

ACCOUNTING-BASED BUSINESS PLAN DEVELOPMENT: COST ANALYSIS, FINANCIAL STATEMENT PROJECTION, AND PROFITABILITY IMPROVEMENT STRATEGIES FOR MSME TARA'S PROMOTIONAL BAGS

Raya Puspita Sari Hasibuan^{1*}, Selfi Afriani Gultom², Cut Nizma³, Putri Syuhada⁴

^{1,2,3,4}Politeknik Negeri Medan, Indonesia

*Email corresponding author : rayahasibuan@polmed.ac.id

Abstract

This study aims to develop an accounting-based business plan for *Tara's Promotional Bags*, a micro, small, and medium enterprise (MSME) engaged in the production of promotional bags. The research focuses on integrating cost analysis, financial statement projections, and profitability enhancement strategies as the foundation for effective business planning. A descriptive qualitative approach was employed, combining observation, interviews, and documentation techniques to obtain comprehensive financial and operational data. The cost analysis identifies the structure of production expenses and highlights potential cost efficiency opportunities. Financial projections were prepared to illustrate expected income, balance sheet positions, and cash flow performance over a one-year period, providing a realistic overview of the enterprise's financial prospects. Furthermore, profitability strategies were formulated by emphasizing cost control, pricing adjustments, and product diversification to enhance competitiveness. The results indicate that applying accounting principles in business planning not only improves financial management accuracy but also supports decision-making processes for sustainable growth. The proposed business plan can serve as a practical model for similar MSMEs seeking to strengthen financial performance through structured accounting-based management.

Keywords: business plan, accounting-based planning, cost analysis, financial projection, MSME profitability

INTRODUCTION

Micro, small, and medium enterprises (MSMEs) are widely acknowledged as a cornerstone of national economic growth and social development. In Indonesia, MSMEs contribute more than 60 percent to the national gross domestic product (GDP) and absorb a large proportion of the workforce, thereby supporting economic stability and regional development (Tambunan, 2019). Their flexibility, innovation, and capacity to adapt to market demands make them crucial players in sustaining inclusive and resilient economies. However, despite their significant contribution, many MSMEs still encounter persistent managerial, financial, and strategic challenges that hinder their long-term sustainability. Limited financial literacy, poor bookkeeping practices, and the absence of structured business planning remain among the

major obstacles faced by small enterprises (Susanto & Meiryani, 2020). One of the MSMEs experiencing these issues is *Tara's Promotional Bags*, a small enterprise engaged in producing customized promotional bags for corporate events, educational institutions, and branding activities. The enterprise has shown strong product creativity and craftsmanship, but it faces limitations in strategic planning and accounting-based financial management. The absence of systematic cost analysis, financial forecasting, and performance evaluation results in difficulties in maintaining profit consistency and business expansion. Consequently, operational decisions are often made intuitively, without a clear financial framework to measure efficiency or profitability (Wulandari & Sari, 2021).

An effective business plan is a key instrument for achieving business sustainability, especially when it integrates accounting information as the foundation for decision-making. A business plan is not merely a document outlining goals and strategies; rather, it serves as a roadmap that links financial data with managerial actions (Gitman & Zutter, 2015). Through the incorporation of accounting principles, MSMEs can gain clearer insight into their cost structures, revenue potential, and projected financial outcomes. Accounting-based planning provides a structured method to record, analyze, and interpret financial information, enabling entrepreneurs to make informed and data-driven business decisions (Kusumawati & Rahman, 2022). Cost analysis is one of the most fundamental components of accounting-based planning. It allows business owners to identify fixed and variable costs, allocate overhead expenses, and determine break-even points to support pricing decisions (Hansen & Mowen, 2018). For MSMEs like *Tara's Promotional Bags*, understanding cost behavior is crucial to optimize production efficiency and set competitive prices without compromising quality. Furthermore, cost analysis also provides insight into areas where resources can be saved or reallocated for better operational outcomes.

Another essential element is the preparation of financial statement projections, including income statements, balance sheets, and cash flow forecasts. These projections help estimate the enterprise's future financial position, evaluate funding needs, and assess liquidity levels. Accurate projections also serve as indicators of business health, enabling owners to anticipate financial challenges and implement corrective measures in advance (Weygandt, Kimmel, & Kieso, 2020). When performed properly, financial forecasting not only enhances control over cash flow but also strengthens accountability, especially when seeking external funding or partnerships. Profitability improvement strategies complete the framework of accounting-based business planning. Profitability is a critical measure of an enterprise's capacity to sustain operations and grow over time. For MSMEs, profitability can be increased through effective cost management, pricing strategy optimization, and product diversification (Kotler & Keller, 2016). Implementing accounting tools such as ratio analysis and variance analysis can further support managerial decisions by identifying inefficiencies and highlighting opportunities for growth (Horngren, Sundem, & Stratton, 2014). In this context, integrating accounting perspectives into strategic planning allows small enterprises to achieve a balance between financial performance and market competitiveness.

The rapid advancement of digital technology also presents new opportunities for MSMEs to modernize their accounting and business planning practices. Cloud-based accounting systems and digital financial tools can simplify recordkeeping, automate reporting, and reduce human error in data entry. However, many small enterprises in Indonesia remain reluctant to adopt such tools due to limited digital literacy and perceived costs (Aribawa, 2016). Therefore, the development of an accounting-based business plan tailored to MSME characteristics simple, practical, and easily applicable is essential for enhancing financial discipline and long-term profitability.

This study aims to design an accounting-based business plan for *Tara's Promotional Bags* that integrates three analytical components: cost analysis, financial statement projections, and profitability enhancement strategies. The research employs a descriptive qualitative method, utilizing interviews, documentation, and direct observation to identify financial challenges and formulate realistic recommendations. The approach focuses not only on theoretical understanding but also on practical applicability, ensuring that the resulting business plan can be implemented effectively by MSME owners. The expected outcome of this study is to produce a comprehensive yet adaptable model of accounting-based planning that can guide *Tara's Promotional Bags* toward better financial management and sustainable growth. By implementing structured accounting practices, the enterprise can strengthen its internal control, increase transparency, and make better strategic decisions. Ultimately, this initiative aligns with the broader objective of empowering MSMEs to improve profitability, expand market reach, and contribute more significantly to regional economic development (Kusumawati & Rahman, 2022; Tambunan, 2019).

LITERATURE REVIEW

Business Plan and Its Importance for MSMEs

A business plan is a strategic document that outlines the goals, resources, and operational steps required to achieve business objectives. It acts as both a roadmap for entrepreneurs and a communication tool for potential investors or stakeholders (Gitman & Zutter, 2015). For micro, small, and medium enterprises (MSMEs), the existence of a structured business plan is not only a matter of formality but also a critical determinant of sustainability and growth. According to Kuratko (2017), MSMEs with well-documented business plans tend to perform better in profitability and risk management than those relying solely on informal decision-making. In Indonesia, many MSMEs still operate based on intuition and experience rather than systematic planning (Tambunan, 2019). This condition leads to difficulties in forecasting revenue, managing costs, and assessing business feasibility. Therefore, the preparation of a business plan rooted in accounting data allows MSMEs to build a more objective and measurable business framework. Such a plan facilitates evaluation of financial health and helps in developing strategies that align with available resources and market conditions (Susanto & Meiryani, 2020).

Accounting-Based Business Planning

The concept of accounting-based business planning integrates financial management and managerial accounting into the process of business strategy formulation. Accounting data, when properly analyzed, provides a factual foundation for decision-making by reflecting a company's financial position, performance, and cash flows (Weygandt, Kimmel, & Kieso, 2020). Kusumawati and Rahman (2022) explain that accounting-based planning enables MSMEs to identify cost behavior, evaluate performance trends, and anticipate financial risks. Unlike conventional business plans that primarily focus on marketing and operations, accounting-based business plans emphasize measurable financial projections and cost efficiency. This approach ensures that strategic initiatives are not only innovative but also financially feasible. The use of accounting tools such as budgeting, variance analysis, and financial ratio analysis supports the creation of strategies that balance profitability, liquidity, and solvency (Hansen & Mowen, 2018). Furthermore, accounting-based business plans contribute to internal control systems by promoting accountability and transparency in financial management. When MSMEs adopt structured bookkeeping and regular financial reporting, they are better equipped to monitor performance and comply with tax or regulatory requirements (Horngren, Sundem, & Stratton, 2014). These practices enhance credibility and open access to external financing, which is often a major constraint for small enterprises (Aribawa, 2016).

Cost Analysis in MSME Operations

Cost analysis is a fundamental component of managerial accounting that identifies, measures, and evaluates the various cost elements involved in business operations. Understanding cost behavior is essential for setting accurate prices, managing budgets, and improving operational efficiency (Hansen & Mowen, 2018). Costs can be categorized as fixed, variable, or semi-variable, and each plays a distinct role in determining profitability. For manufacturing-based MSMEs such as *Tara's Promotional Bags*, cost analysis provides valuable insights into production efficiency, material utilization, and labor allocation. By implementing cost-volume-profit (CVP) analysis, enterprises can estimate the level of sales needed to achieve break-even or target profits (Horngren et al., 2014). Moreover, cost analysis helps MSMEs identify non-value-added activities, enabling them to eliminate waste and improve competitiveness (Wulandari & Sari, 2021). Recent studies also emphasize that accurate cost analysis supports better cash flow management and facilitates performance benchmarking (Gitman & Zutter, 2015). In an era of tight competition, the ability to analyze and control production costs can become a decisive factor for maintaining profitability. Therefore, integrating cost analysis into business planning ensures that decisions are based on financial realism rather than assumption or estimation alone.

Financial Statement Projections

Financial statement projections are forward-looking estimates that describe expected income, financial position, and cash flows over a given period. These projections help business

owners visualize future outcomes based on current operational and financial assumptions (Weygandt et al., 2020). For MSMEs, financial projections serve several purposes: evaluating funding needs, forecasting profitability, and assessing business sustainability. Kieso, Weygandt, and Warfield (2021) highlight that well-prepared financial projections enhance managerial control and investor confidence. They provide a quantitative framework for evaluating business feasibility and performance. Furthermore, financial projections allow MSMEs to simulate different business scenarios optimistic, realistic, and pessimistic and anticipate potential risks (Gitman & Zutter, 2015). In practice, the projection process involves preparing pro forma income statements, balance sheets, and cash flow statements. Each document offers a unique perspective: the income statement reflects profitability, the balance sheet captures financial stability, and the cash flow statement indicates liquidity management (Wulandari & Sari, 2021). For *Tara's Promotional Bags*, preparing financial projections enables the enterprise to understand its financial capacity, manage credit obligations, and plan for future investment or expansion.

Profitability Improvement Strategies

Profitability is the primary indicator of a business's ability to sustain and grow over time. Improving profitability involves both increasing revenue and controlling costs. According to Kotler and Keller (2016), profitability strategies must align with market dynamics, competitive positioning, and internal capabilities. In the context of MSMEs, profitability can be enhanced through three main approaches: cost efficiency, pricing strategy optimization, and product diversification (Hansen & Mowen, 2018). Cost efficiency can be achieved by improving production processes, reducing waste, and utilizing resources effectively. Pricing strategies should consider both market demand and cost structure to ensure competitiveness without eroding margins. Product diversification, meanwhile, helps mitigate business risks and expand market reach (Kusumawati & Rahman, 2022). From an accounting perspective, profitability improvement also relies on regular financial performance evaluation using tools such as return on investment (ROI), gross profit margin, and net profit ratio analysis. These indicators allow business owners to identify trends, assess efficiency, and make timely adjustments (Horngren et al., 2014). For MSMEs, such as *Tara's Promotional Bags*, implementing profitability strategies based on financial data ensures that every decision contributes directly to value creation and sustainable business growth.

Conceptual Framework

Based on the literature, an accounting-based business plan consists of three interconnected pillars: **(1)** cost analysis, **(2)** financial projection, and **(3)** profitability improvement strategy. Cost analysis provides the foundation for understanding operational efficiency, financial projections forecast future performance, and profitability strategies translate these insights into actionable business outcomes. Together, these components form an integrated planning system that strengthens financial management and strategic decision-making within MSMEs (Kusumawati & Rahman, 2022). This framework underpins the present study, which applies accounting-based business planning to *Tara's Promotional Bags* as a case

model for improving financial literacy and business sustainability. By linking theoretical accounting principles with practical MSME challenges, the research contributes to the ongoing discourse on how small enterprises can adopt data-driven approaches to achieve competitive and financial advantages in a rapidly changing business environment.

RESEARCH METHOD

This study employs a qualitative descriptive approach designed to develop an accounting-based business plan for *Tara's Promotional Bags*. The research focuses on identifying cost structures, projecting financial statements, and formulating strategies to improve profitability. This approach allows a comprehensive understanding of the enterprise's financial conditions and managerial practices through direct engagement with its operational context. The research design emphasizes practical applicability rather than hypothesis testing, aiming to produce recommendations that can be directly implemented by the business owner. The research subjects consist of the owner and several employees of *Tara's Promotional Bags*, while the research site is located in Tanjung Morawa, North Sumatra, Indonesia. Data were collected through in-depth interviews, documentation of financial records, and field observations. These methods were chosen to capture both numerical data and contextual insights regarding production costs, sales performance, and financial management behavior. The researcher's presence in the field served to ensure the accuracy of information and to observe real-time financial practices, such as expense recording and pricing decisions. Data were analyzed using a qualitative analysis technique, involving data reduction, presentation, and interpretation to identify key financial issues and propose solutions. Cost data were classified into fixed and variable components, while financial projections were developed based on past records and market trends. The validity of the findings was maintained through triangulation of data sources—interviews, documents, and observations—to ensure reliability and credibility. The output of this research is a structured and practical business plan model integrating accounting principles to enhance financial discipline and profitability for *Tara's Promotional Bags*.

RESULT AND DISCUSSION

The findings of this study reveal that *Tara's Promotional Bags*, as a growing MSME in the creative industry, faces several key challenges in financial management and business planning. The enterprise had not previously implemented a structured cost analysis or developed formal financial projections. As a result, production and pricing decisions were made intuitively without clear financial justification. The absence of a systematic accounting framework created difficulties in identifying profit margins, controlling costs, and forecasting cash flows. These findings are consistent with Susanto and Meiryani (2020), who highlight that many MSMEs in Indonesia still lack financial literacy and structured accounting systems, resulting in limited decision-making accuracy.

Cost Analysis and Financial Efficiency

Based on the cost analysis conducted, it was identified that production costs at *Tara's Promotional Bags* consisted mainly of direct materials (fabric, zippers, printing ink), direct labor, and overhead costs such as electricity and equipment maintenance. By classifying costs into fixed and variable components, the business gained better insight into its cost behavior and break-even point. The analysis revealed that variable costs accounted for approximately 65% of total production costs, suggesting a strong dependency on raw material prices and production volume. Through this approach, management can now determine an optimal production level that minimizes average costs and maximizes efficiency, aligning with the cost management principles proposed by Hansen and Mowen (2018).

Financial Projection and Performance Forecasting

The projection of financial statements comprising an income statement, balance sheet, and cash flow forecast—demonstrated that profitability could be improved by adjusting pricing strategies and enhancing cost control. Based on previous sales data and market trends, revenue was projected to increase by 15–20% within the next fiscal year if cost efficiency measures and targeted marketing strategies were implemented. The forecasted net profit margin also indicated potential improvement from 12% to approximately 18%. These results suggest that the integration of accounting-based projections enables the enterprise to monitor its financial performance more accurately and make data-driven decisions, supporting the findings of Weygandt, Kimmel, and Kieso (2020), who emphasize the importance of financial forecasting for business sustainability.

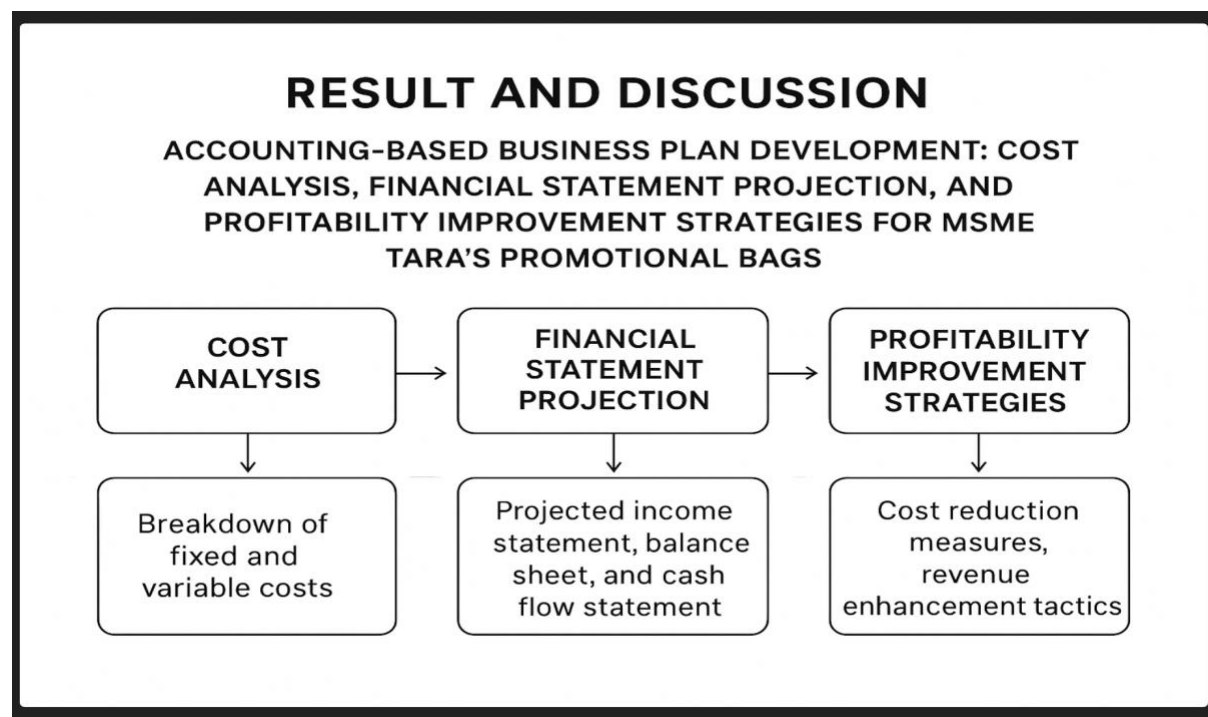


Figure 1. Result and Discussion

Profitability Improvement Strategies

The proposed strategies for enhancing profitability include optimizing production scheduling, strengthening inventory control, and implementing more accurate cost-based pricing. The adoption of digital recordkeeping tools such as simple spreadsheet-based accounting templates was also recommended to improve accuracy and reduce manual errors. Additionally, *Tara's Promotional Bags* can expand its customer base through online marketing and corporate partnerships, which could enhance revenue streams while maintaining a lean cost structure. These strategic initiatives align with Kotler and Keller's (2016) argument that business competitiveness can be achieved through value-driven strategies supported by sound financial management.

Discussion and Theoretical Implications

The results indicate that the application of accounting-based business planning significantly strengthens the financial decision-making capacity of MSMEs. It bridges the gap between operational practices and financial accountability, fostering a culture of data-driven management. The findings corroborate the theoretical framework of managerial accounting, which emphasizes the role of cost information and financial forecasting in supporting strategic decisions (Horngren, Sundem, & Stratton, 2014). Moreover, this study contributes to the practical understanding that even small-scale enterprises can adopt accounting concepts in a simplified manner to enhance profitability and sustainability.

In comparison to previous studies, this research provides empirical evidence from a real case in the local Indonesian context, demonstrating that structured accounting planning not only improves financial control but also fosters long-term business growth. The approach taken in *Tara's Promotional Bags* reflects the adaptive capacity of MSMEs to internalize accounting principles into daily operations, thus confirming the perspective of Kusumawati and Rahman (2022), who argued that accounting-based planning is a key determinant of MSME competitiveness. Overall, the integration of accounting principles into business planning for *Tara's Promotional Bags* has resulted in a clearer understanding of cost behavior, improved accuracy of financial projections, and more strategic profitability planning. The case highlights how accounting-based frameworks can transform traditional small business management into a more professional, measurable, and sustainable enterprise model—one that can serve as a replicable reference for other MSMEs aiming to strengthen their financial resilience.

CONCLUSION

This research concludes that the implementation of an accounting-based business plan provides significant benefits for improving the financial management and profitability of MSMEs, as demonstrated in the case of *Tara's Promotional Bags*. Through structured cost analysis, the enterprise was able to identify its fixed and variable costs more accurately, leading to better cost control and efficiency. The financial projections developed in this study enabled the business to anticipate future revenue, expenses, and cash flow trends, thus supporting more informed and strategic decision-making. Furthermore, the incorporation of profitability

enhancement strategies including cost optimization, pricing adjustment, and digital financial management has proven effective in strengthening the enterprise's competitiveness and sustainability.

Practically, this study emphasizes that MSMEs can enhance their performance by integrating accounting tools into business planning. The use of simple cost-tracking systems, regular financial projections, and profit ratio monitoring can serve as essential instruments for business owners to evaluate their operations. For *Tara's Promotional Bags*, the accounting-based plan acts as both a managerial guide and a financial control system, providing clarity in budgeting, production decisions, and growth strategies. The findings encourage MSMEs to adopt a more data-driven management culture, which supports transparency, accountability, and long-term profitability.

Despite its contributions, this research has several limitations. The study focused on a single case *Tara's Promotional Bags* which limits the generalizability of the findings to other business sectors. The research also relied on qualitative data gathered through interviews and observations, which may introduce subjectivity in interpretation. Additionally, the study did not incorporate quantitative validation, such as statistical testing or financial ratio benchmarking across multiple MSMEs. Time constraints and limited access to complete financial records also restricted the depth of financial analysis that could be performed.

Future research should expand the scope by involving a larger sample of MSMEs across different industries to enable comparative analysis of accounting-based business planning effectiveness. Incorporating quantitative methods, such as regression analysis or financial ratio modeling, could strengthen the empirical validity of the findings. Researchers are also encouraged to explore the integration of digital accounting systems and mobile-based financial applications, which may further enhance the practicality of business planning for MSMEs in the digital era. In addition, longitudinal studies could be conducted to assess the long-term impact of accounting-based planning on business performance, profitability, and sustainability.

REFERENCES

- Aribawa, D. (2016). The influence of financial literacy on the performance and sustainability of MSMEs in Central Java. *Journal of Economics, Business, and Accountancy Ventura*, 19(2), 239–252.
- Atkinson, A. A., Kaplan, R. S., Matsumura, E. M., & Young, S. M. (2012). *Management accounting: Information for decision-making and strategy execution* (6th ed.). Pearson Education.
- Brigham, E. F., & Ehrhardt, M. C. (2017). *Financial management: Theory and practice* (15th ed.). Cengage Learning.
- Chenhall, R. H., & Langfield-Smith, K. (2007). Multiple perspectives of performance measures. *European Management Journal*, 25(4), 266–282.
- Creswell, J. W., & Poth, C. N. (2018). *Qualitative inquiry and research design: Choosing among five approaches* (4th ed.). Sage Publications.
- Drury, C. (2018). *Management and cost accounting* (10th ed.). Cengage Learning.
- Gitman, L. J., & Zutter, C. J. (2015). *Principles of managerial finance* (14th ed.). Pearson Education.

- Ghozali, I. (2018). *Aplikasi analisis multivariate dengan program IBM SPSS 25*. Badan Penerbit Universitas Diponegoro.
- Hansen, D. R., & Mowen, M. M. (2018). *Cost management: Accounting and control* (7th ed.). Cengage Learning.
- Harahap, S. S. (2020). *Teori akuntansi*. RajaGrafindo Persada.
- Horngren, C. T., Sundem, G. L., & Stratton, W. O. (2014). *Introduction to management accounting* (16th ed.). Pearson Education.
- IAI (Ikatan Akuntan Indonesia). (2019). *Standar Akuntansi Keuangan Entitas Mikro, Kecil, dan Menengah (SAK EMKM)*. Jakarta: IAI.
- Ismail, T. (2019). The role of accounting information in business decision-making. *Jurnal Akuntansi Multiparadigma*, 10(1), 21–35.
- Kaplan, R. S., & Norton, D. P. (2004). *Strategy maps: Converting intangible assets into tangible outcomes*. Harvard Business Press.
- Kotler, P., & Keller, K. L. (2016). *Marketing management* (15th ed.). Pearson Education.
- Kieso, D. E., Weygandt, J. J., & Warfield, T. D. (2019). *Intermediate accounting* (17th ed.). Wiley.
- Kusumawati, D., & Rahman, F. (2022). Accounting-based business planning for MSMEs: Strengthening financial decision-making in small enterprises. *Journal of Business and Management Research*, 4(2), 55–67.
- Mankiw, N. G. (2020). *Principles of economics* (9th ed.). Cengage Learning.
- Moleong, L. J. (2019). *Metodologi penelitian kualitatif*. Remaja Rosdakarya.
- Purnamasari, R., & Yusuf, M. (2021). Financial literacy, accounting knowledge, and business sustainability among Indonesian MSMEs. *International Journal of Accounting and Business Society*, 29(1), 77–89.
- Rahman, A., & Dewi, L. (2020). Financial management practices and profitability of micro and small enterprises. *Journal of Entrepreneurship Development*, 8(3), 212–225.
- Romney, M. B., & Steinbart, P. J. (2018). *Accounting information systems* (14th ed.). Pearson Education.
- Samryn, L. M. (2019). *Pengantar akuntansi: Adaptasi IFRS*. RajaGrafindo Persada.
- Saunders, M., Lewis, P., & Thornhill, A. (2019). *Research methods for business students* (8th ed.). Pearson Education.
- Sekaran, U., & Bougie, R. (2019). *Research methods for business: A skill-building approach* (8th ed.). Wiley.
- Susanto, A., & Meiryani, M. (2020). The role of accounting information in supporting MSME financial performance. *International Journal of Economics and Business Administration*, 8(1), 1–10.
- Tambunan, T. (2019). *Recent developments of micro, small and medium enterprises in Indonesia*. ADBI Working Paper Series.
- Weygandt, J. J., Kimmel, P. D., & Kieso, D. E. (2020). *Financial accounting* (11th ed.). Wiley.
- Widjaja, G., & Pranata, S. (2021). Accounting-based planning and MSME financial performance: Evidence from Indonesian creative industries. *Journal of Economics and Business Studies*, 5(2), 103–115.

Wulandari, R., & Sari, M. (2021). Financial literacy and business planning among Indonesian MSMEs. *Jurnal Akuntansi dan Keuangan*, 23(1), 44–56.