2007), early child education could also incorporate the topics of driving habits and mentality into its early curriculums. Perhaps, through an early influence, Indonesia can eventually boost the traffic awareness.

To increase traffic awareness, this study attempts to propose an alternative solution to improve driving mentality of residents of Indonesia by introducing a traffic playschool for children. The reason to make the business analysis of children traffic playschool is to increase traffic awareness and mentality from early ages (Yudha, 2008; www.jumicar.de). This playschool is mainly targeted to children ages 6 to 12 years. This kind of business is a new innovation in Indonesia and serves a new idea on potential investment for entrepreneurs.

This paper uses the framework of thinking on entrepreneurial growth theory, which is the development of a well-known theory of the firm, in combination of the entrepreneurial approaches suggested by Hisrich, et al (2005). The core of this paper deals with the analysis of a project in children traffic playschool, following the format of a business plan, as suggested by Hisrich, et al (2005). Statistical evidences are followed to show the perception of public toward this new business venture.

2. Theoretical References

2.1. Entrepreneurships

The word “entrepreneurship” is commonly referred to as *creating new businesses, risk-taking activities, and developing opportunities* (Hisrich, et al, 2005; Sullivan, 2000; Yudha, 2008). Entrepreneurial activities range from solo projects to major undertakings, which have the potential to create many job opportunities (Hisrich, et al, 2005). Nevertheless, there are similar kinds of behaviors in performing entrepreneurship; (1) initiatives, (2) resources allocations, and (3) the logical acceptance of risk and failure (Hisrich, et al, 2005; Sullivan, 2000; Yudha, 2008). In order to excel as entrepreneurs, it is often said that one must have the drive to go forward and continuously managing the available resources, including preparing a road map toward the final objective on a particular project (Hisrich, et al, 2005; Sullivan, 2000).

2.2. Creating Ventures

The multiple steps involved in creating a business can actually be time-consuming. The first step is often concerning the possible business organization. This is concerned about the legal structure of the business.

Another important aspect to be considered is a business plan to lay out the formal statements of business goals, and action plans to reach those goals (Hisrich, et al, 2005). Business plan is important since it contains the power to determine the capability of the venture in a targeted market and provides guidance to the entrepreneur in organizing his or her planning. Generally, business plans are divided into several other plans, such as; marketing plan, organizational planning, production/operational planning, and financial planning.

2.3. The Marketing Plan

Marketing plan becomes an important discussion in a business plan as it lays out the strategies and activities to market the product

in children’s traffic playschool. Marketing plan often starts with marketing strategies to cluster the population into certain groupings via market segmentation, market targeting, and market positioning (Kotler and Armstrong, 2004). Entrepreneurs also need to concentrate on marketing mixes to accurately present the product in this project.

2.4. The Organizational Plan

The organizational plan becomes an important factor in the business plan as a way to inform potential investors about the legal entity of the business, as well as the team members, who will be managing the daily operational activities. It is not just simply informing the shareholders, but also outlining the roles and responsibilities (Ebert and Griffin, 2003; Hisrich, et al, 2005).

2.5. The Financial Plan

A financial plan element of a business plan contains cash flow projections, income statement projections, break-even analysis, and return on investment (Hisrich, et al, 2005; Pratama, 2006; Yudha, 2008). This portion is relatively crucial in trying to convince the potential investors in extending financial support toward a particular project (Hisrich, et al, 2005).

3. Research Methodology

The research method uses descriptive study, which covers both the qualitative and quantitative data as well as hypothesis testing as the preliminary guidance on the estimated outcome. The information on descriptive study is taken from distributed questionnaires. Hypothesis testing will be tested using statistical software, such as SPSS, to investigate the chosen variables.

3.1. Population and Sample Selection

Population in this paper refers to the entire group of people, who live in BSD City,

including the close proximity of numerous housing complexes around BSD City. The basic reason in choosing this group of people is simply due to the propose location of the children’s traffic playschool is estimated to be taken place in BSD City.

Out of this population, a sample is drawn to simply choose several characteristics, such as; male/female, ages between 25-65 years old, and have children/grandchildren, who are between 6-12 years old. This study attempts to cover a minimum of 100 respondents, who are live in, or near BSD City.

3.2. Research Questions

Question 1: How important is the traffic education for children?

Question 2: Does the business on children’s traffic playschool affordable?

3.3. Research Hypothesis

Hypothesis 1: Traffic education for children is important.

Hypothesis 2: Children’s traffic playschool business in Indonesia is affordable.

3.4 Data Collection Method

There are two types of data collection methods in this thesis; primary data and secondary data. Primary data is gathered using questionnaires with the potential customers who live in, or near BSD City. Secondary data is gathered directly from the similar children’s traffic playschool business in Germany. The secondary data is primarily concerned with direct analysis concerning the activities on running the business. Other sources for secondary data are books, journals, textbooks, magazines, newspapers, and downloaded information from internet.

The questionnaires are distributed conveniently to people, who live in, or near

BSD City. Questions in questionnaires are close-ended, following nominal scale for the customer's personal data, and Likert 5-scale for other than the customer's personal data. All data collected are analyzed by using SPSS program (student version).

The secondary data is collected from books, journals, and internet. Particularly, lots of information are collected from the traffic playschools in Hamburg, Germany.

4. Data Analysis

4.1. Overview on Business Plan

The site is proposed to be set up in BSD City. It will sell traffic knowledge and awareness for children. This place could be a new getaway for children while unconsciously increasing awareness about traffic laws since early ages. Since this playschool incorporates learning-by-doing method, children will actually drive mini cars. The mini cars are imported directly from Germany. The safety of the mini cars are guaranteed by the German manufacturer.

Future plan of this site can also be expanded into other cities in Indonesia. The system of expansion is conducted via franchising agreement.

BSD City is perceived as the best place to open a children's traffic playschool because of its potential. BSD City is growing rapidly within past years, with the establishments of many international schools and upper-middle private schools (Yudha, 2008).

This business is a new innovation in Indonesia. As a new player in this industry, it is promising good quality services. The instructors will teach the children gently teaching method. This business will try to build brand recognition as well as maintain trust and loyalty of its customer by giving them a personalize services.

The concept on the playschool site is an open area. It is containing asphalt covered area, with a traffic lights, T-junctions, and cross-junctions (Yudha, 2008; www.jumicar.de). The track itself covered about 3,000 m². For parents of the children, and family members, 2 waiting rooms are available, open-air area and air-conditioned waiting room.

The initial capital for this business is projected at Rp. 6.1 billion. The income is estimated to accumulate to about Rp. 3 billion over the first year of its operation. The pre-opening advertising and promotion are the highest expenses to attract potential customers. The sales are predicted relatively low at the beginning. However, sales are expected to increase as people have direct experience from participation in this traffic playschool.

Aside from the monetary orientation of the business, this children's traffic playschool offers ethical and social responsibility considerations, not only to the children, but also to parents, and the general public at a later date. Hence, it is expected that the government of Indonesia will likely support the establishment of this new business, not only through the grants of business permits, but also from the possible tax reduction, similar to the educational industry.

4.2. Future Outlook and Trends

To increase traffic awareness, this business attempts to propose an alternative solution to improve driving mentality of residents of Indonesia by introducing a traffic playschool for children. Though it is considered as very long-shot, nonetheless, the underlying reason is to increase traffic awareness and mentality from early ages.

As a new business concept in Indonesia, this children's traffic playschool has no direct competition at this time. The available competitors in the market now are only

catering to adults, in terms of go-kart driving circuits. Thus, the primary target for this business is children within age range of 6 to 12 years old, whose parents are categorized as middle to upper income level.

Though it is regarded as a new business concept in Indonesia, there is an experienced player from Germany at this time. A nearby license holder is in Thailand (www.jumicar.de). This player may decide to penetrate the Indonesian market.

4.3. Overview on Marketing Plan

The overview on marketing plan will follow strictly the concepts of 4Ps of Kotler and Armstrong (2004).

4.3.1. Products

The “product” of this children’s traffic playschool consists of mini cars, traffic signs, traffic markers, safety barrels, and advertising banners. Modifications on any of such products are not necessary since all of these products have been used in Germany for few years. The product safety and quality have been tested against potential flaws and defects, as per German manufacturing standards

4.3.2. Pricing

The pricing calculations are based on a children’s traffic playschool in Hamburg, Germany. There, to drive the mini cars, it is priced at €2 for 10 minutes. Considering exchange rates, purchasing power in Indonesia, and the fact that this business concept is new, this study suggests a maximum price of Rp. 20,000 per ticket for a 10-minute ride.

Although the biggest income is expected from ticket sales of riding mini cars, this business also offers classroom tutorials on traffic rules and regulations, and various food and beverages in the waiting lounges. Other

aspect of income can also be generated from sponsorships of various firms to put their logos on mini cars, traffic signs, traffic markers, personnel uniforms, and many others.

4.3.3. Promotion

The promotion campaigns will be divided into three terms of pre opening, opening and post-opening.

During pre-opening, promotional efforts will cover the following issues; advertisements on TV, radio, newspapers, and magazines. Posters and billboard will have to be included as well, as a way to increase awareness of public about the children’s traffic playschool.

During opening terms, promotional efforts will be concentrated into increasing satisfaction and true enjoyment of the facilities. This is targeted to the children, who drive the mini cars, and parents or family members, who may have to wait in the waiting lounges. Such activities include; free driving licensing for children, free memberships for children and parents, members get members benefits, and free classroom tutorials on traffic rules and regulations.

During post-opening terms, promotional efforts will be concentrated into maintaining awareness of public about the existence of this children’s traffic playschool. Such activities include; periodic advertising on newspapers and magazines, visitation into elementary schools, and participations in franchising exhibition.

4.3.4. Placement

The proposed location of this business concept is in BSD City. This is simply due to the facts that BSD City continues to grow and expanding rapidly into more areas. Also, in BSD City and its immediate surroundings,

there are many international and national schools.

4.4. Overview on Operational Planning

To maintain standardizations and ease of future maintenance, this traffic playschool is proposed to have only one supplier for the mini cars. However, for other accessories, such as; tires, helmets, traffic signs, traffic markers, and materials for promotion will be produced in Indonesia.

To maintain customer loyalty, there will be a membership program, where children and parents/family members will be treated as the priority customer. Discounted prices are also extended to members for birthday parties, and other social gathering on the site.

This business concept is estimated to require about 20 personnel on-site, at its peak hours. Nonetheless, regular attendants of this business will only require less than 10 personnel to handle sales, operation, including acting as instructors, administrations, mechanics, and security.

4.5. Overview on Financial Planning

Given the substantially large investment in the beginning to set this traffic playschool, for the first year, this business may seem to fail to bring up hefty returns. The calculations in the table below follow the general experience of the previously set up operation in Germany. Such calculations are using the most optimistic assumptions, provided that the general economic condition in Indonesia is relatively stable.

Table 1. Cash Flow Projections for Year 1 to Year 2

Cash Flow – Year I to II (Rp thousands)		
	I	II
Sales (net)	3,053,267	7,098,427

Cash Flow – Year I to II (Rp thousands)		
	I	II
Capital Expenditures	5,257,264	0
Operating Expense	2,935,917	3,813,782
Interests (16%)	722,383	937,967
Loan Repayments	0	0
Total Cash Out Flow	8,915,563	4,751,750
Available Cash	(5,862,296)	2,346,678
Total Available Cash (net)	(5,862,296)	(3,515,619)

Noting the exchange rates between Rupiah and Euro, the estimated sales in year 1 is about Rp. 3 billion, which are coming from the ticket sales of mini car rides, including classroom tutorial sessions, food and beverages sales, advertising, and special events, such as; birthday parties. It is expected that the revenue from advertising is able to take on the biggest portion of this projected sales. As mentioned earlier, this advertising refers to placements of logos of companies, not only in mini cars, but also in food stalls, waiting lounges, toilets, and classrooms.

Though the sales appear to be relatively optimistic, the required initial investment is far bigger than the sales. The initial investment is projected about Rp. 5.3 billion to cover the start-up package of purchasing the business license from Germany, import/custom duty, 3 units of mini cars, trailers, outdoor advertising, development of site, kiosks, and waiting lounges.

The operating expense starts building up from a mere Rp. 3 billion in year 1 to cover the pre-opening activities up to the first day of actual operation. Such a figure is used to cover personnel costs, rental fee for the site of about

5,000 m2, outdoor promotion, and purchase of additional mini cars.

Loans from banks are assumed to bear 16% interest rate, whose interest payment is payable starting in year 1. The actual loan amortization is payable starting in year 4. Given this condition in year 1, the operational activities of the business fall short of about Rp. 5.9 billion.

The calculations in year 2 show an improving bottom line. This is mainly due to the fact that the business does not need any additional capital expenditures. Also, based on the experience and information received from Germany, sales are likely to double in year 2. This is mainly due to public awareness about this traffic playschool. Besides, it is also expected that by year 2, the management is able to secure agreements with various elementary schools for their extra-curricular activities. To achieve this objective, however, the figures on operating expenses show a rather substantial increase of about Rp. 1 billion, as compared to operating expense in year 1.

Table 2. Cash Flow Projections for Year 3 to Year 4

Cash Flow – Year III to IV (Rp thousands)		
	III	IV
Sales (net)	7,765,809	8,133,299
Capital Expenditures	0	0
Operating Expense	3,987,136	4,111,456
Interests (16%)	562,499	47,911
Loan Repayments	0	3,000,000
Total Cash Out Flow	4,549,635	7,159,367
Available Cash	3,216,174	973,932
Total Available Cash (net)	(299,445)	674,488

As one would have expected, year 3 shows a much better bottom line. Though the increment of sales are not double, the operating expenses are predicted to only increase minimally to cover potential bonuses, and/or insurance coverage on employees. Since the business does not require any additional capital expenditures, the bottom line is automatically improved.

Year 4 shows an increasing sales (about 5%), and operating expenses (about 3%). Year 4 is also the year of loan repayment. With all the estimated conditions, the bottom line shows a sufficient available cash of about Rp. 674 million.

In order to calculate the return on investment (“ROI”), at least 2 components are necessary. Year 4 projected sales are used as the base to come up with the average annual sales. This figure is used to represent potential income to the business during the first 4 years of operational activities. The total investment, including the first year operational activities, is used to represent the total capital expenditure in this business. The first year operational activities are included since this represents the potential working capital to set up the business until it is ready for actual operation.

Table 3. Returns on Investment Projections for Year 1 to Year 4

Return on Investment Projections for 4 years	
Item	Rp (thousands)
Total Capital Expenditures (including first year operational expenses)	8,193,181
Revenue	8,133,299
Period	4
Average Revenue per year	2,033,325
Average Return on Investment per year	24.82%

Table 3 above indicates an average of about 25% ROI in this business. This rate of return shows a difference of almost 10% from the underlying assumptions of 16% interest rates. One would argue, however, that it shows a rather favorable return since the underlying calculations assumed the most optimistic situations. Under the most pessimistic situations, all figures would have to be discounted by at least 50%. If this were the case in Indonesia, for instance, the average ROI per year would only be 12.41%, as indicated in the following table. The total capital expenditures and first year operational expenses remain the same. The projected sales are discounted by 50%, for a total of Rp. 4 billion. In order to achieve the same results of 25%, the total period becomes 8 years. Hence, at the rate of return of 12.41%, this business must bear losses of about 4% spread between the calculated ROI and the underlying interest rate used in this case of 16%. Within the next 4 more years, the rate of return is expected to reach the stage of “break even point”, and the business would start generating positive returns.

Table 4. Returns on Investment Projections for Year 1 to Year 4 (most pessimistic)

Return on Investment Projections for 4 years	
Item	Rp (thousands)
Total Capital Expenditures (including first year operational expenses)	8,193,181
Revenue	4,066,650
Period	4
Average Revenue per year	1,016,662
Average Return on Investment per year	12.41%

4.6. Overview on Questionnaires and Respondents' Characteristics

This section attempts to address the research questions and summarizing the respondents' characteristics.

The majority of respondents live around in BSD City, including some other residential areas, such as; Alam Sutera, Kebon Jeruk, Bintaro and Pondok Indah. The questionnaires question about respondent's general background, general knowledge about traffic in Jakarta, and about planning of this children's traffic playschool. The results of the questionnaire will be used to answer the questions to support the hypothesis.

This research is based on questionnaires that are distributed in several locations in BSD City, including some parts of West Jakarta and South Jakarta. The questionnaires were spread in schools, malls, café, and through emails. At a mere 50% response rate, a total of 100 respondents are finally used in this study. The reliability of such data is about 61%.

Table 5. Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.606	0.609	34

Since the reliability statistics reveal a sufficient amount of dependability, thus, the use of data can be used for further processing. From the respondents' characteristics, the following information is obtained; 61% of respondents were male, 63% of respondents were below 35 years of age, 56% of respondents claimed to have income of more than Rp. 10 million per month, 53% of respondents claimed to have spent their income less than Rp. 5 million per month, and 75% of respondents have at least 1 child.

With regards to the first research question on “how important is the traffic

education for children”, the following responses were gathered;

- About 7% of respondents agreed that the traffic in Jakarta is neat and orderly,
- About 72% of respondents agreed that education on traffic laws is necessary,
- About 89% of respondents agreed that education on traffic laws is necessary since elementary ages, and
- About 37% of respondents agreed that it was mandatory to include this program in a schools’ curriculum.

As these set of questions are used to support the projections on financial calculations, the correlations are also calculated to ensure the proper association among variables concerned in this first research question. Such correlations are calculated based on the respondents’ responses on “numbers of children”, and 4 general questions on traffic.

Table 6. Correlations on General Questions on Traffic Based on “Numbers of Children”

		X ₈	X ₉	X ₁₀	X ₁₁
Children	Pearson Correlation	-.159	.312	.180	.220
	Sig. (2-tailed)	.115	.002	.073	.028
	N	100	100	100	100

The correlation table reveals the significant relationship between “numbers of children” and “education on traffic laws” at 99% confidence level, and “numbers of children” and “mandatory in schools’ curriculums” at 95% confidence level. At 90% confidence, a significant relationship also occurs between “numbers of children” and “education on traffic laws since elementary ages”. The correlation between “numbers of children” and “traffic in Jakarta” shows a negative relationship. This is mainly due to the

actual wording on the questionnaire that lure respondents to response “disagree”. These results indicate that as the numbers of children increase, respondents tend to agree that traffic education is important. Hence, it is safe to conclude that with 61% data reliability, traffic education is important.

With regards to the second research question on “does the business on children’s traffic playschool affordable”, the following responses were gathered;

- About 34% of respondents agreed to spend Rp 20,000 for 10-minute rides on the fuel-consuming mini cars,
- About 34% of respondents agreed to spend Rp 20,000 for 10-minute rides on the fuel-consuming two-wheel vehicles,
- About 66% of respondents agreed to spend Rp 20,000 for 10-minute rides on the pedal-operated mini cars,
- About 83% of respondents disagreed to spend Rp 20,000 for 10-minute rides on bicycles,
- About 89% of respondents disagreed to spend Rp 20,000 for 10-minute rides on toy scooter,
- About 67% of respondents disagreed to spend Rp 20,000 for 10-minute rides on roller-skates.

As these set of questions are used to support the projections on financial calculations, the correlations are also calculated to ensure the proper association among variables concerned in this second research question. Such correlations are calculated based on the respondents’ responses on “monthly income”, and 6 questions on pricing. To evaluate the possible differences among influencing variables, a second correlation calculations are also performed, which is based on “monthly expenses”, and 6 questions on pricing.

Table 7. Correlations on Affordability Questions Based on "Monthly Income"

		X ₂₄	X ₂₅	X ₂₆	X ₂₇	X ₂₈	X ₂₉
Monthly Income	Pearson Correlation	.17	-.08	-.09	.06	.06	-.02
	Sig. (2-tailed)	.09	.43	.33	.53	.54	.81
N		100	100	100	100	100	100

Table 8. Correlations on Affordability Questions Based on "Monthly Expenses"

		X ₂₄	X ₂₅	X ₂₆	X ₂₇	X ₂₈	X ₂₉
Monthly Expenses	Pearson Correlation	.33	-.05	-.20	.09	.04	-.08
	Sig. (2-tailed)	.00	.66	.05	.36	.69	.44
N		100	100	100	100	100	100

The first correlation table reveals the significant relationship between “monthly income” and “Rp. 20,000 for 10-minute rides on the fuel-consuming mini cars” at 90% confidence. At this combination, only 1 variable shows significance. This result indicates that as monthly income rises, respondents tend to agree to pay for Rp. 20,000 for 10-minute rides on the fuel-consuming mini cars. Hence, it is safe to conclude that with 61% data reliability, the use of fuel-consuming mini cars is affordable.

The second correlation table reveals the significant relationship between “monthly expenses” and “Rp. 20,000 for 10-minute rides on the fuel-consuming mini cars” at 99% confidence. At 95% confidence level, though it is negatively correlated, a significant relationship is also occurred between “monthly expenses” and “Rp 20,000 for 10-minute rides on the pedal-operated mini cars“. This simply means that as the respondents’ monthly expenses rise, the willingness of parents to pay Rp. 20,000 for 10-minute rides on the pedal-

operated mini cars slides. This shows that respondents tend to agree to pay Rp. 20,000 for 10-minute rides on something else, rather than pedal-operated mini cars. Referring to the statistical results above, it appears that respondents tend to agree to pay for fuel-consuming mini cars instead. Hence, it is safe to conclude that with 61% data reliability, the use of fuel-consuming mini cars is affordable.

5. Conclusion and Recommendation

5.1. Conclusion

Based on the responses and data analysis, as previously discussed, it is safe to conclude that the traffic education for children is important. The responses from respondents indicate that the majority of respondents perceive that the traffic in Jakarta is not neat and orderly. To improve the traffic condition in Jakarta, about 72% of respondents agreed that traffic education is necessary. About 89% of respondents added that traffic education should be started since elementary ages, and should be incorporated into the school curriculums.

With regard to hypothesis 2, based on the responses and data analysis, as previously discussed, it is safe to conclude that the children’s traffic playschool business in Indonesia is not really affordable. The responses from respondents indicate that only about 34% of respondents agreed to spend Rp. 20,000 for 10-minute rides on the fuel-consuming mini cars.

Nonetheless, though this children’s traffic playschool may not be affordable, this new innovation appears to be a good innovation in starting a new business ventures. As expected, the future of this business is predicted to be relatively satisfactory. This is due to several reasons as follows;

- First, though it is applying the similar business ideas from Germany, perhaps via a franchising agreement, it is considered a new innovation in Indonesia. This

business idea is expected to excel in educational industry, particularly within the elementary educational industry.

- Second, there is no direct competitor in Indonesia, at this time. The entrance of potential rivals is expected to be rather limited for young Indonesian entrepreneurs since the initial investment is considerably large. Thus, the initial investment may portray the biggest hurdle for potential players in the market. Nevertheless, such an initial investment may appear “affordable” for mature Indonesian entrepreneurs, who may have successfully run and managed offices and factories in Indonesia. For international entrepreneurs, however, such an initial investment may appear “affordable” as well. Therefore, potential rival should be expected from mature Indonesian entrepreneurs, and international entrepreneurs.
- Third, since this business seems to offer a potential solution to manage the country’s traffic problem in the future, it is expected that the government of the Republic of Indonesia may extend substantial supports toward the viability of this business. Minimally, supports on soft loans should be expected.
- Fourth, not only that such an idea is good, but the proposed idea appears to be able to generate sufficient returns for investors. Again, this seems to lure possible supports from the local government.
- Fifth, this is a playschool where children can learn the traffic laws with fun. Thus, it is possible that traffic education in early ages can be expected to minimize the traffic problem in Jakarta in the future.

5.2. Recommendation

In order to make this study more reliable, there are factors to consider for further studies.

In relation to the business plan, which mainly covers both the financial plan and marketing plan, it can be recommended that;

- A much closer study in Germany’s playschool may have to be performed to learn the key ingredients for success.
- Interest rates parity between Germany’s interest rates and Indonesian interest rates may have to be incorporated to develop a better financial modeling toward analyzing the overall business performance.
- Differences in exchange rates, particularly between the Indonesian Rupiah and Euro, may have to be considered more closely. This is expected to show significant contributions toward profitability and cash flows projections.

In relation to the questionnaires and responses from respondents, the following can be suggested;

- Future studies may have to consider more respondents to be included. This study is formulated based on only 100 respondents.
- Future studies may have to consider more questions in the questionnaires. Perhaps, more detailed-type of questions ought to be incorporated as to further analyze the characteristics of respondents, potential differences among respondents, including their attitudes and preferences toward playschool.
- The area covered by this study may have been relatively limited to BSD City, Alam Sutera, Kebon Jeruk, Bintaro and Pondok Indah. Perhaps, a much bigger area could also be measured to note the respondents’ tendencies and preferences.

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