

Executive Summary

Nowadays, the number of area of natural forests are being reduced because of deforestation activities which is difficult to control. On the other side, awareness of forest conservation increase in wood producer countries is also impacting the wood supply for the industry. Wood price is getting higher with very limited volume of supplies.

We know that as an important material in our live, we still need to consume wood but we have to consume wisely. Sustainable Forest Management (SFM) is one of the best solutions for this issue. *Paraserianthes falcataria* (L.) Nielsen (1983), which is known as Sengon is a pioneer plant for this SFM. It has several characteristics that has the advantages.

The objective of this business plan is to analyze the feasibility of sengon industrial forest plantation and timber processing as the source of wood material from non-natural forest.

The feasibility study is covering internal and external business environments, with some strategies from different aspects which includes general strategy, marketing, operational, human capital and finance. There are some scenarios that have been defined to identify the risk of business and it's mitigation.

The simulation result from 3 scenarios: worst case, most likely and best case are shown that expected net present value is positive, with internal rate of return (IRR) is higher than cost of capital or weighted average cost of capital. IRR values from these 3 scenarios are 23.43%, 38.70% and 46.22%. For all scenarios, break event point

are in between 5 to 6 years. It also been identified that operational excellence is a key for the business to be survive and win market competition.

From this study with all the assumption that has been defined, we conclude that the business of development sengon industrial forest plantation and timber processing is feasible and profitable.

