



### Task 0

"Arraians Manufacturing" is a company which goal is to be one of the most important pioneers companies in the sustainable motor industry. We aim to build a serious, professional, and committed association in which the administration, engineers , shareholders and our staff work in the same direction, moving forward into a bright and modern future. Our company's NAICS code is Manufacturing 33 subsector 3361; Transportation equipment manufacturing.

The company mission statement is to improve and modernize the motor industry in a way never seen before. Due to our advanced technology, we have achieved the perfect way to construct transport equipment, by making this equipment with the latest 3-D printer which provides us such an accurate cut that there is no need to modify it even when it is attached to the rest pieces, such mistake is very common nowadays in this industry. Furthermore, due to the fact that we use carbon fiber and others sustainable materials, we have achieved what we have in mind at the beginning of everything, to provide the lightest and non-expensive motor equipment in the market. In addition, thanks to this materials, we can brag to be one of the pioneers companies which its 100% transport equipment is not harmful with the environment, something that really concerns us, because our planet must be cared for.

As decisions taken by our company have an impact in some groups of individuals who are our main stakeholders, we try to make them in the best way to keep them interested. Arraians Manufacturing company's main stakeholders are the following ones:

- Government; because our company contributes with the economy of the country due to its employment creation and its payment of taxes.
- Employees; as the company has created a great amount of workstations such as engineers, car designers, maintenance supervisor, in the cleaning service, computer specialist... and we handle that they all are not only in good working conditions but satisfied with their salary and additional skill and knowledge developments too.
- Our local communities consists of our business operators, public agency and residents who provide us information, assistance and resources. That way we help them generating jobs and developing the economy of this place. Furthermore, we are fully aware of the big problem that pollution is, so we assure our company doesn't harm the environment nor pollute.
- We care of our customers so we offer a good customer service composed by highly qualified sellers who will attend in the best possible way our customers' needs and queries. We have also worked hard to achieve an affordable price for our products. In addition, they will benefit of our high quality and customized products.
- Our main suppliers deliver raw materials, machinery and support services. And we are proud to consider these companies not only as our suppliers but as well partners in our business. Carbon fiber producers, metal industries and machinery are our main suppliers.
- The company is owned by Mario Arribas and Leire Ansó and our shareholders. Their financing gets rewarded by the benefits and the sustainable growth of our company.

### Task 1

We analyzed the competitive edge of our company's industrial sector by calculating the market share by collecting the data of the top 4 companies in the industry; those companies are Seat SA (10,99%), Ford España SL (8,89%), Renault España SA (7,98%) and Opel España SLU(5,52%) in the respective order. The total market share of these top 4 companies is 33,38%, so we are in a competitive industry without any monopoly where we can succeed with our company's product.

### Task 2

In the following list are the companies that compete with our company in the same industrial sector and their legal form:

Company name	Legal form
Seat SA	Public limited company
Ford España SL	Limited liability company
Renault España SA	Public limited company
Opel España SLU	Limited liability company

### Task 3

We have decided that we are going to take the path to develop a corporate private limited business, due to the fact that we are a small business that have just started operations and we cannot afford to sell the company's shares to the general public, like a public limited company would. Moreover, we have created a corporate company and not a non-corporate one because to limit our liabilities in case of failure preventing of losing our personal private possessions. As we have decided to be a private limited company, our company name is Arraia Manufacturing Ltd.

### Task 4.

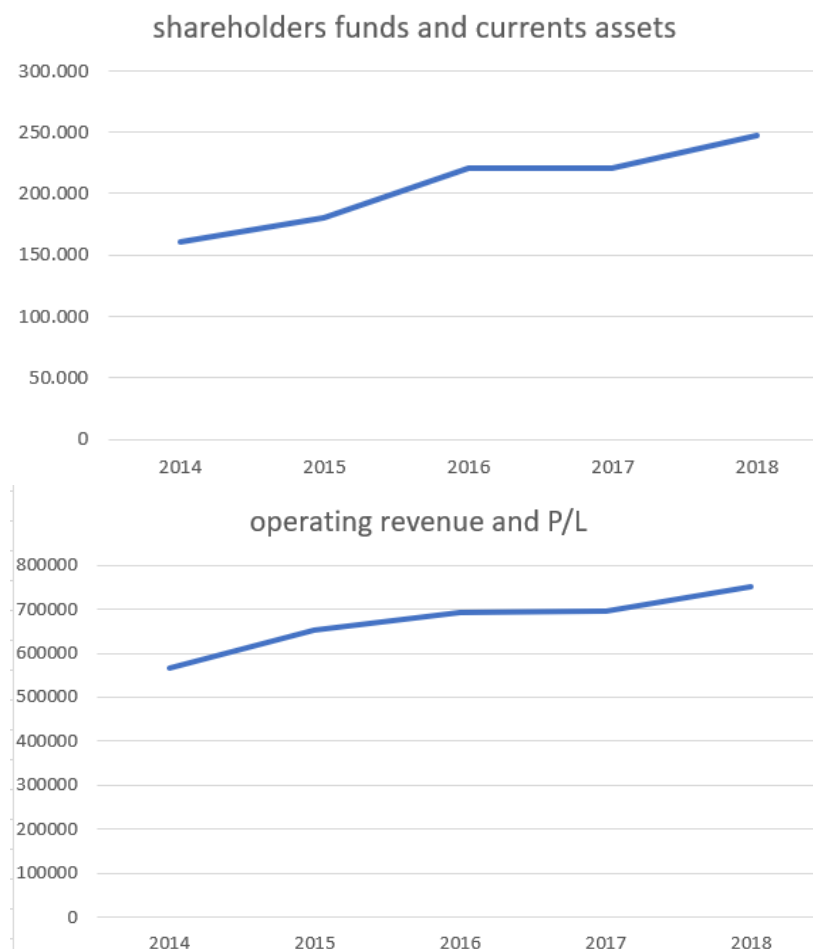
SWOT analysis:

<u>Opportunities</u> ; a new upcoming market of modern electric car which needs as well modern equipment.	<u>Threats</u> ; As we are a small company, perhaps big companies realise that our idea is good one and they developed the same product as ours.
<u>Strength</u> ; our strength is that we are a small company with young, Motivated and smart staff excited to succeed.	<u>Weakness</u> ; we are a small company with not much budget.

After discussing our company business strategy, we have reached the conclusion that our business follows a mixed between low-cost and product differentiation strategy, due to the fact that we are going to offer to our customers not only a reduction in cost by using new technology such as 3D printers, but the possibility of customizing each product. That way, our company will offer high-quality products at a moderate price.

### Task 5.

We have analyzed the balance sheet and the income statement of our competitors and the result is the following one:



*Task 5 feedback: each graph should show two variables, but your graphs only show one*

*Hi, we understood that we had to make an only slope so we calculate the sum of the two variables for each year.*

**Task 6**

We are going to do the ratio analysis for the year 2018 of our competitor; SEAT SA.

$$\text{Current ratio} = \frac{\text{Current assets}}{\text{Current liabilities}} = \frac{1.599}{2.887} = 0.55$$

This means that for €1 of current liabilities, the business has only €0.55 of current assets. WARNING! Current ratio < 1.5.

$$\text{Acid test ratio} = \frac{\text{Current assets} - \text{Stock}}{\text{Current liabilities}} = \frac{1.599 - 423}{2.887} = 0.4$$

This means that for every €1 of current liabilities, only €0.4 is held in liquid assets.

$$\text{Receivables turnover} = \frac{\text{Operating revenue}}{\text{Accounts receivables}} = \frac{10.495}{849} = 12.36$$

On average, the business collects its receivables 12.36 times in one year.

$$\text{Debt to total assets ratio} = \frac{\text{Total debt}}{\text{Total assets}} = \frac{88}{5064} = 0.017$$

The company financed each euro of assets with 0.017 of debt.

$$\text{Times interest earned ratio} = \frac{\text{Operating P/L}}{\text{Financial expenses}} = \frac{223}{17} = 13.12$$

A times interest earned ratio of 13.12 means that the company's interest expense is well covered at 9.6 times.

$$\text{ROA} = \frac{\text{Profits or Losses for the period}}{\text{Total assets}} = \frac{294}{5064} = 0.06$$

This means that the company earned €0.15 on every euro of totals assets.

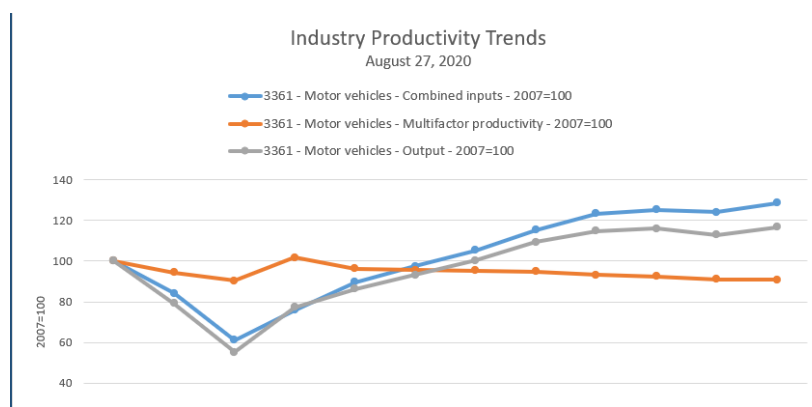
$$\text{ROE} = \frac{\text{Profits or Losses for the period}}{\text{Shareholders' funds}} = \frac{294}{1664} = 0.17$$

This means the company earned €0.29 on every euro invested by its owners.

**Task 7**

Multifactor productivity compares output with a combination of inputs. The following formula is used to calculate it: Multifactor productivity = Output / Combination of inputs. That is why in the following graphic is represented not only multifactor productivity but output and combined inputs too.

We can observe that although combined inputs and output have increased since 2009, multifactor productivity is suffering an slight decrease.





	3361	3361	3361
	Motor vehicles	Motor vehicles	Motor vehicles
	Combined inputs	Multifactor productivity	Output
	2007=100	2007=100	2007=100
2007	100,000	100,000	100,000
2008	84,119	94,252	79,284
2009	61,175	90,417	55,313
2010	75,943	101,748	77,270
2011	89,522	96,324	86,232
2012	97,511	95,547	93,169
2013	105,287	95,234	100,269
2014	115,293	94,762	109,254
2015	123,233	93,162	114,806
2016	125,207	92,557	115,888
2017	124,051	90,978	112,859
2018	128,471	90,865	116,735

TASK8

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TASK9