BUSINESS PROJECT (Patricia and Elisa)

TASK 1:

Apparel Manufacturing Industry (Cut and sew apparel manufacturing)
NAICS: 3152

The apparel manufacturing industry is the sector of the manufacturing industry dedicated to the production of products related to clothing and apparel. It usually includes the manufacture of clothing, clothing items and even shoes, and its work is carried out in textile factories or maquilas.

The textile industry is one of the most important economic activities in the entire world. For this reason, it provides jobs to huge sectors of the population in each country, since its products are usually marketed at a constant and massive rate.

Name of the company: Chérie

Mission Statement: "Provide confidence and beauty no matter your size or body type."

This company is in charge of fashion, quality and comfort. Garments designed with the latest technology such as 3D printers with which the best clothing models are designed, so that, in addition to showing off a great style, the clothing models are adapted to each type of body. So that everyone feels free to choose what best suits their body, and have a wide range of clothes in which to choose a unique style that defines them.

Main Stakeholders:

A company in the fashion industry has to deal with a large number of stakeholders who have an impact on the company: trade organizations, suppliers, sponsors, buyers and distributors, partners, etc. Transparency, communication and collaboration with these stakeholders are important for a company to grow and succeed.

- Trade Organizations: They are dedicated to the purchase and sale of products and act as intermediaries between producers and consumers
- Suppliers: They are in charge of supplying Chérie with stocks and goods, mainly articles, which will be transformed to be sold later or that are directly bought for sale.
- Sponsors: Invests a specific amount of money to promote Chérie in a specific medium in order to gain greater visibility with potential customers.
- Buyers: They are in charge of buying the producers offered by Chérie.
- Distributors: gives out or sells clothing to customers or other business.

TASK 2:

NAICS: 3152 (Cut and sew apparel manufacturing)
Concentration ratio: Of our cut and sew apparel manufacturing industry:

-**Total Sales:** 4512797000 EUR

	th EUR	Cummulative values	%	Cummulative %
MAYORAL MODA INFANTIL SAU	263528	263528	5,84%	5,84%
DIAGOMODA SLU (EXTINGUIDA)	195763	459291	4,34%	10,18%
STEAR SA:	188645	647936	4,18%	14,36%
BIMBA & LOLA SL:	180979	828915	4,01%	18,37%

CR4: (263528000/4512797000)*100+ (195763000/4512797000)*100 + (188645000/4512797000)*100 + (180979000/4512797000)*100= 5,84%+4.34%+4,18%+4,01%= 18,37% of concentration.

Since its value is between 0% and 40% it's a competitive industry and has a low concentration. This implies, among other things, that all companies belonging to this industry accept prices, that is, they cannot influence the market price of their product. Perfect competition is theoretically the opposite of a monopoly, in which only a single firm supplies a good or service and that firm can charge whatever price it wants since consumers have no alternatives and it is difficult for would-be competitors to enter the marketplace. Under competitive industry, there are many buyers and sellers, and prices reflect supply and demand.

TASK 3:

The legal form of some of the companies that compete in the same industry as our company:

- **MAYORAL MODA INFANTIL SAU:** Public limited company.
- **DIAGOMODASLU:** Sole-partnered Limited liability company.

- **STEAR SA:** Public limited company.
- **BIMBA & LOLA:** Limited liability company.

For our company we chose a **sl, limited company,** *since we want it to be a* **private limited company.** *We have chosen this form of legal business because of the following reasons:*

- An advantage of owning a private limited company is that the financial responsibility of the shareholders is limited to the money they have invested in the company. So if the company were to have financial problems and were to close, shareholders would not risk losing their personal assets.
- Another reason is because the shares of a company limited by shares are transferable by a shareholder to any other person. The transfer is easy compared to the transfer of interest in a managed business such as an owner company or partnership.
- Besides, alongside the tax efficiency of this structure, one of the key advantages of a private limited company is the mark it makes on clientele and customers. Operating under a LTD status can often improve your credibility and create a more professional impression, which can lead to more business and higher profits in the long run.
- Lastly, the ability to raise capital and encourage investment in your business is one of the advantages of a limited partnership. As our company has a more established profile, investors are more likely to be confident than when it comes to an individual trader. It is also easier to raise money by selling shares, and since the company is separate from the director, you also have the option to sell it for a profit.

Reasons why we have not chosen a **public limited company***:*

- One of the main disadvantages of managing a public limited company are the ownership and control issues that original owners of the business can suffer. This is due to shareholders, who can expect an adoption of certain standards or policies in return of their investment, exercising particulary high levels of influence and causing the original owners to lose control of their own business.
- Another problem is that the legal and regulatory requirements to help protect and to provide transparency to shareholders, are more strict and onerous for a public limited company than for a private limited company. Applying these extraordinary laws and rules means a drain on time and resources that cannot be invested in growing the business.
- Further, Short-Termism is another disadvantage. This is because of the expectations of investors to receive healthy returns against the added pressure that is imposed by the market. This makes the share price especially important, and it can cause the directors to focus on delivering short-terms results and missing out on making some strategic long terms opportunities or threats.
- Finally, for public limited companies the initial financial commitment is higher than for the private limited companies. Many companies feel limited to being able to implement this model in their businesses, due to the obligation to have a minimum capital of 60,000 with the obligation to pay 25% during the incorporation. Also, appart from the initial commitment, especially when companies have complex requirements, associated costs in the formative stages may also be higher too.

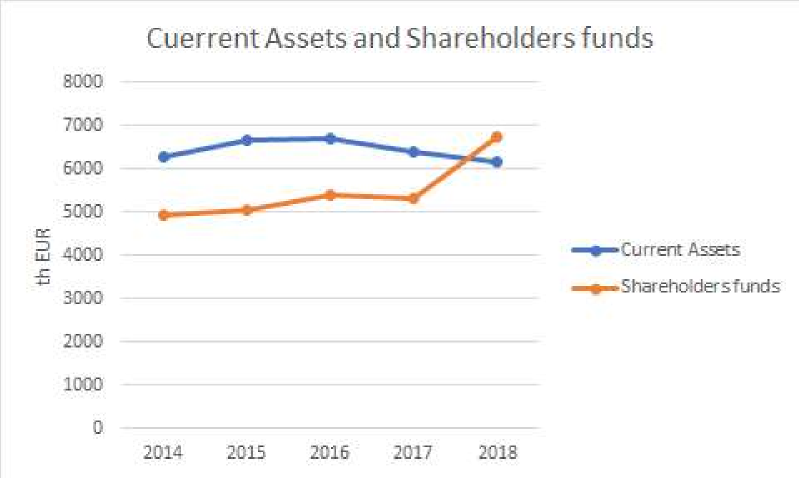
TASK 4:

Opportunities: -Emerging need for our products and services. -New technology available in the market. -Product innovation and new growth platforms. -Expand international operating segment. -Data monetization. -Further digital transformation. -Competitive market, which implies that all companies belonging to this industry accept prices, that is, they cannot influence the market price of their product, and the competition is so fierce that companies have to fight for the business of potential customers.	**Threats:** -Economic danger situation because of Covid-19's pandemic. -Highly regulated market. -Significative costs for regulatory approval. -Regulatory environment changes. -Geo political situation in some markets.
Strengths: -Strong management. -Exclusive products. -Uniqueness. -Accessible. -Clearly definid missions statement. -High queality faculty.	**Weaknesses:** -Lack of capital, because it is a newly created company. -Starting business. -Lack of reputation. -Lack of standard operating procedures. - No coporate experience.

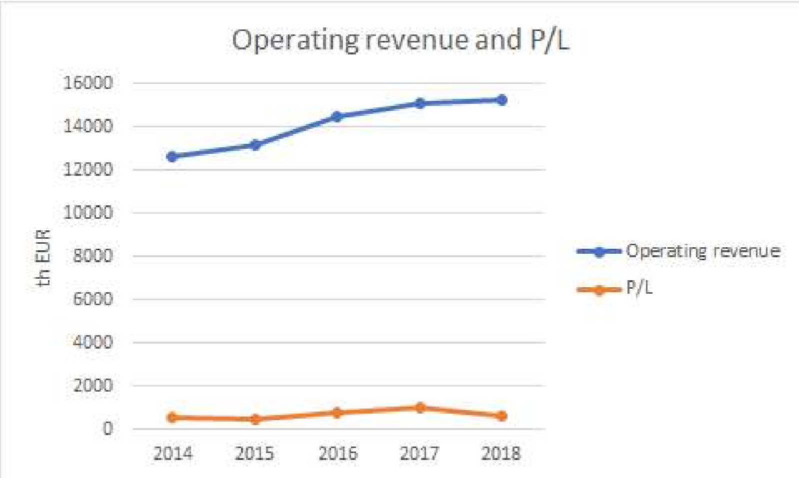
Business strategy: We have chosen the *low-cost strategy* , that consists on reducing costs, by using new technology, streamlining its supply chain, or outsourcing some activities, to keep the price of its product as low as possible. The idea is to offer the same product at lower prices than everyone else to attract customers. We have decided to follow this strategy because since our mission statement is to provide beauty and confidence to every single person, we want to make it also available to everybody no matter the amount of money you have. This is how we fulfill our mission by making our products accessible to everyone.

TASK 5:

- Current assets and shareholders funds of our competitors on average graph:



- Operating revenue and P/L of our competitors on average graph:



TASK 6:

Bimba & Lola (for the most recent year):

-**Current ratio** *(Current assets/current liabilities):* 79639714/39237741= 2,02
Bimba and Lola's company has a **high opportunity cost** since current ratio is greater than two. The opportunity cost refers to the cost of a decision. Resources are limited, so when you decide to use resources in a specific way, you are also deciding not to use them in an alternative option. The potential gains associated with the alternatives that you rejected when making a decision are the opportunity cost of your decision. So having a high opportunity cost might not be a good thing, as holding large amounts of cash or other liquid assets generally has a significant opportunity cost, as the company might be better off investing more in fixed assets to help to generate more profit in the future.
The company has €2.02 of current assets for every euro of current liabilities.

-**Acid Test Radio** *(Current assets-stock/current liabilities):* (79639714-47298952)/39237741=0.824
This is a way of knowing the payment capacity of the company in the short term. The acid test ratio is less than one, which indicates a situation of **weakness to face short-term payments**, liquidity problems.
The company has €0.824 of the most liquid assets for every euro of current liabilities.

-**Receivables turnover** (*Operating revenue/accounts receivables):* 180978930/19626947= 9,22
On average, the business collects its receivables **9,22 times in one year**. This means that, on average, this company must wait (365/9,22) **39,58 days** to receive the money that is owned by customers.

-**Debt to total assets ratio** *(Total debt/Total assets):* 39237741/137350206=0,28

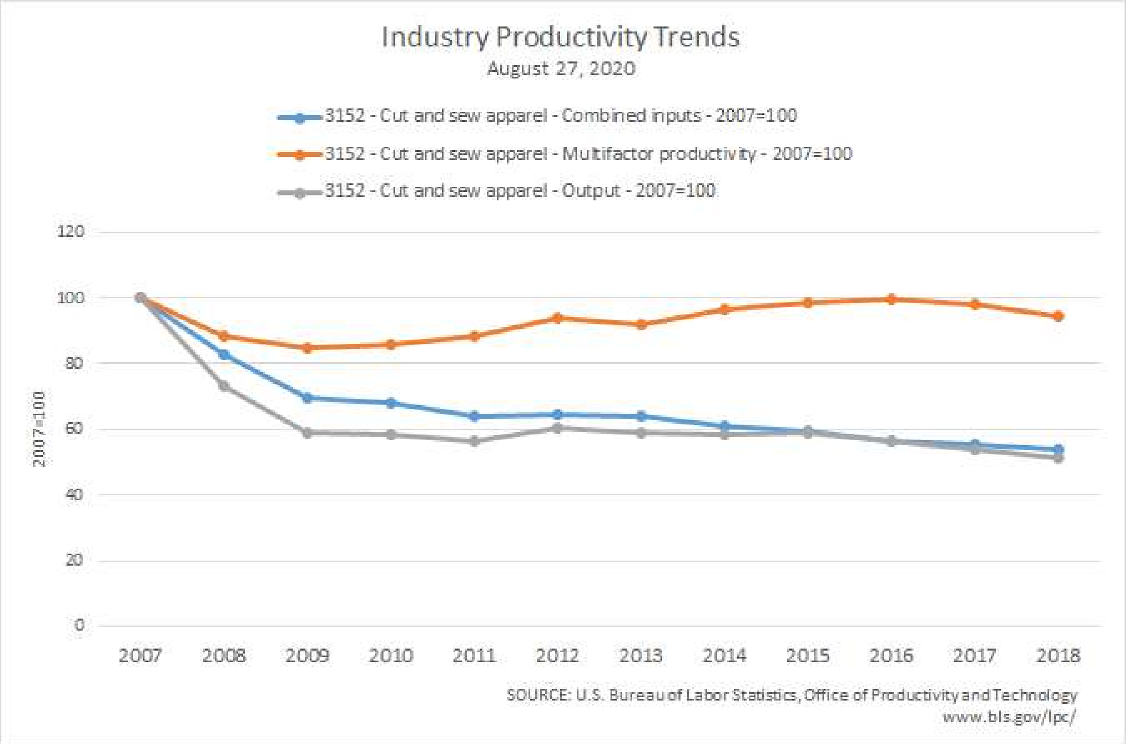
This shows how much of a business is owned by creditors (people it has borrowed money from) compared with how much of the company's assets are owned by shareholders. This means that el **28%** of the company is owned by creditors and the rest by shareholders.
Each euro of assets is financed by €0.28 of debt.

-**Times interest earned** *(Operating P/L/Financial expenses):* 23939344/99102= 241.26
A times interest earned ratio of 241.26 means that the company's interest expense is well covered at **241.26 times.**
Interest expense is covered at 241.26 times.

-ROA *(Profits or Losses for the period/Total assets):*19867544/137350206=0,14
This means that the company ***earned €0.14*** *on every euro of total assets.*

-ROE *(Profits or Losses for the period/Shareholders funds):*19867544/89235232=0,22
This means the company ***earned €0.29*** *on every euro invested by its owners.*

TASK 7:



The graph shows the stability of a high manufacturing productivity (despite the small decline suffered in 2007) during the last years because of the stable ratio between the output and the combination of inputs. This balance may be thanks of the combination between new technologies who are more productive, a work organization that rearranges the production, process and work and worker's skills and experience who have discovered more efficient ways to make outputs.

TASK 8:

Analysis (using Tableau) of Additive Manufacturing (AM) in the industry our company competes in:
https://public.tableau.com/views/Task8_16056879127800/Dashboard1?:language=es&:display_count=y&publish=yes&:origin=viz_share_link