

Group 15

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TASK 1

The manufacturing company we want to start up is about agricultural implements (according to NAICS manual, "33311 Agricultural Implement Manufacturing")

Our company will be named **"INNOFARM"**

Our main goal is to give a boost to the rural sector, due to the lack of techniques and machines that provokes a significant less productivity. Also, we would like to stop rural depopulation. Besides, having into account that many countries don't have the same economy or they are not as developed country as Spain, we would like to improve their quality of life providing them machinery to get a better productivity of their land thanks to our 3D printer. We know there are not enough agricultural engineers in these countries, so we think the best way is to copy exactly the machinery we use here.

Briefly, and putting our purpose in a slogan form, our mission statement would be the following one: *"Let's improve worldwide rural economy throughout our 3D printers."*

Stakeholders of our enterprise, with their correspondent interests, will be the following ones :

- Employees: Pay, good working conditions, they will use innovative products (3D printers)
- Customers: They will be ONGs, Governments or other enterprises.
We will provide them the opportunity of helping people, hi-tech machinery, profits, a way of improve their economy...
- Shareholders: Profits, good reputation
- Suppliers: Regular orders, good reputation, a loyal client
- Local communities: employers, the food, due to the higher amount of food extracted from the land, will be cheaper, innovation
- Government: taxes, good reputation, a way to solve economical issues

TASK 2

CR_4 (Top-4 concentration ratio)= 36.9% (John Deere Iberica SA) + 3.84% (Roda Iberica SLU) + 1.39% (Mahle Components de motor España SL) + 1.06 (Maquinaria agricola cancela SL) = **43.18%** (from NAICS code 33311 Agricultural Implement Manufacturing)

The top four companies account for 43,18% concentration ratio, therefore, it is a moderately concentrated industry, an oligopoly. However, it is remarkable that John Deere Iberica's market share means 36,90% of the total revenue of the peninsular industry.

The government should pay close attention in case that some policies need to be establish in order to avoid a monopoly (more than 70% concentration ratio) or just to reduce the oligopoly level.

For instance, some polices that could be enforced to regulate the Agricultural Implement Manufacturing Industry may be investigate and sanction anti-competitive practices based on complaints or on its own initiative and authorise and monitor mergers or concentrations of companies.

TASK 3

Every of the main companies of the sector (33311 Agricultural Implement Manufacturing) are corporate business (which means that they enjoy limited liability) , and being more accurate almost all of them are private limited companies, so they don't offer their shares for sale to the general public. However, there are a few companies like John Deere Iberica (the major company at the industry) that are public limited companies. This implies some kind of things such as that their shares are regularly traded on a security exchange or that they have to publish more details of their financial affairs.

Our company will be a corporate business. We would like to set up a big enterprise with a considerable amount of employers to try to reach to many governments and countries in order to help as many people as possible and to try to bring innovation to many areas. Besides, if we become bankrupt, thanks to the legal separate identity between the corporation and us, we would enjoy limited liability and therefore, our private possessions won't be at risk. Everything we've said is only possible if we create a corporate business, because non-corporate businesses sell less and they have unlimited liability, that is, their private possessions are at risk in the event of failure.

Another point is that, being a corporate company, it will be a private limited company, although we'd like to become a public limited company when our revenues grow enough. We think it's important starting as a private limited company because we won't need a minimum share capital and we won't have to publish more details of our financial affairs. In fact, much money would be needed to set up a public limited company, and nowadays, we lack of it.

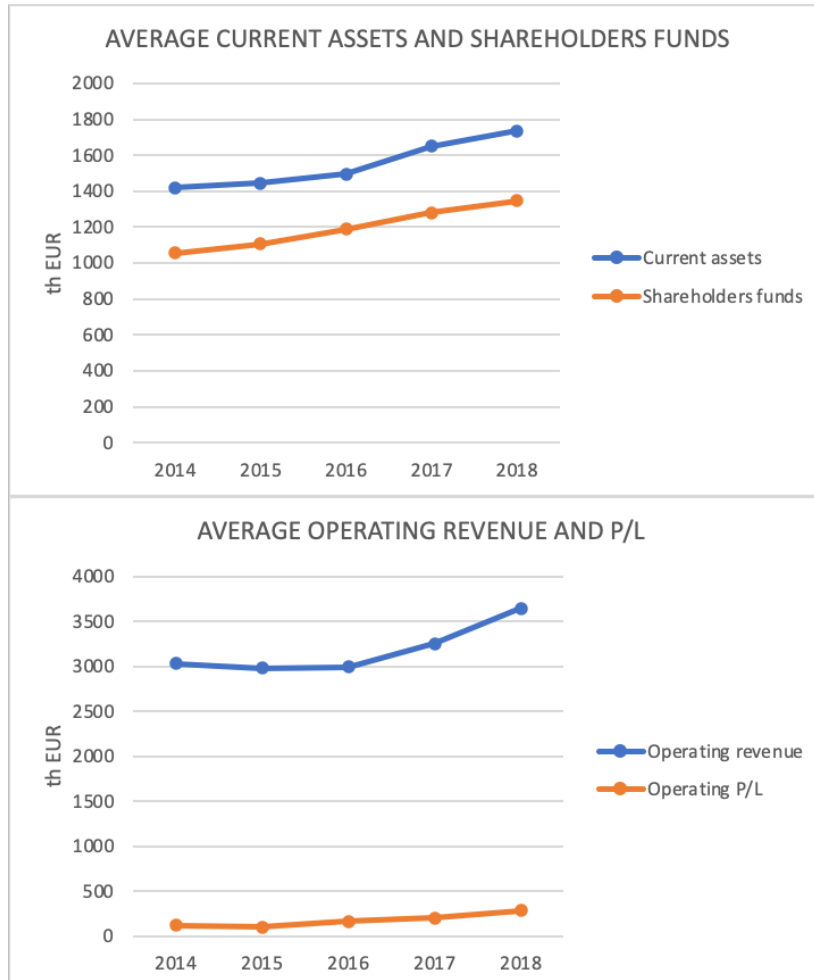
TASK 4

SWOT

<ul style="list-style-type: none"> • Opportunities: -The delay in agricultural techniques in developing countries gives us a perfect opportunity to revolucionize their agricultural industries with better equipment. Therefore, those countries will be able to improve their economy. -Another point is that there are not a lot of enterprises in the sector, and government are predisposed to invest money in the industry to propel it. 	<ul style="list-style-type: none"> • Threats: -Our sector is an oligopoly, so that means that our industry is not as competitive as we would like, and we can get less avenues than we want. This happens because of the huge influence of Jhon Deere Iberica, whose market share means 36,90% of the total revenue of the peninsular industry. -Besides, Coronavirus it's an incredible threat because it makes imposible contracts with foreign governments.
<ul style="list-style-type: none"> • Strenghts: -Talented and visionary engineers, developing high-tech manufacturing projects based on renewable energy and premium machinery, in order to create cheaper and more quality agricultural implements. Besides, it helps us to work in an environmentally friendly way. -Also, being still a small corporation enables as to better organize ourselves and provide a better service. 	<ul style="list-style-type: none"> • Weaknesses: -Lack of funding and confidence from the customers as we are pioneers in the industry and we still lack reputation in the sector. -Therefore, it may be difficult to establish international realtions with other companies and governments.

Based on our SWOT, we think the best idea is to carry out a low-cost strategy. Due to the competence in our sector, we believe that we don't have other option if we want to attract customers. Once we get fame in the industry, we will decide whether continue with the low-cost strategy or moving to the product differentiation strategy, raising prices and offering special service. We consider that owing to the reduced number of employers and the hi-tech technology we have, we can keep the prices of the products low. Besides, thanks to this strategy, more governments will come to us requiring our services and looking for low prices.

TASK 5



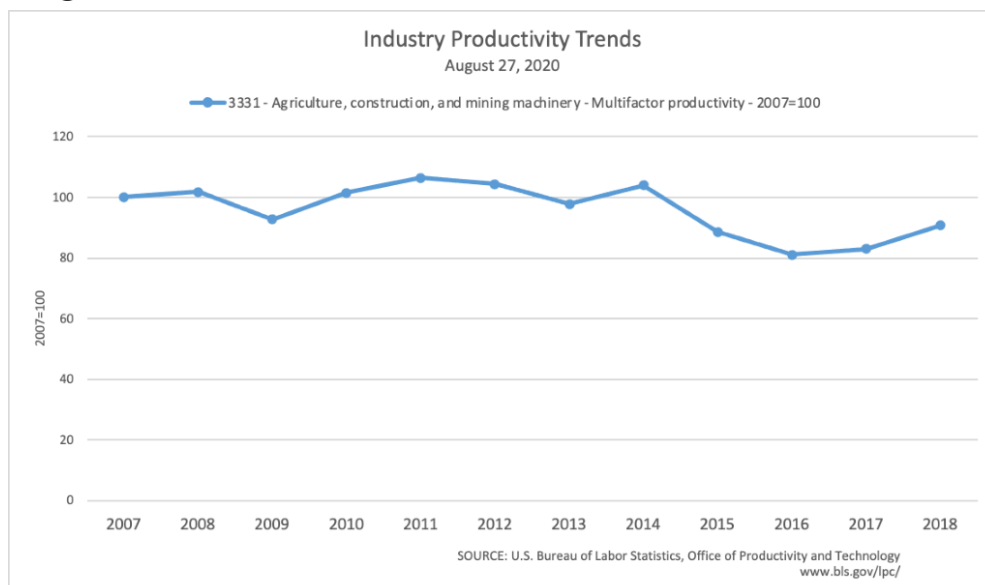
TASK 6

We have selected "John Deere Iberica" enterprise as our competitor:

John Deere Iberica's current ratio:	Current assets/Current liabilities= $128,994,000/96,948,000=1,33$	For every euro of current liabilities the company has 1,33 euros of current assets.
John Deere Iberica's acid test ratio:	Current assets-stock/Current liabilities= $(128,994,000-65,290,000)/96,948,000=0,657$	For every euro of current liabilities the company has 0.65 euros of the most liquid assets

John Deere Iberica's receivables turnover:	Operating revenue/debts= $652,983,000/65,290,000=10.001$	On average, the business collects its receivables 10 times in one year
John Deere Iberica's debt to total assets ratio	(Non current +current liabilities)/total assets = $105840000 /237800000 = 0,44$	This means that in 2019 the company had €0.44 of debt for every euro of assets. In other words, the company financed each euro of assets with 0.44 of debt
John Deere Iberica's ROA	Profits or loses/ Total assets = $49.081000/237800000 = 20,64\%$	Therefore, for every euro of total assets the company earns 0,2064 €
John Deere's Iberica's ROE	Profit or loses/Shareholder's fund = $49081000/131960000 = 0.37$	This means the company earned €0,37 on every euro invested by its owners
John Deere Iberica's times interested earned	Operatign P/L/financial expenses = $50874000/2021000 = 25,17$	A times interest earned ratio of 25,17 means that the company's interest expense is well covered at 25,17 times.

TASK 7



The graph shows that the multifactor productivity has been stable during the last years and that although in 2014 it started to decline it is now starting to improve, meaning that currently they are improving the ratio between the output and the combination of inputs. This may be because of the workers improvement in their skills and the manufacturing process and in the technologies used.

TASK 8

[Tableu Public](#)