

FLEXICLOTHES (Lierni Lamy, Juan Lera and Irati Pintor)

Sunday, September 6, 2020 3:29 PM

TASK 1

- **Description:** Our primary activity is to design clothes with a special material that doesn't get dirty
- **NAICS:** Subsector 3149.
- **Mission statement:** To make people rediscover clothing in a better and environmental friendly way.
- **Stakeholders:**
 - Employees:
 - Designers
 - Manufacturers
 - Commercials
 - Customers:
 - Clothes for everyone and specially for those who get stains easily.
 - Owners or shareholders:
 - Irati Pintor
 - Juan Lera
 - Lierni Lamy
 - Suppliers:
 - A company that gives us the 3D printers.
 - A company that gives us the materials needed.
 - A company that helps us with the transport of the
 - Local communities:
 - Our clothes will be sold in local shops and maybe in big multinationals that share our values.
 - Government:
 - It will help us with subsidies.

TASK 2

- To calculate the top-4 concentration ratio (CR4), the following companies were the top 4: TRETY SA (%5,57), GIRO GH SA (%3,47), JEANOLOGIA SL (%3,28), JOBELSA SOFT-TRIM SL (%1,97).
- $$CR4 = \%5,57 + \%3,47 + \%3,28 + \%1,97 = \%14,28$$
- **Conclusion:** As the top-4 concentration ratio is quite low, we would say our company is a competitive industry and it would be occupied by a large number of firms of relatively equal size.

TASK 3

- **Look at the legal form of some of the companies that compete in the same industry as our company:**

The textile market is formed by many companies such as TRETY SA, GIRO GH SA, JEANOLOGIA SL, JOBELSA SOFT-TRIM SL, COVERCAR SA, BANDALUX INDUSTRIAL SA or NAVARPLUMA SA.

We are going to analyse the legal form of some of them in order to know more about the companies we are competing against.

TRETY SA, BANDALUX INDUSTRIAL SA, and COVERCAR SA's legal form is a public limited company and their detailed legal form is a joint-stock company. This means that TREATY SA, BANDALUX INDUSTRIAL SA and COVERCAR SA are businesses owned by their investors, with each investor owning a share based on the amount of stock purchased.

Next one, GIRO GH SA, is as well a public limited company but its detailed legal form is a sole corporation, so it is owned by a single person.

On the other hand, JEANOLOGIA SL and NAVARPLUMA SA are limited liability companies which means that investors' and owners' private assets are not at risk if the company fails, it would be only at risk the amount they have individually invested.

The last one we are analyzing is JOBELSA SOFT-TRIM SL and it is a sole-partnered limited liability company, it has the same characteristics as the companies before but it is owned by a single person.

- **Choose a legal business form for our company:** Non-Corporate Business, Partnership.
- **Justification:**
 - We choose to start a non-corporate business because this type of business has a much simple set up, even though we will not enjoy limited liability. Consequently, we will be legally treated as one, meaning that owners and business will be the same entity. We will be careful with our money invested and we will always try to make the best decision at the right moment, because we know that our personal possessions and assets will be at risk in case our business collapses.
 - Our business will be a partnership because it will have multiple owners (us 3) and we will be the ones running it. It's worth mentioning that we plan to add employees as well as we grow up as a business. In addition we believe that it's better to start as a non-corporate business because our company will be small at the beginning and we want to be the ones making the initial important decisions rather than depending on shareholders or other people. Afterwards, there is always time to become a corporate business or even to go public and enter in the stock market.

TASK 4

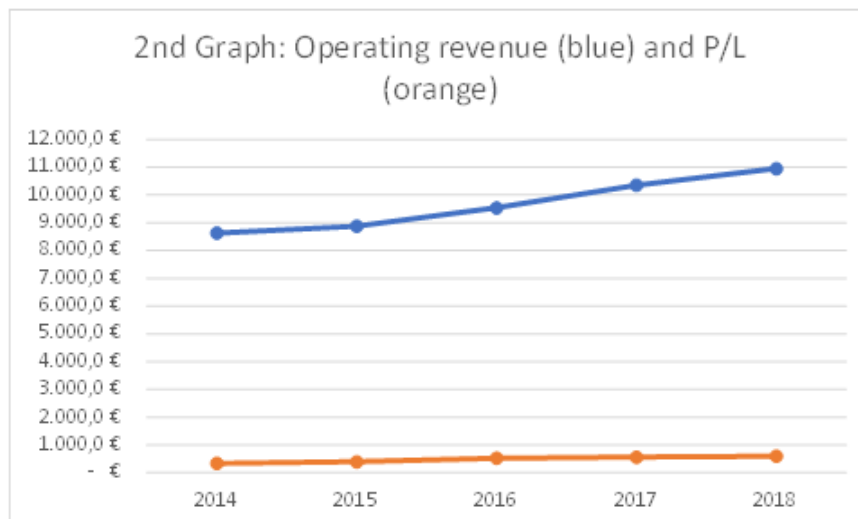
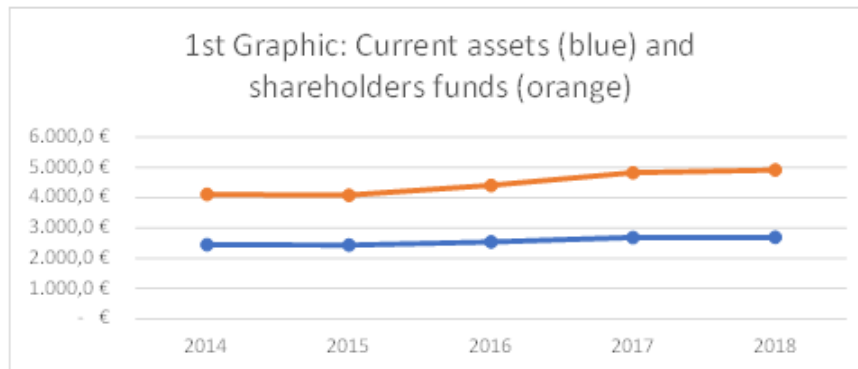
- **SWOT analysis of the business:**

Opportunities <ul style="list-style-type: none"> • Collaborations with luxury designers • Emerging International markets • Online shopping • Workers need to recover the hours of work lost during quarantine so they could benefit using our clothes which don't need to be washed • Low concentration ratio 	Threats <ul style="list-style-type: none"> • Quarantine due to covid-19 second wave • Lack of resources and materials (possibly due to covid-19) • Strong competitors in the market • Technology availability (3D printers)
Strengths <ul style="list-style-type: none"> • Resistant materials (good quality) • Flexible materials • React fast to new trends • Fast delivery of new products • Information on our website and social platforms about sustainability efforts 	Weaknesses <ul style="list-style-type: none"> • Not really cheap and competitive prices • Limited budget for advertising • Lack of experience running a textile company • Slow production due to limited resources and employees

- Personalized and customized clothes for workers

Finally, we conclude that our business will follow a product differentiation strategy because we will offer unique and customized products with an special material that will repell stains and will be confortable to wear, but we will also try to reduce the cost as much as possible in order to offer our customers the best.

TASK 5



TASK 6

Ratio analysis of one of our competitors: GIRO GH SA

-Current ratio = $60,354,181 / 34,084,138 = 1.77$

The company has €1.77 of current assets for every euro of current liabilities.

Experts recomend a current ratio of 1.5 so it is okay if the current ratio is between 1.5 and 2 as it is in the case of our competitor.

-Acid test ratio: $(60,354,181 - 15,570,040) / 34,084,138 = 1.31$

The company has €1.31 of the most liquid assets for every euro of current liabilities.

-Receivables turnover: $113,017,505 / 44,726,692 = 2.53$

On average, the business collects its receivable 2.53 times in one year.

-Debt to total assets ratio: $(34,084,138 + 1,798,829) / 86,384,940 = 0.41$

(We have added the current liabilities and the non-current ones calculate the total debts)

Each euro of assets is financed by €0.41 of debt.

-Times interest earned: $5,012,765/766,569=6.54$
Interest expense is covered at 6.54 times.

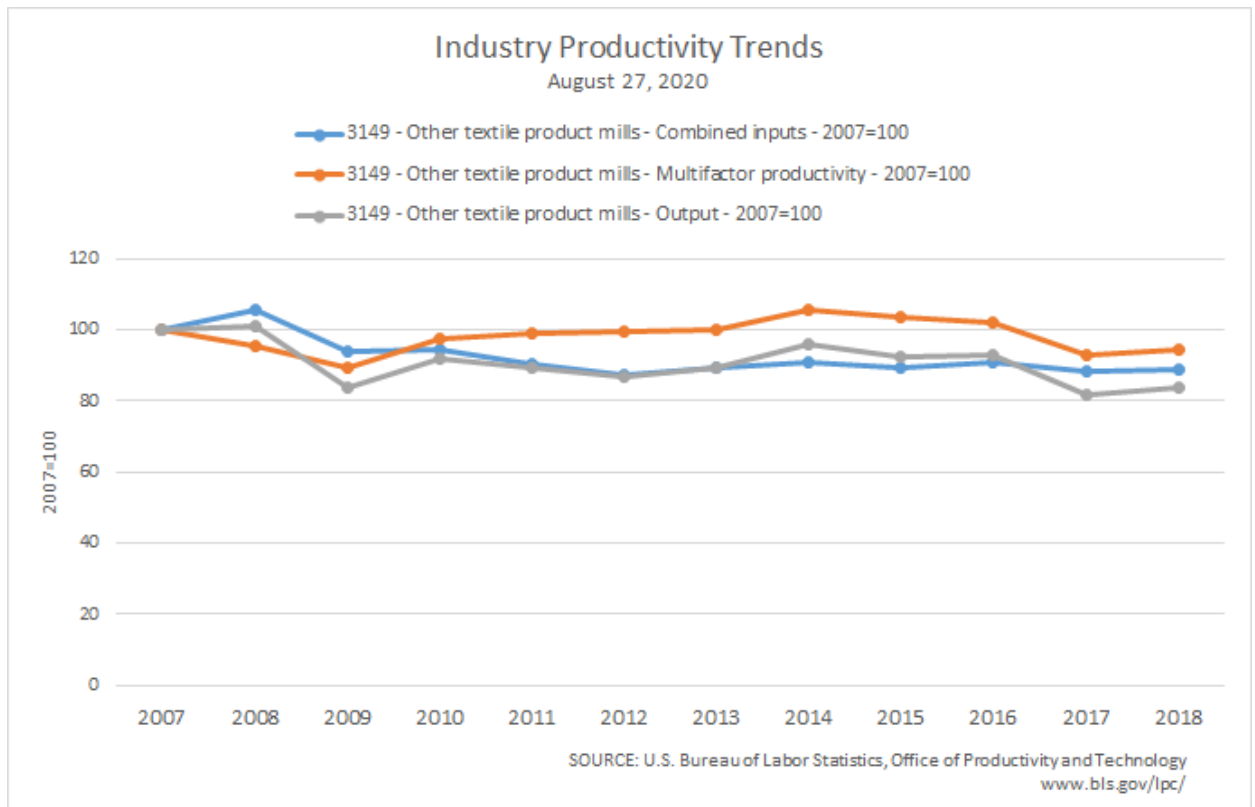
-ROA: $3,696,145/86,384,940=0.043$

The company earned €0.043 on each euro invested in assets.

-ROE: $3,696,145/50,501,973=0.073$

The company earned €0.073 on each euro invested by its shareholders.

TASK 7



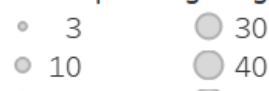
The multifactor productivity is a measure of efficiency in the production process, so the higher, the better. As we can see in the graph above, the multifactor productivity decreased considerably in 2008 with the arrival of the Great Recession and then it started to recover slowly. Notice that the multifactor productivity increased in the following years reaching its peak in 2014. However, we can observe that the multifactor productivity of our industry has had a decreasing tendency in the last 2 years of the graph, so rumors about the arrival of a new economic crisis might be true.

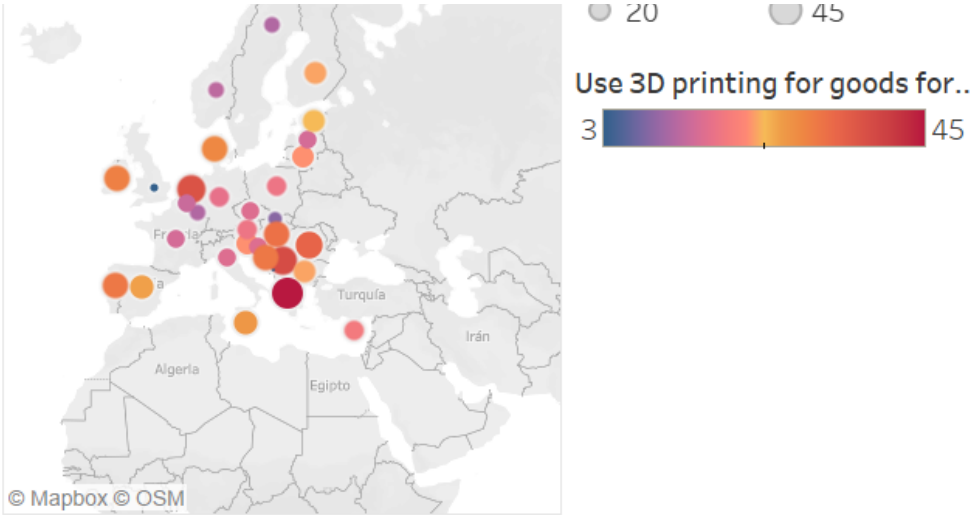
TASK 8

Map

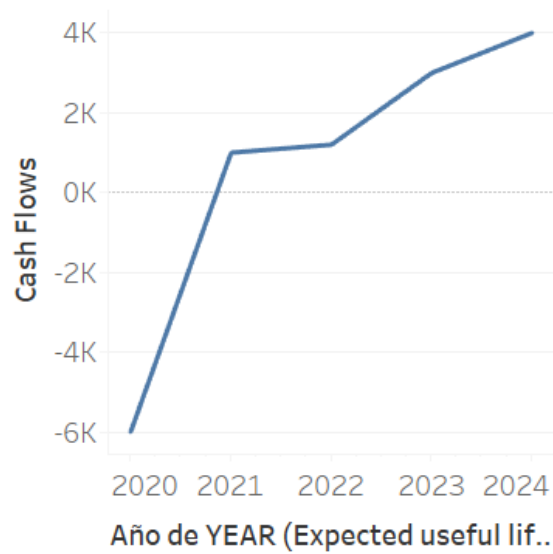


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