

A FEASIBILITY STUDY OF PUTTING UP A SABROSA LECHAUNT HAUZ IN LAPU-LAPU STREET, POBLACION, CATEEL, DAVAO ORIENTAL

Rosielyn T. Del Campo, Jermie Precillas, Jade S. Cervantes

*Department of Bachelor of Science in Business Administration - Major in Finanacial Management,
Davao Oriental State University - Cateel Extension Campus, Cateel, Davao Oriental, 8205*

EXECUTIVE SUMMARY

This study aims to determine whether the business will be viable. The Sabrosa Lechaunt Hauz will be located in Lapu-Lapu St., Poblacion, Cateel, Davao Oriental, the first physical store of roasted pigs to be established in Cateel. The business offers two variants of lechon, which the proponents carefully planned to satisfy customers' tastes. The business also offers a delivery service with a fee to places far from the store. Sabrosa Lechaunt Hauz aims to provide fast, quality service and create a hospitable and welcoming environment for take-out delivery customers. The target location will be Lapu-Lapu St., Poblacion, Cateel, Davao Oriental; this area is very strategic as it is accessible and easy for customers to locate. It also aims to bring the customers the delicious flavors of traditional Filipino cuisine through expertly prepared lechon or roasted pig. It will offer an authentic quality product that leaves our customers craving more. Rosielyn T. Del Campo and Jermie Precillas' partnership will launch the business. The allocated sum will come from the proprietors' combined personal investment. The business will receive a total investment of Php 426,245.00, of which the partners will contribute 213,123.00 each. The money will support the start-up costs: supplies, land, equipment, permits, and licenses.

1. INTRODUCTION

The Spanish colonized the Philippines over three hundred years ago (Wong, 2019). Native food and drink were exposed to new foreign ingredients, cooking techniques, technologies, tastes, preparations, and terms and status indicators (Maria & Prudente, 2021). It is hardly expected that many Filipino cuisines are from Spanish influences. Lechon is a ubiquitous pork dish in the Philippines, especially on birthdays, festivals or fiestas, weddings, or any get-together (Patindol et al., 2022).

The word lechon is a Spanish term '*leche*', which means milk, thus previously called 'Lechon de Leche or suckling pig,' that is skewered and roasted over heated charcoal (Tom, 2021). The popularity of Visayan's Lechon has made it one of the best-tasting versions of Lechon in the Philippines. The lechon is stuffed with lemongrass, onion leaks, sliced onions, whole cloves of garlic, black pepper, a lot of salt, and some other spices or condiments (Filipino, 2020). Stuffing gives its unique, crispy, and tastier lechon that Filipinos and foreigners love.

Food is significant in Filipino society, serving as a centerpiece of celebrations, family gatherings, and everyday life (Osorio, 2018). The Filipino lechon is the crowning jewel among its many delights, the ultimate testament to the nation's culinary genius (Mildred, 2023). Most guests were satisfied with the hot and fresh food that was served. With the guest's satisfaction in terms of service, people were satisfied with fast and efficient service (Bautista et al., 2018). The absence of a dedicated Lechon Hauz in Cateel, Davao Oriental, represents a missed opportunity to satisfy the desires of locals and tourists craving high-quality lechon, a beloved Filipino cuisine. This lack of culinary grounds leaves residents unable to indulge in this delicacy fully and sometimes denies visitors the chance to experience the delicious flavors of lechon. Pleasure, health, social bonding, and a sense of place are four significant types of experiences that food and meal offers generate among tourists (Anderson, T. D 2017). Establishing

a lechon house in Cateel would not only cater to the local demand but also tap into untapped market potential, captivating the taste buds of residents and tourists exploring the region's natural beauty.

When starting a business, the first thing we have to consider is creating a business name. The proposed business name comes from the Spanish word "Sabrosa," which means flavorful. The proponents agreed to name it "SABROSA LECHAUNT HAUZ" because it is catchy, sounds unique and uncommon, and can capture customers' attention. This will also significantly impact the consumer by attracting them with the product's name and quality.

The store's target location will be Lapu-Lapu Street, Poblacion, Cateel, Davao Oriental. Putting up a lechon house in this area presents an opportunity to introduce a unique culinary experience, promote local culture, serve an underserved market, and contribute positively to the local economy. This area is accessible to the target market, composed of parents, students, teachers, or anyone living in Cateel who loves to eat lechon to satisfy their cravings.

1.1 OBJECTIVES OF THE STUDY

The general objective of the study is to determine the feasibility of Sabrosa Lechaunt Hauz in Lapu-Lapu Street, Poblacion, Cateel, Davao Oriental. The objectives of the study are logically and guided explicitly by the following:

1. To assess the demand for lechon in Cateel, Davao Oriental;
2. To determine the target market;
3. To determine the strategic location;
4. To identify promotional strategies;
5. To project financial statements;
6. To draw conclusions and recommendations;

1.2 Product

The main product of this proposed business is its native lechon, which is sold per kilo. It will be served to the consumers without waiting for a long time. The product will also be sold in the following portions: ½ kilo serves 3-5 pax, and 1 kilo serves 5-8 pax. As for convenience, the product will be packed in a paper meal bento box that is economical and safe for the customers.

1.3 Lechon Variants

1. **Original Lechon.** The original lechon variant is a classic roasted pig that captures traditional flavors and cooking methods. It is slow-roasted over charcoal, resulting in tender meat and crispy skin. This variant will cater to those who appreciate the authentic and timeless taste of lechon.
2. **Spicy Lechon.** For customers who prefer a bit of heat and added flavor, a spicy lechon variant can be offered. This variant can be prepared by marinating the pig with a spice rub or adding hot peppers and spices during the stuffing process. The result is a lechon with a distinct spicy kick that enhances flavor.

1.4 Technology

Technology is the most essential product manufacturing area, followed by quality assurance and control. The proposed business will use freezers and weighing scales. These technologies can enhance operational efficiency, improve customer service, and streamline various aspects of the business, ultimately contributing to its success.

Table 1. Tools and equipment

EQUIPMENT	FUNCTIONS
Spit or Bamboo Poles	This equipment will secure the pig during roasting, allowing it to rotate for even cooking.

Charcoal or Woodfire	This equipment will provide the heat source for rotating the pig, imparting a distinct smoky flavor.
Knives and cleaves	This equipment prepares and portions the pig before and after roasting it. It also cleans, cuts, and carves the meat.
Freezer	This technology will provide refrigeration or freezing capabilities to maintain the freshness and quality of ingredients, marinated meat, and leftovers.
Weight scales	This technology will be utilized to weigh the pig, portion of cooked meat, and other goods to ensure accurate pricing and portioning.
Cooking ties	This equipment will be used to suture the stomach of the pig.

1.5 Intended Market

The intended market of the proposed business will primarily be parents, teachers, students, or any individual who craves tastier and budget-friendly lechon. The business will be located on Lapu-Lapu Street, Poblacion, Cateel, Davao Oriental, and has 3,826 households. The proponents want to address the demand of those who love Lechon. It will also be served during special occasions such as birthdays, holidays, and festivals. The primary target markets for the proposed business are the following:

1. **Family Household** – Families that seek quality lechon services for their loved ones, considering that the business is located in Poblacion, Cateel Davao Oriental, which is easy for every individual to access.
2. **Teachers and Parents** - Those teachers and parents that want to buy lechon for their cravings.
3. **Tourists/ Foreigners** - Those tourists or foreigners who want to taste or crave an authentic lechon. They may also be interested in trying traditional dishes.
4. **Wedding planners or event organizers** – Those event organizers who need a unique and delicious main dish.

1.6 Environment

The Sabrosa Lechaunt Hauz will ensure safer work for the employees and the environment by providing safe work procedures that are harmless for both consumers and workers, information dissemination about work and health training, and protective equipment. The business will also ensure the environment's safety, especially for the consumers and employees, and observe proper waste disposal.

1.7 Competition

The business sector is constantly associated with competition. The Sabrosa Lechaunt Hauz is a type of business rarely seen in the local community. Customers tend to order and wait a couple of hours to buy lechon if there is any.

There are several roasted pig businesses in Poblacion, Cateel, Davao Oriental. However, there is a big difference compared to our lechon hauz business because they only focused on one concept, like they only offer services in roasting the pig or hiring "lechoneros" who have enough knowledge to make lechon. They used this knowledge to produce a tasty and crispy lechon but only sometimes offered lechon on weekdays. The other competitor offers lechon and also service but has no physical store. Aside from the limited service offered to the local community, they need a physical store to help customers identify the business. Some customers are uncomfortable ordering, especially since the place is inaccessible.

The business will offer quality products and services because the proponents love to ensure that the customers will likely return to Lechaunt Hauz and purchase their favorite lechon. The business will ensure that the customers will be satisfied with the services because the Sabrosa Lechaunt Hauz business will be established to serve people.

Table 2. Market share

Competitors	Products and Services offer	Market share
Competitor A	Lechon and Labor	30%
Competitor B	Lechon and Labor	30%
Competitor C	Labor	15%
Sabrosa Lechaunt Hauz	Lechon and Labor and Lechon per kilo with two variants	25%
Total		100%

1.8 Industry

Lechon is hardly the most affordable dish. Smaller pigs can fetch a couple of thousand pesos, while a full-sized one can cost tens of thousands. Despite this, it is strangely democratic. No matter where you live or your income, there will always be a lechon, the crowning jewel of Philippine cuisine, during a birthday, a wedding, or a grand anniversary (Uy, 2023). The Philippines is the 10th largest consumer, eighth largest producer, and seventh largest importer of pork worldwide. Pinoys consume around 25 kilograms of meat yearly, including 15 kilograms of pork (Patron, 2022).

The lechon industry at the regional level caters primarily to local markets and celebrations, providing employment opportunities for lechoneros (specialized lechon roasters) who have perfected the art of lechon preparation. Cateleños will not fall behind when it comes to food. People here go to snack houses or food stalls. They prefer to spend their money purchasing their favorite food, Cateleños' way or strategy for reducing stress.

The demand for lechon extends beyond individual consumers, including catering services and special orders for events. National lechon business owners have emerged, gaining recognition for their quality and flavor. These businesses often have multiple branches and utilize various marketing channels to cater to a wider customer base nationwide. Nevertheless, Filipino cuisine, including lechon, has recently gained international recognition (Wilski, 2022).

Filipino restaurants and food establishments have sprung up across the globe, introducing lechon to international audiences. Lechon festivals and culinary events celebrate this traditional Filipino dish's rich flavors and heritage (Asael, 2023). Additionally, international food enthusiasts and travel bloggers often highlight lechon as a must-try dish when visiting the Philippines. The growing interest in Filipino cuisine has opened doors for the international expansion of lechon businesses, sparking the interest of entrepreneurs and chefs worldwide.

The lechon business industry demonstrates solid regional roots, widespread national popularity, and increasing international recognition. The appeal of lechon stems from its unique flavors, cultural significance, and ability to bring people together in celebration. This industry provides significant economic opportunities, creates employment, and contributes to the promotion of Filipino culinary traditions across different markets.

1.9 Business Model

The lechon house aims to bring our customers the delicious flavors of traditional Filipino cuisine through expertly prepared lechon or roasted pig. The business will humbly offer an authentic quality product that leaves our customers craving more. The business will start by sourcing only the freshest and highest-quality ingredients to achieve this. It will establish a strong partnership with local suppliers and ensure that every bite of lechon is made using the finest ingredients.

The Lechaunt Hauz will also provide a skilled workforce of experienced cooks specializing in lechon preparation. They will meticulously roast and prepare the lechon using traditional cooking methods passed down through generations. The business will also provide excellent customer service and strive to create a hospitable and welcoming environment for take-out delivery customers. The business will guarantee efficient and timely service for those who will order online delivery. The business established a physical store strategically to reach a broader customer base.

The lechon house becomes a place for customers to visit and experience the rich flavor of lechon. However, the business is also aware of adapting to changing consumer preferences. That is why it leverages technology by having a user-friendly website and an active presence on social media platforms. Customers can conveniently place orders online, schedule deliveries, and stay updated on the latest promotions. In terms of revenue streams, they have multiple sources.

The sale of lechon in various sizes and portions caters to individuals and families who want to savor this delightful dish at home or for special occasions. The delivery and catering services also enable the business to cater events, parties, and corporate functions, expanding the customers' reach and revenue. The business manages the costs diligently to ensure profitability. They regularly evaluate suppliers and negotiate favorable prices for high-quality ingredients.

Overall, Lechaunt Hauz revolves around delivering a quality product, ensuring a skilled workforce, providing excellent customer service, delivery and catering services, and adapting to meet customers' needs. They are dedicated to bringing the joy of lechon to the community and beyond.

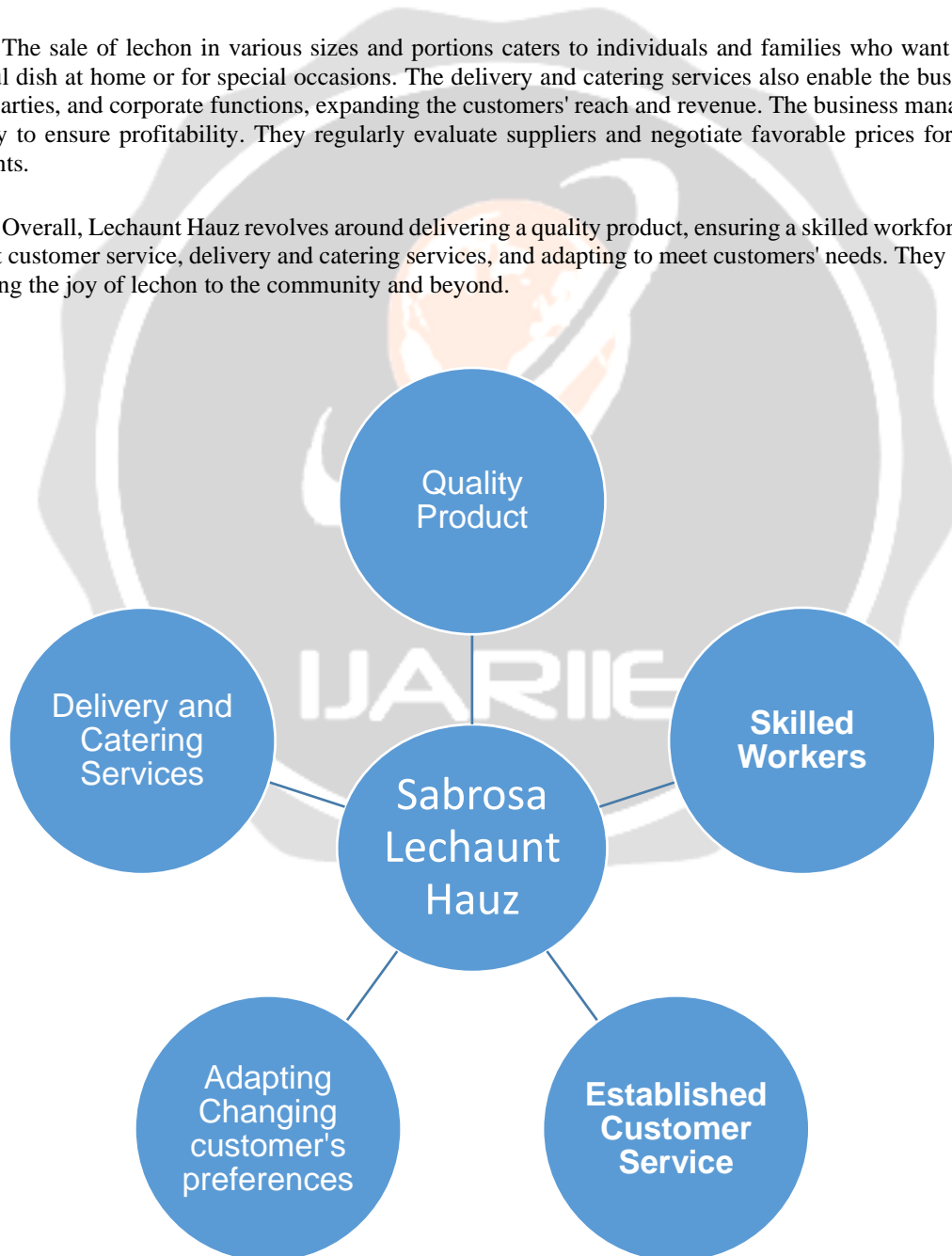


Figure 1. Sabrosa Lechaunt Hauz

2. MARKET ANALYSIS

Market analysis is essential to business since it contributes significantly to the organization's success. Identifying consumer needs and wants and delivering appropriate products and services to customers can significantly contribute to business success. Marketing is introducing and promoting a product into the market and encouraging sales. Production and distribution depend largely on marketing.

2.1 Marketing and Sales Analysis

In our marketing strategies, the first that we consider is the location. The proponents decided to put their business in Lapu-Lapu Street, Poblacion, Cateel, and Davao Oriental since the area is easy to find customers. Second to consider is the advertising put-up. They will be using flyers, radio commercials, and different social media platforms to invite and inform customers

2.2 4 P's in Marketing

A marketing mix is the most fundamental concept of marketing. It is a set of controllable marketing tools that a company uses to create a desired response in the targeted market (Khan, 2014). The company's marketing strategy outlines which customers it will serve (the target market) and how it will create value for these customers (the value proposition). The 4Ps are the foundation of any successful marketing plan: product, price, place, and promotion (Alison, 2023). It is a concept that summarizes the four fundamental pillars of any marketing strategy.

2.3 Product

This proposed business's main product is a native whole roasted pig (lechon baboy), also sold per kilo. The product aspect also focuses on the lechon offerings. This would include the different variants of lechon, such as original and spicy. Ensuring the products are high quality, flavorful, and consistent in taste is essential. It will be served to the consumers without waiting for a long time. The product will also be sold in the following portions: ¼ kilos serves 1-3 pax, ½ kilos serves 4-6 pax, ¾ kilos serves 8-10 pax. As for convenience, the product is packed with a paper meal bento box that is economically friendly and safe for the customers.

2.4 Price

The proposed business will use the cost-plus pricing method; this method involves adding a markup percentage to the cost of producing the lechon baboy. The markup is typically determined by considering overhead costs, desired profit margin, and market demand. The advantages of using this method are that it provides transparency to customers as it is based on a precise calculation of production costs and profit margin. It reduces ambiguity and helps customers understand what they are paying for, which can foster trust and confidence in the business. Cost-plus pricing also provides a foundation for setting prices that ensure costs are covered, and a reasonable profit is achieved.

This can help businesses resist excessive price reductions that may harm profitability. Nevertheless, cost-plus pricing supports the financial success and stability of the business, provides a guideline for optimal pricing decisions, and helps businesses make informed strategic choices to improve efficiency and profitability.

2.5 Place

The Sabrosa Lechon Hauz will be along Lapu-Lapu Street, Poblacion, Cateel, Davao Oriental. This location is accessible to the target market, including parents, employees, teachers, or anyone residing there. The lechon house is near the road and can be seen quickly, as the management will ensure a welcoming view for its customers.

The business will also have its grill house, which will be located in Tinimbo, Poblacion, Cateel, Davao Oriental. The operation in this area is where the pig is being prepared and cooked by the assigned personnel.



Figure 2. The Location of the Store is in Lapu-lapu St., Poblacion, Cateel Davao Oriental



Figure 3. Location of Grilling Area of Sabrosa Lechaunt Hauz

2.6 Promotion

The proponents will be using the following mediums to endorse the roasted pig:

1. Direct Promotion-- involves person-to-person contact that uses word of mouth, eyes, and ears to get other people's attention and interest.
2. Radio Ads – a 30-second or a minute broadcast on the radio of the reached stations. With the promotion and information of the products offered.

3. Social media—the most prominent and convenient way of business promotion nowadays is through the internet, where many people can be reached. Thus, interested people can easily visit a Facebook page named Sabrosa Lechant Hauz, where essential information and broad details can be found.



Figure 4. Business Logo

2.7 Distribution

The distribution strategy will use general objectives, desired customer wants, and available product sources. Different strategies could be tested, and business efficacy could be regularly evaluated to guarantee successful distribution and business growth. The distribution process of the proposed business typically involves the following steps. The business owner or manager identifies suppliers who provide native pigs for the lechon baboy. They negotiate prices and arrange for a regular supply of fresh pigs. The proposal has multiple suppliers to ensure the availability of native pigs. The suppliers are just within the municipality of Cateel. If there is a shortage of native pigs, the business will acquire hybrid pigs as a backup plan.

The second process is preparing lechon baboy until it achieves the desired texture and taste. Once cooked, it can cool down before being manually or mechanically carved into individual portions. The portions are then carefully packaged to ensure freshness and hygiene.

Customers visit the store and place their orders for lechon baboy portions. The retail staff fulfills the orders by providing the desired quantity of lechon baboy and packaging it accordingly. Customers can buy the lechon baboy portions on the spot or place advance orders for special occasions. In addition, the proposed business also provides catering services for events such as weddings, birthdays, and other special occasions.

On the other hand, the other pig parts will also be sold to the market or partnering with restaurants. This collaboration will make a business reach and boost its sales by tapping into existing customer bases and reputation. This will help while receiving valuable feedback to enhance product quality and customer satisfaction.



Figure 5. Distribution Channel

3. OPERATING ANALYSIS

This chapter presents the business's operation management and requirements, personnel requirements, business regulations, and critical factors to consider.

3.1 Production and Operation Requirements

The Sabrosa Lechaunt Hauz will be located at Lapu-Lapu Street Poblacion, Cateel Davao Oriental. The proponent will rent the building, and the owner will construct it according to the needs of the business, which will be offered to the customers. The grill house will be in Tinimbo, Poblacion Cateel, Davao Oriental.

The business offers a quality product that is tasteful, crispy, clean, safe, and affordable for customers. Production will be operating Wednesday through Sunday from 10:00 A.M. to 7:00 P.M. The business will be closed on Sunday to give our employees a rest.

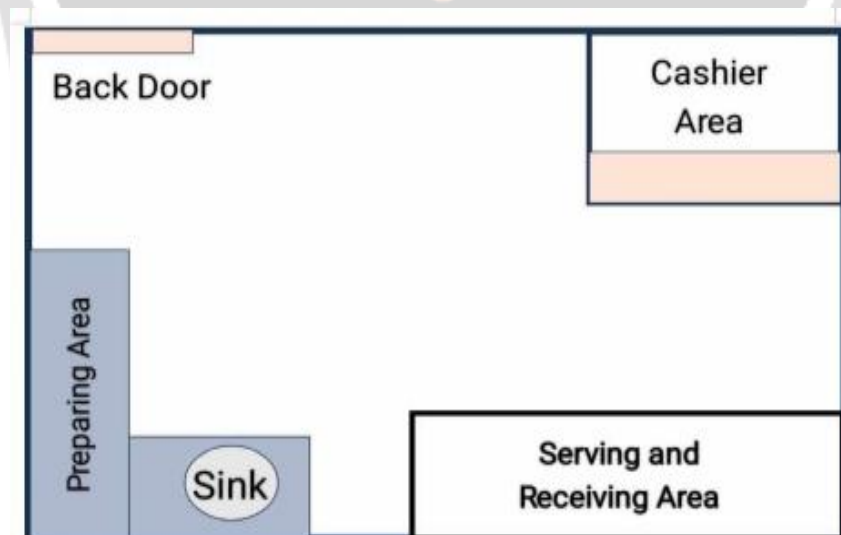


Figure 6. Sabrosa Lechaunt Hauz Store Layout

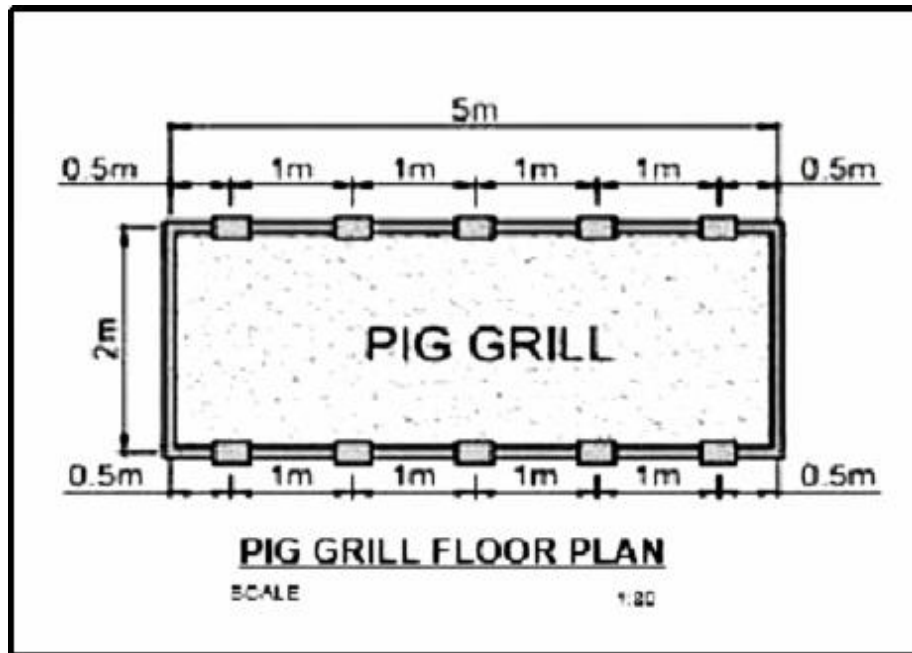


Figure 7. Pig Grill Floor Plan

3.2 Product inputs

Preparing this dish involves marinating the pig with a mixture of spices, herbs, and seasonings to infuse it with flavor. The pig is then skewered onto a large stick or pole and roasted slowly to ensure even cooking and crispy skin (FITP, 2023). For the product inputs, to create the perfect flavor profile, the business selected the finest ingredients, soy sauce, salt, and black pepper, to taste, and the best is the pig itself. For stuffing, to enhance the flavors, another ingredient for the recipe is the combination of herbs and spices to marinate the pig. Grind a variety of garlic, onions, and ginger. Also, putting lemongrass, pandan leaves, and a pinch of star anise, this unique blend created a tantalizing aroma and an unforgettable taste of the lechon.



Figure 8. Production Process

3.3 Management and Personnel Requirements

Two people will own and manage the business, and the partners will make crucial decisions. This form of business organization will also lessen the business's salaries. The figure below indicates the proponents' organizational charts regarding production, such as operation, marketing, and product service.

Table 3. Personnel qualification and duties and responsibilities

Position	Job Requirements	Job Responsibilities
Manager	<ul style="list-style-type: none"> • Must have a bachelor's degree in business management or a related field. • Excellent • Communication • Ability to deal with changes effectively 	<ul style="list-style-type: none"> • Delegating responsibilities and supervising business operations • Hiring, training, motivating, and coaching employees • Establishing and achieving business profit and objectives • Generating reports and presenting information to this/her co-partner
Grillhouse Operator	<ul style="list-style-type: none"> • Attention to cleanliness and safety. 	<ul style="list-style-type: none"> • Primarily responsible for overseeing the operation of the kitchen • Ensure ingredients and final products are fresh • Follow recipes, including measuring, weighing, and mixing ingredients.
Server	<ul style="list-style-type: none"> • Excellent people skills with a friendly attitude. • Attention to cleanliness and safety. • Responsible and trustworthy. • A high school diploma is a plus but not required. 	<ul style="list-style-type: none"> • Attend to customers upon entrance. • Take and serve orders. • Good in cash handling or processing payments accurately, collecting cash, and providing customers with receipts.
Delivery Driver/ Caretaker	<ul style="list-style-type: none"> • Driver's License • Clean Driving Record • Time Management • Customer Service Oriented 	<ul style="list-style-type: none"> • Double-checking and verifying the accuracy and completeness of orders before leaving the premises. • Ensuring the prompt and safe delivery of orders to customer's locations. • Coordinating with the restaurant staff, including servers and kitchen staff, to ensure timely preparation and delivery of orders.

3.4 Organizational Structure

Organizational structure describes the institution's responsibilities, regulates internal and external communication, and facilitates the achievement of institutional goals (Demirkol, 2023). It shows the internal structure of an organization or company, outlines the relationships between managers and workers, establishes the chain of command in an organization, and defines each staff member's role.

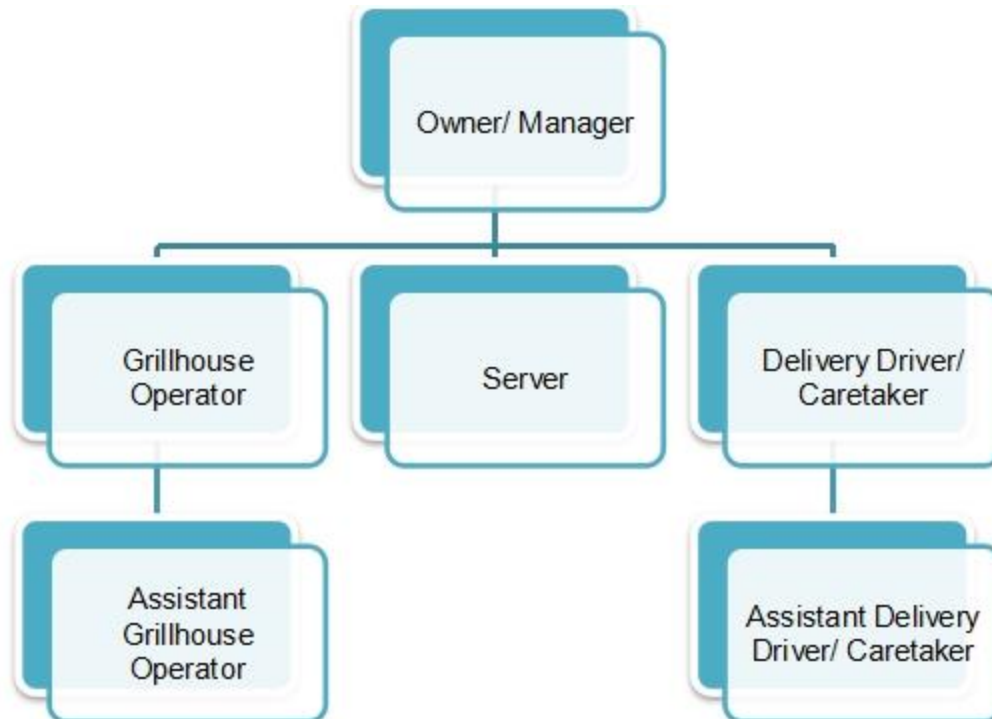


Figure 9. Organizational Chart

3.5 Regulation/ Environmental Issues

When starting a lechon haуз business, the rules and regulations that will apply when running a business must be considered. The business will obtain licenses and permits from local government authorities to operate legally and safely. Considering the environmental issues, the business is bound to observe health and safety and hygiene etiquette. The business will ensure that the store is inspected to ensure the safety of the workers and customers.

The business will obey rules, regulations, and policies regarding waste and will strictly implement "Proper waste Disposal." Proper waste disposal is essential since the business is involved in roasting pigs. The organic waste, such as pig remains and greases, must be managed appropriately to prevent environmental contamination. This will require implementing effective disposal strategies, such as composting or recycling. The business will also practice health and sanitation regulations. The will business will comply with health department food preparation, storage, and handling guidelines. This includes having suitable facilities for handwashing, proper storage and refrigeration of ingredients, and regular inspection by health officials.

3.6 Legal Requirement to Operate

The Sabrosa Lechaunt Haуз will be registered under the Securities and Exchange Commission to ensure the legitimacy of the business. The business will also secure the following requirements:

- Barangay Clearance
- Police Clearance
- Medical Clearance
- Sanitary Clearance
- Residence Certificate
- Fire Certificate
- Payment Receipt of the Business

3.7 Critical Factors

Critical factors are the areas of the business that are vital to its success (Yarbrough, 2021). They give people focus and ensure that tasks and projects are aligned across teams to meet the business's mission or strategic goals and objectives successfully and effectively.

3.8 SWOT ANALYSIS

SWOT Analysis (short for strengths, weaknesses, opportunities, and threats) is a business strategy tool for assessing how an organization compares to its competition (Teoli et al., 2023). Sabrosa Lechaunt Hauz's SWOT analysis analyzes its strengths, weaknesses, opportunities, and threats. Strengths and weaknesses are internal, while opportunities and threats are external.

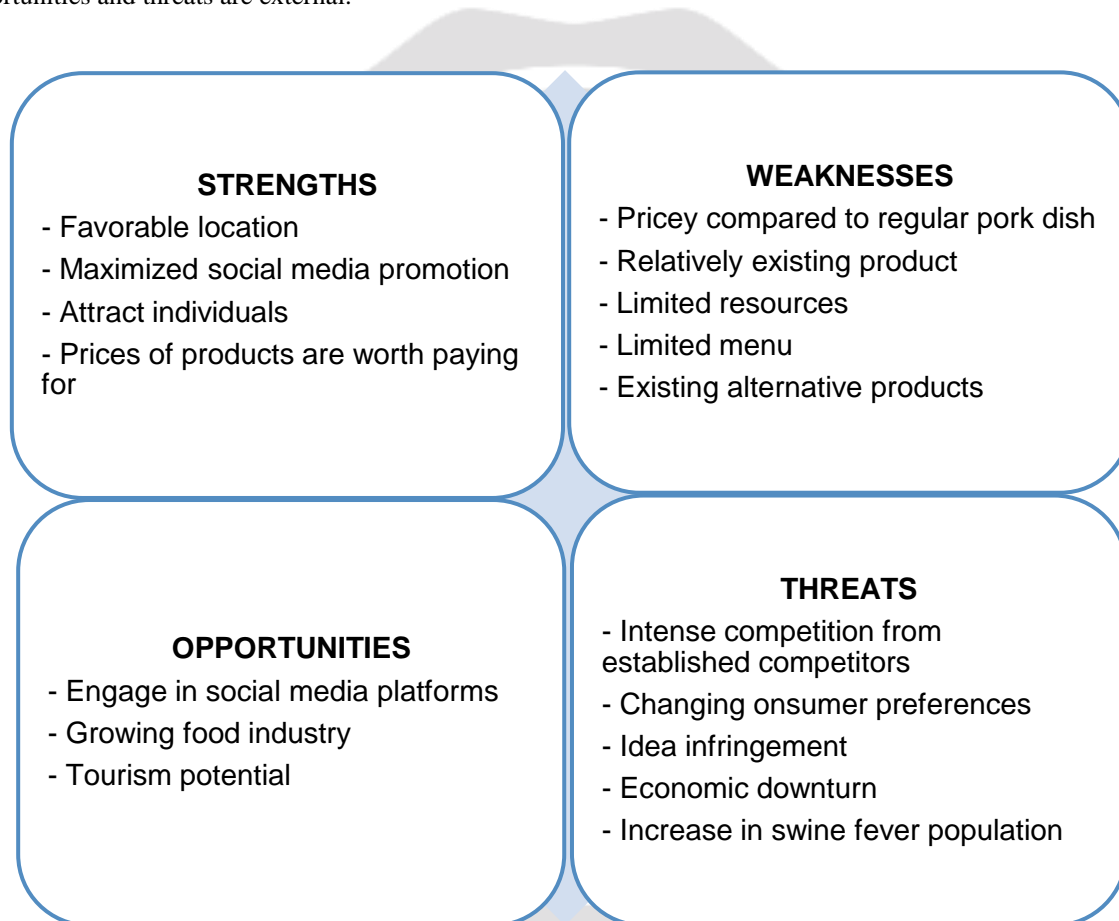


Figure 10. SWOT Analysis

3.9 Strengths

The business will be located at the Lapu-Lapu St., Poblacion, Cateel, Davao Oriental. A favorable location can increase the visibility of the business. The lechon house in a prime area can benefit from increased visibility and exposure to potential customers. A convenient and reachable area is easily accessible to customers. "People worldwide are largely engaged and attached to the web 2.0 technology and social media platforms. By the same token, businesses start looking at such technologies as effective mechanisms to interact more with their customers" (Alalwan et al., 2017).

A solid social media presence allows the Lechon House to reach a wider audience and generate greater brand awareness. It offers advanced targeting capabilities, allowing the Lechon House to reach specific demographics and

target markets. This allows the Lechon House to reach many people relatively cheaply, making it an affordable option for businesses with limited marketing budgets. In addition, it also attracts individuals; being the first to put up a physical store gives the business a competitive advantage.

The business is situated in a convenient and easily reachable area that can attract and gain potential customers. Lastly, prices of products are worth paying for, and offering a product that is worth the price can help build a strong brand reputation for the Lechon House business. This reputation can increase trust, customer loyalty, and positive reviews, benefiting the business in the long run. Also, it gives a competitive edge to the business. Offering a high-quality product at a reasonable price can gain a competitive advantage over others in the market. This can attract more customers and help the business to stand out from competitors.

3.10 Weaknesses

The weakness of this business is the increasing swine population, which can lead to a surge in the demand for pig meat and result in a limited supply in the market. This can directly affect the profitability of a lechon house business. The relatively existing product means several lechon houses or businesses offering similar products, which can lead to intense competition.

When customers have numerous options, it becomes harder for a lechon house business to stand out and attract customers, especially if their products are similar. Also, intense competition among lechon house businesses offering relatively existing products can lead to price wars. Competitors may lower prices to attract customers, decreasing profit margins for all the businesses involved.

Limited resources, such as cooking equipment, skilled staff, and space, can restrict the lechon house's capacity to produce a large volume of lechon. This can lead to longer waiting times for customers, inability to cater to orders, and potential loss of business opportunities. A limited menu means fewer options for customers to choose from. This can lead to customers feeling restricted or not finding their preferred flavors or dishes. It may result in customers seeking alternatives or exploring other lechon houses that offer a more comprehensive range of menu choices.

When alternative products are available in the market, customers have more options. This can increase competition among lechon houses and other food establishments offering similar or substitute products. The presence of alternatives can make it harder for a lechon house to attract and retain customers, mainly if competing products offer unique flavors, healthier options, or more diverse menus.

3.11 Opportunities

One of the business's opportunities is engagement in social media platforms, which allows businesses to showcase their products, services, and brands to a broader audience. By having a presence on social media platforms, a lechon house business can reach a larger audience, including potential customers who may need to be made aware of the business. The food industry continues to grow; there is a rising demand for diverse and unique food experiences. Lechon, a popular Filipino dish, offers a distinct and flavorful option for consumers exploring different cuisines.

The demand for ethnic and fusion foods is increasing, making it an opportune time for a lechon house business to capitalize on this trend—exposure to a diverse audience. Tourism brings people from different countries and cultures together, providing a unique opportunity for a lechon house business to showcase authentic Filipino cuisine to a global audience. Tourists often seek out authentic local experiences, and lechon, being a traditional Filipino dish, can attract their attention and generate interest in trying it.

3.12 Threats

One of the threats is the increase in competitors; established competitors have likely built a strong brand presence and loyal customer base over time. Customers familiar with these competitors may have established preferences and loyalties, making it challenging for a new or smaller lechon house business to attract and retain customers in a competitive market. Established competitors often benefit from economies of scale, efficient supply chains, and well-negotiated supplier contracts. This enables them to offer competitive pricing and lower costs than

newly established businesses. Consumers are becoming more conscious of their food's ingredients, preparation methods, and nutritional profiles.

Lechon, being a roasted and often high-fat dish, may need to align with the preferences of health-conscious consumers, leading to a decline in demand. If another business infringes on the unique ideas, concepts, or recipes of a lechon house, it can dilute the unique selling proposition and differentiators of the original business. This can lead to customer confusion and make it more challenging for the original lechon house business to stand out. It also diminishes the reputation and authenticity of the original brand and results in a loss of customer trust and loyalty.

Lastly, during economic downturns, consumers tend to tighten their budgets and reduce discretionary spending, including dining out. This can result in declining customer footfall and overall sales for the lechon house business.

3.13 Porter’s Five Forces

Porter's Five Forces model is a powerful management tool for analyzing current industry profitability and attractiveness using the outside-in perspective (Dälken,2014). It is based on the perception that an organizational strategy should encounter opportunities and threats in its external setting. A competitive strategy should rest on an understanding of industry structures and the way they change (Bruijl, 2018). It understands underlying levels of profitability in a given industry and helps to identify where power lies in a business situation.

Table 5. Porter’s five forces

Intensity of Competence Rivalry	Bargaining Power of Suppliers	Bargaining power of Buyers	Threats of New Entrants	Threats of Substituent Product
Moderate	High	Moderate	Moderate	High

3.14 Competitive Rivalry

The business's competitive rivalry is **moderate** in the current market; it has two competitors. However, the proposed business will build sustainable differentiation and scale to compete better with competitors and increase the market size.

3.15 Bargaining Power of Supply

The bargaining power of suppliers will be **high** due to the availability of pig to its suppliers. Roasted pig production has an efficient supply chain with multiple suppliers and is developing dedicated suppliers for discounted prices. The impact of higher supplier bargaining power is that it increases the overall profitability of the business.

3.16 Bargaining Power of Buyers

The bargaining power of buyers is **moderate**. Some consumers are demanding for some reason. They want to buy the best offering by paying the minimum possible price. This puts pressure on the business to do well in their products. The smaller and more powerful the customer base in Sabrosa Lechaunt Hauz, the higher the bargaining power of customers and the higher their ability to seek increasing discounts. Building an immense power of buyers will allow the business to streamline its sales and production process.

3.17 Threats of New Entrants

The threat of new entrants is **moderate** because lechon is a popular dish in the Philippines, and there may already be established competitors. New entrants must differentiate themselves and offer a unique value proposition to attract customers away from existing competitors. Entering the lechon hauz business can be relatively easy due to familiarity with the dish and market demand. However, several factors can affect the ease of entry.

One is roasting lechon, which requires skill and expertise to ensure a tasty and adequately cooked dish. New entrants must have the necessary knowledge or access to experienced staff who consistently roast the pig to meet

customer expectations. The equipment and facilities may also be one of the factors because the basic setup for a Lechon Haus may not require complex equipment; there is still a need for roasting pits, charcoal, and other essential tools. Acquiring these resources can involve an initial investment, mainly if the aim is to produce large quantities or cater to a high volume of customers.

3.18 Threats of Substitute

The threats of substitutes are **high**. Cateel may already have existing local food establishments that offer alternatives to lechon. These establishments could provide alternative dishes or types of cuisine that compete for the customers' attention and preferences.

In a local community like Cateel, many residents might prefer home-cooked meals as an alternative to dining out. This could involve individuals preparing their lechon or other dishes, which could compete with the business. Aside from that, street food vendors, such as those selling grilled or roasted food, could serve as substitutes for the lechon business. Customers looking for quick, easy, and affordable options may choose street food as an alternative to a sit-down lechon meal.

Lastly, during local celebrations, events, or gatherings, people often prefer to order bulk quantities of lechon from specialized lechoneros who specialize in catering. These lechoneros may already have an established customer base for such occasions, posing a threat to the lechon business.

3.19 PEST ANALYSIS

PEST is an acronym for four sources of change: political, economic, social, and technological. PEST analysis is a powerful and widely used tool for understanding strategic risk. It identifies the changes and the effects of the external macro environment on a firm's competitive position (Sammut-Bonnici & Galea, 2015).

3.20 Political

The business will abide by the local government ordinance of procuring necessary permits and licenses before the actual operation of the business. The business will register its name with the Department of Trade and Industry. It will pay the clearances required by the barangay office, the Philippine National Police, the Bureau of Fire, and the Department of Trade and Industry. Eventually, the business will pay the necessary business permits and licenses with the local government through the Municipal Treasurer's Office.

Assessing the political situation and relationship between the local government and the business community is essential. Understanding the local government's stance on promoting local businesses, supporting entrepreneurial initiatives, and providing incentives or resources can impact the ease of setting up and running the proposed business.

Examining the stability and governance of the local government in Cateel is crucial. A stable political environment provides a conducive atmosphere for business operations and growth. Instability, lack of governance, or frequent leadership changes may introduce uncertainty and impact the long-term viability of the business.

Regarding the taxation regulation with the Bureau of Internal Revenue, the proponents will register by getting the Taxpayer Identification Number and registering the set of books of account. Moreover, the business will pay the monthly percentage tax and its annual income tax as per BIR regulations.

The political situation in a local government can influence the business environment. Political stability, effective governance, and support for local businesses can create a favorable atmosphere for entrepreneurs to establish and operate different businesses. Conversely, political instability, corruption, or lack of support from the local government may pose challenges for businesses, affecting their growth and success.

Therefore, it is essential for individuals looking to establish a lechon house in Cateel to stay informed about the political climate, engage with local authorities, and assess the level of support and stability provided by the local government. This can help the business navigate potential political challenges and ensure a smoother operation.

3.21 Economic

As people adopt the classy lifestyle and the consumer's income continues to increase, there is a probability that they will have more money to avail of lechon. While this has a significant influence on consumer goods businesses, it also has a significant impact on the food industries. Additionally, inflation is an economic situation where rates are high. Thus, the business will face the challenge of paying high interest rates, affecting the proponent's investment decisions.

Despite that, the Lechon Hauz can generate income for its employees and suppliers, farmers, and other businesses in the local supply chain. Cateel's economic situation has changed due to the establishment of numerous firms, and the livelihood and employment of Cateeleños are increasing. Most Cateeleños can keep up with all the trends because people here prosper in their long-term livelihood.

Besides, many Cateeleños start their businesses and soon become successful. This phenomenon is suitable for the lechon hauz, as the business will also benefit from these firms because they attract many people, especially those who want to avail themselves of and taste lechon.

3.22 Social

Lechon is a significant cultural dish in the Philippines, including Cateel. The social aspect of opening a Lechon Hauz in Cateel would involve celebrating and preserving this traditional culinary heritage. In recent years, food has remained the star of the gathering, further highlighted by the emergence of social media and heightened by the popularity of food selfies. This development requires a deeper understanding of food beyond eating, especially heritage dishes of Southeast Asia (Santarita, 2022).

Just mentioning its name brings unparalleled cheer among Filipino guests, and its presence almost always guarantees a festive atmosphere. Lechon is often associated with special occasions, celebrations, and gatherings, making it a popular choice for catering services. This social demand for lechon during festive events can provide steady orders, particularly during holidays or local festivals.

The way people think about health has changed dramatically in the twenty-first century. Making healthier choices is more popular than ever, leading people to spend more time exercising, eating better food, and avoiding certain behaviors. Negative health perceptions or dietary preferences can affect the demand for lechon. Some people may be health-conscious or have dietary restrictions that limit their consumption of fatty or meat-based dishes like lechon. This can reduce the potential customer base and, through this perspective, could lead to a decrease in lechon demand and desire as consumer increase their consciousness of wellness concerns.

3.23 Technology

Over a decade, as technology has developed, how businesses provide goods and services has profoundly changed. Today, technology and innovation enable businesses to seize and tap markets by customizing goods services, and customer experience. It helps food manufacturers produce more efficiently (Martin, 2019) in this generation are very much invested in new technologies and constantly expect the company to adapt trends in technology.

The proponents consider establishing an online presence through a website or social media platform help promote Lechon Hauz to a broader audience. This enables potential customers, including tourists and residents, to find information about the business, view menus, make reservations, or place orders. Embracing technology for marketing can attract more customers and increase visibility, benefiting the business economically.

Utilizing technology in operations, such as advanced cooking equipment and kitchen appliances, can enhance the efficiency and consistency of food preparation. This can help maintain high-quality standards and customer satisfaction. Additionally, using technology for inventory management, sales transactions, and data analysis can streamline processes and optimize business operations.

4. FINANCIAL ANALYSIS

This chapter provides comprehensive data, numerical figures, and a financial assessment of Sabrosa Lechaunt Hauz. It describes the proposed business's ability and capacity to sustain and survive the operation in the next five calendar years, from January 2025 to December 2029.

4.1 Start-Up Schedule

Table 6 below shows the list of business start-up activities that are essential to the accomplishments that lead to the emergence of the business based on numerous assumptions. Start-up schedule begins with financial planning and the actual operations of the partner's business endeavors. Project planning and other start-up activities are done a year before the business operation. Opening the store and business operation starts on January 1, 2025.

Table 6. Start-up schedule milestones

Activities	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Project planning and approval												
Procurement of Initial Investment												
Registration of the business followed by renovation of space												
Purchase of raw materials and supplies												

4.2 Financial Projection

Table 7. Capital requirements

Partners			Initial Investment
Jermie Precillas	Land	100,000.00	
	Cash	113,123.00	213,123.00
Rosielyn Del Campo	Cash		213,123.00
TOTAL			426,245.00

Table 8. Start-up cost and expenses

		Total
Working Capital		100,000.00
Supplies		
	Charcoal or Woodfire	5,000.00
	Knives and cleaves	1,668.00
	Cooking Ties	6,000.00
	Kitchen Utensils	6,157.00
	Whole Raw Pig	48,000.00
	Food Condiments	10,000.00
		76,825.00
Land		100,000.00
PPE		
	Grilling Area	11,590.00

Slaughter Area and Plumbing Area	4,466.00	
Building Improvements	7,985.00	
Chairs	1,500.00	
Table	4,500.00	
Fire Extinguisher	2,000.00	
Water Drum	740.00	
Large Pot	3,150.00	
Lechon Tray	3,000.00	
Stove	1,400.00	
Gas Tank	1,200.00	
Spit or Bamboo Poles	11,040.00	
Freezer	12,999.00	
Vehicle Equipment	60,000.00	125,570.00
Expenses		
Permits and Fees	2,850.00	
Advertising	1,000.00	
Advance Rent	10,000.00	
Administrative costs	5,000.00	
Miscellaneous expenses	5,000.00	23,850.00
Total Start-up and Expenses		426,245.00

Assumption: According to the capital requirement, the partner's capital, Php 426,245, will be used for start-up expenses to establish the business.

Table 9. Purchase of raw materials

Particulars	Uom	QUANTITY		PRICE PER UNIT	ANNUAL COST
		Monthly	Annually		
Whole Raw Pig	KG	-	13,698.00	330.00	4,520,340.00
Charcoal or Woodfire	SACK	57.92	695.00	500.00	347,500.00
Cooking Ties	PC	58.75	705.00	300.00	211,500.00
Food Condiments	KG	500.00	6,000.00	9.60	57,600.00
TOTAL					5,136,940.00

Table 10. Projected sales

SALES	Preferred kilo to buy		Frequency of Buying			2025	
	1/2 kg	1 kg	Total kg	Multiplier	Price per Kilo	ANNUAL KG	ANNUAL REVENUE
Once a day		11	11.00	240	500.00	2,640.00	1,320,000.00
Once a week	7	90	93.50	48	500.00	4,488.00	2,244,000.00

Twice a week	3	50	51.50	96	500.00	4,944.00	2,472,000.00
Once a month	39	116	135.50	12	500.00	1,626.00	813,000.00
TOTAL SALES			291.50			13,698.00	6,849,000.00

Table 11. Cost of sales

COST OF SALES		Preferred Kilo				2025	
<i>DIRECT MATERIALS</i>	<i>1/2 kg</i>	<i>1 kg</i>	<i>Total kg</i>	<i>Multiplier</i>	<i>Price per Kilo</i>	<i>ANNUAL KG</i>	<i>ANNUAL REVENUE</i>
Purchase of Raw pig						<i>13,698.00</i>	
Once a day		11.00	11.00	240.00	330.00	2,640.00	871,200.00
Once a week	7	90.00	93.50	48.00	330.00	4,488.00	1,481,040.00
Twice a week	3	50.00	51.50	96.00	330.00	4,944.00	1,631,520.00
Once a month	39	116.00	135.50	12.00	330.00	1,626.00	536,580.00
Total Direct Materials							4,520,340.00
DIRECT LABOR		Per Month		Total Annual COS			
Grillhouse Operator		8,000.00		12.00		96,000.00	
Asst Grillhouse Operator		7,000.00		12.00		84,000.00	
Delivery Driver Caretaker		8,000.00		12.00		96,000.00	
Asst Delivery Driver Caretaker		7,000.00		12.00		84,000.00	
Server		7,600.00		12.00		91,200.00	
Total Direct Labor						451,200.00	

Other Variable Cost	Start-up cost	Annual Cost of Sale
Charcoal or Woodfire	5,000.00	342,500.00
Cooking Ties	6,000.00	205,500.00
Food Condiments	10,000	48,000.00
Total Other Variable Cost		596,00.00
TOTAL COST OF SALES		5,567,540.00

Assumption: The quantity and assumed purchase price of all direct materials and other variable items will increase by 10% annually. However, direct labor will remain the same throughout the five years.

Table 12. Operating Expense

PARTICULARS	MONTHLY	2025
Light (Electricity)	3,000	36,000
Water	1,500	18,000
Taxes and licenses	238	2,850
Office Supplies	250	3,000
Depreciation	2,093	25,114
Rent	4,000	48,000
Repair and Maintenance		
Transportation Expense	1,950	23,400
Gas Tank Expense	1,200	7,200
Sanitary Expense	1,220	14,640
Salary and Wages		108,000
PHIC, HDMF, SSS ER SHARE (ER)	6,739	80,865
Miscellaneous	1,000	12,000
TOTAL		379,069

Table 13. Salaries and wages

2025	Monthly Salaries and Wages	Annual Salaries and Wages	Annual HDMF	Annual SSS	Annual PHIL	Total Annual	Annual Net Pay
Owner Manager	9,000	108,000	1,200	4,860	6,000	12,060	95,940
Grillhouse Operator	8,000	96,000	1,200	4,320	6,000	11,520	84,480

Assistant Grillhouse Operator	7,000	84,000	1,200	3,780	6,000	10,980	73,020
Delivery Driver Caretaker	8,000	96,000	1,200	4,320	6,000	11,520	84,480
Assistant Delivery Driver Caretaker	7,000	84,000	1,200	3,780	6,000	10,980	73,020
Server	7,600	91,200	1,200	4,050	6,000	11,250	79,950
TOTAL		559,200	7,200	25,110	36,000	68,310	490,890

4.3 Income Statement

An Income Statement is a financial document that summarizes a company's revenues, expenses, and profits and shows whether the company is making a profit or loss for a given period.

Table 14. Projected Income Statement

SABROSA LECHAUNT HAUZ					
INCOME STATEMENT					
For The Period Ended December 31, 2025 to December 31, 2029					
	2025	2026	2027	2028	2029
Sales	6,849,000	8,287,290	10,027,621	12,133,421	14,681,440
Cost of Sales	(5,567,540)	(6,576,411)	(7,790,590)	(9,252,534)	(11,013,554)
Gross Income	1,281,460	1,710,879	2,237,031	2,880,887	3,667,886
Operating Expenses					
Utilities Expense	54,000	54,000	54,000	54,000	54,000
Taxes and Licenses	2,850	2,964	3,083	3,206	3,334
Supplies Expense	3,000	3,120	3,245	3,375	3,510
Depreciation Expense	25,411	27,714	29,790	32,881	32,881
Rent Expense	48,000	49,920	51,917	53,993	56,153
Repair and Maintenance		3,621	3,729	3,841	3,956
Transportation Expense	23,400	23,400	23,400	23,400	23,400
Gas Tank Expense	7,200	7,200	7,200	7,200	7,200
Sanitary Expense	14,640	14,640	14,640	14,640	14,640
Salary and Wages	108,000	108,000	108,000	108,000	108,000
PHIC, HDMF, SSS ER SHARE (ER)	80,865	80,865	80,865	80,865	80,865
Miscellaneous Expense	12,000	12,480	12,979	13,498	14,038
Total Operating Expenses	379,069	387,923	392,847	398,899	401,978

Income Before Tax	902,391	1,322,955	1,844,184	2,481,988	3,265,908
Add: Other Income	3,287,520	3,616,272	3,977,899	4,375,689	4,813,258
Total Income Before Tax	4,189,911	4,939,227	5,822,083	6,857,677	8,079,166
Provision for Income Tax (25%)	1,047,478	1,234,807	1,455,521	1,714,419	2,019,792
Net Income for the Period	3,142,433	3,704,420	4,366,562	5,143,258	6,059,375

4.4 Projected Cash Flow

A Cash Flow Statement is a financial document that provides information about how a company generates and uses cash over a specific period. It is an essential tool to manage finances by tracking an organization's cash flow. This statement is one of the three key reports that help determine a company's performance.

Table 15. Projected Cash Flow Statement

SABROSA LECHAUNT HAUZ
PROJECTED CASH FLOW
For The Period Ended December 31, 2025 to December 31, 2029

<i>(In Philippine Peso)</i>	<i>Pre-Operating</i>	<i>2025</i>	<i>2026</i>	<i>2027</i>	<i>2028</i>	<i>2029</i>
Cash provided (used) by Operating Activities:						
Cash Collected from Revenue		6,849,000	8,287,290	10,027,621	12,133,421	14,681,440
Cash Collected from Other Income		3,287,520	3,616,272	3,977,899	4,375,689	4,813,258
Payment for Suppliers	-76,825	(6,041,008)	(7,469,351)	(8,928,307)	(10,703,712)	(12,820,232)
Payment for Direct Labor		(451,200)	(451,200)	(451,200)	(451,200)	(451,200)
Payment for Opex (Cash)	-23,850	(353,955)	(360,210)	(363,058)	(366,018)	(369,097)
Payment for Income Tax Payable		-	(1,047,478)	(1,234,807)	(1,455,521)	(1,714,419)
Net Cash from Operating Activities	(100,675)	3,290,357	2,575,323	3,028,149	3,532,659	4,139,750
Cash provided (used) by Investing Activities:						
Payment for Additional PPE		-	(12,999)	(10,381)	(15,456)	-
		-	-	-	-	-
Net Cash from Investing Activities	-	-	(12,999)	(10,381)	(15,456)	-

Cash provided (used) by Financing Activities:						
Additional Owner's Capital	224,525					
Less: Partner's Withdrawals			(2,000,000)	(3,000,000)	(3,000,000)	(4,000,000)
Net Cash from Financing Activities	224,525	-	(2,000,000)	(3,000,000)	(3,000,000)	(4,000,000)
Net increase (decrease) in cash	123,850	3,290,357	562,324	17,768	517,203	139,750
Cash at the beginning of the period		123,850	3,414,207	3,976,531	3,994,300	4,511,503
Cash at the end of the period	123,850	3,414,207	3,976,531	3,994,300	4,511,503	4,651,253

4.5 Statement Financial Position

A Statement of Financial Position, also known as the balance sheet, is a key financial statement that provides a snapshot of a company's financial position at a specific time. It presents the company's assets, liabilities, and equity and shows how its resources are financed and utilized.

16. Projected Balance Sheet

SABROSA LECHAUNT HAUZ
STATEMENT OF FINANCIAL POSITION
For The Period Ended December 31, 2025 to December 31, 2024

	2025	2026	2027	2028	2029
ASSETS					
Current Assets					
Cash & Cash Equivalent	3,414,207	3,976,531	3,994,300	4,511,503	4,651,523
Supplies	1,001,493	2,345,633	3,934,550	5,836,928	8,094,806
<i>Total Current Assets</i>	<i>4,415,700</i>	<i>6,322,164</i>	<i>7,928,850</i>	<i>10,348,431</i>	<i>12,746,059</i>
Non-current Assets					
Land	100,000	100,000	100,000	100,000	100,000
Property, Plant & Equipment	125,570	138,569	148,950	164,406	164,406
Accumulated Depreciation	(25,114)	(52,828)	(82,618)	(115,499)	(148,380)
<i>Total Non-current Assets</i>	<i>200,456</i>	<i>185,741</i>	<i>166,332</i>	<i>148,907</i>	<i>116,026</i>
TOTAL ASSETS	<u>4,616,156</u>	<u>6,507,905</u>	<u>8,095,181</u>	<u>10,497,338</u>	<u>12,862,085</u>
LIABILITIES					

Current Liabilities					
Income Tax Payable	1,047,478	1,234,807	1,455,521	1,714,419	2,019,792
<i>Total Current Liabilities</i>	<i>1,047,478</i>	<i>1,234,807</i>	<i>1,455,521</i>	<i>1,714,419</i>	<i>2,019,792</i>
TOTAL LIABILITIES	1,047,478	1,234,807	1,455,521	1,714,419	2,019,792
OWNER'S EQUITY					
Partner's Equity	426,245	3,568,678	5,273,099	6,639,661	8,782,918
Add: Additional Income	3,142,433	7,273,099	9,639,661	11,782,918	14,842,293
Less: Withdrawals		2,000,000	3,000,000	3,000,000	4,000,000
TOTAL OWNER'S EQUITY	3,568,678	5,273,099	6,639,661	8,782,918	10,842,293
TOTAL LIABILITIES AND OWNER'S EQUITY	<u>4,616,156</u>	<u>6,507,905</u>	<u>8,095,181</u>	<u>10,497,338</u>	<u>12,862,085</u>

4.6 Statement of Changes in Equity

The Statement of Changes in Equity is a financial statement that summarizes changes in a company's equity over a specific period. It outlines the beginning balance of equity, any increases or decreases in equity from net income or loss, additional capital contribution, dividends paid to shareholders, and any other transactions affecting equity.

Table 17. Statement of Changes in Equity

SABROSA LECHAUNT HAUZ
STATEMENT OF CHANGES IN PARTNER'S EQUITY
For The Period Ended December 31, 2025 to December 31, 2029

2025	Precillas	Del Campo	Total Partnership
Beginning Balance	213,123	213,123	426,245
Add: Share in Net Income	1,571,217	1,571,217	3,142,433
Less: Withdrawal			
Ending Balance	1,784,339	1,784,339	3,568,678
2026			
Beginning Balance	1,784,339	1,784,339	3,568,678
Add: Share in Net Income	1,852,210	1,852,210	3,704,420
Less: Withdrawal	(1,000,000)	(1,000,000)	(2,000,000)
Ending Balance	2,636,549	2,636,549	5,273,099
2027			
Beginning Balance	2,636,549	2,636,549	5,273,099
Add: Share in Net Income	2,183,281	2,183,281	4,366,562
Less: Withdrawal	(1,500,000)	(1,500,000)	(3,000,000)

Ending Balance	3,319,830	3,319,830	6,639,661
2028			
Beginning Balance	3,319,830	3,319,830	6,639,661
Add: Share in Net Income	2,571,629	2,571,629	5,143,258
Less: Withdrawal	(1,500,000)	(1,500,000)	(3,000,000)
Ending Balance	4,391,459	4,391,459	8,782,918
2029			
Beginning Balance	4,391,459	4,391,459	8,782,918
Add: Share in Net Income	3,029,687	3,029,687	6,059,375
Less: Withdrawal	(2,000,000)	(2,000,000)	(4,000,000)
Ending Balance	5,421,147	5,421,147	10,842,293

4.7 NOTES TO FINANCIAL STATEMENTS

Note 1. Utilities Expense

Particulars	Monthly	Annually
Electricity	3,000.00	36,000.00
Water	1,500.00	18,000.00
Total	4,500.00	54,000.00

Assumption: The utilities expense will remain the same in the next 4 years.

Note 2. Taxes and Licenses

Particulars	2025	2026	2027	2028	2029
Taxes and licenses	2,850.00	2,964.00	3,083.00	3,206.00	3,334.00

Assumption: The taxes and licenses will increase by 4% in the following years.

Note 3. Supplies Expense

Particulars	Monthly	Annually
Ballpen	25.00	300.00
Notebook	45.00	540.00
Paper	100.00	1,200.00
Other office supplies	80.00	960.00
Total	250.00	3,000.00

Assumption: The office supplies will increase by 4% annually.

Note 4. Rent Expense

Particulars	Monthly	Annually
Rent Expense	4,000	48,000.00

Assumption: The rent expense will increase by 4% in the next 4 years.

Note 5. Transportation Expense

Particulars	Monthly	Annually
Transportation expense	1,950.00	23,400.00

Assumption: The transportation expense will remain the same for the next 4 years.

Note 6. Sanitary Expense

Particulars	Monthly	Annually
Trash can	390.00	4,680.00
Native broom stick	120.00	1,440.00
Broom	150.00	1,800.00
Dust pan	100.00	1,200.00
Tissue	350.00	4,200.00
Alcohol	110.00	1,320.00
Total	1,220.00	14,640.00

Assumption: The sanitary expense will remain constant for the next 4 years.

Note 7. Depreciation Expense

Particulars	Useful Life	Cost	Depreciation Expense	Total
Building	5	24,041.00	4,808.20	19,232.80
Office equipment	5	8,000.00	1,600.00	6,400.00
Kitchen equipment	5	33,529.00	6,705.80	26,823.20
Vehicle equipment	5	60,000.00	12,000.00	48,000.00
Total			25,114.00	100,456.00

Assumption: Depreciation is taken up on a 5-year straight-line basis with no additions or retirement during the five years.

Note 8. Charcoal Expense

Charcoal	2025	2026	2027	2028	2029
Sacks per year – demand	685	753.50	828.25	911.74	1,002.91
Sacks per year - supply	695	763.50	838.25	921.74	1,012.91
Php. per item	500	500	500	500	500
Total	347,500.00	381,750.00	419,425.00	460,867.50	506,454.25

Note 9. Cooking Ties Expense

Cooking Ties	2025	2026	2027	2028	2029
Demand	685	753.50	828.25	911.74	1,002.91
Supply	705	775.50	853.05	938.36	1,032.19
Php per item	500	500	500	500	500
Total	211,500.00	232,650.00	255,915.00	281,506.50	309,657.15

Note 10. Other Income

	Year	No. of Raw Pig	Kg of Other Saleable Parts	Annual Kg for Other Saleable Parts	Price Per Kilo	Other Income
Whole Raw Pig	2025	689.90	2	1,369.80	200	3,287,520
	2026	753.39	2	1,506.78	200	3,616,272
	2027	828.73	2	1,657.46	200	3,977,899.20
	2028	911.60	2	1,823.20	200	4,375,689.12
	2029	1,002.76	2	2,005.52	200	4,813,258.03

Note 11. Miscellaneous Expense

Particulars	Monthly	Annually
Miscellaneous Expense	1,000.00	12,000.00

Assumption: *The miscellaneous expense will increase by 4% in the next 4 years.*

Note 12. Property, Plant & Equipment

Particulars	2025	2026	2027	2028	2029
Property, Plant & Equipment	125,570	138,569	148,950	164,406	164,406

Assumption: *In property, plant, and equipment, the business will purchase additional equipment in the second, third, and fourth years.*

4.8 Financial Ratios**A. Return on Investment**

$$\text{Return on Investment} = \frac{\text{Net Income after Tax}}{\text{Initial Investment}} \times 100$$

$$= \frac{426,245}{3,142,433} \times 100$$

$$= 7.37 \text{ or } 737\%$$

The return on investment is the ratio between net income and investment. The proposed business generates an ROI of 737%, which means that for every 1 peso invested, the business generates 7.37 net income.

B. Net Profit Margin

$$\text{Net Profit Margin} = \frac{\text{Net Income After Tax}}{\text{Sales}}$$

$$= \frac{3,142,433}{6,849,000}$$

$$= 0.46 \text{ or } 46\%$$

The net profit margin measures income generated as a percentage of revenues received. The proposed business generates a 46% net profit margin, which means that for every peso of revenue, the business generates a .46 net profit.

C. Return on Assets

$$\text{Return on Assets} = \frac{\text{Net Income}}{\text{Total Assets}}$$

$$= \frac{3,142,433}{4,616,156}$$

$$= 0.68 \text{ or } 68\%$$

The Return on Assets (ROA) is a measure of profitability that indicates how efficiently a company utilizes its assets to generate earnings. The proposed business has a ROA of 68%, which means that for every 1 peso invested in the asset, the business generated 0.68 net profit.

D. Payback Period

$$\begin{aligned} \text{Payback period} &= \frac{\text{Total Investment}}{\text{Average Cash Flow}} \\ &= \frac{426,245}{3,414,207} \\ &= 0.12 \end{aligned}$$

The Payback Period is the time required to recuperate the funds disbursed in an investment. It is computed by dividing the partners' total investment by the average cash flows. The computed years before the partners' investment will be recovered in 12 months or within a year to recoup the initial investments.

5. FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This chapter discusses the feasibility study's findings, conclusions, and recommendations.

In summary, the principal aim of the feasibility study is to assess all important factors, such as market area, consumer spending pattern, competition analysis, site evaluation, and finally, financial statement, to determine its potential for success or failure.

Based on the information presented in this feasibility study, the following are the findings, conclusions, and recommendations regarding the five research objectives.

5.1 FINDINGS

The feasibility study conducted for Sabrosa Lechaunt Hauz signifies a significant potential for success and viability in establishing and operating the business. The study carefully evaluated critical factors, including market area, consumer spending pattern, competition analysis, site evaluation, and most importantly, the financial statements. Within a specific geographic location and specific market segment, market area analysis, which includes factors such as demographics and competition, showed a favorable environment for Sabrosa Lechaunt Hauz to thrive and achieve success. With its chosen prime location and with only 3 competitors around the area, Sabrosa Lechaunt Hauz captures a big share of the local market that could result in the likelihood of its success.

Moreover, consumer spending patterns, considering local competitors and prevailing market prices, the business anticipates selling an average of 267 kilos of lechon every month, along with a similar ratio for other product lines measured in kilos. Thus, the projected revenue for the first year of operation is ₱6,849,000.00. Subsequent years are expected to see a 10% annual increase in revenue, mirroring the growing trend of roasted pig consumption among Filipinos.

In the initial year of operation, the direct materials for the product constitute 66% of the revenue, direct labor accounts for 7%, and variable costs represent 9%. This results in a gross income of ₱1,054,152.00, equivalent to 19% of the total revenue. Considering a projected 10% increase in revenue and a corresponding 10% rise in the cost of sales, except for direct labor, which is anticipated to increase after 10 years, the business's annual income grows to 21% of the revenue in its second year. From the second year onward, the gross income percentage rises annually by an average of 1% compared to the preceding year.

In its first year of operation, the business achieved a total Return on Investment (ROI) of 737%, indicating that for every 1 peso invested, it generated 73.7 pesos in net income. Subsequently, the business experiences a yearly increase in ROI, reaching a minimum of 1024% in each subsequent year and peaking at 1422% in its fifth year of

operations. With basic operational business requirements such as staffing, proper equipment with regular anticipated repair and maintenance, and supply chain management including payment plans and disbursements, the initial investment of ₱426,245.00, the business payback period of 0.12 which means it takes approximately 12 months for the initial investment to be recouped from the business's generated income.

5.2 CONCLUSIONS

In conclusion, the study conducted for Sabrosa Lechaunt Hauz provides a compelling rationale for its establishment and ongoing operation. The findings reveal a favorable market landscape with promising market share and conducive market conditions. Furthermore, the growing demand for lechon, particularly evident during various family gatherings and events, underscores the business's potential for success. The strategically identified prime location is particularly advantageous, given the limited direct competition in the area.

5.3 RECOMMENDATIONS

In general, the feasibility study's results are auspicious. In its first year of operations, the company had a total net income of Php 3,142,433 and total cash of Php 3,414,207, indicating an estimated market share of 25%.

To summarize, within the five-year operations, the business attained an average net income of 46% of sales. Given this favorable trend in net income, it is advisable to establish the proposed business, as it shows profitability and popularity across various demographics and occasions, whether regular days or special family gatherings. The business will offer original lechon as what the survey result shows 78% of the sample total population who prefer original lechon flavor while 22% who prefers spicy lechon flavor. Nevertheless, the business will still open for those customers who will choose to buy spicy lechon.

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