ABSTRACT

Indonesia's sago potential is very large, covering about 60 percent of the world's sago area. Indonesia's sago area is estimated to reach 1.2 million hectares with production ranging from 8,4 to 13,6 million tons per year. The productivity of starch can reach 25 tons/hectare/year and is the highest among other starch-producing plants. The level of national sago consumption experienced a significant increase and the increase in foreign exports of sago also increased from year to year. PT. XYZ chose to produce high potential sago in Indonesia. Aiming to become a sago producer that can distribute its products throughout Indonesia and also export it abroad, PT. XYZ chose to open a sago flour production plant in Mimika, Papua because sago is a local plant that grows well and is abundant. PT. XYZ made an investment to start the business process of developing this sago production plant in Papua. Based on the business feasibility design that has been carried out, it shows that the design for the development of a sago flour production plant PT. XYZ is feasible to do with an NPV value of Rp21.063.043.334. an IRR value of 33,21%, and a PBP of 2,98 years. The design is also carried out by analyzing sensitivity to the increase in direct material costs, increased labor costs, decreased product selling prices, and decreased product *demand*. The results of the sensitivity analysis showed that the design for the development of a sago flour production plant at PT. XYZ is sensitive to an increase in direct material costs by 62,90%, sensitive to an increase in labor costs by 64,63%, sensitive to a decrease in product selling prices by 10,31%, and sensitive to a decrease in product *demand* by 10,31%.

Keywords — ***Feasibility Analysis, Market Aspect, Technical Aspect, Financial Aspect, Sensitivity Analysis.***