

## **EXECUTIVE SUMMARY**

Indonesia, an emerging economy with 244.7 million population (BPS 2012) is in need of affordable and dependable ground transportation to mobilize its people. Unfortunately, such a large population is not supported with reliable transportation system and adequate infrastructure. In the country's big cities, traffic jam which has been a common problem has forced people to seek for alternative transport. The most preferred mode of transport in this kind of situation is motorcycles which can be seen flocking city traffic on daily basis.

Statistically, such an enormous motorcycle use is shown in the sales figures of motorcycles that keep increasing from year to year. In 2013, the number is predicted to touch 10 million units ([detik.com](http://detik.com), [otomotifnet.com](http://otomotifnet.com), 02-2012). The largest motorcycle market is in Java Island that contributed 51.7% of the national motorcycle sales ([kompas.com](http://kompas.com), 02-2012). In addition, the Indonesia's most populated island recorded a massive motorcycle population with approximately 30 million units in 2010.

Along with the immense growth of motorcycle, the government of Indonesia has imposed a regulation that obliges motorcyclists to wear helmet that has been certified under the Indonesian National Standard (SNI) regime. Consequently, the number of motorcycle sales correlates positively with that of helmet sales. Learning this great prospect, we see a great opportunity to start a business in helmet manufacturing and sales as well as to compete in this vast market.

Of course, in order to win the competition, we need to run the business with the appropriate strategy. We apply Porter's differentiation generic strategy, which is reflected in the entire business activities, including in the product that has features way beyond the SNI standards: (1) international standard air filter by 3M, a renowned manufacturer; (2) changeable outer shell with unique artwork; (3) hybrid mechanism that allows change from open-face to full-face mode with only one-push (lever).

Since marketing is key in this business, we will maximize all marketing efforts to deliver the products to our target market in 10 cities in Java Island. On the operational front, we endeavor to produce high quality helmet—particularly in its function to keep the users healthy, with its cutting-edge air filter—through our reliable subcontracting partner. On human resources side, we need resources that are not only reliable and competent, but are also able to create values relevant to the predetermined generic strategy. Finance-wise, in the next five years, we seek to record positive free cashflow to the firm (FCFF) since the second year of our operation with growth rate of over 13% in the third year and further; to yield 56.72% Internal Rate of Return (IRR), that is significantly higher than the cost of equity (most likely scenario).