

<b>KEY PARTNERS</b>	<b>KEY ACTIVITIES</b>	<b>VALUE PROPOSAL</b>	<b>CUSTOMER RELATIONSHIP</b>	<b>CUSTOMERS SEGMENTS</b>
<ul style="list-style-type: none"> <li>❖ Distributors' network</li> <li>❖ Construction Materials Retailers</li> <li>❖ Outsourced Producers</li> <li>❖ Mirror</li> <li>❖ Carpentry</li> <li>❖ Electrician</li> </ul>	<ul style="list-style-type: none"> <li>❖ Sale of construction materials</li> <li>❖ Personalized customer service</li> <li>❖ Design creators</li> </ul>	<ul style="list-style-type: none"> <li>❖ High quality products</li> <li>❖ Functionality</li> <li>❖ Storage</li> <li>❖ Lighting</li> <li>❖ Design</li> <li>❖ Possibility of personalization</li> <li>❖ More convenient and easier</li> </ul>	<ul style="list-style-type: none"> <li>❖ Direct relationship – contact in store</li> <li>❖ Customers' feedback is directly made in store or through the company's website or social media</li> <li>❖ Good customer relationship</li> </ul>	<ul style="list-style-type: none"> <li>❖ Construction companies</li> <li>❖ Final Consumers that look for and "affordable luxury" in the decoration of their homes</li> <li>❖ Distributors of construction materials that are interested in selling Alusa's products</li> </ul>
	<b>KEY RESOURCES</b>			<b>CHANNELS</b>
	<ul style="list-style-type: none"> <li>❖ Fixed Tangible Assets – 4 stores, 1 warehouse, furniture and decoration (€1 037 146,19 )</li> <li>❖ Intangible Assets – Software and Hardware (€89 819,78)</li> <li>❖ Inventories (€2 232 441,30)</li> <li>❖ Human resources – specialized and trained employees</li> <li>❖ Organizational resources – suppliers' trust and customers' loyalty</li> </ul>			<ul style="list-style-type: none"> <li>❖ Distributors' network</li> <li>❖ Construction materials stores</li> <li>❖ Boutiques</li> </ul>
<b>COST STRUCTURE</b>			<b>REVENUES STREAM</b>	
 Personnel expenses	 Outsource costs	 Transportation costs	 Inventory costs	 Marketing expenses
			 Sales	 Exports

# Alusa Mirror

Investment Project  
2020/2021



## [Technical Sheet]



**ISCTE Business School**

**2020/2021 | 3rd year, 2nd semester**

**Bachelor in Management**

**Curricular Unit: Investment Project**

**Professor: Renato Pereira**

**Ana Madalena de Almeida Gama Mendes**

**Student Number: 87608**

**Beatriz Candeias Pereira**

**Student Number: 87539**

**Claire Nathalie Simone Thomas**

**Student Number: 94710**

**Inês Filipa Reis Gonçalves Martins**

**Student Number: 87270**

**Luo Haotian**

**Student Number: 87091**

**Luo Xinnian**

**Student Number: 81969**

**Morgane Laure Burton**

**Student Number: 94717**

**Rita de Assis Afonso**

**Student Number: 87495**

## ACKNOWLEDGEMENTS

This intense study developed by the group could not come to a conclusion without the contribution of people along the way that were available to answer our questions and help us with our doubts.

Firstly, we have to thank João Cachola, CEO of Decorpita, for his help, that was crucial for us to proceed in the project. He helped us to reach the necessary awareness to understand the market and the best way to solve the problems that arose.

We also have to thank Tatiana Pita and Rute Cunha, who are, respectively, Human Resources and Marketing departments' responsibles in Decorpita, for their availability to answer the questions about the topics.

In order for us to understand the market, we had meetings with Marta Cunha, Human Resources collaborator of Casa Peixoto and engineer José Guilherme Martins, to whom we thank for the help.

To understand the costs and the processes that we need to follow to get to a viable approach, we had the contribution of Bruno Relvas, Manager of Vitar, whose help was crucial for the same matter and to whom we also owe a thank you for the availability and interest in our project.

In order to reach a powerful marketing strategy, we consulted Professor Eduardo Correia and Professor Isabel Soromenho, which contribution was essential for that matter.

We also thank Human Resources professor Inês Sousa, for her help to understand the necessary topics for the Human Resources analysis.

Finally, for the financial analysis, we had the help of Elsa Gama, commercial adjunct coordinator of Caixa Geral de Depósitos that was available to help us on our approach.

## EXECUTIVE SUMMARY

The construction market has been growing at a reasonably good pace and, surprisingly, has not been too impacted by the COVID-19 pandemic. Even if it is hard to predict how exactly the aftermath of the pandemic will affect the industry, it is expected that the sector will continue to grow following the previous trends of foreign investment, the growth of luxury housing and even the consumer's need of spending money that usually follows an impactful period in history.

Following the constant evolution of trends and fashion as well as the technological advances, consumers increasingly look for products that can more easily fit their personal taste, with personalization being an important point to take into consideration, and that can make their lives easier by being practical.

As a company that has been in the market for over 25 years, Decorpita has built a good reputation based on trust and quality. By introducing its new brand, Alusa, with a new mirror concept combining design and functionality, the company has a great opportunity to increase margins and make a statement in the market.

After an analysis of the market, the company and the viability of the project, it is clear that Alusa and the new mirror represent a feasible and profitable concept. There are key issues like the intense competition in the market and number of players, the lack of a well-developed marketing structure in the company and external factors related with production that can impact the project and should be taken into consideration as well. However, if all efforts are made towards the success of the new business, Alusa has the chance to become a strong name in the market, which will help Decorpita financially and increase its awareness.

## Table of Contents

<b>ACKNOWLEDGEMENTS .....</b>	<b>IV</b>
<b>EXECUTIVE SUMMARY .....</b>	<b>V</b>
<b>INTRODUCTION .....</b>	<b>IX</b>
<b>I. MARKET STUDY .....</b>	<b>1</b>
<b>1 MACRO CONTEXT ANALYSIS.....</b>	<b>1</b>
1.1 Current Problems .....	1
1.2 Political and legal trends .....	2
1.3 Sociocultural Trends.....	3
1.4 Economic Trends .....	3
1.5 Technological Trends .....	5
1.6 Main Stakeholders .....	6
<b>2 INDUSTRY CONTEXT ANALYSIS.....</b>	<b>7</b>
2.1 Characterization and Evolution of the Sector .....	7
2.2 Current and Future Demand.....	9
2.3 Current Offer .....	11
2.4 Demand/Offer by Geography .....	13
2.5 Industry Forces.....	14
2.6 Segments and Strategic Groups.....	16
2.7 Market Shares.....	18
2.8 Sector Margins .....	20
2.9 Competitors' analysis .....	20
<b>3 ANALYSIS OF THE INTERNAL CONTEXT.....</b>	<b>21</b>
3.1 Vision, Mission and Values .....	21
3.2 Value Chain .....	22
3.3 Analysis of Skills, Capabilities and Resources .....	23
3.4 VRIO Analysis.....	23
3.5 Portfolio Analysis.....	24
3.6 Financial Performance Analysis .....	26
3.7 Main Risks (Exogenous and Endogenous) .....	29

3.8 Clipping / Social Media .....	29
<b>II. SOLUTION PROPOSAL .....</b>	<b>31</b>
<b>4 PRODUCT / SERVICE.....</b>	<b>31</b>
4.1 SWOT and Systemic SWOT.....	31
4.2 Strategic Options .....	32
4.3 Business Strategy and Objectives .....	32
4.4 Competitiveness Analysis.....	33
4.5 Value Proposal.....	35
4.6 Portfolio Mix .....	36
4.7 Marketing-Mix.....	39
4.8 Partnerships and Strategic Alliances .....	43
4.9 Business Model .....	44
4.10 Qualified Future Demand.....	47
<b>5 LOCATION .....</b>	<b>48</b>
5.1 Main Cost-Drivers .....	48
5.2 Legal Requirements of the Activity and the Place.....	48
5.3 Macro and Micro Location .....	49
<b>6 SIZING .....</b>	<b>51</b>
6.1 Main Restrictions .....	51
6.2 Demand vs Restrictions.....	52
6.3 Capacity Model .....	53
6.4 Scalability and Diversification .....	54
<b>III. GOVERNANCE MODEL .....</b>	<b>56</b>
<b>7 GOVERNANCE MODEL .....</b>	<b>56</b>
7.1 Organizational Structure .....	56
7.2 Main and Support Processes .....	57
7.3 Global Layout .....	59
7.4 Matrix of Responsibilities.....	60
7.5 Flowsheets .....	61
7.6 KPI's and SLA Model for the main processes.....	61

7.7	<i>Operational Risk Response Plan</i> .....	62
<b>8</b>	<b>COMMERCIAL AND MARKETING PLAN .....</b>	<b>63</b>
8.1	<i>Inbound/Outbound Model</i> .....	63
8.2	<i>Commercial Action Plan, Marketing and Campaigns</i> .....	64
<b>9</b>	<b>HUMAN RESOURCES POLICIES.....</b>	<b>68</b>
9.1	<i>Function Profile</i> .....	68
9.2	<i>Talent Recruitment, Selection and Retention Strategy</i> .....	69
9.3	<i>Career Plan and Competence Development</i> .....	71
9.4	<i>Recognition and Reward Policies</i> .....	71
<b>10</b>	<b>SOCIAL AND ENVIRONMENTAL RESPONSIBILITY PLAN .....</b>	<b>73</b>
<b>11</b>	<b>CODE OF ETHICS AND PROFESSIONAL CONDUCT.....</b>	<b>74</b>
<b>IV.</b>	<b>FINANCIAL AND ECONOMIC PLAN .....</b>	<b>75</b>
<b>12</b>	<b>SALES FORECAST PLAN .....</b>	<b>75</b>
12.1	<i>Forecast of turnover and market shares</i> .....	75
12.2	<i>Sales Forecast by Quantity</i> .....	76
12.3	<i>Sales Forecast by Business Volume</i> .....	78
<b>13</b>	<b>INVESTMENT PLAN .....</b>	<b>78</b>
13.1	<i>Project Plan with Activity Schedule</i> .....	78
13.2	<i>CPM/PERT Analysis</i> .....	79
13.3	<i>Investment Budget</i> .....	79
13.4	<i>Project Life Cycle Definition</i> .....	80
13.5	<i>Depreciations Map</i> .....	80
13.6	<i>Working Capital Investment Budget and Required Annual Map</i> ... 81	
<b>14</b>	<b>STRUCTURE OF EQUITY AND OTHERS .....</b>	<b>82</b>
<b>15</b>	<b>PROJECT FISCAL FRAMEWORK.....</b>	<b>82</b>
<b>16</b>	<b>FINANCING MODEL .....</b>	<b>84</b>
16.1	<i>Financing Options</i> .....	84
16.2	<i>Interim Calculations of Intermediate Interest</i> .....	85
16.3	<i>Financing Map and Investment Coverage</i> .....	86
<b>17</b>	<b>FINANCING PLAN .....</b>	<b>87</b>
17.1	<i>Setting the update rate</i> .....	87

17.2 Map of Expenses by Category .....	88
17.3 Annual Cash-Flow Map .....	88
<b>18 RISK MANAGEMENT PLAN.....</b>	<b>89</b>
18.1 Risk Register .....	89
18.2 Sensitivity Analysis .....	90
18.3 Risk Response Plan.....	91
18.4 Project Cash-Flow Simulation .....	93
<b>19 ECONOMIC-FINANCING ANALYSIS .....</b>	<b>93</b>
19.1 Life Cycle Predicted Profit and Loss Statement.....	93
19.2 Life Cycle Forecast Balances.....	94
19.3 Investment Financial Indicators .....	95
19.4 Main Financial Rates of Operation.....	97
<b>V. MAIN LIMITATIONS.....</b>	<b>98</b>
<b>VI. MAIN RECOMMENDATIONS .....</b>	<b>99</b>
<b>REFERENCES.....</b>	<b>100</b>
<b>APPENDIX .....</b>	<b>105</b>

## Figure Index

Figure 1 – Segmentation of the Distribution of Construction Materials sector.	16
Figure 2 – Strategic Groups, in 2019.....	18
Figure 3 – BCG Matrix of Decorpita .....	25
Figure 4 – Decorpita's Product Life Cycle .....	38
Figure 5 – Alusa mirror proposal .....	40
Figure 6 – Organigram of Decorpita after introduction of Alusa .....	57
Figure 7 – Alusa main processes.....	58
Figure 8 – Alusa support processes .....	58
Figure 9 – Infante Santo store layout .....	60

## Table Index

Table 1 – Turnover by subsector, in thousands of euros .....	10
--	----

Table 2 – Market shares of the companies in the Distribution of Construction Materials market, in 2019 .....	19
Table 3 – Market shares of the companies in the Distribution of Construction Materials market, in 2018 .....	19
Table 4 – Market Shares of companies in the Bricolage market.....	19
Table 5 – Financial results of the Distribution of Construction Materials market between 2015 and 2019 .....	20
Table 6 – Margins of the Distribution of Construction Materials market between 2015 and 2019 .....	20
Table 7 – Endogenous and Exogenous risks .....	29
Table 8 – SWOT and Systematic SWOT .....	31
Table 9 – Forecast of Turnover and Market Shares.....	75
Table 10 – Forecasted Sales by Quantity.....	76
Table 11 – Forecasted Sales by Business Volume.....	78
Table 12 – Loan Characteristics .....	85
Table 13 – Interim calculation of intermediate interest rate.....	86
Table 14 – Sensitivity Analysis Scenarios .....	90
Table 15 – Risk Response Plan.....	92

## INTRODUCTION

In the Curricular Unit of Investment Project, of the third year of the Bachelor's in Management, taught by Professor Renato Pereira, this report was developed so that it would be possible for us to put into practice all the contents learnt during the bachelor's program and give us a better preparation for what our possible future career paths will require from us.

It consists of the development of a new project with an existing company, giving us the reality of how companies process their activities, plan new projects and all the necessary resources to do so.

With this being said, the company in our analysis is Decorpita, distributor of construction materials, located in Vila Franca de Xira, and with three more stores in Infante Santo – Lisboa -, Faro and Oeiras. They work on a B2B and B2C bases, being construction companies and final consumers their targets. They also provide design services, mainly for the final consumers, in store, as the construction companies usually work with architects and interior designers for the design projects. Thus, Decorpita belongs to the industry of wholesale of wood, construction materials, and sanitary equipment.

Decorpita currently only works on the retail and providing services to their clients but is trying to expand its activities to the design creation with Alusa, a brand owned by the company for the purpose of creating unique and functional designs, that go into clients' needs and desires, becoming a statement in the area.

The company is also working on another project, giving use to an empty space in the upper level of their Infante Santo store, associating them with new graduated employees in the areas of architecture and interior design, who need a space to work. This way, they would create partnerships with them, and they would promote Decorpita and Alusa products in their projects. This association would be especially beneficial for the company when they implement their own brand of home products.

# I. Market Study



## 1 Macro Context Analysis

Throughout our analysis we aim to better understand the construction materials sector. With that in mind, and since it is very much dependent on construction works, we will start at this point with a more general approach at the **construction sector** and furthermore narrow down our industry.

### 1.1 Current Problems

When we consider an environment that is constantly changing and evolving it seems clear that all industries and sectors will sooner or later find themselves facing certain problems. There isn't an actual exception to this and so the construction and decoration sector should be no stranger to it.

When it comes to construction all works are different and carried out in different geographical places, resulting in the natural conditions of the location influencing the production characteristics and therefore, different working conditions. There is also an issue with manpower as it is floating and with little to no training.

Another problem lies in the clients: there is a great variety of them, but it happens on many occasions that the end consumer doesn't have much knowledge of the product they're about to purchase, even if it might be the biggest investment of their lives.

But, as every entity faces these regular challenges, it is undeniable that 2020 was a year that added to it, making everyone rethink their lives and also their businesses. Companies have worked towards facing difficulties and adapting to a new reality that, all things considered, no one was really ready for.

Surprisingly, research shows that the construction sector is actually one of those showing better indicators and "remarkable resilience" during these times, according to Banco de Portugal. What happened with the start of Covid-19 was that all on-going projects continued under normal conditions while new projects were put on hold. This showed greater impact on the

hospitality industry where hotel chains use revenues to invest in new projects, which proved to be unfeasible as they lost the great majority of customers.

Even if the construction sector managed to hold, it is clear that the pandemic and the aftermath of it will leave an impact on the sector in many ways and that the economic uncertainty might bring a number of new challenges.

Surely an economic crisis, followed by a loss in purchasing power, will make it so that customers don't invest in remodelling or decoration like they would've before, and even new constructions could be cut down.

It is also important that we consider the fact that this is an industry with a high number of players and fierce competition, not only nationally but from foreign companies as well, resulting in a shortage of business with respect to the volume of companies in the market.

Lastly, the growing concern with sustainability represents a problem for the construction sector as it has a big impact on the environment. More and more consumers look for sustainable alternatives and there are already many companies making the effort of switching to more environmentally friendly materials.

## 1.2 Political and legal trends

In what concerns politics, we can argue that Portugal is a stable country. Even if the current government has experienced some turbulence during the last year, due to the Covid-19 induced economic and sanitary crisis, it is expected that it remains in power until the end of the mandate.

It is important to highlight that Portugal has built good commercial relationships with other countries throughout the years, mainly in Europe and Africa, the latter in which language plays an important role, influencing positively the exportation of construction materials.

As for legal factors, there are many angles we should take into account.

For companies that provide construction and decoration materials, the construction of new buildings represents a good part of their business. In

addition, we have to also consider the rehabilitation of older buildings and remodelling as a portion of these companies' businesses. In Portugal, rehabilitation is a growing trend in the construction sector, with alterations, enlargements and reconstructions gaining relevance and standing out against entirely new constructions.

With this in mind, there are licenses needed for the construction of housing; there are fiscal benefits for constructors in order to encourage new works; there is legislation that needs to be followed when doing rehabilitations; and also, laws concerning environmental impact.

As an example, we have the Decree-Law nº 41/2015 which establishes who can legally start a construction work in Portugal and under which circumstances; Decree-Law nº 177/2011 in what concerns granting licenses; and Decree-Law nº 650/75 where all information concerning measurements, materials and overall requirements for urban buildings can be found.

### 1.3 Sociocultural Trends

In the sociocultural perspective, we have to take into account that the products consumed are related with the preferences of the consumers and they keep changing constantly so, even though it is a dynamic change and that every influence may change their preferences, it is necessary that the companies keep following the trends and listening to what the consumers are willing to buy.

Nevertheless, it is really interesting to see that the way of consuming changes with the different generations and, at this moment, it is much more important the aesthetic factor than it was before, for example. Because of that, it became necessary that more specialized workers were in the companies because they will not only need a useful and practical product, but one with high quality and with the desired visual.

### 1.4 Economic Trends

These are probably one of the most important factors for this sector because this industry is entirely dependent on the economic status of the country and its consumers. Nevertheless, concerning the construction industry, it is not as dependent on the economic factors as we think it is. Taking as an example the pandemic crisis, we are living in, we can say that this industry has been one of the few that has been surviving the crisis and working almost fully compared to the reality before Covid-19.

However, in what regards the decoration industry, and specifically the remodelling of the entire house, we can assume that it is directly related to the economic forces. It happens because it is utopic to believe that the potential customers will spend a high amount of money to redecorate their houses when the economic circumstance is not the most favourable for them. This happens because the majority of the products are superfluous and, not being an essential product leads to some uncertainty when an unstable economic situation is happening. However, when we take the Covid-19 crisis into account, we can say that for some punctual decoration products, the consumption might have continued to be stable because people are willing to make their houses more comfortable since they have to stay home constantly. So, on the one hand, the economic factors limit the whole remodelling of a house because consumers will not have the ability to do that with a less convenient economic reality. On the other hand, consumers will probably still buy some decoration items to improve the comfort of their homes regardless of the economic forces.

Also, it is relevant to refer that the interest rates have an influence on this sector since, with lower ones, the consumers will be influenced to invest (in the construction of houses, for example), and so this sector may be affected positively. On the other hand, with higher ones, the consumer will tend not to spend money and the sector would be jeopardized.

#### 1.4.1 Current Situation:

At this moment, the construction sector in the pandemic situation was able to keep most of the projects that were already started on track. This sector

became one of the only sectors that were able to continue to work. However, the stopping of some of the most important projects are still a damage that restrained the growing of the sector to be as high as it had the potential to be in a non-pandemic situation. In addition, there are no new hotels or habitation projects so most of the work on this sector are the projects that started previously.

Nevertheless, having in mind that the demand and the prices were following an increasing behaviour, they are not being strongly jeopardized by the Covid-19 situation, compared to the other industries in the market.

#### 1.4.2 Future Expectations:

On the one hand, the expectations are of an increasing sector and a perspective to keep growing in the next few years. Comparing this pandemic situation with behaviours that were observed in previous post-war realities, the increase of the consumption is evident. Because of that, the predictions are positive, and the sector is expecting to keep growing strongly, accompanying the rising tendency of consumption.

Nevertheless, the fact that a strong crisis might be close and the possibility to inject money in the economy are some factors that may reduce the buying power of the consumers which is extremely negative for the economy and the sector itself, in this particular case.

So, on the one hand we will have the consumers that will be willing to spend a lot of money but, on the other hand, the buying power will probably decrease so it will not be possible to spend as much as they wish.

### 1.5 Technological Trends

It is very noticeable how technologies have revolutionized the world, and the construction and decoration sectors are no different. Technology not only facilitated the communication between companies and clients, as clients don't need to go to stores to know the companies offer or can easily contact the company in case of need, but also in the process of construction of the project, as they now have available systems like BIM (Building Innovation

Modelling), Virtual Reality and Augmented Reality that helps the company to show the clients the plans in a more realistic way, and the client can give more sustained opinions on the projects, passing what once could only be achieved on paper to 3D, 4D and 5D.

Technology is present in everyone's life nowadays and people are more and more trying to do everything they can with technology, and in the decoration and functions of houses and buildings we can see that. For example, the simple act of opening or closing blinds of windows, that before would have to be done manually, then with a click on an electric outlet, nowadays can be done in apps on our phones.

Also, the evolution and development of a more efficient ecological source of energy is leading people to establish those sources in their most recent constructions, either a house or other building, in a way of making them more sustainable but also with the prospect of saving money in supplying energy to the buildings in a long-term perspective.

## 1.6 Main Stakeholders

The stakeholders of a company are all individuals that can affect or be affected by the business activity. Stakeholders can be internal to the business, such as their shareholders and employees, which are significantly impacted by the company's performance, and they can be external, such as suppliers and customers, that are not impacted by the business activity as the internal stakeholders.

The first ones being all individuals that allow a project to become a building that can be used either for residential or business purposes. We can include in the internal stakeholders, all employees, such as painters, builders, board of directors and shareholders.

The second one includes all external individuals from a company that impact or are impacted by the business activity. Examples of external stakeholders are the suppliers, for example of raw materials or decoration

materials, associations related with the industry and consumers, that can be construction companies or final clients.

## 2 Industry Context Analysis

For this analysis we are considering the **Distribution of Construction Materials** industry, where Decorpita's business is inserted. Related with this industry, we will also mention the construction sector for context purposes and the decoration sector as it shows influence on it.

### 2.1 Characterization and Evolution of the Sector

The Distribution of Construction Materials sector in Portugal is quite strong. The real estate boom since 2014 animated this market before Covid-19 arrived. Many new properties were being built and some were being converted into short term accommodation (AirBnb, Booking.com etc) which needed to be decorated in line with the latest tastes. The turnover of the 500 most important companies in this sector reached 3,171 million euros in 2019 according to APCMC (Associação Portuguesa dos Comerciantes de Materiais de Construção) which represented 1,47% of the GDP in the same year.

The industry of Construction causes several sectors to move, upstream and downstream of its production chain, and is therefore considered one of the driving sectors of the economy, not only because of its specific weight in the creation of wealth but also of jobs, taking its obvious multiplier effect, and is therefore a fundamental activity for the growth of the economy. The construction sector is composed of several categories: residential, non-residential and corporate building construction. The residential rehabilitation construction segment will continue to show the highest turnover. In general, the forecast was that sales of materials sales would continue to increase until 2020 according to the same study.

In this industry we can also talk about sub-sectors that have their own characteristics such as the wood sector, iron and steel, building materials, insulation materials, sanitary products, air conditioning, etc. All of these sub-

sectors are on the rise according to the same study except for the iron and steel products, which have decreased by about 2% in 2019 (**See Table 1**).

It is also an important sector in terms of job creation in the country's interior regions and is therefore an important industry for the national economy. In fact, the 500 largest companies in this sector alone employ 12,000 workers.

In Portugal, there is a strong geographical concentration, with the largest number of companies in the sector located in the north of the country.

This sector must be constantly evolving to be able to adapt to trends. The consumer society is seduced by this industry and will contribute to its growth. Distribution of Construction Materials companies have understood this and now offer products of all ranges and prices (for example there are so many types of woods to buy). This market is very competitive and in order to stand out from their competitors, companies are increasingly opting for the strategy of differentiation: "Made in Portugal". This notion of know-how synonymous with quality is increasingly appealing to consumers and has had a positive effect on the marketing and export of national furniture.

This sector in Portugal has not escaped the new technological trends.

Indeed, as seen previously in technological trends, more and more consumers are making their purchases remotely on the internet. This effect has become all the more accentuated with the global pandemic situation we are living in due to the Covid-19. So, this industry has a certain creative capacity and an ability to adapt to demand by successfully combining innovation, new technologies with cultural heritage and design, creating jobs and generating value for the economy. Builders and interior designers jump at the opportunity and develop new communication strategies to attract customers. This includes, for example, personal online spaces where customers are directly connected to an expert or advertising campaigns on social networks to reach the widest possible audience.

But digital is also revolutionizing the customer experience. Professionals are embracing new technological tools, particularly with 3D functionality. To convince a customer, a builder or decorator can, for example, rely on

bathroom, bedroom or living room design software to present a 3D simulation of the future home.

Advances in digital technologies and communication tools also enable companies in this sector to become more responsive to changing consumer requirements, reduce costs and improve operational efficiency. Digital technologies allow furniture brands to increase their production capacity, meet last-minute orders and avoid delivery delays without increasing labour costs.

The resumption of investment in Industry 4.0 (intelligent sensors, optical systems and automation), which enables digital and connected working methods, is characteristic of a trend that is expected to continue long after the end of the pandemic.

The pandemic has made consumers aware of the fragility of the environment and has therefore reinforced their desire to use brands that share their values and are eco-responsible.

We might think that because of Covid-19 consumers no longer want to spend their money on these products which they would consider unnecessary. However, as said before Covid-19 has forced nearly 58% of the world's population to stay at home, thus increasing consumer interest in interior design to make people feel better at home. Brands that want to bounce back and respond to post-Covid consumer demands will have to balance speed, convenience and competitive pricing for their eco-friendly furniture.

Thus, this sector is constantly renewing itself over time, moreover, the construction sector has been affected by Covid-19 with a 14,7% decrease in 2020 compared to 2019 regarding the new constructions built, according to APCMC. However, this sector has been less affected than others because consumers stay at home and are more willing to modify their environment to feel better in it.

## 2.2 Current and Future Demand

In order to reduce the gap between demand and the shortage of real estate supply in Portugal, 2018 was marked by an increase in new construction. Approximately 2 million square metres of new housing construction entered the licensing process in the first five months of 2018 (from January to May).

The Portuguese construction industry expanded by 6,8% in real terms in 2019, driven by public and private sector investments in both building and civil engineering works.

The distribution of construction materials sector closed the economic year 2019, with a clear increase in the turnover, thus ending another year positive (construction materials distribution standing at 3,023 billion euros.)

Subsectors	Business Volume 2019	Business Volume 2018	Variation 2018/2019
Construction Materials	1 045 205	961 239	8,74%
Steel Products	723 007	738 340	-2,08%
Sanitary Products and Air Conditioning	419 703	391 991	7,07%
Wood and Derivatives	404 021	389 593	3,70%
Hardware and Tools	274 804	258 019	6,51%
Aluminum Window Frames	73 179	69 235	5,70%
Paints and Varnishes	63 764	58 197	9,57%
Insulation and Waterproofing	62 912	59 742	5,31%
Other Subsectors	104 628	97 011	7,85%

Table 1 – Turnover by subsector, in thousands of euros

**Source:** Ranking 500 of biggest Distribution of construction materials companies in Portugal - APCMC (Associação Portuguesa dos Comerciantes de Materiais de Construção)

As mentioned in the previous part and confirmed by the table above, almost all the subsectors of the trade sector of building materials increased their turnover between 2018 and 2019.

However, the outbreak of Coronavirus (SARS-COV-2) has severely impacted the industry in 2020. Demand for construction materials has been affected by shutdowns in construction as many non-essential projects have been put on hold. Categories like wood panel, ceramic tiles and sanitaryware are largely classified as discretionary spends. They are thus likely to see deferment of demand due to expected decline in renovation/refurbishment

activity in the near term due to Covid-19 outbreak. Reflecting the disruptions caused by the pandemic, coupled with the weak outlook for economic growth, GlobalData forecasts the construction industry's growth to decelerate to 2,6% in real terms in 2020, while it is projected to grow at an annual average rate of 2,4% between 2021-2024. This growth will be supported by the government's focus on developing the country's infrastructure. Moreover, demand may increase as construction resumes.

It is projected that the revenue of wholesale of wood, construction materials and sanitary equipment in Portugal will amount to approximately €3 725M by 2023.

### 2.3 Current Offer

In **Appendix 1** we can see the current offer of the construction materials sector.

#### 2.3.1 Traditional houses vs Big surfaces:

Even though there are an incredible number of companies that are responsible for the distribution of construction materials, it is possible to segment two distinct consumers' target companies. One of them follows a more traditional mindset and is directed for the construction companies that buy a greater number of products for a specific project. Nevertheless, these traditional houses are also targeted for the final consumer, but it is not their main objective, and the gross amount of profit does not come from it. Some examples of this kind of company are Mantovani, Casa Peixoto, Covelo & Pinto, etc.

On another perspective, there are companies whose business function in big surfaces that are directed for the final consumer itself. These differences are seen in the prices, stores layout and even the consumer service. Some examples of big surfaces of construction materials are Leroy Merlin, Maxmat, Bricomarché.

#### 2.3.2 Number of companies

Taking into account the data released by Banco de Portugal related to the sector of "wholesale of wood, construction materials and sanitary equipment" there are about 3212 companies in Portugal. The companies are distributed all over the country but there is a stronger incidence in the Metropolitan area of Porto with 18,2% of the companies located there, followed by 16,4% in the Metropolitan area of Lisbon. In terms of size of the companies there were, in 2019, about 4 big companies (0,12% of the market), 30 medium companies (0,93% of the market), 389 small companies, representing 12,11% of the 3212 existent and a tremendous amount of 2789 micro companies in the market which means 86,83% of the market are micro companies (**See Appendix 2**). In 2019, 167 companies entered the market and a similar number of 168 companies closed the doors and stopped operating which leads us to the conclusion that the number of existing companies remained the same.

### 2.3.3 Number of people employed

It is also possible to make an analysis related to the number of people that is employed in this industry's companies. According to Banco de Portugal, in 2019, 15669 people were employed in these sectors' companies. Similar to the previous analysis, Metropolitan area of Porto is the area that has the biggest percentage of workers, with the amount of 21,7% and it is followed by Metropolitan area of Lisbon, with a percentage of 15% of employed people in the wholesale of wood, construction materials and sanitary equipment sector.

### 2.3.4 Imports and exports

In terms of imports and according to Banco de Portugal, in 2019, 27,72% of the materials are not domestic purchases, which amounts €913M (**See Appendix 3**). On the other hand, there is a percentage of only 9,08% representing the exports that refers to €342M of the total turnover (**See Appendix 4**). This may happen because there are some markets in other countries that are also really strong and close to ours such as Italy and Spain.

### 2.3.5 Market analysis (turnover results)

The sales turnover, in 2019 and according to the available data of Banco de Portugal, was of €3 765 029 and the assets of the sector have the amount of €2 842 323.

This is a market that is following an increasing tendency, and this behaviour can be observed in the graph in (**See Appendix 5**), that is related to the percentage of the assets and turnover of the sector.

## 2.4 Demand/Offer by Geography

The distribution of construction materials companies throughout the Portuguese country is similar to that of construction companies.

According to IMPIC - Instituto dos Mercados Públicos do Imobiliário e da Construção, in the first semester of 2019, the great majority of construction companies were registered in the North and Centre, with 36,8% and 31,2%, respectively. As for districts, Lisbon and Oporto are home to 15% and 14,7% of the companies who hold certificates for public and private works contractors.

The situation is alike for the companies in the distribution of construction materials sector. In 2019, according to Banco de Portugal (**See**

**Appendix 6 and Appendix 7**), the Lisbon Metropolitan Area was where 33% of these companies were based; followed by 17,6% in the Oporto Metropolitan Area. There is a notorious difference between these two main areas and the third highest - Algarve - with 5,1% of companies based there. Still, it is clear that companies are more concentrated along the coast, with the interior of the country presenting the lowest number of companies. More specifically, the Beira Baixa and Alto Tâmega regions were where less distribution of construction materials companies were headquartered, with only 0,6%.

This geographical distribution is more meaningful in Lisbon, Oporto and overall, along the coast not only because the distribution of construction

companies follows the same pattern but also because the distribution of the country's population does too. Therefore, distributors of construction materials are located close to their clients, both professional (construction companies) and final customers

## 2.5 Industry Forces

We can use **Porter's Five Forces Model** to better understand the construction materials and decoration industry.

### 2.5.1 Bargaining Power of Buyers

Customers mainly affect the profitability of existing companies in the industry by lowering prices and demanding higher-quality products and services. As the construction and decoration market is becoming increasingly saturated, buyers are becoming more selective, and their bargaining power is getting **stronger**. The specific manifestations in the market are the following:

- There are **many distributors** of construction materials companies, and customers can choose from a **wide range**, and so have more options in order to get better prices. Companies with good brands, strong design capabilities and better customer services are more recognized and less sensitive to price factors.
- It is hard for customers to **acknowledge the work done** by the company and to pay its **respective price**, trying to bargain better prices with competitors.

### 2.5.2 Bargaining Power of Suppliers

The strength of the supplier's power mainly depends on the importance of the input factors they provide to buyers. At present, the supply capacity of distribution of the construction material industry is **sufficient**, and the bargaining power of suppliers is **weak**. The supply situation of the distribution of construction materials industry is mainly reflected on the low rate of factory construction rate of distribution of construction materials and the upstream price risks can be avoided through strategic cooperation.

### 2.5.3 Threat of Substitutes

The competition derived from substitutes will have several effects on the competitive strategies of existing companies in the industry. In the distribution of construction materials industry, it is mainly manifested by the inexistence of substitutes, as the products have very specific functions and cannot be substituted by others, that the company does not provide.

#### 2.5.4 Threat of New Entrants

While entrants bring new vitality to the industry, they may compete with existing companies for raw material and market share, which will ultimately lead to a reduction in the profitability of existing companies in the industry and intensified industry competition. The barriers to entry in the distribution of construction materials industry are as follows:

- **Capital** – for distribution of construction materials companies to start on large and medium-sized building decoration projects, they need to pay a bid bond during the bidding stage, and need a performance bond, safety bond, material advance payment and quality bond during the construction process.
- **Talent** – construction and decoration is complex system engineering. With the application of new technology and advanced software in the field of architectural decoration design and construction, the requirements for the quality of professionals are getting higher and higher. The number and quality of professionals are the most critical factors for the development of enterprises.
- **Working experience** – the construction and decoration is an industry with obvious first-mover advantages. Rich industry experience and successful decoration construction projects are one of the decisive factors for decoration companies to gain customer trust.

In conclusion, it can be seen that although the distribution of construction materials industry has certain barriers to entry, and the barriers to entry are relatively low, there is a threat of new entrants.

#### 2.5.5 Competitive Rivalry within the industry

In the distribution of construction materials industry, due to low entry barriers, more competitors, mature market, and severe homogeneity of products or services, the existing distribution of construction materials companies have become more competitive.

## 2.6 Segments and Strategic Groups

### 2.6.1 Supply Segmentation

According to the CAERev.3, Section F, "the construction activity encompasses the actual construction and demolition (deconstruction), in the scope of building construction and civil engineering, the works being the result of several activities. The construction industry in Portugal can be divided in 3 segments:

- **Real estate promotion (development of building projects); construction of buildings** – includes all activities regarding building's construction, expansion, and renovation.
- **Civil Engineering** – includes building infrastructures for public utilization, such as roads, bridges, water, and telecommunication networks, among others.
- **Specialized construction activities** – includes specialized activities such as demolition, preparation of construction sites and drilling, as well as the rental of construction and demolition equipment.

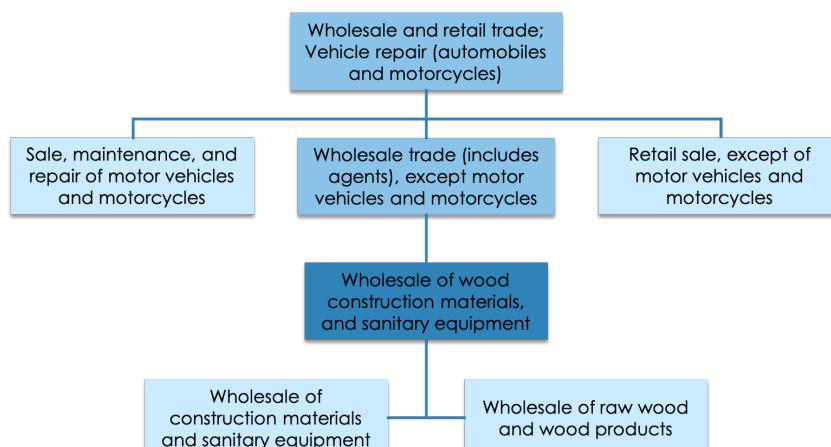


Figure 1 – Segmentation of the Distribution of Construction Materials sector

**Source:** Own elaboration, based on CAE-Rev.3, INE

These 3 segments include several other activities. However, it is relevant to denote that the Real estate promotion includes the wholesalers of construction materials, real estate developers, among others.

In this work, we will consider the wholesale and retail trade market, and more specifically, the Wholesale trade (including agents), except motor vehicles and motorcycles (**See Appendix 9**). This market can be segmented in several branches, as it is possible to observe in **Appendix 10**. However, our focus will be on the wholesale of wood, construction materials, and sanitary equipment (4673), which includes the wholesale of raw wood and wood products, and the wholesale of construction materials and sanitary equipment.

### 2.6.2 Demand Segmentation

By considering the wholesale trade within the construction sector, we can define it by the purchase and sale of construction materials and sanitary equipment to both construction companies and the final customer.

- **Construction companies:** any company who uses construction materials for building infrastructures, where it is for Real estate promotion, Civil Engineering, or specialized construction activities.
- **Final customer:** as for the final customer, the main focus is on those aging 25 or more, considering the fact that they start looking for building their own home or buy a house and "remodel" it, gathering the need to also buy decoration materials.

### 2.6.3 Strategic Groups

The sector of wholesale of wood, construction materials, and sanitary equipment, is composed of 2 strategic groups: traditional houses and big surfaces. The group of companies which are traditional houses have a specific focus on both construction companies and the final customer, with the strategy of providing them a personalized service, where the delivered

materials are special for the specific customer. On the other hand, the big surfaces are stores with a main focus on the final customer, where there is a standardized product offer with lower costs. The companies included in this group have a strategy of selling more quantity with lower costs.

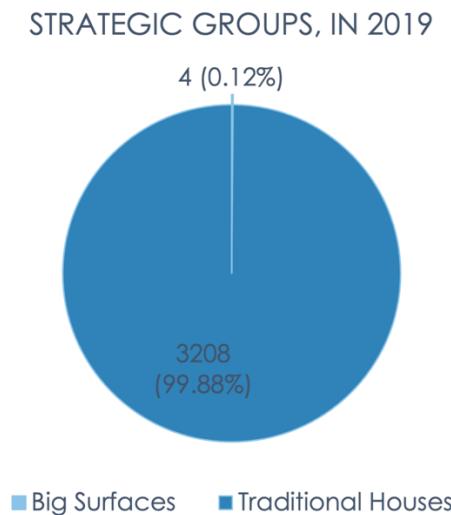


Figure 2 – Strategic Groups, in 2019

**Source:** Own elaboration, based on information from Banco de Portugal

## 2.7 Market Shares

Following information from Banco de Portugal, the business volume of the wholesale of wood, construction materials and sanitary equipment sector was €3 510 500 000, in 2018, having reached €3 765 000 000, in 2019. This is a very fragmented sector as there is a big number of companies working in it. As we can see from the tables below, Casa Peixoto (Abílio Rodrigues Peixoto & Filhos, SA), which is the biggest player in the market, had a market share of only 1,09%, in 2019.

From the four companies we chose to take a closer look at, both Casa Peixoto and Decorpita (Decorpita - Materiais de Construção, SA) registered an increase in market share from 2018 to 2019 and an increase in business volume as well. As for Covelo & Pinto (Álvaro Covelo & Pinto, Lda) even though the company registered an increase in business volume they lost a small margin of market share. Lastly, Mantovani (Pedro & Mantovani, AS) registered a loss in both business volume and market share in the considered time period.

	Business Volume 2019	Market Share
Abílio Rodrigues Peixoto & Filhos, SA	41 204 181	1,09%
Álvaro Covelo & Pinto, Lda	18 562 621	0,49%
Decor Pita - Mat. de Construção, SA	17 152 018	0,46%
Pedro & Mantovani, AS	14 957 546	0,40%

Table 2 – Market shares of the companies in the Distribution of Construction Materials market, in 2019

	Business Volume 2018	Market Share
Abílio Rodrigues Peixoto & Filhos, SA	37 236 483	1,06%
Álvaro Covelo & Pinto, Lda	17 511 567	0,50%
Decor Pita - Mat. de Construção, SA	13 584 509	0,39%
Pedro & Mantovani, AS	15 048 735	0,43%

Table 3 – Market shares of the companies in the Distribution of Construction Materials market, in 2018

**Source of Tables 2 and 3:** own elaboration, based on information from APCMC (Associação Portuguesa dos Comerciantes de Materiais de Construção) and Banco de Portugal

We also take into account for illustrative purposes the bricolage market, with a business volume of €800M, in 2018, where companies like Leroy Merlin or Bricomarché operate. Even if these companies don't offer the exact same product/service as traditional construction material companies and they don't work directly with construction companies, they have a huge presence on the market, which cannot be overlooked. In 2018, Leroy Merlin and AKI had market shares of 28,13% and 24,38%, respectively. Both companies merged at the beginning of 2019, which would give them a combined market share of a crushing 52,51% (**See Table 4**).

	Business Volume 2018	Market Share
Leroy Merlin	225 000 000	28,13%
AKI	195 000 000	24,38%
Bricomarché	114 000 000	14,25%

Table 4 – Market Shares of companies in the Bricolage market

**Source:** own elaboration, based on information from CGIP (Customer Guidance Institute Portugal)

## 2.8 Sector Margins

It is important that we also look at the Operating and Net Margins of the sector in order to better understand it. The Operating Margin, EBIT/Turnover, indicates the amount of revenues that are available to cover non-operating costs while the Net Margin, Net Income/Turnover, represents how much of every euro of revenue turns into profit and is one of the most relevant indicators of a company's financial status. We should take into account that highly variable operating margins are a prime indicator of business risk. By looking at the values we calculated from 2015 to 2019 (**See Table 5 and Table 6**), we can see that the operating margins in the sector have grown over the years, even if there is a small decrease from 5,17% in 2018 to 4,79% in 2019. Therefore, this has been a stable, growing, sector in the past years. As for net margins, they have increased over time as well and also register a small decrease from 3,63%, in 2018 to 3,31% in 2019. The growing values are a good sign for the sector that in this case has become more profitable. The decrease in both EBIT and Net Income from 2018 to 2019 is related with an increase in depreciation and amortization expenses as well as in income tax paid by the companies in the sector and is responsible for the decreases in both operating and net margins.

	2015	2016	2017	2018	2019
EBIT	82 914	87 549	133 171	181 410	180 480
Turnover	2 844 613	2 942 600	3 193 319	3 510 490	3 765 029
Net Income	30 595	44 111	80 028	127 459	124 539

Table 5 – Financial results of the Distribution of Construction Materials market between 2015 and 2019

	2015	2016	2017	2018	2019
Operational Margin	2,91%	2,98%	4,17%	5,17%	4,79%
Net Margin	1,08%	1,50%	2,51%	3,63%	3,31%

Table 6 – Margins of the Distribution of Construction Materials market between 2015 and 2019

**Source of Tables 5 and 6:** own elaboration, based on information from Banco de Portugal (Sector tables)

## 2.9 Competitors' analysis

The distribution of construction materials market can be divided into 2 main groups: Traditional Houses, where a more specialized customer service approach is made, the target can be either construction companies (main

target) or final consumers (B2C), and the big surfaces, where their competition is through price and the target group will be only the final consumers.

For this analysis we will consider competitors of both types and see how they influence our company.

There is a vast number of companies within the “Traditional houses”, most of them with a family structure and very localized in their area. For this analysis selected **Abílio Rodrigues Peixoto & Filhos (See Appendix 11)**, **Pedro & Mantovani SA (See Appendix 12)** and **Covelo e Pinto (See Appendix 13)**, that are the main competitors in this sector.

A common factor between these companies and Decorpita is their most sold products, that lie in the areas of ceramics and sanitary ware.

For the “Big surfaces”, Decorpita main competitors in Portugal are **Leroy Merlin (See Appendix 14)**, **MaxMat** and **BricoMarché**. As we previously analysed, Leroy Merlin is the market leader in Portugal by a great difference, and so we will only consider them for the competitor's analysis of the B2C competition.

In order to compare Decorpita with its main competitors, we made a competitor's matrix (**See Appendix 15**) where we analysed them, in a scale of 1 to 10 (1 – bad and 10 – very good), in 4 criteria: **Price**, **Accessibility**, **Product range** and **Customer Service**.

The conclusion that we can take from this analysis is that when it comes to the final consumer, Leroy Merlin has a higher competitive advantage due to their prices and accessibility. But when it comes to the traditional houses, Casa Peixoto is the one that has a higher competitive advantage, mainly due to their customer service and also their accessibility.

### 3 Analysis of the Internal Context

#### 3.1 Vision, Mission and Values

Whether the company is starting up or already in business, there is an indispensable trio: Vision, Mission and Values. It influences the future of the company and the decisions that will be taken. From an internal point of view,

this trio allows to establish a course of action, to facilitate decision making and to improve the optimization of resources.

The mission is public and must be known to all. It must be communicated to the entire team as well as to all the organization's stakeholders (customers, suppliers, financial partners, etc.), as it allows for a better understanding of the company's specificity.

Decorpita helps Professionals and Private entities in their choice of finishing solutions for their real estate projects. It currently represents the most prestigious brands, with a wide range of products that also allows it to adapt to trends that are constantly on the move.

Vision is a clear picture of the future. It defines where the company wants to go and the goals it wants to achieve.

Decorpita's vision is to be the best distributor of design for the clients' home.

Values are a set of collectively shared beliefs that describe the behaviours that are essential to achieving the company's mission and vision.

For example, Decorpita's values are to act always together (Sempre juntos), strictly (Com rigor), with passion (Com paixão), in useful time (Em tempo útil) and in own headquarters (Em sede própria).

### 3.2 Value Chain

Decorpita is ranked 29 among 500 largest building materials trading companies and is rising steadily thanks to successful value chain management. In **Appendix 17** you can find the value chain of Decorpita that analyses how the brand has managed activities down its value chain to create value, reduce costs and improve services. The five primary activities are the ones that directly affect the added value of the final product, whereas the four support activities are indirectly involved in creating the final added value.

Then, the margin represents the difference between the final value of the product and the total costs linked to it. The size of the margin depends on the competitive advantage of each of the nine functions of the business.

Decorpita differentiates itself from its competitors mainly through its customer service, the quality of its materials and its ability to innovate with new technologies. These competitive advantages have been achieved and are sustained mostly thanks to a strong reputation, a personalized service for customers, a trusting relationship with suppliers, top quality materials and motivated and competent employees in their area of expertise.

However, the management of certain activities could be improved. For instance, construction and supplier lead times when demand is high generating significant costs for the company. Decorpita also faces difficulties with the transport of products from the warehouse to customers, the cost of purchasing materials and the cost of reselling in the face of competition and with its supply chain management. All these elements generate costs that reduce the margin achieved by competitive advantages.

### 3.3 Analysis of Skills, Capabilities and Resources

The skills, capabilities and resources a company has are the main base for evaluating whether it has a sustained competitive advantage towards its competitors or not. We can divide them in: tangible, intangible and human. We can say that Decorpita's main resources and capabilities are:

- **Tangible:** 4 stores and 1 warehouse, furniture (of the warehouses and the offices) and store decoration (samples, exposition furniture).
- **Intangible:** trust with of the suppliers, customer's loyalty, softwares (PhC and Winner) and hardware.
- **Human:** all the existing knowledge inside the company (acquired since its beginning), the skills exhibited by both shareholders and employees personalized service offered to the client in order to "sell" solutions that fit him/her, instead of simply selling materials.

### 3.4 VRIO Analysis

Using the main resources Decorpita has, we are able to develop a VRIO analysis to understand which of them guarantee the company a sustained

competitive advantage. In order to reach that conclusion, there is the need to evaluate if a resource is valuable for the customer, rare (if there is many of it in the market), costly to imitate by competitors and if the company is organizing its actions towards exploring the resource itself.

After developing Decorpita's VRIO analysis (**See Appendix 18**), it is possible to conclude that the only resources which do not guarantee the company a sustained competitive advantage, are the tangible ones, because they are not rare nor costly to imitate. However, Decorpita's position in what concerns both intangible and human resources is very good, considering that all of them sustain it with a competitive advantage against its competitors.

### 3.5 Portfolio Analysis

The BCG Matrix is an important guide to strategic development, so we can use it to analyse the company's products and services and how to develop in the subsequent stages.

The "Star" of Decorpita is developing **personalized services** based on changes in the environment and customer preferences, providing integrated solutions. The development of such personalized services requires a lot of investment. While ensuring quality, it also needs to fully meet the various ideas of customers. Therefore, it is also necessary to cultivate and reserve talents in this area. However, the development of personalized services is currently the market leader. The demand is large, which can increase the market share while increasing the brand reputation and growth rapidly.

The "Cash Cow" of Decorpita are **sanitary ware and ceramics**. These are the most sold products, from the whole offer of the company. People really look for renovating bathrooms, especially in Portugal where most of the buildings are old with outdated bathrooms, with products that need fixing.

Also, all new constructions need bathroom products, either residential lots or more business-related buildings.

The “Dogs” of Decorpita is the sale of **bulk products**, the company initially made a living from such products. With the increase in market and consumer demand and the low threshold for new entrants, a large number of companies selling home decoration products have emerged and competition is fierce.

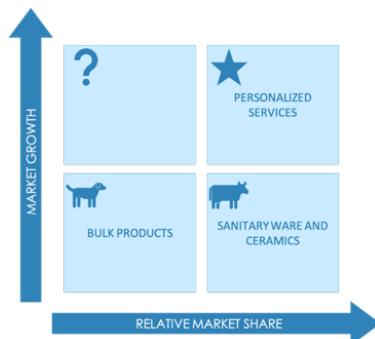


Figure 3 – BCG Matrix of Decorpita

**Source:** Own elaboration, based on meeting with Decorpita's CEO

We can use the **Product Life Cycle** and **BCG Matrix** to further analyse the current stage of various products and services, and whether there is room for continued growth and development.

**Growth Stage:** Now customers gradually accept personalized customized services, the demand for this service has increased, and its popularity in the market has also increased.

This is the stage of demand growth, and demand and sales are rising rapidly.

At the same time, some imitators have gradually appeared in the product market, and similar services have participated in the competition, making the profit margin of the brand tend to decrease.

**Maturity Stage:** Decorpita's sanitary ware and ceramics have entered a mature period. The products tend to become a standardized one, close to other competitors and it is difficult to differentiate. At this stage, the sales of products and services are relatively large, but market demand tends to be saturated, therefore, the growth rate of sales will gradually decline.

**Decline Stage:** Decline is the period of recession. Due to changes in consumer demand or preferences, bulk products will gradually lose their weight in the companies' sales at this stage.

Both demand and profit continued to decline, and therefore, began to enter a recession. If the brand cannot innovate the product or find a new market for the product, then the product may completely withdraw from the market.

### 3.6 Financial Performance Analysis

Decorpita's collected financial data is accounted for the last two financial years, 2018 and 2019, and for different variables which were extracted from the Balance Sheet ([See Appendix 19](#)) and Balance Sheet Income Statement ([See Appendix 20](#)) of the company.

In order to fully understand the company's overall position, there is the need to analyse several ratios that will measure the company's performance and financial stability. Those ratios are divided within four different categories: **Liquidity Ratios, Efficiency Ratios, Leverage Ratios** and **Profitability Ratios**.

#### 3.6.1 Liquidity ratios

The **Liquidity Ratios** ([See Appendix 21](#)) are used to measure the ability an organization has to pay its short-term liabilities by using its current assets. The ratios that have been calculated to evaluate Decorpita's liquidity position are the **Current, Quick, and Cash Ratios**.

By evaluating the three liquidity ratios, the conclusion is that, even though the company is not at the industry level nor in an ideal liquidity position, it has shown a major improvement from 2018 to 2019 and does not appear to be in risk of not being able to pay its debts.

#### 3.6.2 Efficiency Ratios

The **Efficiency ratios** (See Appendix 22) are used for determining the efficiency of a company in utilizing its operating assets and then converting them into sales or cash. The ratios that are calculated to evaluate Decorrita's efficiency are the **Inventory, Accounts Receivable, Accounts Payables** and **Asset Turnovers**.

Overall, Decorrita has a great efficiency level, shown by the fact that all four evaluated ratios were favourable to the company's revenue level, and between 2018 and 2019 there was even an improvement from a situation that was already good. So, in terms of efficiency, if the company is able to remain steady on the analysed elements, it will surely have no risk of not being able to sell and generate money.

### 3.6.3 Leverage ratios

The **Leverage ratios** (See Appendix 23) are utilised in the measurement of an organization's leverage, by helping to evaluate the sources of finance used by the company in running its operational activities, to ultimately understand whether it is being able to meet its financial obligations. For evaluating Decorrita's leverage level, we will be analysing both the **Leverage Ratio** (debt to equity ratio) and the **Interest Coverage Ratio**.

Decorrita's level of debt deserves attention so that it does not become risky and unattractive to investors. Even though its interest coverage ratio was favourable and a sign that the company is able to pay its interest debts without a problem, its leverage ratio is worrying. Therefore, although the company is able to pay its debt, if it continues to have such a high leverage ratio, its situation may turn around and need severe actions. In order to avoid that from happening, Decorrita's shareholders must take preventive actions.

### 3.6.4 Profitability ratios

The **Profitability Ratios** (See Appendix 24) measure the ability of a company in generating profit by earning more revenue from its business

activities, while comparing that level of profit with the amount of revenue, assets and operating costs the company has in the same period of time. The ratios calculated to measure Decorpita's profitability are **Return on Equity** (ROE), **Return on Assets** (ROA), and **Net Profit Margin**.

In general, the company is being profitable and has been improving its profitability. From the ratios analysed, we can conclude that mainly the shareholders' equity is being utilized in the right way, since it got such great results in the last year of analysis. In what regards the other ratios, namely Return on Assets and Net Profit Margin, even though the company is still profitable, it is below the market average so, that is not a good tendency and means the company should improve its profitability. Also, we can conclude, by analysing the clear differences between the Return on Assets and Return on Equity, that the Debt is jeopardizing Decorpita's profitability.

After analysing Decorpita's financial ratios, it was possible to conclude that the company's efficiency level is following a positive trend, while presenting strongly favourable results. With that, we can understand that the company is effectively utilizing its assets to generate sales and cash. The same behaviour does not happen in the other analysed ratios' categories.

On the profitability and liquidity analysis, some of the ratios present good results, while others show merely acceptable ones, sometimes lower than the average of the market. Even though some ratios' values may seem unfavourable on an overall level, when compared with the industry average, it is possible to see that such reality is not applicable.

Lastly, the leverage analysis showed opposite results on both examined ratios. While the interest coverage ratio showed a positive condition for the company, the leverage ratio emphasized the huge debt amount the company contracts. This situation is deduced in the Return on Assets and Return on Equity ratios because the first one has a tremendous difference from the last one, and the only dissimilarity is on the debt amount.

Therefore, in a global perspective, it is denoted that the company has an average position when compared with the industry, and even though it has favourable circumstances, it still has to look out for its debt level. Otherwise, the company may be in risk of being left behind by investors, and ultimately achieving financial distress.

### 3.7 Main Risks (Exogenous and Endogenous)

It is extremely important to understand what are the risks that may affect the industry and the sector in order to know how to prepare the company and how to anticipate possible reactions to solve them. More than that, it is relevant to divide them into endogenous and exogenous. The first ones are related to risks inside the market that will most likely affect the business and the exogenous one reflects some external forces or threats that may damage the flow of the sector. A well-made solution of the risks of the business may create a company's competitive advantage against other companies in the industry.

Endogenous risks	Exogenous risks
<ul style="list-style-type: none"> <li>• Delays in the deliveries of the materials</li> <li>• Extreme competition in the market (some companies reduce the price to 0 profit to gain the project)</li> <li>• Dependency on construction</li> <li>• Regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Tendencies and preferences of the consumer</li> <li>• Economic tendencies</li> <li>• Clients bargain power.</li> </ul>

Table 7 – Endogenous and Exogenous risks

**Source:** Own elaboration, based on meetings with stakeholders

### 3.8 Clipping / Social Media

Decorpita's presence on traditional media channels is very reduced. A quick Google search would allow us to find no more than three mentions of the company in recent news. They are mentioned as an acknowledgement

for providing set decor at the end of two online articles of Máxima magazine, as well as mentioned in Jornal de Mafra as a sponsor for a local basketball team. We can conclude that it is not common for distribution of construction materials companies to be featured on news articles and this is not something that the companies rely on either. Decorrita has built strong relationships with clients and suppliers through trust, commitment and brand reputation and this would be their main focus.

In what concerns social media presence, which is where new clients and potential partners are likely to find the company, Decorrita is present mainly on both Facebook and Instagram. As for Facebook, the company has a page with the last post-dating of 2015 that counted with over 2000 likes; and a new page, that counts with over 1000 followers and around 1000 likes, where they are currently active. On Instagram, Decorrita has around 1200 followers. They use both of these platforms relatively the same way: to advertise products, show projects and overall share pictures that the clients can draw inspiration from for their own homes. We can say that they are more targeted to the final consumer as they are the ones more likely to go look for stores and brands online. The company also shares the same contents on their LinkedIn profile, with around 650 followers, that is more targeted to professional partnerships. On all of these platforms it is also possible to find a short company description, a direct link to their website and the locations of their 4 showrooms.

Having in mind the characteristics of the sector and Decorrita's competitive positioning in the market, we can conclude that the introduction of the Alusa project would be of great interest to the company. The main reason for this is that the project would bring a new competitive advantage to Decorrita, as we will further analyse, increasing its brand awareness, and Alusa would be a statement in the market in terms of design and functionality, fulfilling currently existing gaps for customers who would feel heard.



DECORPITA

O melhor Design para a sua casa

## III. Solution Proposal



## 4 Product / Service

### 4.1 SWOT and Systemic SWOT

Internal Factors	Strengths	Weaknesses
External Factors		
Opportunities	OS Strategies	OW Strategies
1. Increase products margins 2. Increase in the construction and renovation of houses and buildings 3. Demand for reviving lost trends into modern design	<b>O1S4:</b> Through owning their exclusive brand, Decorpita is able to increase the products margins as they are the ones that control and regulate the prices of the products. <b>O3S3:</b> Decorpita's personalized service not only helps the client to have a better service but also will help the brand to understand new trends that clients are looking for and differentiated products.	<b>O3W1:</b> Create marketing strategies in the promotion of new products that goes into encounter the market trends and specificities that clients look for.
Threats	TS Strategies	TW Strategies
1. High number of competitors in the market 2. High bargain power of buyers	<b>T2S1 and S3:</b> By differentiating from the competitors, through personalized services and strong brand reputation, Decorpita is able to decrease the clients bargain power over their products.	<b>T1W1:</b> Due to the high number of competitors in the market, stronger marketing strategies could lead to a better recognition of the brand. <b>T2W2:</b> Decorpita is mainly localized in Lisbon, being this also the region with higher number of competitors and clients, leading to more possibilities in the market for the competitors. By decentralizing the business to other areas, as Decorpita did with the Faro store, they were able to secure better product margins.

Table 8 – SWOT and Systematic SWOT

**Source:** Own elaboration

#### 4.2 Strategic Options

Thanks to the external analysis and systemic SWOT we did in the previous parts, it is possible to identify the strategic options that Decorpita should implement.

First of all, a **differentiation strategy** is already used by the company but should be expanded. Indeed, they differentiate themselves from their competitors by **high quality materials** and care for customer satisfaction, but the range of products and innovative design can be improved to have a unique offering. As a “democratic luxury” construction materials supplier, their prices will then be justified to the end consumer and increase concern by customers in overall design details for housing.

Then, Decorpita focuses on bathroom and kitchen lines to invest and grow as they are their most profitable products with maximum market share. Clients are now looking for **minimalism design** in their bathrooms and need for smart and **functional storage** is increasing. It is an opportunity for the company to develop products to answer these needs and offer a personalized service to customers.

Through their new brand, Alusa, they can develop their own products by hiring specialized staff, especially architects and interior designers to offer customized and personalized services and products. Moreover, their strong relationship with suppliers of construction materials can help them to achieve this strategy in an efficient way but a new branch, focused on designing and sale of new products, will be required. Last but not least, as stated previously, a strong marketing strategy must be implemented to make this brand known to potential customers.

#### 4.3 Business Strategy and Objectives

Decorpita is part of a sector where, according to Banco de Portugal, there are 3212 companies, 3208 of which belong to its strategic group, Traditional houses. This means that the competition among companies in the sector is extremely high, and therefore the sector margins for each company

are very low. The market leaders, which are on the big surfaces strategic group, are only 4.

For defining the appropriate business strategy for a company, it is necessary that there is a proper evaluation on pros and cons of choosing one strategy over another. In Decorrita's case it would only make sense to choose between a cost leadership and a differentiation strategy, because in this industry no other would be as effective. The pros and cons of both strategies can be found on [Appendix 25](#).

Given the fact that in Decorrita's strategic group the level of competition is very high, there is the need for them to **differentiate** among themselves so that their chance of being chosen by customers is higher. In this company's specific case we can see that choosing a **differentiation strategy** allows them to position themselves on a level that their direct competitors cannot, because they would be providing a product that does not exist in the market. This is why, in order to do so, in this project there will be the creation of a product on the basis of a Differentiation strategy. Mirrors are an item most houses have, but by offering a new design with a practical feature, that will be helpful and useful to anyone who owns it, Decorrita will be offering a product with **distinct attributes** that will add value to the customers and get a step closer to increasing its sector margins by offering **innovation**. With this, the company will be able to gain **brand prestige and awareness**, ending up with an increase in sales through a product that is not common nor easy to find, while at the same time diminishing the threat of substitutes, because such a differentiated product is not easy to copy at all.

Thus, wrapping all of this up, choosing a differentiation strategy gives more pros and less cons than choosing a cost leadership strategy for Decorrita's specific case, as it is possible to confirm in [Appendix 25](#).

#### 4.4 Competitiveness Analysis

To conduct our competitive analysis, it is necessary to focus on our two main competitors mentioned earlier in the external analysis. Leroy Merlin and Casa Peixoto are our main rivals but for different reasons.

Indeed, the **Leroy Merlin** brand also sells and distributes construction materials, but unlike our company Decorpita, Leroy Merlin does not offer a personalised service to the customer who follows him throughout his construction or renovation project. It does not have a designer or architect available to provide the customer with personalised solutions. However, Leroy Merlin is competitive due to its **wide range of products** offered, its **low prices**, its presence in the sector and therefore its accessibility. This competitor focuses more on the **practical side** of furniture rather than on design, and we notice that Leroy Merlin does not really address the same target customers as Decorpita, especially on the quality of materials. Concerning the product, we want to develop, Leroy Merlin offers a wide range of lighted mirrors, which may give them an advantage, but there are no lighted mirrors with additional practical features such as integrated storage space. The prices are quite low, this is due to the much lower quality of materials.

Our other big competitor if not the biggest is **Casa Peixoto**. The market leader is still growing despite the coronavirus crisis, they had a 5% growth in 2020. They are our biggest competitor because they offer, like Decorpita, a **customised design service**, thanks to their own designer, architect, among others. Casa Peixoto has also invested in an omnichannel strategy. The online shop has a wide product portfolio with more than 20,000 items from different segments. At the same time, it has invested in the professional market with the launch of a new App for professional customers in the construction sector. It has increased its storage space and also in decentralised structures. In Casa Peixoto's catalogue we find luminous mirrors but again without the functionality of integrated storage as we want to develop. Moreover, the light is behind the mirror, which focuses on the design rather than the functional aspect as the light is less bright. Thus, Casa Peixoto distinguishes itself by its **accessibility** and especially its **customer service**.

So, as previously announced our strategy is to differentiate ourselves from our competitors. Design and convenience are not always and rarely easy to combine. We can see it with the mirrors for example, they are either bright or with storage in the called "pharmacy" design which is not really up to date anymore because of its too old look. So, we decided to combine design and practicality, adding functionality and storage to our lighted mirror. Decorpita used to select the products they wanted to resell or use for their fittings from their partner companies. However, they were not able to choose the exact design they wanted but wished to follow this approach.

So, by having the product designed by Alusa, the brand owned by Decorpita, they can have more control and really add the design dimension to the consumers' expectations. Decorpita is not a manufacturer but a reseller so here they only design and outsource the production. The prices will logically be higher than those of Leroy Merlin or Casa Peixoto, but this can be reflected in the quality of the materials and more functionality of the product. Thus, as the CEO of Decorpita once told us, we are in the "**affordable luxury**" category, which will distinguish us from other competitors.

#### 4.5 Value Proposal

With the implementation of Alusa products in Decorpita's stores, and more specifically with the starting project of a functional and designed mirror, Decorpita is aiming to create value in the products for its consumers.

Nowadays, people not only look for **functionality** in their home products and decorations, but also look for the **aesthetics** part. Besides that, bathroom areas are getting smaller, we no longer see bathrooms with areas almost similar to other rooms of the house, and so the space for all the essential sanitary ware needed and also for **storage** and decoration is quite limited. Also, we know that design is cyclic like fashion, brands bring old lines to the present time and adapt them to the modern context of design.

Moreover, especially for women, **good lighting** in the bathroom is essential for doing makeup, skin care and overall beauty processes (like

plucking your eyebrows). In a good response for these problems, LED lights can be installed in bathrooms as they provide a better lighting, clearer, and in an environment perspective, they consume less electricity than regular lights. By applying this type of light in their mirrors, Alusa will be able to provide a better experience and improve the process of makeup application for customers, making it easier and more convenient. Also, the help of a magnifying glass plays an important role in the improvement of the makeup processes.

By implementing this project, Decorrita is able to tackle these major needs in the market that so far have been lacking in their offer. Therefore, consumers would benefit from a high quality, functional and clever storage and usage, and designed product, with the possibility of personalization depending on their needs and desires, from an old mirror line that has been brought back into a more modern design.

#### 4.6 Portfolio Mix

It is important that we look at the portfolio of the company in order to understand their current offer and where our product will be introduced. There are five main areas for which Decorrita provides products:

- **Kitchen:** cooking is very important in people's daily life and the kitchen has also become a place where individuals seek comfort and functionality, making it very important for every family. As a result, people's quality of life is improved, and the requirements for kitchen product design are getting higher and higher. Decorrita's kitchen products include furniture and counters, floors and coverings, and the kitchen products covered are comprehensive.
- **Bathroom:** the bathroom is also an area that plays an important role in daily life. Decorrita not only provides sanitary ware, bathtubs, shower trays, faucets and other products, but also according to customer needs and changes, we design a variety of styles of bathrooms for customers to choose from, which can satisfy them in terms of visual style and function.

- **Floors and Coatings:** floors and coatings are divided into interior and exterior. Not only do we need to strictly control the quality and safety, but also whether the coating is environmentally friendly is also very important. Decorrita can also provide a variety of options in terms of materials, such as woods, ceramics, floors, micro cement, among others.
- **Furniture and Décor:** Decorrita combines the best brands with the best product quality to meet the visual effects and also does not lack comfort. In terms of home improvement services, Decorrita can do the entire project according to the customer's request and in consultation with the designers.
- **Gardens and outdoor areas:** the gardens and outdoor area is a luxury that every family wants to own. Therefore, the design will be more dependent on the preferences of customers. The products that Decorrita can provide are: swimming pool coverings; outdoor pools; garden furniture; pergolas; artificial grass; and vertical gardens. At the same time, they can provide high-quality design services, to provide customers with more choices.

#### 4.6.1 New Product

In recent years, with the development of the brand, Decorrita's business scope has expanded from the sale of building materials to the development of personalized design services. Its high-quality products and services enable Decorrita to establish a good brand image.

Based on the new goal of expanding the product portfolio, mirrors with unique design styles can provide new ideas for bathroom design and functional features:

1. **Light:** the light design of the mirror itself can provide lighting in a relatively dark environment, reducing the number of light bulbs in the bathroom, and it is also a way to save electricity.
2. **Storage:** there is a storage function in the mirror, which can reduce the storage space in the rest of the bathroom, and store daily necessities near the mirror, such as hair dryers, toothpaste and toothbrushes or even

skincare products, which are more easily accessible to users, making the experience more convenient.

3. **Close-up mirror:** the interior of the mirror is also equipped with the option of a makeup mirror. For customers, there is no need to place makeup mirrors in other places, again saving space and remaining functional. At the same time, customers can choose whether they need it or not according to their wishes.
4. **Brush holder:** the same thing happens with the option to have an additional accessory on the side of the mirror, which works as a brush holder (for makeup purposes) but can also be used as a toothbrush holder, according to the consumer's preference.

The focus is therefore on adding a new product to the portfolio that combines both design and functionality.

#### 4.6.2 Product Life Cycle

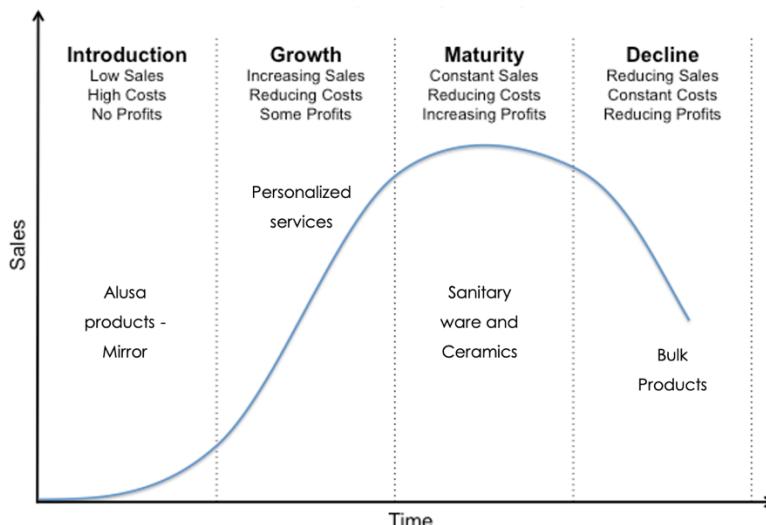


Figure 4 – Decorpita's Product Life Cycle

**Source:** Own elaboration

Among the products of Decorpita, sanitary ware and ceramics are already in the mature stage and belong to the most important product line of the brand. Their position in the market is relatively stable and the brand maintains a good reputation. However, they are also in the stage of fierce competition. The goal is to continue to maintain the market share they provide.

For the new mirror product, the current stage is still lacking in popularity, so it is still in the introductory stage. Usually, this stage is characterized by slow growth, so it is necessary to invest resources in marketing and publicity to expand its popularity and influence.

At the same time, personalized customized services in the growth stage are intangible products and have a relatively high understanding of brand design capabilities and external changes and customer preferences.

The last stage of recession is the bulk products. At first it was the business scope of the initial stage of brand creation. Nowadays, with the fierce competition in the industry, there are more and more brands that can be compared. As a result, the bargaining power of bulk products becomes higher and higher. The volume has also declined, and new products and services have to be developed to consolidate the brand's position in the market.

## 4.7 Marketing-Mix

### 4.7.1 Product

The product that is going to be developed is a rectangular mirror that allies the functionality of **storage** and the **lights** in the mirror itself, with the possibility to implement other specificities in it, to fit to everyone's preferences. Firstly, seeking to eradicate the **storage problems** that small bathrooms may pass through, it would be interesting to put together in the mirror, the functionality of a cabinet. This is a concept that was already used in the past, however, with the increase of the concerns related to design, it became unused since it was no longer considered visually appealing. To solve that, the mirror would be separated in two parts: the mirror itself and the cabinet with the storage. In a normal position, all the storage will be hidden by the mirror. However, when wanting to see the inside of the cabinet, the mirror will be pushed up until reaching a horizontal position to the floor. This way, all the space will be used in an effective way.

With the objective of solving the problem of few lights when, for example, a person is putting on makeup, we also implemented lights in the

mirror. So, it will consist of a 5 to 6 cm lighting strip all around the front of the mirror in order to direct the light to the face of the user. This lighting also comes with an adjuster that allows to intensify or smooth the light. The mirrors will be a squared mirror with the size of 80cm x 80 cm.

The structure described above will be the basis of the mirror. Nevertheless, there will be the possibility to personalize the mirror with certain details such as:

- A zoomed mirror: a smaller mirror that comes from the lateral of the main one, where it is going to be hidden and stored, and that augments the image.
- A lateral holder with the purpose of storing brushes.



Figure 5 – Alusa mirror proposal

**Source:** Own elaboration (illustrative purposes)

#### 4.7.2 Price

The price of this product will reflect directly the **premium level** we want our product to be placed at. On the one hand, the product will be considered a luxurious product in which the materials used are of great quality. On the other hand, the company will make it still available to most of the people that are willing to invest a little more on quality products.

To set a price, it is crucial to keep in mind that the mirror is a premium product, so the company will not be worried about the price competition, to diminish the extra costs and decrease it the maximum possible but will be focused on providing the best quality product to the final consumer.

In what regards the strategy in entering the market, it will be the **skimming** strategy since, as it is an innovative product in the market that was never developed like this before, it is crucial to take advantage from it by increasing the price of the product, for then to have margin to decrease the price, if it is necessary because of, for example, other brands imitating the functionalities and concept of the mirror. The skimming strategy will be allied to the premium image the company wants the clients to have about the product. Which is beneficial for the sales and, consequently, success of the mirror.

In order to set an adequate price for our mirror we have to take into account the average of all the mirrors sold by Decorpita, which are the brands that are now in the industry, which is approximately €550. However, having in account that we connect the lights in a mirror and the commodity of storage, it is crucial that we also analyse the average of mirrors with those characteristics. On the one hand, mirrors with illumination cost on average €700, on the other hand, mirrors that include storage have a cost averaging €200. Because of that, we placed our mirror at the price of €610,99.

#### 4.7.3 Promotion

To have success in such a competitive market as the construction and decoration one, it is absolutely crucial that the clients know the brand and its products. Because of that, the promotion and communication strategy is imperative to succeed.

- **Social media**

It becomes necessary to communicate the product in the social media and, as Decorpita does not have a strong influence in social media, it is of extreme relevance to start worrying and developing the social media of the company so that the company brings some awareness to potential clients. The strategies for the mirror to gain importance is, for example posting pictures of the mirror itself and its functionalities, once the product is out and then aligning it to bathroom design ideas that may also be published in the Instagram,

Facebook and website platforms. With this, the clients may be interested in the whole offer of the company or eventually be focused in the mirror itself, if that is what they are searching for. This will give awareness to the new brand Alusa but specifically for the mirror itself, that will take place in posts and will have its functionalities and advantages referred to.

- **Website**

Decorpita's website will be really important to the advertising of Alusa and the mirror. Our strategy in the website will be adding the company Alusa to the field "brands" available in the website of the company.

This will allow the visitors of the website to know that some of the products available in Decorpita come from this brand and will find the mirror in it.

Nevertheless, more than putting the brand in it, it would be relevant to make a prominent space in the first page of the website with the mirror and the brand once the release is done, in order to catch the attention of the clients that go to the website to search for options for its own bathrooms.

- **Decoration magazine**

When the release happens, the company should take its advertising to a new level as, for example, developing an article about the Alusa brand and its recently released product, the mirror, explaining how useful and functional it is, and how personalized it can be in order to fit to everyone's preferences. Some of the magazines that the company could negotiate with to have the article are Vogue Casa, Viver Bem and Elle Décor.

#### 4.7.4 Placement

In order to achieve the success of the product, it is crucial to adopt the right position in terms of the way the product is shown in the stores and to reach the right distribution network.

- **Stores**

In the stores, the objective is to put this product in a beneficial place, in order to be the focus to the clients, for them to notice the details of the mirror and eventually choose it over other options. This preferential position will allow the product to be the focus in the store and may help it to increase its sales. It is crucial to understand that this is a key decision that may really be the turning point for this mirror to gain importance. If a client is going to the store, then he probably is opened to buy and remodel his/her bathroom so, by seeing this mirror in a privileged position, it is easier and faster to consider buying it.

- **Distribution**

As Decorpita is the owner of Alusa, it is of the company's interest to succeed in the products developed by its designers. However, considering its irreverent characteristics, Alusa will also distribute its designed products for other competitors that may be interested in the mirrors. So, with the design of this product, and after all the production phases are completed, it will be available for other companies that may be interested in selling it.

#### **4.8 Partnerships and Strategic Alliances**

Decorpita is a company that has been operating for 26 years in this business. Throughout these years, they have managed to earn the trust of both clients and suppliers, building a quality reputation for the company.

The success that they have reached is also due to these good relationships with suppliers, showing that having reliable partners can be an important factor for a strong business.

With this in mind, and as the company launches our new product, the functional mirror, it is important to have partner companies and build alliances that can help this launch.

Alusa will only be responsible for designing the product which means we will need a company to serve as our producer. There are several companies in Portugal who work in producing mirrors and we contacted them with our business proposal. The main issue lies in the fact that since glass and wood are

very distinct industries there are little if any companies that can make our entire product. Therefore, we (or the company producing the mirror) will have to subcontract both a carpentry company to do the wooden structure and an electrician to add the light feature to our final product. This way there will be 3 parts involved in the production process, which might make it hard to find the best possible "network".

As distribution is concerned, Decorrita will obviously be involved in this as it is their area of business. However, the Alusa products are not exclusive to our company and will be available to other distributors of construction materials, the so-called *traditional houses*. The distribution network is therefore very relevant as our new product should be able to reach a greater amount of people. By partnering with construction materials stores and even boutiques we will be able to do this, establishing good deals in what regards the product display in stores (merchandising plays an important role as the offer of products is usually big and it is important that we make our product stand out) and also the commercial attention given by the sales teams to our mirror and its functionalities.

In addition, in order to have our product be as successful as possible, we believe strategic alliances play a significant role as well. By building an alliance with Casa Peixoto, the biggest player in our market, we will be able to give good exposure to our product and reach a bigger number of people. For Casa Peixoto, we will be providing them with a unique product that cannot be found under any of the brands that they currently sell and that can increase their sales as well, bringing new customers. Both companies can combine their core resources and competencies for what concerns distribution, cooperating towards reaching an outcome that is favourable to the two parties in a non-equity alliance.

## 4.9 Business Model

### 4.9.1 Key Partners

Decorpita's key partners are the network of distributors. As mentioned before, the loyalty between the company and the distributors is crucial in the success of the retailers of construction materials.

In a more specific perspective to the project, and as it is expected to be sold not only in Decorpita's stores, but also in other distributors of construction materials, the way the product is displayed in the stores and the commercial attention must respect the product and its quality.

As we already mentioned, Decorpita is a retailer and Alusa will make only the design and not produce the product, because of that they will need to outsource the producers of the three main parts of the mirror (the mirror surface, the cabinet and the light).

#### 4.9.2 Key Activities

Decorpita's core business is the sale of construction materials. However, they differentiate themselves from their competitors through their personalized services to the clients, the diversity in their offer and the quality they deliver in the projects and products sold.

In the scope of this project, Decorpita, through Alusa, will also be design creators of the new products.

#### 4.9.3 Key Resources

Regarding financial and physical resources, in 2019, Decorpita registered €1 037 146,19 on fixed tangible assets, representing its properties, like the 4 stores they own, the warehouse and furniture and decoration of their offices and stores and €89 819,78 on intangible assets, that are mainly represented by their software (PHC and Winner) and hardware.

Decorpita's Net income in 2019 was €176 920,46. Being this positive, we can say, in a general way, that the company has some financial resources.

It is also important to refer to the inventories' level of Decorpita. In 2019 they represented €2 232 441,30, which means that the company has a safety stock, in case of big changes in the market demand. When compared with the sales value in the same year (€17 152 006,50), the value of inventories represented around 13% of the sales.

In terms of human resources, Decorpita currently counts 80 collaborators, with specialized training and experience in order to provide a stellar service to the clients and managing the company.

Lastly, Decorpita's key organizational resources are the suppliers' trust and the customers' loyalty that the company was able to create through their personalized services and seriousness in the job.

#### 4.9.4 Value Proposal

With the implementation of the Alusa mirror, Decorpita's customers will be offered a high-quality product, with design and functionality, in terms of storage and lighting, with the possibility of personalization according to their needs and desires. This product will create an easier and more convenient routine, as the products are displayed in a more organised way inside the mirror and the lighting will facilitate people getting ready.

#### 4.9.5 Customers Relationship

Regarding customers' relationship, Decorpita has a direct relationship, having direct contact with their clients and any complaint is made in store or through their website or social media accounts.

Their commitment in a personalized service, with trained employees is crucial for a good relationship with their customers.

#### 4.9.6 Customers Segments

Decorpita's main customers are construction companies and final consumers. The company aims for an "**affordable luxury**", in other words, design and quality that everyone can buy.

For this project, Decorpita will extend their target also to other distributors of construction materials, as the intention is to sell Alusa products in other "traditional houses" in the sector.

#### 4.9.7 Channels

Decorpita intends to keep their current distribution channel, the distributors network, that is constituted by stores of construction materials and boutiques.

#### 4.9.8 Cost Structure

The costs that Decorpita will face with the new product will be:

1. Personnel expenses - salaries and wages with new collaborators for Alusa (1 designer, 2 marketeers and 1 logistics)
2. Costs related with the production of the product (raw materials, subsidiary materials, labour work) - outsourced production
3. Transportation costs - from the producer to the warehouse or stores and between production locations (as the three main features of the product - mirror, cabinet and lighting - are produced in different locations and at the end put together).
4. Inventory costs
5. Marketing expenses

#### 4.9.9 Revenues Stream

Decorpita's revenues come from sales of their products in store and exportation of them, that represent about 10% to 15% of the total sales, especially for PALOP countries.

#### 4.10 Qualified Future Demand

Currently Decorpita is selling 1800 mirrors per year. By developing a unique mirror through its new brand, the company is expected to increase its future demand throughout the years. We are conscious that our product won't generate significant sales from the first year because the company still has to prove itself in the design and sale of mirrors, but we can hope to gain customers as we go along thanks to the quality and design of our product but also the marketing that will be done to promote it.

The customers we target are hotels and wealthy adults and older people from 30 years old in Portugal and PALOP countries. Indeed, the mirror will be sold at an affordable price but remains a luxury object of high quality. That's why it will be more expensive than the "classic" mirrors we can find in other brands of mass distribution like Leroy Merlin. Moreover, a mirror with all these features doesn't exist for the moment, the only substitutes are vanity mirrors, or

classic mirrors which gives us a “leading” position in terms of price and boost market share.

Nowadays, consumers are more and more conscious regarding their personality and style. They groom themselves well in order to enhance their style quotient and overall personality. Mirrors are used while applying cosmetics, hairstyles, to pluck eyebrows, for shaving etc. For all these reasons we hope to become more and more popular and a must-have for all generations.

## 5 Location

### 5.1 Main Cost-Drivers

In terms of costs, this project is very beneficial for Decorpita, since it will only design and distribute the mirrors, without having to produce it, which means there will be no production costs for the company. Even so, the production process for the type of mirror we intend to bring to the market is complex and cannot be completed by one single company: there is the need for one company to produce the mirror, another to produce the storage cabinets and the other to install the electricity. Decorpita will be the one responsible for creating the design of this product, and then by partnering with those companies which will produce it, the product will be made. For raising awareness to the customers about this new brand, there is the need to promote it. Therefore, the main cost-drivers (**See Appendix 26**) for this project will be included on **Personnel expenses**, **Production costs** (outsourced) and **Marketing expenses**.

### 5.2 Legal Requirements of the Activity and the Place

As Decorpita already has 4 stores, when we implement our new product under the Alusa brand, it will be sold in the **existing locations**. Since there is not a need to open a new store or relocate existing ones then there are no legal requirements to fulfil that arise from this new product. The company will have only to comply with the legislation that is already in place, as they do.

### 5.3 Macro and Micro Location

#### 5.3.1 Macro Location

When considering its location, companies need to focus on their main activities and have in mind what are the resources they need to be nearby. In the case of production companies, closeness with the necessary resources for production (raw and subsidiary materials). In the case of retailers and services providers, its main activities rely on the sale of products and services, respectively, and so, the closeness with the consumers is a key factor.

Decorpita, as a retailer, has its locations strategically positioned. They own 4 stores, 3 of them located in the Metropolitan Area of Lisbon (Infante Santo, Oeiras and Vila Franca de Xira - the headquarters), the most populated region in Portugal, and one in Faro, where we are living an increase in the tourism in the last years that led to an increase in the construction sector. Decorpita also owns a warehouse, where most of their inventories are stored, located in Vila Franca de Xira.

As we previously analysed, the construction sector has more presence in Porto, Lisbon and coastal areas of Portugal, meaning that the distributors of construction materials have to follow the same trend in order to be closer to its consumers.

For this project, Decorpita intends to keep its locations and so, with that in mind we can proceed to the location's micro analysis.

#### 5.3.2 Micro Location

Carrying on with the micro location analysis, based on the "Business Micro-Location: Factors, Preferences and Indicators to assess the influence factors" by Cornel Ghita (March 2013), we need to take into account three criteria. The first being the decision of relocation. This decision can be divided into 3 categories:

1. *Push reasons*: disadvantages in the current location of the company that leads to relocating.
2. *Pull reasons*: advantages in new locations that attract the business to relocate.

3. *Keep reasons:* the positive aspects and disadvantages of relocating, that leads to a company to choose to keep its current location.

As we mentioned in the macro location, Decorrita has strong locations, and so, its intentions are not to relocate the company, but on the contrary work on the improvement of the existing locations.

The second criteria are the behaviour of the front and back-office activities towards the location. Currently, all Decorrita stores are divided into two parts, the showrooms, where clients can see the offer of the company and clients' service's desks, were a more thoughtful and detailed service is conducted by the employees, where customers can share their vision for their home projects and the trained staff can help them to accomplish it. Also, the stores are equipped with administration offices, where meetings with clients and partners can be carried on.

The last criteria correspond to the aggregated factors of location, types of areas and types of facilities.

Starting with the location factors, Decorrita's stores are located in areas with a large space availability, suppliers and customers accessibility, that leads to a higher number of potential visitors, and an affordable price range.

Then we have the types of areas, with the exception of the Vila Franca de Xira store that is localized in a "main access route", Decorrita's stores are located in "residential areas".

Lastly, we have the types of facilities. Decorrita's stores are "commercial spaces", meaning that they are individual buildings, in the case of Oeiras stores it is shared with other businesses, with doors to the street. The Faro store is the exception, being integrated on the ground floor of a residential building, but also with the front door directly from the street.

Even though there are some differences, overall, the micro locations or Decorrita's stores are similar and so we can say that the company is consistent and homogeneous when looking for locations of its facilities.

## 6 Sizing

### 6.1 Main Restrictions

As the main restrictions, we considered the production restrictions, human resources and weak marketing.

#### Production restrictions

Decorpita is not a manufacturer and therefore has to **outsource** the production of its products. As we are not the only company that outsources its products, we are **limited in the quantities** that we can get from the manufacturer, so we could attend to a stock to compensate for this problem.

At the same time, manufacturers need to import glass for production and transport issues can have an impact on raw materials, thus limiting production capacity. The production will also be extremely dependent on the imports, since Portugal is not a producer of glass and every product that is glass related has to be imported. Because of that, the **transportation delays** and the **prices fluctuations** are both restrictions that will influence the production.

#### Human resource allocation

As Decorpita is the sales manager, but not the manufacturer, it was necessary to either outsource the production or to recruit the relevant workers and quality inspectors to ensure that the production ran smoothly while also ensuring quality. As the new mirrors require a range of materials such as glass, woods and lights to be assembled, multiple manufacturers and workers would be required to work together, which would result in **excessive labour costs** and would not ensure that the collaboration would run smoothly until sale.

#### Weak marketing strategies

Although Decorpita has enjoyed a good brand reputation in the local area, as the new product is positioned as an "**affordable luxury product**", the consumer group will also be reduced compared to parity mirror products. At the same time, for new products, customer loyalty is low, and competition in

the mirror industry is fierce. Therefore, marketing strategies are needed to promote and amplify the advantages and characteristics of new products, expand product visibility, attract more new customers and retain the original customers of the brand, so for Decorpita, if the company want to use new products to further enhance the brand image and increase sales, **improving marketing strategies** is the key to succeed.

## 6.2 Demand vs Restrictions

In order to understand the impact of the restrictions in the demand of the success, it is necessary to analyse each one of them carefully.

In terms of the production capacity, it is easy to conclude that it influences the response to the demand, if there is a relevant change. By being dependent on the production of other companies, it can be uncertain the delivery of every product in time, and this may affect the demand that appears. Other than this, the fact that the glass is entirely imported and since it is dependent on transport and production that comes from outside of Portugal, it is also a key factor that may affect how effectively the level of demand is met. Also, the fact that the prices of the glass are always oscillating which can be damaging for the efficiency of the company. A **delay** in any of the phases, beginning in the delivery of the glass and passing through all the production phases, affects the **fast response** to the demand.

The weak marketing strategies, on the other hand, are a factor that has a terrible impact on the brand and, consequently, on the succeeding of the new product implemented, since the clients will not be aware of the product, and this will result in the potential clients not being influenced to consume the product. With the existent strategy, only the clients willing to go to the store may notice the mirror and have the tendency to buy it, while all the potential clients that could be influenced in the social media, for example, are not being convinced that this product may be the right for them, and this is a loss for the company. If the marketing strategies are not effective, then we are **reducing**

**our potential demand.** The impact of a better marketing strategy could be a turning point for the mirror and could avoid its failure.

### 6.3 Capacity Model

Decorrita is not a manufacturer, so the capacity model will not concern its production and its machines which are non-existent. We will therefore focus on the service part of the sale of this new product. As presented in the value chain, the company currently has 16 employees in headquarters, 20 in logistics, 12 employees as a commercial team and a total of 32 employees in the 4 shops. In 2019, Decorrita had a market share of 0,46%, and according to the CEO, they sell about 3 mirrors from each of their 50 distributor brands, giving a total of 1800 of their mirrors per year.

Bringing a new product to market will not require as much change as launching an entire new product line. However, we are looking to achieve a market share of 0,794%, in 2026, with this new product, thus enabling us to overtake the company Covelo & Pinto (Álvaro Covelo & Pinto, Lda) who had a market share of 0,49%, in 2019. Given that the current designers are specialized in kitchens, Decorrita will need to hire a special designer for the Alusa project, in particular for the bathroom lines, like our mirror.

Being a retailer, the only capacity restraint that Decorrita faces is the **storage capacity** and ability to offer to every client the **same level of customized service**, which until the introduction of the Alusa project was not a problem.

The current warehouse that Decorrita owns has only 20% of capacity, and for the storage of the new brand's products that wouldn't be enough, and so the company will need to rent a second warehouse. This will also facilitate all the logistics associated with the Alusa products. One more person will be needed to manage all the logistics of this new product acting as an intermediary, who would be responsible for coordinating tasks between Decorrita, Alusa and the production companies but also handling the stocks.

As Alusa has just been launched and remains unknown for now a real marketing work will be necessary requiring 2 people to be hired to promote this new concept of mirror and improve the communication of Decorpita, as they currently only have 1 person working on their marketing strategies. One more person will be needed to manage all the logistics of this new product acting as an intermediary, who would be responsible for coordinating tasks between Decorpita, Alusa and the production companies but also handling the stocks.

Finally, to increase their sales capacity for the new mirror, keeping the high level of customer service, 2 salespeople for each Decorpita's store will receive a special training, in order to learn how to sell the special characteristics of the mirror, as they will be working with a skimming strategy with a "premium" product.

#### 6.4 Scalability and Diversification

Scalability is the capacity of a company to have a good performance while expanding its business, by increasing revenues without increasing costs faster, and therefore maintaining or even improving profit levels. For Decorpita, achieving an economy of scale with this new project is based on both the scalability and diversification factors presented below, that help the company to reach the customers and increase their brand awareness and, consequently, the brand's revenues. The fact that we are not producing the product itself, but outsourcing it, is the main reason why Decorpita's costs will not increase a lot. Also, another factor is that even though the mirror is personalized for each customer, its basis can be ordered in large quantities, so that the costs of production are lower, and ultimately, it costs less for Decorpita to buy it.

##### Scalability

The core competency of **designing the product** itself will belong to the company, with the employment of a professional designer, which ensures that they rely on intellectual property they own.

They are not the ones producing it, which gives them **flexibility** for choosing the best suppliers and with the best quality and costs, taking leverage of outside resources and expertise.

The new logistics employee will ensure that the correct amount of product will be ready on time, and that the **coordination** among companies works efficiently, guaranteeing that the desired product will be **delivered with quality** and on time to the customer.

By hiring 2 marketing managers, we will be enhancing a **planned promotion** before, during and after the launch of the product, both in the stores and in social media. This will broaden the amount of people who will be aware of its existence, extending the possibility of an increase in revenues.

### Diversification

This product has not been present in the Portuguese market in the past years, which gives us advantage due to the **innovation** allied with the **practicality** it brings for anyone who owns it.

Alusa mirror is a **premium** product, but one which is available to all of those who are willing to pay more for an extra-quality product, bringing the **luxury sense** to its offer.

This product can be bought not only when the clients are designing a whole bathroom, but also **individually**, giving customers the opportunity to acquire it at any time and circumstance.

# III. Governance Model



## 7 Governance Model

### 7.1 Organizational Structure

The organizational structure of a company determines how information flows within a company and how the company's activities are organized in order to achieve its goals. Through a company's organigram we can understand its organizational structure.

In the case of Decorrita, in the information flow perspective, they have a centralized structure, this means that the information and orders of command flow vertically in the company. This is represented in the company's organigram (**See Appendix 16**), where we can identify a vertical chain of command between the administration, the CEO and the Departments' heads.

In terms of types of organizational structure of the activities, there are four of them: **Functional, Divisional or Multidivisional, Flatarchy** and **Matrix**. All of them have its benefits and disadvantages, making companies look for the most appropriate structure for their activities.

The most typical of them, and also the one used by Decorrita in its current business structure is the **Functional Structure**, characterized by the organization of a company's activities according to their functions (departments), as the name implies, very common among small-to-medium-sized companies and the use of bureaucracy in the operations.

Through their organigram we can see that the company is organised into six departments, and each of the departments contributes with a specific function for the core business of the company, the sale of distribution materials.

With the introduction of the Alusa brand, there will be changes in the organization of the company, not only for the introduction of a new design department but also a new logistics department, specifically for the products of the brand, as it will be different from the current logistics of the company.

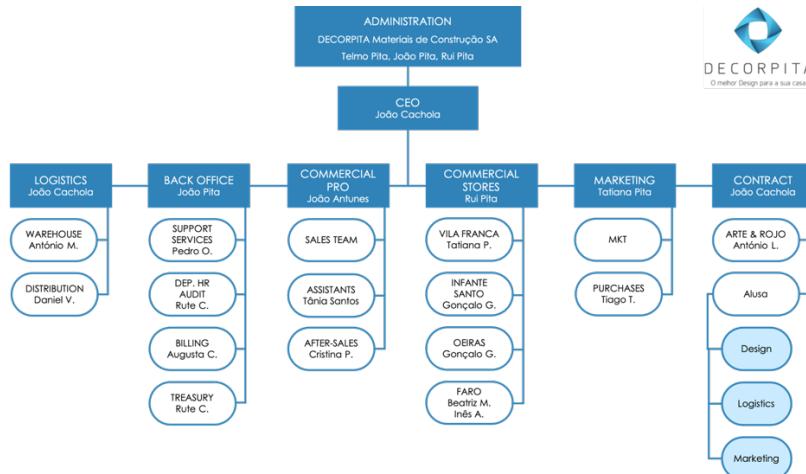


Figure 6 – Organigram of Decorrita after introduction of Alusa

**Source:** Own elaboration

As we can see in the new organization (**Figure 6**), the Alusa brand will be included in the **Contracts** department from Decorrita, and it will have its own **Logistics**, **Marketing** and **Design** departments, as it will have very specific functions and activities, different from the ones performed by Decorrita. These changes in the organization's structure will allow Decorrita to continue its activities normally without the interference of complications created by the new brand.

The three departments that will be added will only be focused on Alusa and its problems and activities. In the case of the Design department, this will be a completely new department in the company that will diversify its activities and will be exclusive to the brand. The other two departments, Logistics and Marketing, they will also work exclusively for the Alusa products, but together with the already existing departments in the company, this because the logistics of the products of Alusa will be very complex and different from the logistics that Decorrita currently has, and the marketing of the products will also have different specifications from the products that Decorrita sells now have.

## 7.2 Main and Support Processes

The **main processes** are end-to-end, cross-functional processes that directly contribute to the development and creation of products or services

and deliver value that clients get from the company. Core processes are often referred to as “primary” processes as they represent the essential activities an organisation performs to achieve its goals and objectives, fulfil its mission and attain its vision.

As illustrated below, Decorpita has **6 main processes**, from market sensing to after-sale customer care.

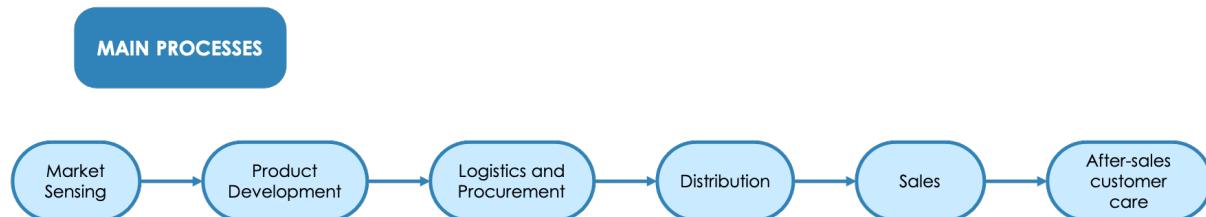


Figure 7 – Alusa main processes

**Source:** Own elaboration

First, the company collects qualitative data through interviews, focus groups and in-depth questionnaires to help management teams understand the external market in a more effective and efficient way. Then, the product development for the new product is made by professional designers. The process of preliminary design involves building a prototype, testing the prototype, revising the design, retesting and so on until a viable design is determined. The manufacturing aspects (materials quality, standardization...) are also considered.

Thirdly, the logistic team selects the suppliers and orders the product to suppliers or uses the available stock to send the final product to distributors. After any of the previous scenarios, the product is distributed to Decorpita's warehouse or to other distributors' stores, respectively.

Last but not least, the final product is sold to final customers through the distribution channel and the after-sales team is responsible for customer care.

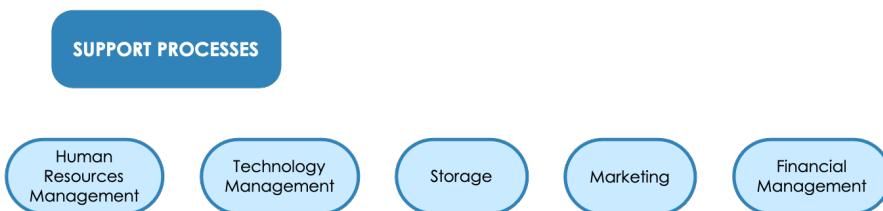


Figure 8 – Alusa support processes

**Source:** Own elaboration

On the other hand, **the support processes** are enabling processes designed to assist the value-delivering core processes and make it effective by providing the resources and infrastructure required by primary processes. The five support processes of Decorpita are: Human Resources Management, Technology Management (IT), Storage (warehouses), Marketing and Financial Management.

### 7.3 Global Layout

The layout of a company's facilities involves the relative positioning of transforming resources within operations and processes, and their general appearance, which together dictates the nature and pattern of the flow of transformed resources, staff and customers' experiences.

Decorpita stores are typical service shops, with customer contact, customization and staff discretion, where a mix of front and back-offices activities are performed, and therefore, for a better flow of both people and resources, the products are arranged in a **Cell Layout**. This means that the different furnishing or decoration elements are grouped together.

The figure below represents the layout of the Infante Santo store. Decorpita's stores have similar layouts, but in different scales, according to the size of the store. There are 3 main areas in the stores: kitchen, bathroom and floor and coatings areas, where customers can see how the product are set up, but also where they can find all the things they need to build, for example, their bathrooms, with toilets, taps, sink cabinets, mirrors and tubs displayed.

Therefore, our mirror will be displayed in the bathroom area of the shops. This will give the consumer a better idea of the product and make it more attractive. In addition, it may appeal to more consumers who at first did not plan to buy the mirror but once exposed realized that it could be a necessary purchase.

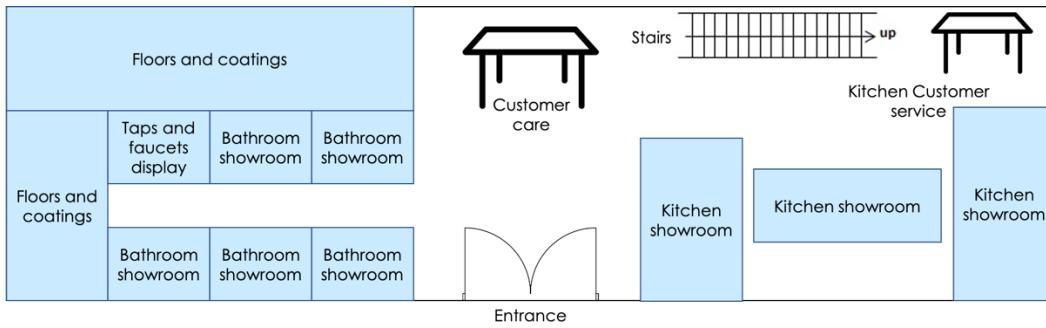


Figure 9 – Infante Santo store layout

**Source:** Own elaboration, based on visit to the store

#### 7.4 Matrix of Responsibilities

The Matrix of Responsibilities indicates the roles and responsibilities of the parties involved in each process and activity. This avoids duplication of roles, wastes of time and clearly defines each responsibility at different defined levels. Based on the **RACI model**, roles are defined according to those who do the work to achieve the task: **Responsible** (R), The one to whom Responsible is **Accountable** (A), this person must approve the tasks completed by the Responsible. There are also people, departments whose opinion is solicited: **Consulted** (C) and finally those who are keeping updated regarding the process of the project: **Informed** (I).

As illustrated by the Matrix of Responsibilities (**See Appendix 29**), the CEO, higher in the hierarchy, is the person to whom the project manager is accountable and who is kept informed of each phase of the product's development.

Then, the product manager is responsible for the feasible study and testing, and he is also the one who manages the different departments involved in the production and sale of the product (sales, finance, after-sales, quality-control, marketing) and to whom they are accountable.

Each team is responsible for the accomplishment of a specific task (from finance to logistics), from the conception of the product to its sale. The work of each team is carried out in collaboration with the others, keeping informed or consulting the departments on which the task carried out will have an impact (e.g.: the quality control team is responsible for quality control but the

designers who designed the product are also consulted, as well as the logisticians in charge of relations with suppliers. The CEO and the people in charge of inventory will be informed of the number of defective products to manage the stock and define a new strategy).

## 7.5 Flowsheets

### 7.5.1 Core Businesses

The **core-business processes** are those related with the main business activities of a company. In the case of Alusa, these will be the **Design (See Appendix 30)** and the **Sales (See Appendix 31)** processes. By analysing the main processes of the business, the company has a clear procedure of the activity to be performed, the sequence to follow, and the identification of problems can be quicker.

### 7.5.2 Supply chain

The **supply chain processes** are those that show how the suppliers and distributors relate with the business and how they work. In the case of Alusa, how the outsourced producers would relate between them (**See Appendix 33**) and with Decorpita (**See Appendix 32**) and how Decorpita would distribute Alusa products to both their stores and other distributors of construction materials (**See Appendix 34**)

### 7.5.3 Customer-care

The **customer-care processes**, as the name implies, is how the company interacts with the customers in order to satisfy their needs and desires, answer questions or provide personalized services. As we already mentioned, the clients' loyalty for Decorpita is one of their key resources and for Alusa this will be no different. The customer care will be made through Decorpita's stores with their **personalized projects (See Appendix 36)** and the **customers' complaints management (See Appendix 35)**.

## 7.6 KPI's and SLA Model for the main processes

### 7.6.1 Key Performance Indicators (KPI's)

A **Key Performance Indicator** (KPI) is a measurable value that demonstrates how effectively a company is achieving its key business objectives. Organisations use KPIs in a number of areas to assess their ability to achieve their objectives. High-level KPIs can focus on the overall performance of the company, while low-level KPIs can focus on processes in departments such as sales, marketing, Human Resources, support and others.

We identified KPI's in the **Sales, Marketing, Social Media, Human Resources** and **Processes and Production** areas ([See Appendix 37](#)), that will allow us to evaluate and analyse the performance of Alusa and thus understand where the project could be beneficial in certain aspects, but also where improvements could be made in others.

#### 7.6.2 Service Level Agreement (SLA)

The Service Level Agreement (SLA) is necessary to identify both the services required and the expected level of service. It is a documented agreement between a service provider and a customer company. It can vary between vendors, services and industries. The SLA is necessary because in the case of a problem with the service, neither party can plead ignorance. This ensures that both parties have the same understanding of the requirements. For our project we will need two SLAs for both producing companies (mirrors and wood cabinet). You will find the duly drafted SLAs in the [Appendix 38](#) and [Appendix 39](#).

#### 7.7 Operational Risk Response Plan

An Operational Risk Response Plan is made by a company in order to anticipate both predictable and unpredictable events that may occur in the course of their activities. For this, the company must prepare a well-defined action plan, or a contingency plan for hypothetical events, where the probability of occurrence, the possible impacts in the business and how the company must behave in order to reduce its impacts. In the preparation of the plan some steps must be followed to assure its efficiency.

The Risk Response plan is composed by 3 stages (**See Appendix 40**): **identification and prioritization of resources**, **definition of key risks** (**See Appendix 41**) and finally the **draft of the plan** (**See Appendix 42**).

## 8 Commercial and Marketing Plan

### 8.1 Inbound/Outbound Model

In terms of Marketing strategies, it is relevant that we look at both the Inbound and Outbound Models as both present different objectives for our project.

Starting with the **Inbound Model**, our main strategic objective is to increase the notoriety of the brand. This model is important to help potential customers find the company and give them reasons to want to come to us. There are three key aspects we want to focus on for this Model:

- Website: by making Decorpita's website clearer, with more information on products and projects done, potential customers will be more easily informed.
- Social Media: focusing on Facebook and Instagram, we aim to improve Decorpita's profiles on both networks by making informative and aesthetic posts showcasing the company's products and as well, highlighting projects that have been done.
- Search Engines Optimization (SEO): this strategy is about making Decorpita's website and social media more easily accessible on search engines and is essential to be implemented with the others. We want potential clients to be able to find our company and since there is a big number of competitors, we need to be able to stand out and reach the maximum number of people.

As for the **Outbound Model**, the objective of these strategies is to increase business volume. This happens by showing advertisements on our

products directly to the potential consumers to make them interested in the products. We will use the following strategies:

- Paid promotion in social media: by publishing and promoting the posts related to the products we are selling, in order to increase consumers' awareness.
- Print Media: publishing our project in décor magazines in order for consumers to know our concept.
- Outdoors: designed to promote our product and brand and placed in strategic locations in order to reach our target.
- Promotion on TV: by being present on the background of other brands' advertisements, providing the scenario, and to create some awareness of the brand.
- Social Media Partnerships: the objective is to partner with famous people, for them to present our brand to their followers, and get to a bigger number of people.
- TV show partnerships: providing scenarios for the background of TV shows as well as being present in décor programmes.
- Partnerships with architects and interior designers: these partnerships will allow us to increase sales (not just on our mirror but on our brand overall) and to have our products used on new constructions and renovations by professionals.

## 8.2 Commercial Action Plan, Marketing and Campaigns

In order to create awareness for our brand and product, we will be developing a communication strategy with different actions. The schedule for our strategy will be available in the **Appendix 43**.

1. Around one month before the launch of our new product we will develop **long-term partnerships** with both **architects**, contacting the Association of Architects (Ordem dos Arquitectos), and **interior**

**designers** in order to help with the launch and for our brand to have a strong presence in new constructions of buildings and also renovations. This partnership would work in the way that we provide discounts (10-15%) for architects and interior designers when they use our products in their projects.

2. One week before the launch, we will start **posting** our new product on **social media** (Instagram and Facebook), advertising it with the **paid promotion** feature on both platforms. The paid promotion will be done with future new products as well. In the **Appendix 44** it is possible to find an example of how this first post would look like as well as a simulation for the costs. For €300 and a period of 30 days, we would be able to reach between 100 000 - 270 000 individuals (25+) in the regions of Lisboa, Oeiras, Vila Franca de Xira and Faro, with interests in decoration and similar. For 600€, and everything else remaining the same, that reach would increase to 200 000 - 540 000 individuals.
3. By the time we launch our mirror we will have **outdoors** (See **Appendix 46**) on **strategic locations**, close to IKEA and Leroy Merlin, for example, in order to capture the attention of potential customers and get them to know our product, brand and stores. This way, the people that go to these stores because they are remodelling their houses will be made aware of our store and might visit in the near future to look for new products or even try to find the ones that were not available in the big surfaces. The outdoors will be up for a period of one month and the locations would be as follows (**See Appendix 45**):
  - Close to Estrada Cabos D'Ávila (**See Image 1**), which is near both IKEA Alfragide and Leroy Alfragide, in the Lisbon area, and can get customers to visit Decorpita's store in Avenida Infante Santo, less than 20 minutes away.
  - In Avenida Algarve (**See Image 2**), close to IKEA Loulé and Leroy Loulé, getting potential clients to know about Decorpita Faro, 13 minutes away.

- Lastly in Estrada Nacional 10 (**See Image 3**), close to Leroy Sacavém and the headquarters and biggest Decorrita store, in Vila Franca de Xira.

We are not considering Oeiras' store because they already own an outdoor that is included in the stores' rent and, also, the store is already located in an area with a lot of other stores which is very impactful itself.

According to Jorge Escobar, accountant from advertising company *dreamMedia*, an outdoor in the Loulé area costs around €700 + VAT/month plus €435 for the cost of production.

According to Diana Ramos, from advertising company *Espacimark*, outdoors in the Lisbon area cost around €850 + VAT/month, which would be the price for the one in Sacavém. However, the one in Estrada Cabos D'Ávila will have a higher cost (€1 200 + IVA/month) since the advertising fees in the Amadora area are higher compared to the rest of the territory. We also have to consider a production cost of €750 + IVA.

Therefore, the total cost of the outdoors would be around €5 762,55<sup>1</sup>.

#### 4. Around one week after the launch we will be **present on TV** with two different strategies:

- Our products will appear on **decor/home renovation shows** like *Querido, mudei a casa!*, in a 13-programme block which is how we can buy slots for this type of programmes; and later on we can provide scenarios for shows like *Casa Feliz* and *novelas*, portuguese soap operas, again reaching a great number of people by having our products displayed in a casual way but still catching the eye of those watching these shows.

The cost for this strategy is still to be confirmed as we await an answer after contacting *Querido, mudei a casa!*.

---

<sup>1</sup> (€700+€435) \* (1+23%) + (€850+€750) \* (1+23%) + (€1 200+€750) \* (1+23%)

- It would be interesting that we appear in the background of a **skin care brand advertisement** such as Nivea, Garnier, Dove, Gillette, Herbal Essences or hygiene products such as Colgate, Veet or Oral B. This way, it will be the first impact of our concept to the consumer and will show the features the product has since we would show them in the commercial. With this, the consumer may be interested and try to search for the company behind it.

According to TVI's Table of Advertisement of 2020 (**See Appendix 48**), the average price for a 25 second ad, appearing for 13 weeks on tv, is €584,53. We are assuming our partner brand will pay the majority of the advertisement because it is already a big interest for them and since we provide them with the scenario free of charge, we will pay for 30% of the commercial, representing €175,36.

5. Two months after the launch, the idea is to be responsible for the **remodelling of the bathroom of an influencer, actor or any person with an influence** in the public and with a considerable audience that may be influenced. This person should be 25 years old or older, have at least 200.000 followers on Instagram, should not be involved in any scandals or situations that may damage the brand reputation and whose target on social media is young adults and above. Some examples of possible partners include Sofia Arruda (@sofiaarrudagram), actress; Andreia Rodrigues (@andreiarodriguesoficial), tv host; Débora Monteiro (@\_deboramonteiro\_), actress; Adri Da Silva (@adri.silvaaa), content creator; Inês Rochinha (@inesrochinha), content creator. The objective is to promote our brand and, particularly, our mirror. This would happen 2 months after the launch of the product because, this way, potential consumers may already know the brand but will see a better example of our concept in a real scenario. The costs of this strategy would be the remodelling itself (materials and workers) since we are doing it "free" of costs to our chosen individual in exchange for the publicity in their social

media. To set a price, we would be available to cover a bathroom remodelling up to €10 000, having in account that extra costs exceeding that amount would be of the other person's responsibility.

6. Around four months after, there would be an **ad in a Decor magazine** with the objective of showing some specific products and brands' projects for the customers to get to know our company. This way we would have more products to show and there is a greater probability that potential consumers may be interested. After 6 months of the launch, 2 months after the first magazine ad, we will be having another ad on a different Decor magazine, in order to reach a different type of potential consumers so that we can be more impactful.

Examples of possible magazines include Urbana and the Lifestyle/Decor section of Vogue magazine.

According to the Advertising Price Table of Visão magazine for the year 2020, and considering a one-page ad, in the 2nd odd numbered page slot, the price for this would be of approximately €8 975. We use this price table as an estimation since it is the closest, we can find to our original idea. Considering the two magazines, the total cost of this strategy would be around  $2 * €8\,975 = €17\,950$ .

## 9 Human Resources Policies

### 9.1 Function Profile

Decorpita currently counts with 80 full-time employees in its several stores and facilities, organized by the functions they provide to the business of the company, as we can see in the company's organizational structure. Apart from the Administrations Board that is composed by the Pita family, the company also counts with its CEO, João Cachola, that also runs the Logistics and Contracts departments; the Back Office, Commercial stores and Marketing departments ran, respectively, by João, Rui and Tatiana Pita; and Commercial Pro department managed by João Antunes.

For the purpose of the introduction of the Alusa brand in the company, as mentioned before, the company would hire a permanent designer, a responsible for the logistics of the brand and two new members to take care of the marketing of the brand.

In order to understand the roles of the company's personnel is important to develop job descriptions of their current functions and new functions **See Appendix 49 and Appendix 50**, respectively. This way it is clear for the employees to understand their tasks in order to achieve the company's goals.

## 9.2 Talent Recruitment, Selection and Retention Strategy

### 9.2.1 Recruitment Process

The Recruitment and Selection process within a company is very important because it defines who will be the employees that will be responsible for maintaining the companies' regular activities. The company has 78 employees, which are responsible for its activities, but with the new upcoming project, there will be the need to hire 4 others, through external recruitment. Their positions will be developed further ahead. There are four main phases when it comes to the Recruitment Process (**See Appendix 51**).

As for the type of candidates Decorpita looks for, usually they are either professionals with low skills requirement (less qualified) or, in case they are for filling a vacancy of a more technical position, with higher technical and soft skills (highly qualified). The Recruitment Plan will depend on this.

### 9.2.2 Selection Process

After planning how the recruitment will be and posterior to when the candidates apply for the vacancies, there is the need to determine the selection process, where there are many phases for determining which candidates are a fit for the positions they applied to and the company.

Nowadays, Decorpita uses a selection system with 7 stages (**See Appendix 52**). This same system will be used for the recruitment of the 4 positions that must be filled for Alusa's project.

However, the feedback to unselected candidates will also be given to those who did not achieve the second stage of the Selection Process.

Even though the company does not have it nowadays, a new recruitment database will be implemented, so that when new recruitments are necessary, previously rejected candidates are taken into consideration. This will be beneficial for the company, since it will make the recruitment process a much faster one, as well as make candidates know that even if they are not selected on the recruitment, they are applying for at a given moment, they may be selected in future ones (which is even more likely if they all receive feedback on why they were not selected in the first time).

### 9.2.3 Retention Strategy

People are constantly changing and have needs that must be fulfilled when they are working on their job. Having a salary at the end of the month is no longer enough for maintaining them in a company where they do not feel well. Therefore, people management does not end on the selection process. After employees start working on the company, they need to be kept there, and if a company does not take measures in order to maximize its staff's happiness and self-actualization needs, there will be a major risk of them leaving for a place where they will feel better. Employees leaving the company is unfavourable for it because it leads to higher costs, given the fact that they would constantly have to train new people and interrupt their productivity flow.

Therefore, companies must adopt retention strategies where they evaluate the possible reasons for employees to be unsatisfied and leave, and then adopt strategies that ensure it does not happen, and that the employee retention rate is as high as possible.

Decorpita currently has 78 employees and last year 27 employees left the company, which means its employee retention rate<sup>2</sup> is approximately 65%. The goal for the company is to achieve a higher number than this, which would consequently mean that their employee satisfaction would be rising.

---

<sup>2</sup>  $\frac{\text{Total of employees} - \text{Total of employees that left}}{\text{Total of employees}}$

After evaluating the possible problems that may occur ([See Appendix 53](#)) in each different type of needs, possible solutions must be outlined, where these solutions are the so-called "Retention Strategies" ([See Appendix 54](#)).

Aligned to this, an employee needs 3 factors to increase its performance: having **skills** for their job, having the **motivation** they need for completing that job, and being given the **opportunity** to actively participate on what they are doing. This is the basis for another important theory, which explains why a retention strategy is necessary ([See Appendix 55](#)).

Ultimately, besides preventing turnover (employees leaving the company) from happening, the company also needs to be prepared for how to act if it does happen, by having a pre-determined plan. This can be overcome by having a solid recruitment plan and HR people to put it in action as soon as it is needed, as well as by having employees within the company who are able to do tasks from different positions, so that in case a very relevant employee leaves, their tasks are ensured to be managed at least minimally until the vacancy is once more filled.

### 9.3 Career Plan and Competence Development

Developing a Career Plan and Competence Development is very important for being able to give employees the opportunity to have SMART<sup>3</sup> goals and fulfil their needs. This is what allows them to understand how their needs can and have to align with the company's requirements. However, for this plan to be successful, a series of steps must be conducted, so that it goes accordingly with each position of the company ([See Appendix 56](#)).

This will make employees feel like their plan is specifically towards their goals, and consequently increase their performance levels, since they feel like they were a part of the process of building their own path.

### 9.4 Recognition and Reward Policies

---

<sup>3</sup> Specific, Measurable, Achievable, Realistic and Timed

As previously evaluated in the Retention Strategies, employees need to feel valued so that their needs and ambitions are satisfied, and they feel like they belong to the company, decreasing the possibility that they want to leave it. With this, there are several motives why Recognition and Reward Policies are essential.

Nowadays, Decorpita had a fixed compensation system combined with a variable one. This variable amount is given according to how much the employees produce more than the basic. The fixed compensation represents equality, since all employees within the same function have the same right on gaining a fixed salary, while the variable compensation represents fairness, meaning that an employee who produces/sells more, will gain more, while one who works less, will not receive extra compensation. These types of compensation chosen by Decorpita show the company's goal: increasing employees' performance.

However, these types of compensation are not enough, because some employees prefer compensations that surpass the value of money and are linked with their esteem and self-actualization needs on a more personal level.

Providing a rewards system with benefits is directly linked with the "AMO Theory" (**See Appendix 55**) on the level where it helps achieving employees' creativity and motivation by helping them understand their own shortcomings and providing them with the opportunities to improve those skills, while at the same time making them feel rewarded for doing so. With this, they align their own goals with the company's goals, which consequently increases the employees' retention rate as well as their performance and self-esteem.

Since Decorpita offers personalized services to its customers, having a stable and professional design team is an important factor in providing high quality services to customers and maintaining the stability of the company. Therefore, recognition and rewarded policy are essential for Decorpita.

### **Benefits for Decorpita's employees**

Since Decorrita has different types of work and different employees, they need to provide different benefits for each one of them, because what pleases one employee may not be sufficient to make other employee feel rewarded and recognized. In the premise that it is impossible to investigate their preferences one by one, we can set up a **benefit package**, so that employees who receive rewards can choose according to their own needs. This package will have two categories of benefits: standard and premium. When employees meet the standard criteria, they will only have access to standard benefits, while when they meet premium criteria, they will have access to premium benefits, as it is possible to observe in **Appendix 57**. They have the possibility to choose any of the benefits in **Appendix 58** for which they are eligible, in the quantity announced in **Appendix 57**.

After this reward policy is implemented, the company should evaluate its incidence annually, so as to understand whether the implementation of the reward policy has effectively motivated the employees who received those rewards to provide higher quality work, and whether it also has an impact on the employees who did not receive the reward, by making them have more goals and try to achieve them. This evaluation should be made in alignment with the performance evaluation tools to further determine whether this recognition and rewards policies needs to be adjusted or maintained.

## 10 Social and Environmental Responsibility Plan

According to the European Commission, Corporate Social Responsibility (CSR) is “*the responsibility of enterprises for their impact on society and, therefore, it should be company led.*” Companies can become socially responsible by integrating social, environmental, ethical, consumer, and human rights concerns into their business strategy and operations following the law.

This is a topic with increasing relevance nowadays as it brings benefits to companies. Internally, it benefits the company as it facilitates the recruitment of qualified employees, increases employee retention and improves

employee productivity. It also has external benefits such as strengthened brand positioning, enhanced corporate image and even increased sales and market share ([See Appendix 59](#)).

## 11 Code of Ethics and Professional Conduct

Following *Investopedia's* definition, a code of ethics is “*a guide of principles designed to help professionals conduct business honestly and with integrity.*” This document can outline the “*mission and values of the organization, how professionals are supposed to approach problems, the ethical principles based on the organization's core values, and the standards to which the professional is held.*”

This type of document is important to settle the company's position on different matters as well as for employees to better understand how they should act in the workplace.

Decorpita does not have this Code, but the company believes it should be focused on their core values as that represents who they are and what they want to pass on to their employees.

A typical structure for a Code of Ethics can include information on how to keep a good work environment, dealing with conflicts of interest, corruption, attendance and punctuality, dealing with harassment or inappropriate behaviour or even a dress code. All of this is variable according to the business itself and what the company believes to be more relevant.

With that being said, it is possible to find in the [Appendix 60](#) a proposed Code of Ethics and Professional Conduct developed for illustrative purposes and taking the company's values into account.

# IV. Economic and Financial Plan



## 12 Sales Forecast Plan

### 12.1 Forecast of turnover and market shares

First of all, we have collected data from Banco de Portugal about the sector of our company, Decorrita, which is the “Wholesale of wood, construction materials and sanitary equipment”. Based on the turnover of the total industry from 2017 to 2022, we have predicted the total turnover from 2023 to 2026 (thanks to Excel, using the Exponential Triple Smoothing - ETS - function).

Forecast of Turnover and Market Shares			
Year	Turnover of the Portuguese industry (€)	Market shares (Decorrita)	Decorrita's turnover (€)
<b>2014</b>	2710900000,00		
<b>2015</b>	2844600000,00		
<b>2016</b>	2942600000,00		
<b>2017</b>	3 193 300 000,00	0,376%	12 005 988,81
<b>2018</b>	3 510 500 000,00	0,387%	13 584 508,72
<b>2019</b>	3 765 000 000,00	0,456%	17 152 006,50
<b>2020</b>	3 821 475 300,00	0,497%	18 976 787,00
<b>2021</b>	3 886 440 075,00	0,558%	21 680 042,78
<b>2022</b>	3 964 168 877,00	0,608%	24 118 301,88
<b>2023</b>	4 040 647 696,76	0,657%	26 556 560,98
<b>2024</b>	4 117 150 306,71	0,704%	28 994 820,08
<b>2025</b>	4 193 652 916,67	0,750%	31 433 079,17
<b>2026</b>	4 270 155 526,62	0,794%	33 918 744,07

Table 9 – Forecast of Turnover and Market Shares

**Source:** Own elaboration

Then, we did the same forecast with the turnover of Decorrita. We had data from 2017 to 2020 and we used the Excel function to forecast the total sales from 2021 to 2026.

Moreover, the calculation of Decorrita's market shares throughout the years allowed us to verify that our assumptions were coherent with our goal to increase our market shares (from 0,376% in 2017 to 0,794% in 2026) and beat the market. Indeed, thanks to our strategy which is an effective marketing campaign, product differentiation and a new range of products for Decorrita, we hope to achieve this goal in 5 years and become one of the leaders in the industry.

Subsequently, these forecasts allowed us to verify that our total amount of mirror forecasted sales represented an increasing proportion of the total turnover of the company over the years (from 4,68% in 2022 to 5,58% in 2026). Indeed, we assumed that following the launch of our mirror, the company that is expecting to have a turnover of about €1 080 000 for the sale of other brands' mirrors in 2021, i.e., 4,98% of its total turnover (according to the CEO), would increase this proportion in an ascending manner over the next five years thanks to its new product.

## 12.2 Sales Forecast by Quantity

In order to determine the quantity of our new mirror, that will be sold in the next 5 years, we first thought about how the introduction of a new product into the market would evolve. It led us to the answer that the growth of our sales would in no way be linear but would show some growth in the first years and then stabilize and settle in the maturity stage. Through our market research, we have also established our goal: that the quantity of our new mirrors sold should represent more than half of the total mirrors sold after 5 years.

Alusa Mirrors Forecasted Sales by Quantity						
Year	At Decorpita (in units)	Other distributors (in units)	Total of new mirrors sold (in units)	Total mirrors sold from other brands (in units)	Total quantity of mirrors sold (in units)	% of qty of new mirrors sold / tot. Mirrors sold
2022	36,00	660,00	696,00	1 280,00	1 976,00	35,22%
2023	48,00	782,00	830,00	1 353,00	2 183,00	38,02%
2024	72,00	1 043,00	1 115,00	1 472,00	2 587,00	43,10%
2025	96,00	1 288,00	1 384,00	1 600,00	2 984,00	46,38%
2026	108,00	1 608,00	1 716,00	1 538,00	3 254,00	52,74%

Table 10 – Forecasted Sales by Quantity

**Source:** Own elaboration

The first year is logically the one where Alusa will sell the least because they are new on the market. Decorpita is expecting to sell 1800 mirrors per year in 2021 according to the CEO's calculations, so we assumed that the introduction of our new mirror will allow us to slightly increase sales to 1976 units (696 mirrors from our brand and 1280 from other brands) in 2022 or an increase of 9,78%. Indeed, this is a small increase, but it seems reasonable because our product will be in its first stage and is not yet well known. The quantity of mirror units sold will increase until year 5 (despite a slight decrease in growth from

year 4) thanks to the evolution of the market and the marketing means put in place.

Moreover, at first the sales will be aimed at regular consumers of Decorpita who will see our mirror as an alternative and therefore will buy less of the other regular mirrors sold by Decorpita. This explains why in the first year the sales of our mirrors already represent more than 35% of all mirrors sold.

Regarding the sale of our product, most of our mirrors are sold to our distributors rather than directly to the final customers (in the showrooms). Decorpita currently sells 3 mirrors per month from 20 distributors. We think it is reasonable to think that we should begin with 10 distributors for the first year as canvassing will be a big part of the sales team's work, moreover we think that we will not send the same number of mirrors to each distributor because some may be more reluctant than others or some may be more ambitious. The number of sales to distributors is increasing each year as is the number of distributors which will reach 17 by the end of year 5. The quantities sold have been thought to reach our established objectives in the first place but also to answer a certain logic. Indeed, during the period of growth the quantities increase more each year to stabilize in year 5 during the maturity stage. There are several reasons. First of all, we cannot allow ourselves to sell in excessive quantities in order to respect the capacity of our suppliers and resources. In addition, the strong growth is explained by the large marketing means put in place in the first years to make our product known so distributors will sell more and more in their stores. Once installed on the market, it is normal that sales stabilize, and we will find less easily some partnerships.

As for the sale of mirrors of other brands, they continue to increase. According to our research the mirror market will continue to grow despite the impact of Covid-19. However, their proportion in the total mirrors sold will only decrease. This is because our new mirror will have attracted new consumers as well, that will substitute classic mirrors with ours, allowing us to reach our goal of having the number of sales of our new product represent more than half (52,74%) of total mirror sales by 2026.

### 12.3 Sales Forecast by Business Volume

Regarding the forecast sales by business volume, we used the price of our new mirror settled at €610,99, the average price of the other mirrors sold by Decorpita of €550 and the quantities calculated in the previous table.

The turnover of mirrors of other brands sold is higher in the first years, however it undergoes a relatively low growth in contrast to the turnover of mirrors sold by Alusa. In fact, the share of turnover of mirrors sold by Alusa in the total turnover of mirrors goes from 35,22% in 2022 to more than half with 52,74% in 2026.

Alusa Mirrors Forecasted Sales by Business Volume						
Years	At Decorpita (€)	Other distributors (€)	Total of new mirrors sold (€)	Total mirrors sold from other brands (€)	Total sales of mirrors (€)	% of mirrors sales / tot. turnover
2022	21 995,64	403 253,40	425 249,04	704 000,00	1 129 249,04	4,682%
2023	29 327,52	477 794,18	507 121,70	744 150,00	1 251 271,70	4,712%
2024	43 991,28	637 262,57	681 253,85	809 600,00	1 490 853,85	5,142%
2025	58 655,04	786 955,12	845 610,16	880 000,00	1 725 610,16	5,490%
2026	65 986,92	982 471,92	1 048 458,84	845 900,00	1 894 358,84	5,585%

Table 11 – Forecasted Sales by Business Volume

**Source:** Own elaboration

The share of total mirror sales in the total turnover of Decorpita has been calculated thanks to the first table where we can see the forecasts for the total turnover of Decorpita for the next 5 years. It remains more or less the same as the turnover of Decorpita is also expected to increase depending on the market. However, it honourably reaches more than 5,58% of total turnover in 2026 (with €1 894 358,84 of mirrors' sales) so the sale of our new mirror has increased the proportion of total mirror sales turnover in the total turnover of Decorpita (+0,90% compared to 2022). The aim is that, in the future, Alusa's products will count for a larger and larger portion of Decorpita's turnover.

## 13 Investment Plan

### 13.1 Project Plan with Activity Schedule

In order to implement our project, we will need to set an activity schedule, allowing us to understand the time needed for each activity and how they will work together. An activity schedule is an aggregate of the

activities necessary to be carried out in order to start the project, with specified times and duration for each one of them.

Our activity schedule can be found in [Appendix 61](#). It should be taken into account that since we do not have a specific date of launch, we assume it will happen in the first week (W1) of Month 4 (M4) and use it as the reference point throughout the schedule.

### 13.2 CPM/PERT Analysis

The **Critical Path Method** (CPM) and the **Program Evaluation Review Technique** (PERT) are crucial to be aware on the time we spend on each activity in order for the next one to start, counting on the average time, but also the worst-case scenario (with the delays in the activities) and the best-case scenario, if the activities take less time than supposed.

With our CPM and PERT analysis ([See Appendix 62](#)) we were able to conclude that the process from the research until the product is in the stores ready to be sold, on average, takes **89 days** and on a worst-case scenario, where we face a bottleneck in the mirror producer (the activity with bigger float) the process will take **110 days**.

### 13.3 Investment Budget

The investment budget will allow us to understand which **Fixed Assets** we will need to acquire for our project, how much we will need to invest in them and, also, their useful life. To set our budget, we then sought to link quality with a reasonable price. There will be the need to invest in a designer computer and graphic tablet, in order for the designer to be able to design the product, as well as 3 other computers, 4 chairs, 4 desks and 2 printers, in order for all the new 4 employees to be able to work on their regular activities. To this must be added the costs of creating the logo and the trademark gathered under the category 'branding' which will be essential for us to launch our project, as well as the costs of the website and the legal fees the company will have with the company's incorporation. With Alusa being a new brand of Decorpita still

unknown to the public, we decided to create a website entirely dedicated to its products, where our new mirror will be displayed. This is in addition to our investment budget. Moreover, it is important to take into account this from the beginning of our project the legal fees, indeed they gather company incorporation and lawyer costs. As our project is growing in year 3, we felt it was right to hire two new people: a designer and a logistics person. This new recruitment will require an additional investment of two chairs and desks, a designer's computer and a graphics tablet as well as a regular computer for the new logistics employee. This can be found on [Appendix 63](#).

### 13.4 Project Life Cycle Definition

We can determine the useful life of a project through its asset with higher economic value. In the case of the Alusa project, this asset is the office that Decorpita already owns in the upper level of the Infante Santo store. Commercial buildings usually have a useful life between 50 and 60 years, meaning that the Infante Santo office still has around 40 years of useful life.

Considering this, we can say that the Alusa project has an economic life of at least the remaining useful life of the office, 40 years, as this fixed tangible asset has a limited useful life.

Even so, the project may have an economic cycle bigger than its useful life, as it is mentioned in NCRF 7 (Norma Contabilística de Relato Financeiro), paragraph 57, where it is foreseen that the economic life of an asset can be bigger than its useful life.

For the financial analysis of the project, we will consider a 5-year plan since it is normalised for projects with bigger useful life or even indefinite.

### 13.5 Depreciations Map

Taking into consideration the **Fixed Tangible Assets** specified in the Investment Budget, there will be the need to design a **Depreciations Map** for understanding how much each asset depreciates per year, and what will be its **Book Value** in each year of its useful life. For this, we will be using the **straight-**

**line depreciation method** and continuously depreciate the assets throughout their useful life, since it is the instituted method for these types of assets. To set the useful time, we looked for the most accurate value according to the category in which each asset belonged. The depreciation rates considered will therefore be the result of dividing the total 100% by the number of years of useful life of each asset, which will result in the annual depreciation. The amount of depreciation in year 3 is more important than the others because as stated before we will invest in additional fixed tangible assets due to growth of the Alusa project. However, the amount of depreciation will eventually decrease and stabilize in the following years because some assets had a useful life of only three years. These depreciation calculations can be found on **Appendix 64.**

### 13.6 Working Capital Investment Budget and Required Annual Map

The Working Capital (WC) requirement is an important calculation because it measures the liquidity of the company, its operational efficiency and its short-term financial health. The working capital requirement corresponds to the sum that the company must finance to cover the need resulting from the cash flow differences between the inflows and outflows. A positive NWC requirement shows a short-term financing need. This means that trade receivables and stock are greater than trade payables, i.e., the company pays its suppliers before it is paid by its customers. While a negative NWC requirement shows a financing resource.

So, according to our calculations, our net working capital requirement is positive for the first four years which means that it shows a short-term financing need. This means that our accounts receivable and stock are greater than our accounts payable, so that there is a cash flow gap. Whereas in year 5 our net working capital requirement represents a financing resource. This year our operating cycle is working well. (**See Appendix 65**)

## 14 Structure of Equity and Others

Capital structure is the combination of debt and equity used by a company to finance its overall operations and growth. Thus, it is important to find the right balance between the interests of the shareholders who seek to increase the amount of the loan and the interests of the business and thus limit the risk by increasing the equity requirement. Thus, after discussing with the CEO we decided to finance 40% of our investment through equity and 60% through debt.

To determine the amount of money needed to launch our business we first made our financial plan and our operating cash flow. If our loan and equity amounts are not high enough, we may find ourselves short of liquidity, even in the following years. However, we should not borrow too much money because it could mean unnecessary expenses (interest, commissions...). In addition, it is not easy to convince the shareholders to provide a large amount of capital because they will prefer the company to privatize the risk by increasing the loan. Moreover, excess liquidity is not necessarily a good idea because shareholders may wonder why there is too much money in the bank that is not earning them anything, so they should think about reinvesting it.

## 15 Project Fiscal Framework

Firstly, and following the *Portuguese Corporate Income Tax Code*, **Corporate Income Tax** applies to “commercial companies or civil companies in commercial form, cooperatives, public enterprises and other collective persons of public or private law, having their head office or (place of) effective management in Portuguese territory” (Art. 2, 1- a)), and it is calculated based on taxable profits. Article 87 of the aforementioned code sets the rates to which companies are subject to. As a SME carrying out a commercial activity, in compliance with Decree-Law nº 372/2007, our company will be subject to a reduced rate of 17% on taxable profits up to €15 000. Further profit exceeding that shall be subject to the general rate of 21%.

In addition, there is a **Municipal Surtax** on taxable profits that the company will have to pay as well. The rate for the municipality of Lisbon is set at 1,5%, following Ofício Circulado N.º: 20229, from 16/02/2021.

In Portugal it is mandatory for companies to pay **Contributions for Social Security** of its employees, in addition to their salaries and subsidies. The rate that is in vigour, according to **Article 53 of the Code of Contributory Regimes of the Social Security Welfare System** (Código dos Regimes Contributivos do Sistema Previdencial de Segurança Social – CRCSPSS) is **23,75%**, paid by the employers, usually within 30 days of the payment of the respective salary and/or subsidy. For this reason, in 2022, Decorpita will only pay the equivalent of 12 months of contributions, instead of 14, as the contributions of the December's salary and Christmas' allowance will only be paid in January of 2023, being recorded as accounts payable for the year of 2022. In the following years, Decorpita will pay the equivalent of 14 months of contributions for social security, being 2 of them accounts payable from the previous year combined with the 12 months (11 salaries and the Holidays' allowance) of the current year.

We also need to take the **Value Added Tax** into account. According to **Article 18 of the Portuguese Value Added Tax Code (VATC)**, the standard VAT rate in Portugal is 23%; with a reduced rate of 6% and intermediate rate of 13%.

A reduced rate of 6% is applicable to some essential goods and services, including water expenses.

The intermediate rate of 13% applies to provision of services, according to *LIST II - Goods and Services subject to intermediate rate*, where we include accounting, lawyers and similar expenses.

Our COGS, sales and other variable expenses, Capex and electricity (monthly consumption exceeds 100kWh) are subject to a 23% rate as they do not fit any of the exemptions (*Article 9 of the VATC*) nor the criteria for reduced (*LIST I, Annex to the VATC*) or intermediate (*LIST II, Annex to the VATC*) rates.

Lastly, costs such as insurance, training or salaries are VAT exempted according to Article 9 of the VAT code.

In order to determine the amount of VAT to be received or paid at the end of the year, we have computed an auxiliary sales and purchases table (**See Appendix 66**).

We assumed for this purpose that VAT is paid or received after a two-month credit period to the tax authorities and the different rates mentioned above. It gives us information on how much we will receive from the tax authorities (if we paid more VAT on our costs than VAT received over the sales) every year and which amount will be reported to the next year (in accounts payable or accounts receivable).

## 16 Financing Model

### 16.1 Financing Options

To be able to finance our 60% of our investment as previously announced and also to prevent a lack of liquidity we have to take a loan from the bank. So, we will have a loan that will take place on October 1st, 2021, and it will have a duration of 6 years (72 months). This loan will sum the amount of €50 000.

We called several banks to compare the best interest rates and the most attractive offers. To be the source of our loan, we chose the bank Caixa Geral de Depósitos because the conditions and rates were more appealing for the business than the ones, we were able to get from other banks. Our choice is a medium-long term loan of €50 000 to be paid back over 72 months (6 years) at a given interest rate of 1% to which we decided to add a spread of 4% in order to obtain a rather reasonable interest of 5%. This loan is even more interesting because the bank offers us to pay only the interest the first year and to start repaying the loan amount only the second year. However, in addition to the interest, the monthly amount to be paid is increased by the interest payment tax and the commission. There are also study and hiring fees of €468 and a stamp duty tax of 0,6% of the loan amount, so in this case €300, to be

paid upon completion of the contract. We need cash before the beginning of our activity. Indeed, we must invest in our Capex but also buy stocks to be able to start our activity, but we do not yet have the income of our sales to be able to finance it. So, we decided to take this loan on 1/10/2021 which is 3 months before the launch of our sales to be able to pay the least cost regarding this loan while being able to finance the implementation of our activity. So, this loan will be totally paid back at the end of October 2027 with a total cost of €61 848,51. The details of the monthly payment can be found in the [Appendix 67.](#)

LOAN REPAYMENT SCHEDULE: Medium-long term Loan			
		Imp.	TOT.
<b>Amount of the loan:</b>	€ 50 000,00		
<b>Monthly interest rate (5% annually)</b>	0,417%		
<b>Stamp duty tax (0,6% of the loan)</b>	€ 300,00		€ 300,00
<b>Study and hiring fee</b>	€ 450,00	€ 18,00	€ 468,00
<b>Corporate Income Tax</b>	21%		

Table 12 – Loan Characteristics

**Source:** Own elaboration

## 16.2 Interim Calculations of Intermediate Interest

As previously mentioned, we take out our loan before we start our activity, which means that we have to pay interest while we do not have any income yet. We will have three months of interest, interest taxes and commissions to pay. In addition to these costs, we will have to pay the costs of completing the contract. During these three months we don't actually pay back the loan amount. But we have to pay €625 of interest for a total of €772,96 when we add the taxes on the interest payment and the commission. These costs are quite minor and indispensable because we have to take a loan and therefore pay it, so we have to understand that the liquidity offered by the loan will also allow us to pay these intermediate interests. Later on, once the activity is launched, our revenues will allow us to pay these costs. The details of the intermediate interests' payment can be found in the **Table 13.**

Action	Date	Intermediary interest	Interest tax	Commission	Total
Subscription of the loan	01/10/2021				
Payment of monthly interests	31/10/2021	208,33 €	3,51 €	45,81 €	257,65 €
Payment of monthly interests	30/11/2021	208,33 €	3,51 €	45,81 €	257,65 €
Payment of monthly interests	31/12/2021	208,33 €	3,51 €	45,81 €	257,65 €
<b>Total</b>		<b>625,00 €</b>	<b>10,53 €</b>	<b>137,43 €</b>	<b>772,96 €</b>

Table 13 – Interim calculation of intermediate interest rate

**Source:** Own elaboration

### 16.3 Financing Map and Investment Coverage

On the [Appendix 69 – Financing Map](#), you can see all the details of the calculations. The starting value, which is the value of the amount, decreases over time as the loan amount is repaid. This loan is amortized at a fixed amount of €9 999,96 per year, except for the first year when it is amortized for 3 months only at the end of the first year of the loan, i.e., in October 2022. The interest decreases over time because it is calculated on the starting value, the commissions also decrease but remain fixed throughout each year. We then set up tax shields for interest payments, tax on interest payments, commissions and stamp duty tax. The tax shields are interesting because they allow us to reduce the taxable income and therefore, as the name suggests, to reduce the amount of taxes we pay on our income. We have to multiply the amount of interest, interest payment tax, commission, stamp duty tax by the percentage of Corporate Income Tax (21%). The resulting amount is deducted from the cash outflows, which means that our financial expenses will be reduced. Our cash outflow is rather low in year 0 and year 1 because we only pay interest in the first year of the loan. Then, our cash outflow after having strongly increased in the second year because we start to pay back the amount of the loan comes down because logically our interests have also decreased. Our loan has an all-in cost of 1,24% which is the total cost of our financial transaction. By comparing all-in costs, investors can more easily and accurately compare net gain potential.

Now that the explanation of our loan repayment is clear, it is time to explain our investment coverage. We started by determining how much capex we need and then decided to calculate our cash flow. And thus,

determine how much investment we needed. The investment coverage calculations allow us to realize how much we need, when we need it and how to finance it. So, we need to invest three times in the forecast made. The first time is 3 months before the beginning of the activities corresponding to the amount of the Capex that allow the establishment of the activity (chairs, computers, warehouse rent etc.), then in December 2021 with the purchase of the stock for the start of the activity the following month. And finally, in year 3 when our sales have strongly increased, and we have decided to increase our capex. All these needs represent the amount of our debt in year 0. However, we decided to make a loan a little bit higher of €50 000 to be able to obtain a margin of safety of 5% to fill the lack of liquidity if needed, or the unforeseen. Then, as previously announced, we wanted to balance the risk and satisfy the shareholders: thus, the needed investment is financed at 60% by the €50 000 loan and at 40% by the equity. All the details of this calculation are provided in the [Appendix 70 – Investment Coverage](#).

## 17 Financing Plan

### 17.1 Setting the update rate

For calculating the update rate, we need to define the Weighted Average Cost of Capital (WACC), and for that effect the chosen method is the Capital Asset Pricing Model (CAPM), where the level of return according to the level of risk is calculated. The Unlevered Beta of the construction industry in 2021 and the market risk premium that we determined allowed us to find the cost of equity. Then, we determined the cost of debt thanks to our loan amount and the interests.

The last step was to determine the market value of debt and equity to calculate the WACC, to which we added a 3% risk premium to have the hurdle rate (minimum acceptable rate of return (MARR) on any project or investment which is required by the manager or investor).

On [Appendix 71 – Main Financial Rates of Operation](#), it is possible to see all the elements for the calculation of the WACC rate.

## 17.2 Map of Expenses by Category

The map of expenses allows us to detail and list the expenses that our project generates. So, our map of expenses allows us to realize which are the most important costs in our project and where we can consider trying to reduce them to be as profitable as possible. The costs are grouped in different categories. First of all, the operating expenses that depend directly on the main activity, i.e., the sale of our mirrors: production costs, stock variation, warehouse rent, marketing etc. Then there are the labour costs which correspond to the employees' salaries; depreciation; financial expenses including: interest, tax on interest payments, commission. Finally, there are the tax expenses based on the profit made each year. As we can see, the operating expenses are the most important ones, especially the COGS which represent a little more than half of the diagram with 51%, followed by the labour costs with 20% and the warehouse rent with 8%. So, these are the three main expenses for our project, but they are essential expenses and almost the most important for the success of our business (**See Appendix 72**).

## 17.3 Annual Cash-Flow Map

The statement of cash flows acts as a bridge between the income statement and balance sheet by showing how money moved in and out of the business during the forecast period.

First of all, the Operating Cash Flow includes the cash flows associated with sales, unit cost of goods sold, variables and fixed expenses as well as depreciations and financial expenses. The corporate income tax and municipal surtax are then calculated on the amount of Earnings Before Taxes. When the company has a negative EBT, no taxes are paid because the company is losing money and not making any profit, as in year 0 and year 1. Depreciation expense reduces the operating profit (EBIT) but does not impact cash flow (as it is a non-cash expense). Hence, it is added back to the EBIAT (Earnings Before Interest After Taxes). The result of this addition is called the Operating Cash Flow. As we can see in **Appendix 73**, Alusa will have a positive

Operating Cash Flow from year 2 by selling their new mirror. It supports the fact that Alusa needs financing in year 0 and year 1 to fund its negative cash flow. Then, the company generates sufficient positive cash flow to maintain and grow its operations.

After calculating the operating cash flow, it is necessary to add the investment in Net Working Capital Needs. The Project Net Cash Flow will then be obtained by subtracting the Change in Working capital and the Capex to the Operating Cash Flow obtained in the previous part. Unlike operating cash flows, net cash flows are negative until year 3.

Finally, the present value of the Net Cash Flow and the Cumulated Net Cash Flow is obtained by discounting the cash flows at the hurdle rate (14,83%). The sum of the present value of the cash flows is equal to the Net Present Value and the Cumulated Net Cash Flows will be useful to determine the accounting and financial paybacks of our project.

## 18 Risk Management Plan

### 18.1 Risk Register

When implementing a new project for a company, there are several types of risks that may occur and jeopardize the sustainability of the company. One type of risks that are essential to be taken into account and prevented are the financial risks, because not only is the company subjecting itself to a new element that will occupy operational resources such as employees, as it is also putting itself through something that needs a huge investment to come off the ground. With this, a financial risk is “*the possibility of losing money on an investment or business venture*”. These risks must be foreseen and an appropriate plan for dealing with them in case of appearance must be outlined. Financial risks can be divided into credit risk, market risk, operational risk, liquidity risk, legal risk and equity risk. We will be focusing on those which are applicable to our project and are highly relevant for it to succeed and for the company. They can be found on **Appendix 74**.

Some operational risks were already previously mentioned on the Operational Risk Response Plan but for the financial risks purpose, we will be assuming new ones based on the Sensitivity Analysis.

## 18.2 Sensitivity Analysis

In order to assess the impact of some variables on NPV, IRR and MIRR we conducted a sensitivity analysis. First of all, we established 4 scenarios:

Evolution of the factors	Best case +15%	Optimistic +10%	Current 0%	Pessimistic -10%	Worst case -15%
Units sold in the first year	800	766	696,00	557	418
Unit selling price	571,250813	546,4138211	496,74	447,0658537	422,2288618
Unit COGS	221,0816	234,0864	260,10	286,1056	299,1104

Table 14 – Sensitivity Analysis Scenarios

**Source:** Own elaboration

- Worst case scenario: increase in costs (+15%) and decrease in sales and quantity sold (-15%)
- Pessimistic scenario: increase in costs (+10%) and decrease in sales and quantity sold (-10%)
- Optimistic scenario: decrease in costs (-10%) and increase in sales and quantity sold (+10%)
- Best case scenario: decrease in costs (-15%) and increase in sales and quantity sold (+15%)

The results of this analysis can be found in [Appendix 75](#).

For example, when the COGS decreases to €221,08 (instead of €260,10 for the base case), the NPV of the project increases to €159 878,46 (base case: €33 371,96), the IRR to 52,52% (base case: 22,78%) and the MIRR to 42,81% (base case: 20,97%), so the project is much more profitable. It follows the same logic for the other variables. Thanks to this sensitivity analysis it is possible to see how a change in these variables will impact the viability of the project.

Then, the break-even of the different variables is an indicator of the value that each variable must take in order to have an NPV equal to 0 (no loss but no profit by undertaking this project). For instance, the minimum selling price of the mirror is €470,51 which means that under this price, investors won't

earn money by investing in our project. The safety margin of 5,57% indicates how far above this break-even our current price is.

Then, the maximum drop is -5,28%, so if our sales price forecast is wrong by, for example, 6%, the project NPV will be negative. We know that price is naturally the most sensitive variable in a project because it only affects revenue without having any impact on costs, but most analysts will tend to say that projects must be able to withstand a reduction in the prices predicted in the house from 5% to 10%, under this rule this project would be acceptable as there is an acceptable exposure to market risk here.

Finally, in order to have a more complete analysis, we conducted a Unit Selling Price and Unit COGS Joint (Simultaneous) Sensitivity Analysis (**See Appendix 76**).

This analysis illustrates more clearly the individual sensitivity analysis of COGS and unit's selling price did previously. It shows what would be the NPV for an X unit selling price and an Y COGS. For example, with our current COGS of €260,10, the NPV would be negative for a unit's selling price of €486,24 (confirmed by the unit's selling price break-even).

### 18.3 Risk Response Plan

Type of risk	Risk	Action plan
Credit Risks	Decrease on Cash Flow of operations	Always having revenues from different sets of products, so that in case one of them starts decreasing its sales, that loss is compensated by earnings of others
Market Risks	Changes in interest rates in Portugal and the Eurozone	Having a secure investment, that even with fluctuations in interest rates will remain, and with a contract that gives high consequences to the investor(s) in case they drop out
	Portuguese conditions	Having online sales available on the website with the possibility to export to other countries, so that in case something happens in Portugal, the revenues

		from customers in other countries remain the same and support the losses of the Decorpita's home country
Operational Risks (based on the Sensitivity)	Decrease in quantity sold	Always having other options of sale, such as the partners that will sell Alusa's mirrors
	Decrease in unit price	In case the unit price decreases, having a marketing team fully ready to put into practice intensive marketing campaigns, such as promotions in case people buy a higher quantity of products
	Increase in COGS	In case competitors increase the COGS, having a stock of products always ready so that if that happens, it is possible to make smaller orders and spend less money at once. At the same time, enriching the relationship with the suppliers will prevent this from happening, since there will be an environment of trust and loyalty.
Legal Risks	Regulatory risk	Always paying taxes
	Contractual risk	Having employees that work with other parties knowing exactly what is on every contract, and constantly checking if all parts of the contract are being fulfilled or not
	Non-contractual obligations	Always checking competitors' products before bringing something new into the market, so that there is no possibility of copying their rights on a product
	Reputational risk	Having full background checks on all employees before hiring them, as well as having a PR team prepared for dealing with these situations if they happen

Table 15 – Risk Response Plan

**Source:** Own elaboration

#### 18.4 Project Cash-Flow Simulation

The sensitivity analysis will also allow us to anticipate the cash flow of our project according to the different scenarios we have previously defined. Thus, for each scenario (best case, optimistic, pessimistic and worst case) we determined the resulting NPV, profitability index, net operating cash flow for years 1 to 5 for each variable (selling price, quantity sold and COGS) ([See Appendix 77](#)).

From all these analyses, it can be seen that the sale price of the mirrors is the variable that has the greatest impact on the project's NPV, while the units sold in year 1 is the variable that will have the least impact on the project's NPV under these scenarios. Moreover, for example in the best-case scenario, no cash flows from year 1 to year 5 are negative if the unit selling price increases by 15%.

These data allow us to delineate the limits of the project's economic feasibility under different scenarios and thus to anticipate future changes.

### 19 Economic-Financing Analysis

#### 19.1 Life Cycle Predicted Profit and Loss Statement

The projected income statement is one of the most important tables in the financial part of the business plan. The profit and loss statement is an accounting document showing all the income and expenses of a company during an accounting period. It subsequently shows a net income if expenses are lower than revenues or a loss if they are higher. This loss or profit will be reflected in the balance sheet. We have included year 0 in our income statement because, as seen earlier in this report, we already have expenses in year 0. These expenses allow us to set up the activity, but as we have no revenues, yet they logically lead to a loss. We also report a negative result in the first year because as we can see in the appendix our expenses are still higher than our sales being in their introduction phase. However, we have a net income in the second year, despite the fact that it is low. Indeed, our costs are still very high for the amount of our expenses, but it will become positive

when our sales reach their growth phase. Our revenues will increase by about 34% while our fixed costs will only increase by about 24%. The result between the fourth and fifth year continues to rise by 87% as our costs stabilise while our sales have peaked in the maturity stage. By ignoring taxes and interest payments, EBIT (Earnings Before Interest and Tax) focuses solely on the company's ability to generate profit from its operations and therefore ignores the capital structure. Here we can see that our project is able to generate profit from its operations from the second year. You will find the detailed income statement in the [Appendix 78](#).

## 19.2 Life Cycle Forecast Balances

The balance sheet is also a very important part of the financial part of the business plan. It represents a picture of the company at a given moment. Here it represents what the company has (assets) and what it owes (liabilities) at the end of each accounting year. The company uses the liabilities to finance the assets. The company's resources and assets are listed in order of liquidity. For example, current assets such as finished goods inventories (the stock that the company has at the end of the year) represent assets that can be converted into cash within one year.

Non-current assets decrease in a stable way over the 5 years as the depreciation of fixed assets is relatively stable. The current assets are increasing significantly due to the rise of our inventories, our accounts receivable and our bank as well as the activity. Our equity grows significantly over 5 years because although our share capital remains the same, our equity varies according to our net income for the year. Our liabilities are also subject to an upward trend. While our loan is shrinking as we pay it back, our business is booming, we are making more orders to suppliers to satisfy our sales, and this is impacting our accounts payable, which are increasing by 180% from year 1 to year 5.

We have to report the result of our income statement each year in our equity. When this result is positive, we can report it to retained earnings, i.e., the profit made is reinjected into the company to finance its growth.

There is also a legal requirement to set up a legal reserve of 5% of net income. However, it must be greater than €2 500 to be valid, which is why we only have a legal reserve from year 4.

As the profit exceeds €130 000 in year 5, and to avoid having too much liquidity that does not return anything to the shareholders, we practice the special dividend policy by paying 15% of our profit in dividends.

The bank is very important in a balance sheet, it corresponds to the sums of money that can be mobilised in the short term to deal with unforeseen events for example. It is therefore important to have a positive bank or to have an authorised overdraft, although this is not a viable solution. Our bank is positive for all years, which means that the company has the short-term liquidity to cover all its needs. The company's financial policy is therefore healthy despite a very low liquidity in year 2. This can be explained by the fact that we have to take into account the loss of the previous year and also start paying Corporate Income Tax as we are making a profit in that year. Also, although our income has increased, our liability, i.e., the source of funding from our loan, is decreasing as we pay it back each year. But this is not a perpetual worrying situation for our bank, which becomes clearly positive in year 5. You will find the detailed Balance Sheet in the [Appendix 79](#).

### 19.3 Investment Financial Indicators

The Investment Financial Indicators are an important part of the Economic-Financing Analysis. Once our balance sheet and profit and loss account are done, they allow us to analyse our project in more depth.

First of all, they are the company performance indicators. Here we find **Revenues, COGS, Interest Expenses, Assets and Liabilities**.

The variation of our Revenues and COGS reflects our product life cycle, with its introduction (19,25%), its growth phase (34,34%) and its maturity (24,13%; 23,99%). As we can see our interest expense is only decreasing over the 5 years as it is based on the amount of our principal which decreases each year as we

pay it back. So, in conclusion, the performance of our company is strong and follows the logic of the life cycle of our project

Then we can take part in the ratio analysis. We will consider different types of ratios in our analysis: profitability ratios, margin ratios, return ratios, solvency ratios.

With this analysis we took the following conclusions:

- Our Return on Sales ratio is always positive and increases significantly even from year 4 to 5 with an increase of 52,33%.
- Our NWC/sales ratios have decreased over time, and we only use 0,81% of our sales to finance our operational expenses and short-term obligations in year 4.
- We do not have an ROE in year 1 as it can only be calculated if net income and equity are both positive numbers and we are in a loss position in year 1. Despite a decline our ROE is still significantly higher than the industry average of 7,19% in 2019.
- Our ROIC is always higher than 2% so our project is effective in allocating the capital under its control to profitable investments. We don't have any ROIC for year one for the same reason as the ROE.

So overall, we can state that our project is profitable because all the indicators are favourable.

- Our debt-to-asset ratio is always less than one and decreasing over time, which is a good sign for meeting long-term obligations.
- Our debt-to-equity ratio is quite high in the first two years because we have a lot of debt in the first few years, but it decreases very significantly after that and is much more reassuring in year 5 with a ratio of 0,03.

The two ratios prove that our project is likely to meet its long-term debt obligations.

- Our Liquidity ratio becomes greater than 1 only from year 4 onwards, so only then can the firm instantly get rid of its short-term debts.
- Our project has a current ratio always higher than one, the difference from the quick ratio could be explained thanks to our stocks taking into account only the current ratio.

Thus, our company may be able to repay its debts instantly in the first year only if we also take into account the stocks, otherwise if we take into account its most liquid assets then our company may have difficulties repaying its short-term debts instantly. You can find all the detailed ratios per year in the **Appendix 80**.

#### 19.4 Main Financial Rates of Operation

The Main Financial Rates of Operation (**See Appendix 71**) will allow us to assess the attractiveness of our project and to determine how much we could sell our business at the end of these 5 years. There are several financial rates of operation: Net Present Value (NPV), Internal Rate of Return (IRR), Modified Internal Rate of Return, the Profitability Index (PI), the Payback Period (Accounting) and Discounted Payback Period (Financial).

A business valuation is a general process of determining the economic value of an entire business or business unit. A business valuation can be used to determine the fair value of a business for a variety of reasons: but here we want to value our project with a view to selling our business at the end of 5 years. The NPV alone is not sufficient as it would mean that our business would stop after 5 years, which is not the case. So, we chose the discounted cash flow method to determine the terminal value of our business and to calculate the enterprise value. Enterprise value is a measure of a company's total value. Firm value would be interesting if we had non-operating assets, which is not the case, so it is just equal to our enterprise value. Terminal value is the value of our business beyond the forecasted period when future cash flows can be estimated. Terminal value assumes a business will grow at a set growth rate

forever after the forecast period. We have calculated a growth rate of 3,44% giving us a discounted terminal value of €587 135,43. So, if we wanted to sell our business it would be worth €694 972,36 ([See Appendix 81](#)).

## V. Main Limitations

Limitations are a part of life, which means that with a project it is not any different. Limitations can have an internal or external source, and it will impact the project in different spectrums and phases, which is why they need to be stated and taken into account.

For this project we can identify as main external limitations the fact that Decorpita has a low market share due to the existence of a large number of companies within the same strategic group, as well as the large amount of construction materials' brands in the market. These two factors are limitations because it becomes hard for Decorpita to differentiate its products from competitors, even though it is essential for its survival. Other relevant external limitations are related to the supply chain responsible for the whole production and transportation of our product, since we have high production costs and are dependent on several suppliers, which can affect the timing of each part of the process not being delivered on time, consequently affecting sales. An intense limitation is also how dependent Decorpita is on other distributors for increasing the level of sales of the mirrors. The fact that there is a high dependence on customers' trends for the product, leading to the need of constantly updating the product's design.

In terms of internal limitations, the marketing structure of the company is not well developed, which means the project can end up failing due to poor promotion from the lack of employees in the department.

Other factors that may affect the success of the project are for one the costs, which were hard to find, and ended up being mainly based on assumptions and predictions, and secondly the COVID-19 pandemic that led to a deceleration of the growth of the construction sector in general, which affects the materials.

## VI. Main Recommendations

After discovering key information about the current processes within the company as well as those that would affect the project, a compilation of recommendations that could improve those processes arose.

Firstly, the project will be highly dependent on marketing campaigns for its success, since Decorpita is not very known, and it will be extremely relevant for the new mirror to be enlightened for future potential customers. Thus, our recommendation is that the company hires a good marketing team and evaluates the market and the customer's preferences, so that the team can put Decorpita and its new product on the map.

Another recommendation would be to improve the career plan and competence development as well as the recognition and reward policies for employees, which currently is lacking in the company, so that they feel a higher level of motivation and try to progress in their careers.

Decorpita has an upper floor currently not being used, which we recommend changing, since it could be a space where designers could be developing new products, and lines of products. This leads to our next and final recommendation, which is that periodically Decorpita launches lines of products such as kitchen, bathroom, floors, living room lines, among others.

Indeed, we have seen through our previous analyses that the creation of a brand-specific mirror could be profitable for the company. Although our analysis is forward-looking and may vary depending on the market, supply and demand, the cash flow generated by this project seems attractive and would allow Decorpita to launch its new brand, Alusa, on a solid basis.

## REFERENCES

- Decorpita. (2021). Decopita: Home. Available on <https://www.decorpita.pt>
- Simon Hardiman, S. (2018, April 18). Insight into Construction in Portugal by the European Construction Sector Observatory. Available on <https://www.construction21.org/articles/h/insight-into-construction-in-portugal-by-the-european-construction-sector-observatory.html>
- SNC LAVALIN. (2021). Possible Impacts of COVID-19 on Construction Markets. Available on <https://www.sncalavalin.com/en/beyond-engineering/possible-impacts-covid-19-on-construction-markets>
- Sharma, A. (2020, March 25). COVID-19: Weakness in renovation demand to suppress growth of building materials. Available on <https://realty.economictimes.indiatimes.com/news/allied-industries/covid-19-weakness-in-renovation-demand-to-suppress-growth-of-building-materials/74807819>
- Mellery-Pratt, R. (2015, January 12). 'Made in Portugal' is on the Rise. Available on <https://www.businessoffashion.com/community/voices/discussions/doe-s-made-in-matter/made-portugal-rise>
- Jones, K. (2020, April 16). Construction Technology is Reshaping the Industry. Available on <https://www.constructconnect.com/blog/technology-reshaping-construction-industry>
- Banco de Portugal. (2021). Banco de Portugal. Available on <https://www.bportugal.pt/>
- Instituto Nacional de Estatística. (2021). Statistics Portugal. Available on [https://www.ine.pt/xportal/xmain?xpgid=ine\\_main&xpid=INE](https://www.ine.pt/xportal/xmain?xpgid=ine_main&xpid=INE)
- Mantovani Cozinha & Banho. (2021). Mantovani. Available on <https://www.mantovani.pt>
- Álvaro Covelo e Pinto. (2021). Casas de Banho | Álvaro Covelo e Pinto, Lda. Available on <https://www.alvarocovelopinto.pt>

- Leroy Merlin. (2021). Leroy Merlin - Bricolage, Construção, Decoração e Jardim. Available on <https://www.leroymerlin.pt>
- Casa Peixoto. (2021). Casa Peixoto | Materiais de Construção, Salas de banho, ... . Available on <https://casapeixoto.pt>
- Silva, N. (2020, October 2). Setor da construção em Portugal continua a resistir ao impacto da pandemia. Available on <https://jornaleconomico.sapo.pt/noticias/setor-da-construcao-em-portugal-continua-a-resistir-ao-impacto-da-pandemia-645128>
- Instituto dos Mercados Públicos do Imobiliário e da Construção. (2021). Relatórios de Construção. Available on <http://www.impic.pt/impic/pt-pt/relatorios-e-dados-estatisticos/relatorios-de-construcao>
- Associação Portuguesa dos Comerciantes de Materiais de Construção. (2021). Associação Portuguesa dos Comerciantes de Materiais de Construção. Available on <https://www.apcmc.pt>
- Consumer Guidance Institute Portugal. (2019, December, 28). Volume de negócios dos maiores retalhistas de bricolage em Portugal. Available on <https://www.osmelhoreshoje.pt/consumer-infos/volume-de-negocios-dos-maiores-retalhistas-de-bricolage-em-portugal/>
- Diário da República Eletrónico. (2021). Diário da República Eletrónico - DRE. Available on <https://dre.pt/>
- Ghita, C., Scarlat, C., Freitas Santos, J. & Correia de Barros, António. (2013). BUSINESS MICRO-LOCATION: FACTORS, PREFERENCES AND INDICATORS TO ASSESS THE INFLUENCE FACTORS. Management and Production Engineering Review, 4(2), 25-36. Available on <https://recipp.ipp.pt/bitstream/10400.22/4893/1/mper-2013-0013.pdf>
- Segurança Social. (2021). Cálculo das contribuições. Available on <https://www.seg-social.pt/calcular-das-contribuicoes1>
- Indeed. (2021). Salários. Available on <https://pt.indeed.com/career/salaries>

- Florentine, S. (2019, February 27). Employee retention: 8 strategies for retaining top talent. Available on <https://www.cio.com/article/2868419/how-to-improve-employee-retention.html>
- HR Help Board. (2021). Importance of Reward and Recognition Programme incorporate. Available on <https://www.hrhelpboard.com/hr-policies/reward-and-recognition-policy.htm>
- Jones, M. (2018, February 15). What is a benefits package and what should it include?. Available on <https://www.breathehr.com/en-gb/blog/topic/company-culture/what-is-a-benefits-package-and-what-should-it-include>
- CIO. (2017, July 5). What is an SLA? Best practices for service-level agreements. Available on <https://www.cio.com/article/2438284/outsourcing-sla-definitions-and-solutions.html>
- SLA Template. (2021). Service Level Agreement (SLA) Template and Downloads. Available on <https://www.slatemplate.com>
- Checkify. (2021). Business Process Design: Three Main Types. Available on <https://checkify.com/blog/business-process-design/>
- Trust in News. (2020). Tabela Publicidade Visão 2020. Available on [https://www.trustinnews.pt/pdf/tab\\_v1.pdf](https://www.trustinnews.pt/pdf/tab_v1.pdf)
- European Commision. (2021). Corporate social responsibility & Responsible business conduct. Available on [https://ec.europa.eu/growth/industry/sustainability/corporate-social-responsibility\\_en](https://ec.europa.eu/growth/industry/sustainability/corporate-social-responsibility_en)
- Petersen, L. (2018, November 9). Examples of Social Responsibility Strategies. Available on <https://smallbusiness.chron.com/examples-social-responsibility-strategies-10633.html>
- Leddecky, M. (2021, Abril 22). 5 Strategies Socially Responsible Companies Are Using in Their CSR Initiatives. Available on

<https://everfi.com/blog/community-engagement/socially-responsible-companies/>

- Betterteam. (2021). Code of Ethics. Available on <https://www.betterteam.com/code-of-ethics>
- Klipfolio. (2021). KPI Examples and Templates. Available on <https://www.klipfolio.com/resources/kpi-examples>
- Statista. (2021). Portugal: Inflation rate from 1985 to 2025. Available on <https://www.statista.com/statistics/372347/inflation-rate-in-portugal/>
- Nogueira, M. (2021, December 10). APRESENTAÇÃO DAS 500 MAIORES EMPRESAS DE MATERIAIS DE CONSTRUÇÃO. Available on [https://www.apcmc.pt/wp-content/uploads/Apresentacao\\_Manuel\\_Nogueira\\_10dezembro2020.pdf](https://www.apcmc.pt/wp-content/uploads/Apresentacao_Manuel_Nogueira_10dezembro2020.pdf)
- Cognos. (2021). Formação Profissional Obrigatória para Empresas 40 horas anuais. Available on <https://www.cognos.pt/formacao-empresas.php>
- Marques, D. (2020, June 20). qual o custo de um trabalhador para a empresa. Available on <https://euseguros.pt/qual-o-custo-de-um-trabalhador-para-a-empresa/>
- Martins, F. (2017, March 13). Seguro de acidentes de trabalho: diferença de custos entre ofertas pode ascender a 80%. Available on <https://www.comparaja.pt/blog/seguro-de-acidentes-trabalho>
- Associação de Empresas de Construção e Obras Públicas e Serviços. (2021). Medicina do Trabalho. Available on <http://www.aecops.pt/index.php?id=89>
- PORDATA. (2021). Return rate of treasury bonds. Available on <https://www.pordata.pt/en/Portugal/Return+rate+of+treasury+bonds-2803>
- Portal das Finanças. (2021). TABELA GERAL DO IMPOSTO DO SELO. Available on

[https://info.portaldasfinancas.gov.pt/pt/informacao\\_fiscal/codigos\\_trIBUTARIOS/seло/Pages/ccod-seло-tabgiselo.aspx](https://info.portaldasfinancas.gov.pt/pt/informacao_fiscal/codigos_trIBUTARIOS/seло/Pages/ccod-seло-tabgiselo.aspx)

- Portal das Finanças. (2021). Código do IVA. Available on [https://info.portaldasfinancas.gov.pt/pt/informacao\\_fiscal/codigos\\_trIBUTARIOS/civa\\_rep/Pages/codigo-do-iva-indice.aspx](https://info.portaldasfinancas.gov.pt/pt/informacao_fiscal/codigos_trIBUTARIOS/civa_rep/Pages/codigo-do-iva-indice.aspx)



DECORPITA

O melhor Design para a sua casa

# Appendix



## Appendix Index

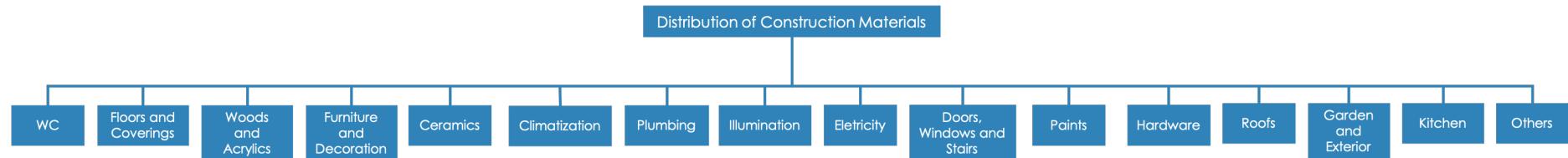
Appendix 1 – Current offer of the Distribution of Construction Materials sector .....	110
Appendix 2 – Companies' size, in 2019 .....	111
Appendix 3 – Imports of Construction Materials, in 2019 .....	111
Appendix 4 – Exports of Construction Materials, in 2019 .....	111
Appendix 5 – Sector Assets and Turnover, between 2015 and 2019 .....	112
Appendix 6 – Distribution of Sales and Services rendered, in 2019 .....	112
Appendix 7 – Distribution of companies' headquarters, in 2019 .....	113
Appendix 8 – List of the sections and subsections and their relationship with the divisions .....	113
Appendix 9 – List of Divisions and their relationship with the section .....	114
Appendix 10 – List of the subdivisions and their relationship with the section .....	114
Appendix 11 – Abílio Rodrigues Peixoto & Filhos .....	120
Appendix 12 – Pedro & Mantovani SA.....	120
Appendix 13 – Álvaro Covelo e Pinto, Lda.....	121
Appendix 14 – Leroy Merlin.....	122
Appendix 15 – Competitors Matrix .....	122
Appendix 16 – Decorpita's Organigram .....	124
Appendix 17 – Decorpita's Value Chain.....	125
Appendix 18 – VRIO Analysis .....	126
Appendix 19 – Balance Sheet of Decorpita, at 31st Dec 2019 .....	128
Appendix 20 – Income Statement by Nature, in 2019 (Provisional) .....	130
Appendix 21 – Liquidity Ratios .....	131
Appendix 22 – Efficiency Ratios .....	133
Appendix 23 – Leverage Ratios .....	135
Appendix 24 – Profitability Ratios .....	136
Appendix 25 – Cost Leadership vs Differentiation Strategy.....	139
Appendix 26 – Main Costs-Drivers .....	141
Appendix 27 – Budget Vicar (mirror production company).....	146
Appendix 28 – Information provided by Vicar .....	147

Appendix 29 – Matrix of Responsibilities .....	153
Appendix 30 – Flowsheet of Design Process.....	154
Appendix 31 – Flowsheet of Sales process .....	155
Appendix 32 – Flowsheet of Supply channel between Alusa and Producers	156
Appendix 33 – Flowsheet of Supply chain between Producers.....	157
Appendix 34 – Flowsheet of Supply chain between Distributors .....	158
Appendix 35 – Flowsheet of Customer's Complaint Management Process .	159
Appendix 36 – Flowsheet of Project Personalisation Process of Decorrita ...	160
Appendix 37 – Key Performance Indicators .....	161
Appendix 38 – Service Level Agreement with Mirror producer .....	164
Appendix 39 – Service Level Agreement with Cabinet producer.....	170
Appendix 40 – Stages of Operational Response Risk Plan.....	176
Appendix 41 – Definition of Operational Key of Risks.....	176
Appendix 42 – Action Plan .....	178
Appendix 43 – Marketing Schedule .....	184
Appendix 44 – Instagram simulation .....	187
Appendix 45 – Outdoors' Locations .....	188
Appendix 46 – Outdoor example .....	190
Appendix 47 – Outdoor budget .....	191
Appendix 48 – Table of Advertisement Prices - TVI 2020.....	192
Appendix 49 – Job descriptions, current functions of Decorrita.....	194
Appendix 50 – Job descriptions, Alusa functions.....	197
Appendix 51 – Phases of Recruitment.....	198
Appendix 52 – Stages of Selection .....	199
Appendix 53 – Reasons to leave a company.....	200
Appendix 54 – Retention Strategies .....	201
Appendix 55 – AMO Theory.....	203
Appendix 56 – Career Plan and Competence Development .....	205
Appendix 57 – Criteria for getting benefits.....	206
Appendix 58 – Benefits package.....	208
Appendix 59 – Social and Environmentally Response Actions.....	211

Appendix 60 – Code of Ethics and Professional Conduct.....	214
Appendix 61 – Activity Schedule .....	216
Appendix 62 – CPM / PERT.....	217
Appendix 63 – Investment Budget .....	219
Appendix 64 – Depreciation Map .....	219
Appendix 65 – Investment in Net Operating Working Capital.....	221
Appendix 66 – Value Added Tax .....	222
Appendix 67 – Financing Option – MLT loan repayment schedule.....	223
Appendix 68 – Financing Options.....	223
Appendix 69 – Financing Map .....	227
Appendix 70 – Investment Coverage .....	227
Appendix 71 – Main Financial Rates of Operation .....	227
Appendix 72 – Map of Expenses.....	230
Appendix 73 – Operating Cash Flows .....	235
Appendix 74 – Risk Register .....	235
Appendix 75 – Sensitivity Analysis.....	238
Appendix 76 – Unit Selling Price and Unit COGS Joint (Simultaneous) .....	240
Appendix 77 – Scenarios of Sensitivity Analysis .....	240
Appendix 78 – Predicted Income Statement.....	241
Appendix 79 – Predicted Statement of Financial Position.....	242
Appendix 80 – Investment Financial Indicators.....	242
Appendix 81 – Business Valuation.....	245
Meeting Draft # 1 .....	246
Meeting Draft # 2 .....	246
Meeting Draft # 3 .....	248
Meeting Draft # 4 .....	250
Meeting Draft # 5 .....	252
Meeting Draft # 6 .....	254
Meeting Draft # 7 .....	256
Meeting Draft # 8 .....	257

Meeting Draft # 9 .....	259
Meeting Draft # 10 .....	260
Meeting Draft # 11 .....	261
Meeting Draft # 12 .....	262
Meeting Draft # 13 .....	263
Meeting Draft # 14 .....	264
Meeting Draft # 15 .....	266
Meeting Draft # 16 .....	268

## Appendix 1 – Current offer of the Distribution of Construction Materials sector



**Source:** own elaboration, based on information from the websites of the "Traditional houses" offer

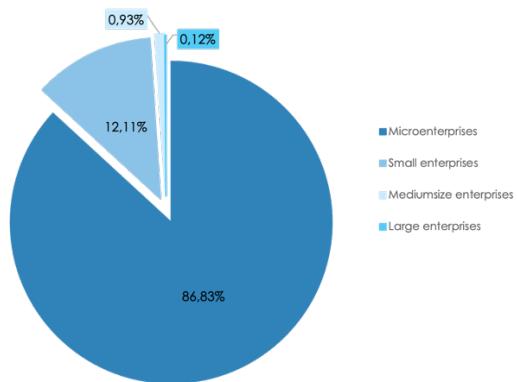
In the scheme above we can see the range of current offer in the construction materials sector.

The construction materials sector started by offering bulk products, such as wood and acrylics, but with the increase in demand for and easier way to find all the necessary materials to finish a house or building, the retailers started to expand their businesses to other areas, such as the furniture and decoration.

Nowadays, these companies, apart from products, they also offer personalized services, with integrated projects of architecture and interior design, adapt to the customers' preferences, putting together their offer in a digital project with the help of software programmes.

## Appendix 2 – Companies' size, in 2019

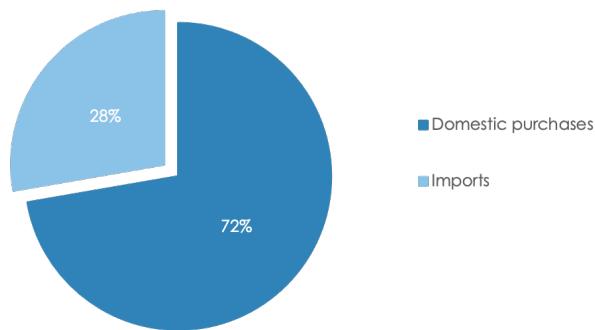
COMPANIES' SIZE IN THE DISTRIBUTION OF CONSTRUCTION MATERIALS, IN 2019



**Source:** own elaboration, based on information from Banco de Portugal (Sector Tables)

## Appendix 3 – Imports of Construction Materials, in 2019

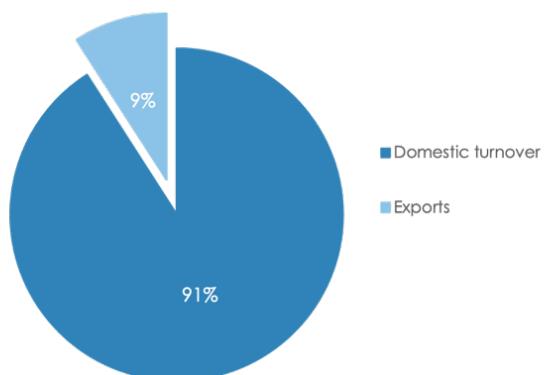
IMPORTS OF CONSTRUCTION MATERIALS, IN 2019



**Source:** own elaboration, based on information from Banco de Portugal (Sector Tables)

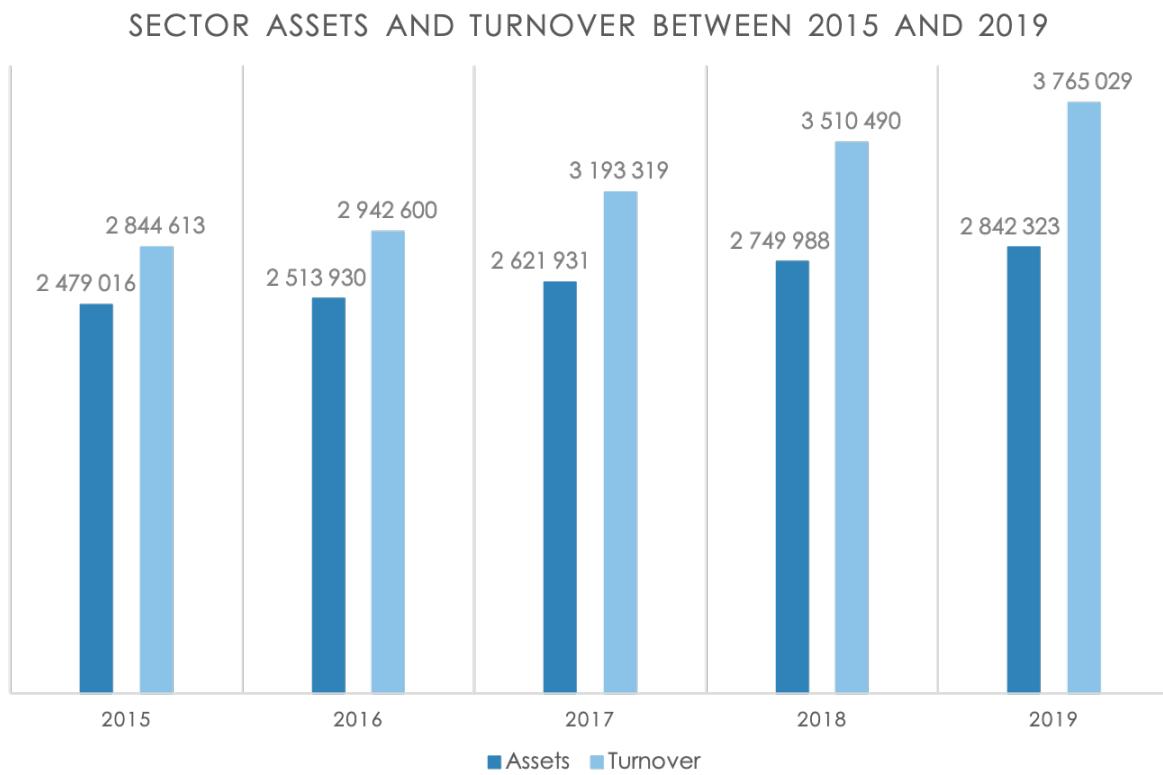
## Appendix 4 – Exports of Construction Materials, in 2019

EXPORTS OF CONSTRUCTION MATERIALS, IN 2019



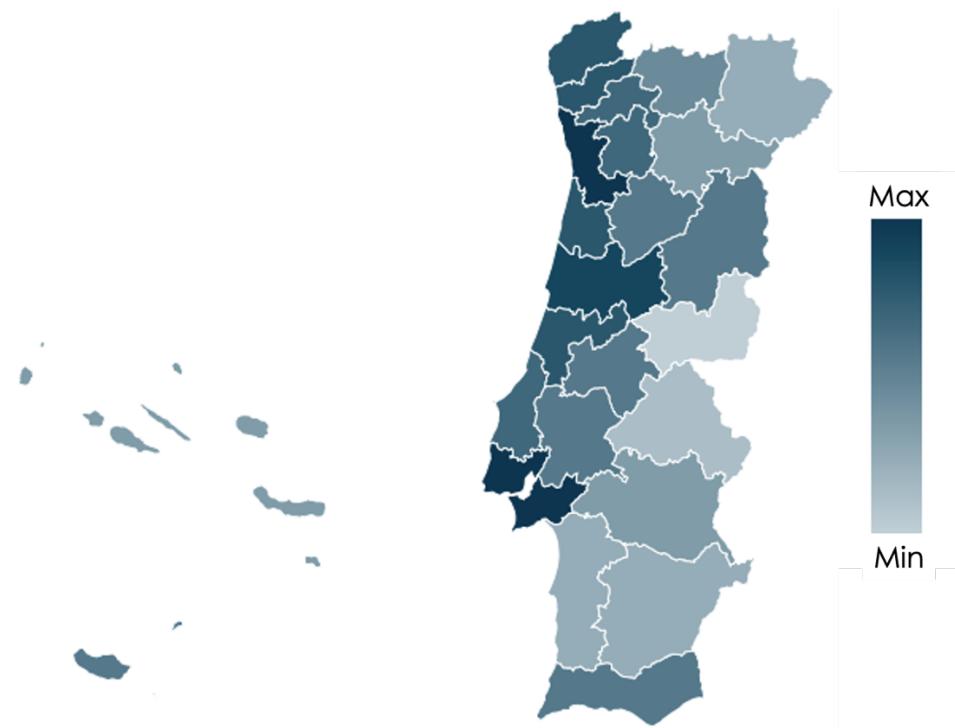
**Source:** own elaboration, based on information from Banco de Portugal (Sector Tables)

## Appendix 5 – Sector Assets and Turnover, between 2015 and 2019



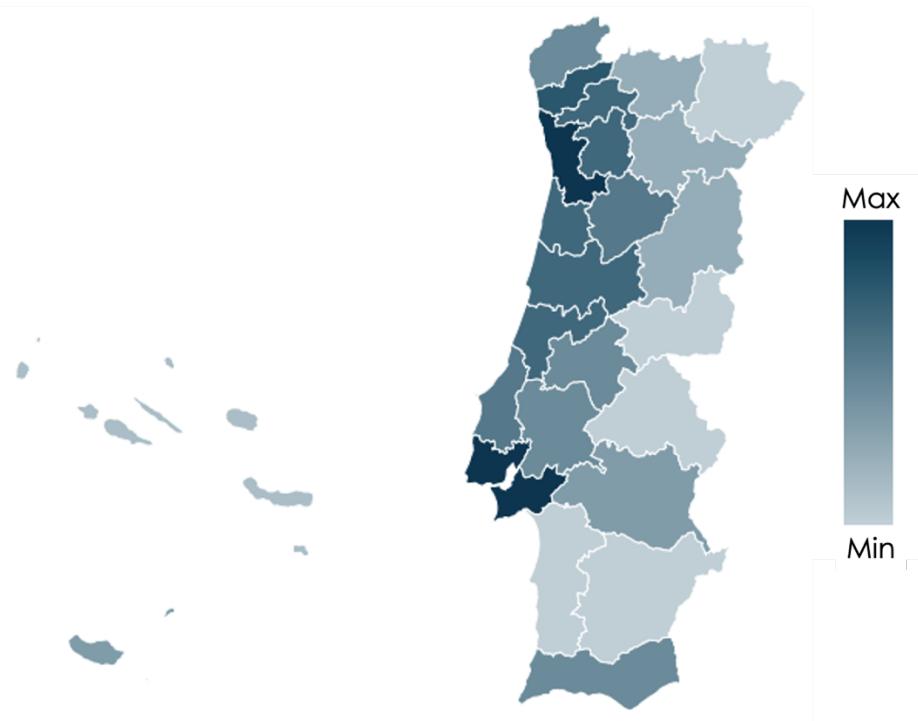
**Source:** own elaboration, based on information from Banco de Portugal (Sector Tables)

## Appendix 6 – Distribution of Sales and Services rendered, in 2019



**Source:** Banco de Portugal (Sector Tables)

### Appendix 7 – Distribution of companies' headquarters, in 2019



**Source:** Banco de Portugal (Sector Tables)

### Appendix 8 – List of the sections and subsections and their relationship with the divisions

CAE-Rev.3		
Section	Designation	Relationship Section/Division
A	Agriculture, animal breeding, hunting, forestry, and fishing	01+02+03
B	Extraction industries	05+06+07+08+09
C	Transforming/manufacturing (?) industries	10+11+12+13+14+15+16+17+18+19+20+21+22+23+24+25+26+27+28+29+30+31+32+33
D	Electricity, gas, steam, hot and cold water and cold air	35
E	Water collection, treatment, and distribution; sanitation, waste management and depollution	36+37+38+39
F	Construction	41+42+43

<b>G</b>	Wholesale and retail trade; Vehicle repair (automobiles and motorcycles)	45+46+47
<b>H</b>	Transport and storage	49+50+51+52+53
<b>I</b>	Accommodation, catering and similar	55+56
<b>J</b>	Information and communication activities	58+59+60+61+62+63
<b>K</b>	Financial and insurance activities	64+65+66
<b>L</b>	Real estate activities	68
<b>M</b>	Consulting, scientific, technical and similar activities	69+70+71+72+73+74+75
<b>N</b>	Administrative and support service activities	77+78+79+80+81+82
<b>O</b>	Public Administration and Defense; Compulsory Social Security	84
<b>P</b>	Education	85
<b>Q</b>	Human health and social support activities	86+87+88
<b>R</b>	Artistic activities, shows, sports, and recreational	90+91+92+93
<b>S</b>	Other service activities	94+95+96
<b>T</b>	Activities of families employing domestic staff and family production activities for own use	97+98
<b>U</b>	Activities of international organizations and other extra-territorial institutions	99

**Source:** INE

#### Appendix 9 – List of Divisions and their relationship with the section

<b>CAE-Rev.3</b>		
<b>Division</b>	<b>Designation</b>	<b>Section</b>
<b>45</b>	Sale, maintenance, and repair of motor vehicles and motorcycles	G
<b>46</b>	Wholesale trade (includes agents), except motor vehicles and motorcycles	G
<b>47</b>	Retail sale, except of motor vehicles and motorcycles	G

**Source:** INE

#### Appendix 10 – List of the subdivisions and their relationship with the section

<b>Section</b>	<b>Division</b>	<b>Group</b>	<b>Class</b>	<b>Subclass</b>	<b>Designation</b>
----------------	-----------------	--------------	--------------	-----------------	--------------------

		<b>WHOLESALE TRADE (INCLUDES AGENTS), EXCEPT MOTOS VEHICLES AND MOTORCYCLES</b>		
<b>G</b>	<b>46</b>			<b>Wholesale trade (includes agents), except motor vehicles and motorcycles</b>
		461		Wholesale agents
		4611	46110	Agents involved in the wholesale trade of agricultural raw materials and textiles, alive animals and semi-finished products
		4612	46120	Agents involved in the wholesale trade of fuels, ores, metals and chemicals for industry
		4613	46130	Agents involved in the wholesale trade of wood and building materials
		4614	46140	Agents involved in the wholesale trade of machinery, industrial equipment, vessels and aircraft
		4615	46150	Agents involved in the wholesale trade of furniture, household articles and hardware
		4616	46160	Agents involved in the wholesale trade of textiles, clothing, footwear and leather
		4617	46170	Agents involved in the wholesale trade of food, beverages and tobacco
		4618	46180	Specialized agents in the wholesale trade of other products
		4619	46190	Agents of mixed wholesale trade without predominance
	462			
		4621		Wholesale of cereals, tobacco and raw cork, seeds, other agricultural raw materials, and animal feed
			46211	Wholesale of animal feed
			46212	Wholesale of raw tobacco

				46213	Wholesale of raw cork
				46214	Wholesale of cereals, seeds, legumes, oilseeds and other agricultural raw materials
			4622	46220	Wholesale of flowers and plants
			4623	46230	Wholesale of live animals
			4624	46240	Wholesale of fur and leather
		463			Wholesale of food, beverages and tobacco
			4631		Wholesale of fruit and vegetables
				46311	Wholesale of fruit and vegetables, except potatoes
				46312	Wholesale of potatoes
			4632	46320	Wholesale of meat and meat-based products
			4633		Wholesale of milk and dairy products, eggs, olive oil, oils and fats
				46331	Wholesale of milk, dairy products and eggs
				46332	Wholesale of olive oil, oils and fats
			4634		Wholesale of beverages
				46341	Wholesale of alcoholic beverages
				46342	Wholesale of non-alcoholic beverages
			4635	46350	Wholesale of tobacco
			4636		Wholesale of sugar, chocolate, and bakery products
				46361	Wholesale of sugar
				46362	Wholesale of chocolate and bakery products
			4637	46370	Wholesale of coffee, tea, cocoa and spices
			4638		Wholesale of other food products
				46381	Wholesale of fish, crustaceans, and molluscs
				46382	Wholesale of other food products, n.e.

			4639	46390	Non-specialized wholesale trade of food, beverages and tobacco
		464			Wholesale of consumer goods, except food, beverages and tobacco
			4641	46410	Wholesale of textiles
			4642		Wholesale of clothing and footwear
				46421	Wholesale of clothing and accessories
				46422	Wholesale of footwear
			4643	46430	Wholesale of electrical household appliances, radio, and television sets
			4644		Wholesale of ceramic and glass tableware, and cleaning products
				46441	Wholesale of ceramic and glass tableware
				46442	Wholesale of cleaning products
			4645	46450	Wholesale of perfumes and hygiene products
			4646	46460	Wholesale of pharmaceutical products
			4647	46470	Wholesale of furniture for household use, carpets, rugs, and lighting articles
			4648	46480	Wholesale of watches and jewellery
			4649		Other wholesale of consumer goods
				46491	Wholesale of stationery
				46492	Wholesale of books, magazines, and newspapers
				46493	Wholesale of toys, games, and sports goods
				46494	Other wholesale trade in consumer goods, n.e.
		465			Wholesale of information and communication technology equipment (ICT)

			4651	46510	Wholesale of computers, peripheral equipment, and computer programmes
			4652	46520	Wholesale of electronical and telecommunications equipment and its parts
	466				Wholesale of other machinery, equipment, and parts
			4661	46610	Wholesale of agricultural machinery and equipment
			4662	46620	Wholesale of machine tools
			4663	46630	Wholesale of machinery for the extractive industry, construction, and Civil Engineering
			4664	46640	Wholesale of machinery for the textile industry, sewing machines and knitting
			4665	46650	Wholesale of office furniture
			4666	46660	Wholesale of other machinery and office equipment
			4669	46690	Wholesale of other machinery and equipment
	467				Wholesale of fuels, metals, construction materials, hardware, and other products n.e.
			4671		Wholesale of solid, liquid and gaseous fuels, and other derivative products
				46711	Wholesale of petroleum products
				46712	Wholesale of solid, liquid and gaseous fuels, not from petroleum
			4672	46720	Wholesale of minerals and metals
			4673		Wholesale of wood, construction materials, and sanitary equipment
				46731	Wholesale of raw wood and wood products

				46732	Wholesale of construction materials and sanitary equipment
			4674	46740	Wholesale of hardware, hand tools and articles for plumbing and heating
			4675	46750	Wholesale of chemicals
			4676		Wholesale of other intermediate goods
				46761	Wholesale of natural, artificial and synthetic textile fibers
				46762	Wholesale of other intermediate goods, n.e.
			4677		Wholesale of waste and scrap
				46771	Wholesale of scrap and metal waste
				46772	Wholesale of textile waste, cardboard, and old paper
				46773	Wholesale of materials' waste, n.e.
		469	4690	46900	Non-specialized wholesale trade

**Source:** INE

## Appendix 11 – Abílio Rodrigues Peixoto & Filhos

**Abílio Rodrigues Peixoto & Filhos**, also known as Casa Peixoto, is a Portuguese company, based in Viana do Castelo. Today, Casa Peixoto counts with 200 collaborators in its five stores spread throughout Portugal and one in Paris, France. Its area of business includes the distribution of construction materials and climatization systems, being the ceramics and sanitary ware their most sold products.

They are mostly present in the North of Portugal, aiming now for an expansion to Lisbon (with a project for a future store in Parque das Nações, Expo), expected to open next year, and another to open, this year, in Oporto.

Casa Peixoto differentiates themselves from its competitors, in their perspective, due to their customized services, with specialized technicians, that have weekly special training, their competitive prices and appealing stores, with showrooms in which customers can take inspiration from and visualized their products and the used of recent technologies with 3-D projects.

- Competitive advantages:
  - Market leader
  - More accessible (higher number of stores)
  - Bigger product range
  - Customized and specialized customer services

## Appendix 12 – Pedro & Mantovani SA

**Pedro & Mantovani SA**, currently known as Mantovani, is a company founded in 1953 by Manuel João Pedro e João Mantovani, in Frielas, Loures. They started their business by selling concrete and stone for the construction of Bairro de Alvalade. Nowadays the company belongs to the sons and grandsons of Manuel João Pedro, that have been developing and expanding the business in the distribution of construction materials.

They bet in a good customer service, high quality and variety products, with different price ranges.

Mantovani has two stores in Portugal, one in their base (Frielas, Loures) and another in Torres Vedras, both with showrooms where they can display their products and give inspiration to their clients.

- Mission:
  - Partnerships with their suppliers in order to improve quality and delivery times
  - Promote training to their staff members and means to improve their professionalism in order to improve the clients' satisfaction
- Competitive advantages
  - Customized and specialized customer services
  - Wide product range

### **Appendix 13 – Álvaro Covelo e Pinto, Lda**

**Álvaro Covelo e Pinto, Lda**, also known as Covelo e Pinto, was founded in 1987. They believe that the orientation to client satisfaction is the way to survive in a very competitive market. Covelo e Pinto counts with one store located in Coina, Barreiro, with 4 000 m<sup>2</sup> of showrooms organized by brands where the clients can see their offer and 1 000 m<sup>2</sup> of parking lot ideal for the client easy accessibility to the store.

- Mission:
  - Fill the objective needs in the market, through the distribution of high-quality products with good relation price/quality
- Values
  - Quality: only establishes relations with suppliers that have recognized quality
  - Commitment
  - Responsibility: the company is synonym of professionalism
  - Trust: inside the organization, between organizations and with their clients
  - Environment: distribution of high standard products

## Appendix 14 – Leroy Merlin

**Leroy Merlin** is French company from group Adeo that currently is present in 12 countries (France, Portugal, Spain, Poland, Italy, Brazil, Russia, China, Greece, Romania, Ukraine and Cyprus). Recently, Leroy Merlin merged with AKI (from the same group), that was the leader in the Portuguese market of retail of construction materials, making them the current leader.

Leroy Merlin aims for a low price, high product range and accessible stores, with big stores spread all over Portugal, usually with a parking lot that facilitates customers after their shopping.

Nowadays, it counts with 25 Leroy Merlin stores and 21 AKI stores that are yet to be reconfigured to Leroy Merlin brand. Their stores vary between 6 000 m<sup>2</sup> to 19 000 m<sup>2</sup>, and are organized in 4 main areas: *bricolage*, construction, decoration and patios/gardens.

## Appendix 15 – Competitors Matrix

	Our Company	Traditional Houses			Big Surface
	Decorpita	Casa Peixoto	Mantovani	Covelo & Pinto	Leroy Merlin
Price	7	7	7	7	9
Accessibility	7	8	5	4	10
Product Range	6	9	7	6	10
Customer Service	8	10	8	6	2

**Source:** own elaboration, based on meetings with stakeholders

In terms of price, Traditional houses practise similar prices, with the exception of eventual discounts or partnerships with construction companies, and Leroy Merlin has low prices throughout their products.

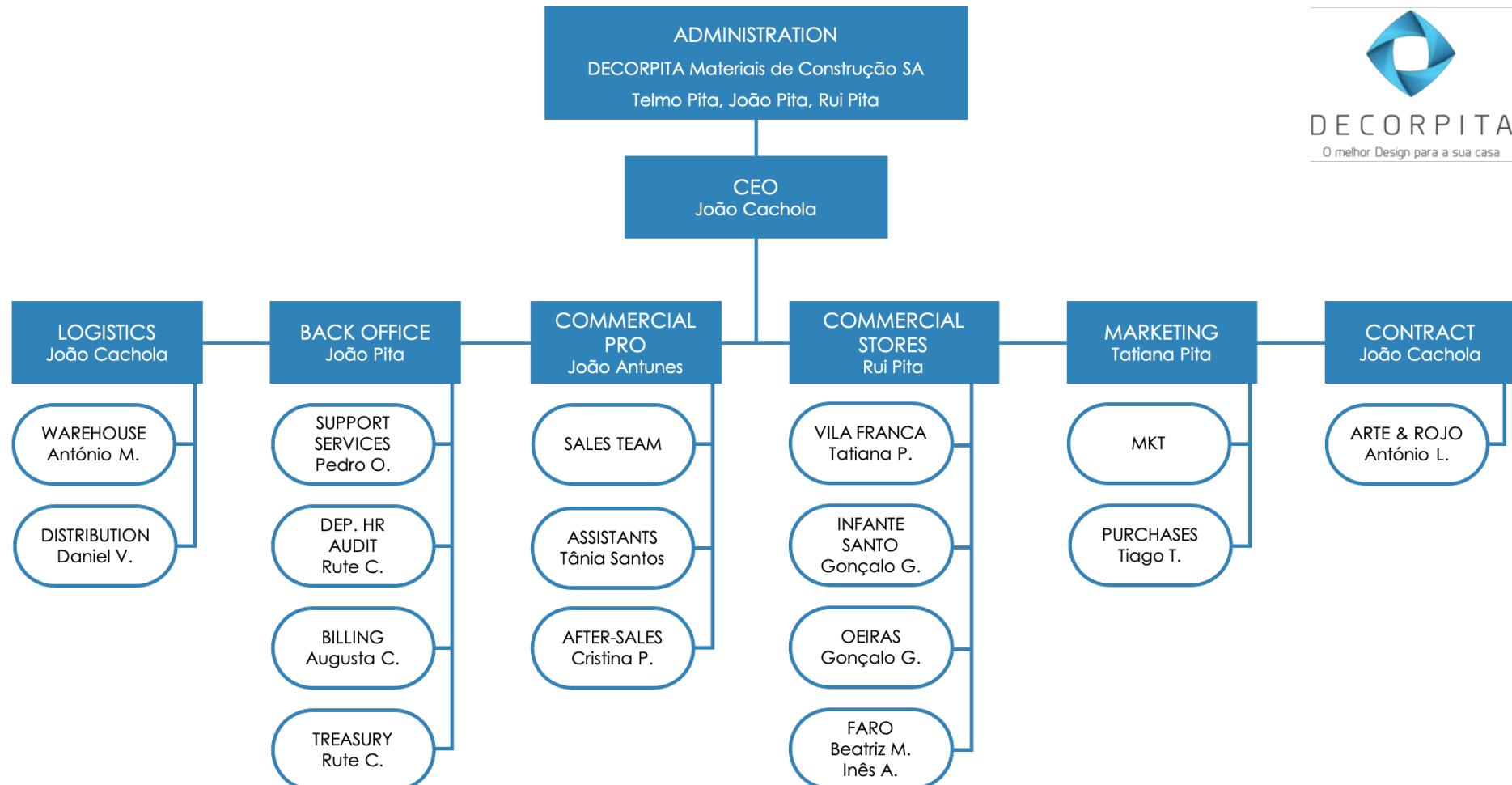
The accessibility, this is, the number of stores and the easy access to the store (for example, having a parking lot) is key for clients when visiting construction materials stores. As we mentioned, Leroy Merlin is the one with

more stores and better spread throughout Portugal and all of them have a parking lot. In the Traditional houses, Casa Peixoto outstands from the others, with the higher number of stores, even though most of them are located in the North of Portugal, their expansion plan aims for a better reach of the Portuguese territory.

When it comes to Product range, traditional houses differentiate themselves from the other for the offering of different product types. Casa Peixoto is the one that has the wider product range, as they not only sell the construction materials, but also expanded their business for other areas like paint, climatization and ironmongery. Leroy Merlin has even a wider range of products than Casa Peixoto, as they invest more in the patios/gardens area of business.

Lastly, we have the customer service, that was highlighted as a key element in the distribution of construction materials sector. In the case of Leroy Merlin, even though they have customer services, they are not very specialized and are more focus to each area of the store we are visiting. For them, the client support is not a key element as they have a mass sale philosophy. In the case of the traditional houses, this is the main element that differentiates themselves from the others. The care for the client satisfaction, the training of the staff, the specialized staff, especially architects and interior designers. Casa Peixoto invests a lot in this element, having constant training and client support.

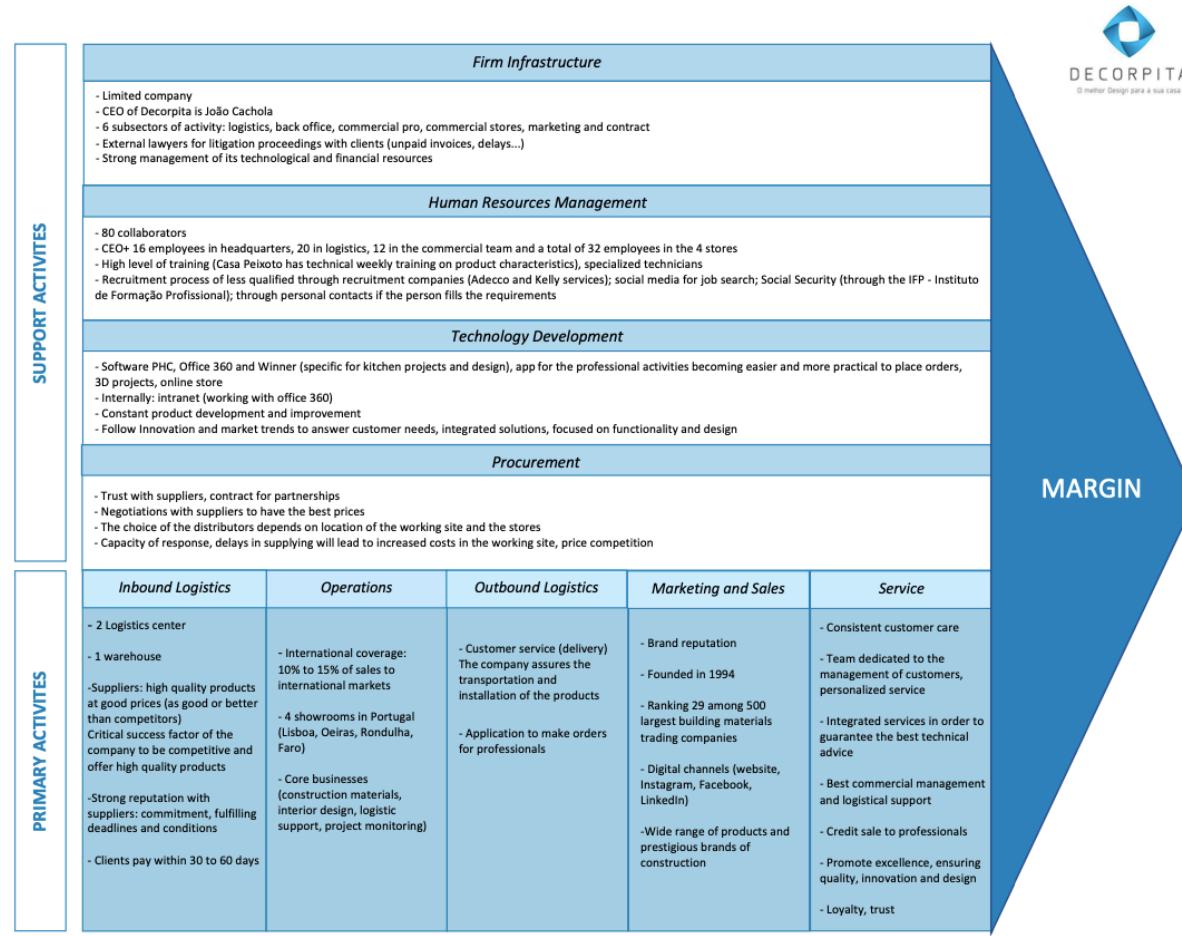
## Appendix 16 – Decorpita's Organigram



**Source:** Provided by the company

## Appendix 17 – Decorpita's Value Chain

Here is the value chain of Decorpita that analyses how the brand has managed activities down its value chain to create value, reduce costs and improve services.



**Source:** own elaboration

## Appendix 18 – VRIO Analysis

	Valuable?	Rare?	Costly to Imitate?	Organized?	Sustained Competitive Advantage?
<b>TANGIBLE</b>					
4 stores and 1 warehouse	Yes	No	No	Yes	No
Furniture	Yes	No	No	Yes	No
In-store decoration	Yes	No	No	Yes	No
<b>INTANGIBLE</b>					
Suppliers' trust	Yes	Yes	Yes	Yes	Yes
Customer's loyalty	Yes	Yes	Yes	Yes	Yes
Software (PHC and Winner)	Yes	No	No	Yes	No
Hardware	Yes	No	No	Yes	No
<b>HUMAN</b>					
Knowledge	Yes	Yes	Yes	Yes	Yes
Skills of shareholders and employees	Yes	Yes	Yes	Yes	Yes
Personalized service	Yes	Yes	Yes	Yes	Yes

**Source:** Own elaboration, based on meeting with Decorrita's CEO

All Decorrita's resources are valuable to the customer because they help provide the best experience. Having stores and in-store decoration is essential for the customers to be able to see the products and evaluate for themselves, immediately, whether they like it or not. Intangible resources such as software and hardware do not directly affect the customer, but without them, there would not be a structure guaranteeing that the products get to the customer in time and that all of the other resources existent in the company are appropriately used and in the right time.

Tangible resources are those that physically exist, which means it is possible for them to exist in many forms and quantities. This fact is the reason why they are not rare at all. Many companies have them and most of them are not specific to each company. On the other hand, when we look at the intangible and human resources, it is a whole other story. When you have

something that is not visible, it will never be the same. Having supplier's trust and customer's loyalty is something you cannot touch and see, it comes from not failing to one of them, fulfilling the requirements of a contract with suppliers and giving customers their products and service on time. Not all companies are able to do it, which means that it is rare that a company can do this effectively. The knowledge and skills of shareholders and employees is something that is never the same. A personalized service to customers gives them a whole different experience not only from customers in different companies, but also from customers within the exact same one. Due to all of this, both intangible and human resources are without a doubt very rare.

As previously stated, tangible resources are not rare and consequently, it is not costly for a company to imitate them from another one, because they can simply go to a store and buy the exact same resource, such as the same balcony or the same materials. However, intangible and human resources are indeed not only costly to imitate but also very difficult. It is impossible to imitate the trust a supplier has or the loyalty of a customer, the same way it is very costly and difficult to imitate the knowledge acquired throughout years of experience from different people, as well as skills and personalized service. They may exist in many companies, but they will never be the same. They are unique because they are inherent to each person, and companies cannot imitate something that exists within each individual. Decorpita's intangible and human resources have been collected throughout their 26 years of experience, where they adjusted their actions according to what they realized was needed, and also where they employed different people with different skills and with the mindset of the company. This is very costly to imitate, if not impossible.

Lastly, we must confirm if a company is organizing what it has towards exploring the most of each of its resources. Decorpita focuses on doing so in all its resources because if it does not, then they will lose their value and become obsolete.

**Appendix 19 – Balance Sheet of Decorrita, at 31st Dec 2019**

Items	Notes	Date	Date
		31/12/2019	31/12/2018
<b>ASSETS</b>			
Non-current Assets			
Tangible Fixed Assets	8	1 037 146,19	366 728,73
Investment Properties		0	0
Goodwill		0	0
Intangible Assets	7	89 819,78	61 164,83
Biological Assets		0	0
Financial Holdings - Equity Method		0	0
Financial Holdings - Other Methods		0	0
Financial Investments		0	0
Shareholders/Partners		0	0
Other Financial Assets	16	11 558,82	9 485,92
Deferred Tax Assets		0	0
		<b>1138524,79</b>	<b>437379,48</b>
Current Assets			
Inventories	19	2 232 441,30	2 367 515,69
Biological Assets		0	0
Clients	28	3 008 840,38	2 538 754,48
Payments in Advance to Suppliers		30 295,73	218 814,54
State and other public identities		0	0
Shareholders/Partners		0	0
Other accounts receivable	28	244 601,62	251 711,68
Deferrals		29 498,96	38 606,97
Financial Assets Held for Negotiation	4	4 000	4 000
Other Financial Assets		0	0
Non-current Assets Held for Sale		0	0
Cash and Bank Deposits	4	1 210 268,28	373 919,65
		<b>6759946,27</b>	<b>5793323,01</b>
<b>Total Assets</b>		<b>7898471,06</b>	<b>6230702,49</b>
<b>EQUITY AND LIABILITIES</b>			
Equity			
Paid-up Capital	28	50 000	50 000
Own Shares		0	0

Other Equity Instruments	28	549 639,36	549 639,36
Issue Premiums		0	0
Legal Reserves	28	54 443,94	49 544,46
Other Reserves		0	0
Retained Earnings	28	1 046 816,29	953 726,15
Adjustments in Financial Assets		0	0
Revaluation Surpluses		0	0
Other Changes in Equity		0	0
		<b>1700899,59</b>	<b>1602909,97</b>
Net Income for the period		176 920,46	97 989,62
Minority Interests			
<b>Total Equity</b>		<b>1 877 820,05</b>	<b>1 700 899,59</b>
<b>LIABILITIES</b>			
Non-current Liabilities			
Provisions	11	0	0
Financing Obtained		732 783,38	40 591,76
Liabilities for post-employment benefits		0	0
Other Accounts Payable			0
		<b>732783,38</b>	<b>40591,76</b>
Current Liabilities			
Suppliers	28	3 310 807,55	2 954
Advances from customers	28	855 602,36	529 190,48
State and other Public Entities	28	217 913,10	210 583,57
Shareholders/Partners		0	0
Financing Obtained	11	648 276,68	624 049,99
Other Accounts Payable	28	255 267,94	171 180,51
Deferrals		0	0
Financial Liabilities Held for Negotiation		0	0
Other Financial Liabilities		0	0
Non-current liabilities held for sale			
		<b>5 287 867,63</b>	<b>4 489 211,14</b>
<b>Total Liabilities</b>		<b>6 020 651,01</b>	<b>4529802,9</b>
<b>Total Equity and Liabilities</b>		<b>7 898 471,06</b>	<b>6 230 702,49</b>

Source: Provided by the company

**Appendix 20 – Income Statement by Nature, in 2019 (Provisional)**

	Notes	EX 2019	EX 2018
Sales and services provided	21	17 152 006,50	13 584 508,72
Subsidies to exploitation	23	0	0
Imputed gains/losses of subsidiaries, associates and joint ventures		0	0
Variation in production inventories		0	0
Works for the entity itself		0	0
Cost of Goods Sold and Materials Consumed	19	13 984 422,97	10 651 325,50
Supplies and external services		1 139 427,98	1 066 709,15
Expenses with personnel	29	1 737 696,23	1 649 258,01
Impairment of inventories (losses/reversals)		0	0
Impairment of debts receivable (losses/reversals)	13	0	23 902,80
Provisions (increases/reductions)		0	0
Impairment of non-depreciable/amortisable investments (losses/reversals)		0	0
Increases/Decreases in fair value		110,17	111,68
Other income and gains		161 753,21	141 306,74
Other expenses and losses		92 605,09	60 361,28
<b>EBITDA</b>		<b>359 717,61</b>	<b>274 370,40</b>
Expenses/Reversals of depreciation and amortization	8	99 589,23	116 525,21
Impairment of depreciable/amortisable investments (losses/reversals)		0	0
<b>EBIT</b>		<b>260 128,38</b>	<b>157 845,19</b>
Interest and similar income obtained		0	0
Interest and similar income supported		16 544,08	12 472,65
<b>EBT</b>		<b>243 584,30</b>	<b>145 372,54</b>
Income taxes for the period	26	66 663,84	47 382,92
<b>Net income</b>		<b>176 920,46</b>	<b>97 989,62</b>

**Source:** Provided by the company

## Appendix 21 – Liquidity Ratios

LIQUIDITY RATIOS	2019	2018
<b>DECORPITA</b>		
Current ratio	127,84%	129,05%
Quick ratio	85,62%	76,31%
Cash ratio	22,89%	8,33%
<b>INDUSTRY AVERAGE</b>		
Current ratio	139,30%	132,56%
Quick ratio	101,90%	97,42%
Cash ratio	25,06%	22,66%

**Source:** Own elaboration, based on Financial Reports from Decorpita and Banco de Portugal

When looking at the three ratios altogether, it is possible to see that Decorpita's overall liquidity position has increased from 2018 to 2019.

- **Current ratio:** evaluates whether a company has enough current assets to meet its short-term obligations. Even though Decorpita's current ratio had a slight decrease from 129,05% in 2018, to 127,84% in 2019, it was too low to achieve a relevant change. Having a current ratio greater than 100% is a positive first sign for the company's liquidity because it means the company has more Current Assets than Current Liabilities. With this, Decorpita has enough Current Assets to cover its short-term liabilities. However, it is hardly enough evidence of its total liquidity situation, because it represents the situation in a single moment. When compared to the industry values, we can see that the company is a bit below the average, but not by much far, which is a good sign.
- **Quick ratio:** this ratio focuses on evaluating the company's ability to meet its short-term liabilities with its most liquid assets (those which are easier to convert into money), which is why it is calculated by removing inventory to the current assets. At this point, we can right away confirm that the

company's position is not ideal, considering that its quick ratio is below 100%. This shows that the company may have some difficulties in paying its short-term debt. Even so, it is important to denote how there was an increase of 9,31% in this ratio, from 2018 to 2019, showing that Decorrita was able to improve this situation, and at the end, its likelihood of struggling with paying debt got smaller. The overall average of the industry shows that even though in 2018 it was below 100%, in 2019 it achieved 101,9%. This means that Decorrita's position can be worthy of the necessary attention to improve its level of liquid assets, so that it does not end in a worrisome position.

- **Cash Ratio:** this ratio only considers how much cash the company effectively has to meet its current liabilities. By calculating it, we can see that it is incredibly low and very much below 100%. This means that the amount of cash and cash equivalents available for Decorrita to meet its current liabilities is nowhere near enough. Even though its value of 22,89% in 2019 is still low, there was a 14,56% increase from the previous year, something that is surely notable. This may appear as a delicate and concerning situation, but the value in itself is not enough for conclusions. Decorrita works on a customer credit system, which means that the money they have in hands at a certain time is not the whole caption of how much they really have to pay their debts. This is confirmed by the industry average, which in 2019 achieved 25,06%. This represents how the customer credit situation is common in the wholesale of wood, construction materials, and sanitary equipment sector. Therefore, even though Decorrita was in a very bad situation in regard to its cash ratio in 2018, it was able to make a rather amazing improvement, which led it to almost achieve the industry's average.

## Appendix 22 – Efficiency Ratios

EFFICIENCY RATIOS	2019	2018
<b>DECORPITA</b>		
Inventory Turnover (in days)	60	79
Accounts Receivables Turnover (in days)	64	81
Account Payables Turnover (in days)	88	94
Asset Turnover	2,43	1,92
<b>INDUSTRY AVERAGE</b>		
Inventory Turnover (in days)	121	117
Accounts Receivables Turnover (in days)	54	56
Account Payables Turnover (in days)	64	64
Asset Turnover	0,70	0,71

**Source:** Own elaboration, based on Financial Reports from Decorpita and Banco de Portugal

- **Inventory Turnover in days:** this ratio is used to understand how many days, on average, the company needs in order to sell its inventory. There is a clear decrease from 2018 to 2019, from 79 to 60 days. An inventory turnover of 79 days means that every 2 and a half months, all inventory the company had was sold. On the other hand, a value of 60 days means that in 2019, Decorpita took 2 months to transform its inventory into sales. From one year to another, achieving a 24,1% decrease on the number of days needed to sell inventory is a very positive sign for the company, because it means it is improving its efficiency, which can translate into revenue's increase. Decorpita's situation when compared with the industry is very good, because as the average inventory turnover in days shows, the situation of companies in the industry was, in 2019, of taking 121 days to sell its inventory. This represents double the time Decorpita takes, confirming the good position the company has on being efficient in selling its inventory.

- **Accounts Receivable Turnover in days:** Decorrita works on a consumer credit system, which means that it does not receive the payment from the customer on the exact moment it finishes a sale. Therefore, it is important to understand how much time it does take to get the customer's payment. In 2018, Decorrita took 81 days to collect it, but in 2019 there was a major decrease, which resulted in a total of 64 days wait until getting the payment. This is a good evolution but needs to be complemented in order to give the actual insights of the real situation.
- **Accounts Payable Turnover in days:** companies need suppliers to provide them with materials for guaranteeing its operational activities, and Decorrita is no different. The same way it has to wait for customers to pay for their purchases, its suppliers have it the other way around, by needing to wait for Decorrita's payments. In 2018, Decorrita took 94 days to pay its suppliers, while in 2019 this value decreased to 88 days. Usually, this can represent a non-favourable situation for the company, because it means the company will have less time to pay its debts than before. However, conclusions can only be taken when this ratio is compared with the Accounts Receivable Turnover.

A company's situation in what concerns its Accounts Receivable and Payables can only be fully evaluated once both turnovers are compared. In Decorrita's case, its Accounts Receivable turnover was lower than its Accounts Payable both in 2018 and 2019. In the last-mentioned year, the difference between the Accounts Payable and Receivables was 24 days, which means that Decorrita collects the money from its sales almost a month before it has to pay its debt. This is very positive to the company because it means that it is easier for them to have the money ready to pay to their suppliers. The situation in the industry is the same, but not with such a high difference. In 2019, the average Accounts Receivable turnover was 54 days, while the Accounts Payable turnover was 64 days. Even though this is a lower

difference and that the overall companies in the industry have to pay their suppliers, on average, within less days than Decorpita does, the average of the industry in terms of Accounts Receivables is lower than Decorpita's. Even so, Decorpita has a favourable situation on these terms, both when compared to the industry and on the sole comparison of its own conditions.

- **Asset Turnover:** this ratio allows the evaluation of at what extent Decorpita is able to generate revenues from the utilization of its total assets, being translated into the amount of revenues generated per euro of assets. In 2018, Decorpita was already generating revenues out of its assets, with a total of €1,92 of revenues per euro of assets. In 2019, it was able to generate even more, with a total of €2,43 per euro of assets. When compared to the industry average of €0,7, the company is indeed very well positioned, and being able to explore the best out of its assets, by turning their utility into money.

### Appendix 23 – Leverage Ratios

LEVERAGE RATIOS	2019	2018
<b>DECORPITA</b>		
Debt to equity (leverage ratio)	3,21	2,66
Interest coverage ratio	15,72	12,66
<b>INDUSTRY AVERAGE</b>		
Debt to equity ratio (leverage ratio)	1,74	0,65
Interest coverage ratio	4,37	4,53

**Source:** Own elaboration, based on Financial Reports from Decorpita and Banco de Portugal

- **Leverage ratio:** understanding the relationship between Equity and Debt in a company's financial structure is useful for knowing the portion of its assets that are financed by each one of the financing options. In Decorpita's case, it is clear that the percentage of debt is higher than the equity one.

In 2018, this ratio's value was 2,66, which is already very high, since it is way beyond 1, and presents a red flag for investors. The increase of 0,55 in 2019, achieving a total of 3,21, did not make it any better, leaving the company susceptible to some difficulty in finding investment. This can lead investors to think that the company is financing too much of its assets with debt to support its activity, and that at some point it may not be profitable anymore. This raises concern to the possibility of Decorrita achieving financial distress.

- **Interest coverage ratio:** for understanding the level of risk of investing on a certain company, it is important to know its ability to pay the interest on its outstanding debts. In 2018, Decorrita had an interest coverage ratio of 12,66, which increased to 15,72, in 2019. This is a very positive indicator for the company's ability to sustain its debt, because it means that in the latest year of the reported activity, its EBIT was almost 16 times its operating profit. Such a high interest coverage ratio indicates that the company has a high level of profit available to sustain its debt, being able to pay its interests several times over. When compared with the market's average interest coverage ratio of 4,53 in 2018 and 4,37 in 2019, it may seem that Decorrita is very well positioned in terms of leverage when compared to the remaining companies of the industry. However, such differences can also mean that the company is not using its debt properly by not risking its leverage on taking new opportunities that can improve and evolve the business.

## Appendix 24 – Profitability Ratios

PROFITABILITY RATIOS	2019	2018
<b>DECORPITA</b>		
Return on Equity (ROE)	9,42%	5,76%
Return on Assets (ROA)	2,24%	1,57%
Net profit margin	1,03%	0,72%

INDUSTRY AVERAGE		
ROE	7,19%	8,29%
ROA	7,51%	7,78%
Net profit margin	3,60%	3,97%

**Source:** Own elaboration, based on Financial Reports from Decorpita and Banco de Portugal

- **Return on Equity:** In order to better understand how well the company uses its equity in the creation of profit, the Return on Equity ratio is necessary. This is calculated by dividing the Net Income by the shareholders' equity. In terms of the Decorpita's calculation for this particular ratio, there was a considerable increase from 5,76% to 9,42% from 2018 to 2019 which is a positive sign and reflects the better utilization of the shareholders' equity in the creation of earnings. Contrary to this behaviour, is the distribution of construction materials market's average of Return on Equity that, in reality, followed a decreasing tendency from 8,29% to 7,19%, in the same interval of time. We can conclude that the company manages to increase the return they expect to have, and it is such a great outcome to increase the Return on Equity when the average of the market is behaving in the opposite way. Comparing the yearly values of the company and the market, we can also observe that Decorpita's values are greater than the average of the market in 2019, however, in 2018, the situation was the opposite, and the company was above the market average. This means that the shareholders' equity of the company, in 2019, got a return of earnings higher than the average return on the same sector.
- **Return on Assets:** To understand how profitable the company is in terms of the use of the companies' assets in the creation of earnings, the Return on Assets ratio is used. It is calculated by dividing the Net Income by the Total Assets of the company, with the exact objective of understanding the percentage of total assets that are Net Income and concluding if the assets are, or not, profitable. In terms of Decorpita's Return on Assets, we can observe an increase of 0,67%, from 1,57%, in 2018 to an amount of

2,24%, in 2019. This increase means that the use of the companies' assets became more profitable and that the same number of profits, in 2018, would create a higher Net Income, in 2019, which is a good result for Decorrita. However, when comparing Decorrita's Return on Assets, in 2019, to the average Return on Assets of the Portuguese market, which was 7,51%, it is understandable that Decorrita was not as profitable as it should be and that the difference of 5,27% to the average market can be damaging for the profitability of the company. More than that, taking into account the Return on Equity conclusion we took before, we can say that the debt values may be the factor behind the decrease in the return that the company has, in what relates to the assets. Nevertheless, the fact that there was an increase is a good tendency. Also, when looking for the market's average, there was actually a decrease from 7,78% to 7,51%, from 2018 to 2019 so, in reality, it is positive that Decorrita was able to have the opposite behaviour from the average market, becoming more profitable in terms of assets usage to generate profit.

- **Net Profit margin:** This ratio shows the percentage of revenues that are profits. By doing the net profit margin and not one other profit margin, it will be possible to understand the percentage of revenues that represent profit, with the influence of expenses and factors that will change the effective profit the company will get. It is calculated by dividing the Net Profit by the Revenues and it is one of the most important ratios, since it makes it possible to predict or suppose how much profit the company would get with a specific forecast of revenues. In the Decorrita's values, there was a slight increase from 2018 to 2019, from 0,72% to 1,03% (an increase of 0,31%), which represents a positive behaviour for the company since the percentage of revenues that are profits followed an increasing tendency. This means that, with the same amount of revenues, the company would have a greater number of profits, which is a good trend for the company and its shareholders. Having in account the Net Profit Margin ratios' average of the wholesale of construction materials

companies in the Portuguese market, which was 3,6%, in 2019, we can see that the Net Profit Margin has a difference of 2,57%, representing more than the double of Decorrita's Net Profit Margin. On the one hand, this means that the company's results are still not close to the potential it has, since it is still far from the average of the market but, on the other hand, we can assume it has an expectancy to keep growing. We can conclude, with the analysis of this ratio, that Decorrita appears to be more profitable in 2019 than it did in 2018.

### Appendix 25 – Cost Leadership vs Differentiation Strategy

As it is possible to confirm by that observation, having a Cost Leadership strategy would result in Decorrita not being able to remain on its strategic group (traditional houses), and once it got to the big surfaces group, it would not be able to position itself in the market because they already own a major market share with very low prices, something that would be almost impossible to surpass, in a way that it would still be profitable. Not only Decorrita would not be able to compete successfully with those who have a bigger market share and are the leaders of the market, such as Leroy Merlin, as it would also lose a big component of its values and operations, which is having personalized customer service, that includes design for their homes according to their own interests.

Choosing a Cost Leadership strategy would make Decorrita lose their current "premium" standards and make them be the company that people see as a "low cost" brand, which would be for nothing, since they would not be able to compete with the major market leaders.

	<b>Cost Leadership</b>	<b>Differentiation</b>
<b>PROS</b>	Customers would choose the company's products when compared to the other	Providing products that employees could not find somewhere else, which brings more than just a lower price (which customers can

CONS	traditional houses because it would be cheaper	find in other stores), but a value for themselves which cannot be found anywhere else
		Higher quality products, which provides a higher profit margin in each sale
	Customers would buy a higher quantity of the company's products	Increases customer loyalty to the company, because if the company can always provide the same quality standards, the customer will not trade it for another one that they do not even know if provide quality products at all
		More personalized service and personal relationship with both clients and suppliers
	The company would not be able to maintain the same product quality	Sells a lower quantity of products
	The company would still not be able to compete with the <i>big surfaces</i>	Possibility of the customer not understanding the value of the product and what makes it different, which is why this must be aligned with effective marketing strategies
	It reduces the importance of the customer and the employees in the process	A differentiated product may not be for everyone, which means it is for a specific target, and not everyone will buy it

	<p>Increases the chance that other companies are able to copy their products</p> <p>This strategy cannot be applied for the services Decorrita provides in design</p>	<p>There is always the risk that the customers would not prefer quality over price and would not buy it</p>
--	---	---

**Source:** Own elaboration

## Appendix 26 – Main Costs-Drivers

<b>Main Costs-Drivers</b>	
<b>Personnel Expenses</b>	<p><b>1 designer:</b> Decorrita is the one responsible for the design of the mirror, which brings the necessity of hiring a professional designer to do so. This hire would be full-time, with the goal of progressively creating different designs for this line. The full-time salary would be of <b>€1078</b>, which is the average salary for designers in Portugal.</p> <p><b>1 logistics person:</b> since there will be the need to coordinate the Decorrita's customer's demand with the production companies of all parts of materials (mirror, cabinets and electricity), the logistics team's new hire would be responsible for doing so, while at the same time controlling how long it would take to have everything in order for the final customer. This employee would be hired full-time, with a salary of <b>€699</b>, which is the average salary for a logistics manager in Portugal.</p>

	<p><b>1 Marketing assistant:</b> promoting a new brand and product brings the need to promote it, so that the clients are aware of the new offer the company has. The Marketing assistant would be responsible for the general promotion of Decorrita in the already existing promotion channels, especially, the showrooms. The full-time salary for this Marketing assistant would be <b>€858</b>, which is the average salary for this job in Portugal.</p> <p><b>1 Digital Marketing analyst:</b> this employee will be responsible for promoting Alusa on social media, preparing this communication before, during and after the launch of the product. The full-time salary for this employee will be of <b>€812</b>, which is the average salary for this job in Portugal.</p>
<u>Training costs</u>	In Portugal there is a mandatory 40 hours of training per year for every employee. Besides that  <b>Salespeople:</b> since the salespeople already employed at Decorrita have not had experience selling the Alusa mirror, training will be provided for all the members of the commercial team, on details and needed information for when approaching the customers for selling this product.

	<u>Employers' contributions</u>	<p>On average the cost to train an employee per year is <b>€1096</b>. Considering this, for the Alusa project, Decorpita will incur the costs for 12 employees, the 4 new required employees and 2 salespeople per store, amounting 8.</p> <p><b>Contributions to Social Security:</b> For each employee Decorpita must pay a charge of <b>23,75% of their salary</b>, considering that it is a for-profit entity.</p> <p><b>Meal allowance:</b> In Portugal the minimum required is <b>€4,77</b> per employee, per day, in a total of 22 days a month.</p> <p><b>Medicine at work:</b> For each employee, Decorpita will pay <b>€33</b> for the mandatory medical check-up.</p> <p><b>Insurance on work accidents:</b> On average, the work accidents' insurance is <b>€1238,19</b> per year, per employee.</p>
<b>Production Costs – Outsourced</b>	<p>The Alusa mirrors will be produced by external companies, which will be producing for our company</p>	<p><b>Mirror production companies:</b> these companies are responsible for producing the standard mirror with the measures required by Decorpita's clients, with a price of <b>€31,4/m<sup>2</sup></b>.</p> <p><b>Wood production companies:</b> these companies will be producing the storage space that will be put into the mirror, with a price of <b>€140/mirror</b>.</p> <p><b>Electricity companies:</b> after the basis mirror is ready, someone from the electricity company will move to the mirror producer</p>

	<p>company to install the lighting in the mirror. The industry standard cost for this is of <b>€60/hour</b>, which means it would vary according to the number of mirrors the company ordered in that month.</p>
	<p><b><u>Transportation Costs:</u></b> since our product's parts are produced in different companies, there will be the need to transport not only the final product from the companies to Decorpita, but also from each company to another.</p> <p>The process is the following:</p> <ol style="list-style-type: none"> <li>1 – Mirror producer company produces the mirror</li> <li>2 – The electrician goes to the Mirror producer and installs the lights in the mirror</li> <li>3 – The cabinets producer transports the cabinets that will be installed in the mirror, and at the mirror producer, those cabinets</li> </ol> <p><b>From wood producer to mirror producer company:</b> the company responsible for producing the cabinets will transport those cabinets to the mirror producer company. Since most wood producer companies are in the North of Portugal, they will transport to the mirror producer company along with other packages they have for the same region of the country, thus reducing the transportation costs for Decorpita. This cost of transportation would be of <b>€2000</b> per order.</p> <p><b>From mirror producer company to Decorpita:</b> after the mirror producer company joins all the mirror's parts (mirror with lighting and the cabinets), they will <b>transport the final product for €165</b>. This transportation costs would be for transporting each monthly order of 95 mirrors, considering that Decorpita would distribute 3 mirrors per 30 companies, giving a total of 90. It currently sells 3 basic mirrors per month, but the expectation with the new, personalized mirror is of an increase in sales, which is why 5 of the mirrors in the order are destined to the company. In case</p>

	<p>are installed in the mirror finalizing the product</p> <p>4 – The final product is transported to Decorrita's headquarters</p>	<p>those 5 are not sold, the remaining will be left in stock for the following month. The monthly ordered amount may be changed according to each month's sales and following month's forecasts.</p>
<b>Marketing Expenses</b>	<p>Decorrita's clients will not know about the existence of this Alusa mirror, which means there is the need to promote it. We will use two main techniques: merchandising and social media promotion.</p>	<p><b>Merchandising:</b> in this type of company, the most efficient promotion technique is the showroom of this product in the store, where all Decorrita's clients will be able to see it. The monthly cost of this is around €1000/m<sup>2</sup>.</p>

**Source:** Own elaboration

## Appendix 27 – Budget Vicar (mirror production company)



Rua Bartolomeu Dias nº72  
 2695-715 São João da Talha  
 NIF: 500005834  
 Tel.: 219555000  
 Tlm.: 933958802  
 E-mail: geral@vicar.pt

Via do Documento 2º VIA

ORÇAMENTO	DATA
178	17.03.2021

### PROJETO RITA AFONSO

Nº 86  
 -  
 1900-000  
 Contribuinte: 999999999  
 Localidade: ,

#### Pagamento por Transferência Bancária:

EUROBIC: PT50007900000801482410150  
 SANTANDER: PT5000180000037563900284

Referência	Designação	Qty.	Larg.	Alt.	Área Total	Pr.M2	Desc.	Total
0078	Espelho Incolor 5 mm + AP + FUROS	1,000	1,000	1,000	1,000	32,480		32,48

Software PHC - Processado por programa certificado nº 0006/AT (20181008)-Este documento não serve de fatura

M2 Quadrados: 1

Totais	
Valor Iliquido ---->	32,480
Desconto ----->	
Valor Liquido --->	32,48
Total de IVA ---->	7,47
<b>VALOR TOTAL --&gt; €</b>	<b>39,95</b>

Assinatura Cliente

Data: \_\_\_ / \_\_\_ / \_\_\_

Página 1 de 1

## Appendix 28 – Information provided by Vicar

### 1. Espelho Vicar

#### 1. Breve enquadramento abordado em conferência virtual:

Medidas da Chapa de espelho incolor:

- a) Jumbo: 6000mm x 3210mm
- b) Pequena
  - a. 3660mm x 2440mm
  - b. 3660mm x 2550mm
  - c. 3210mm x 2550mm
  - d. 3210mm x 2440mm
  - e. 3210mm x 2400mm
  - f. 3210mm x 2250mm

O espelho incolor pode ser encontrado nas seguintes espessuras (ficha técnica -> pág 2 Performance):

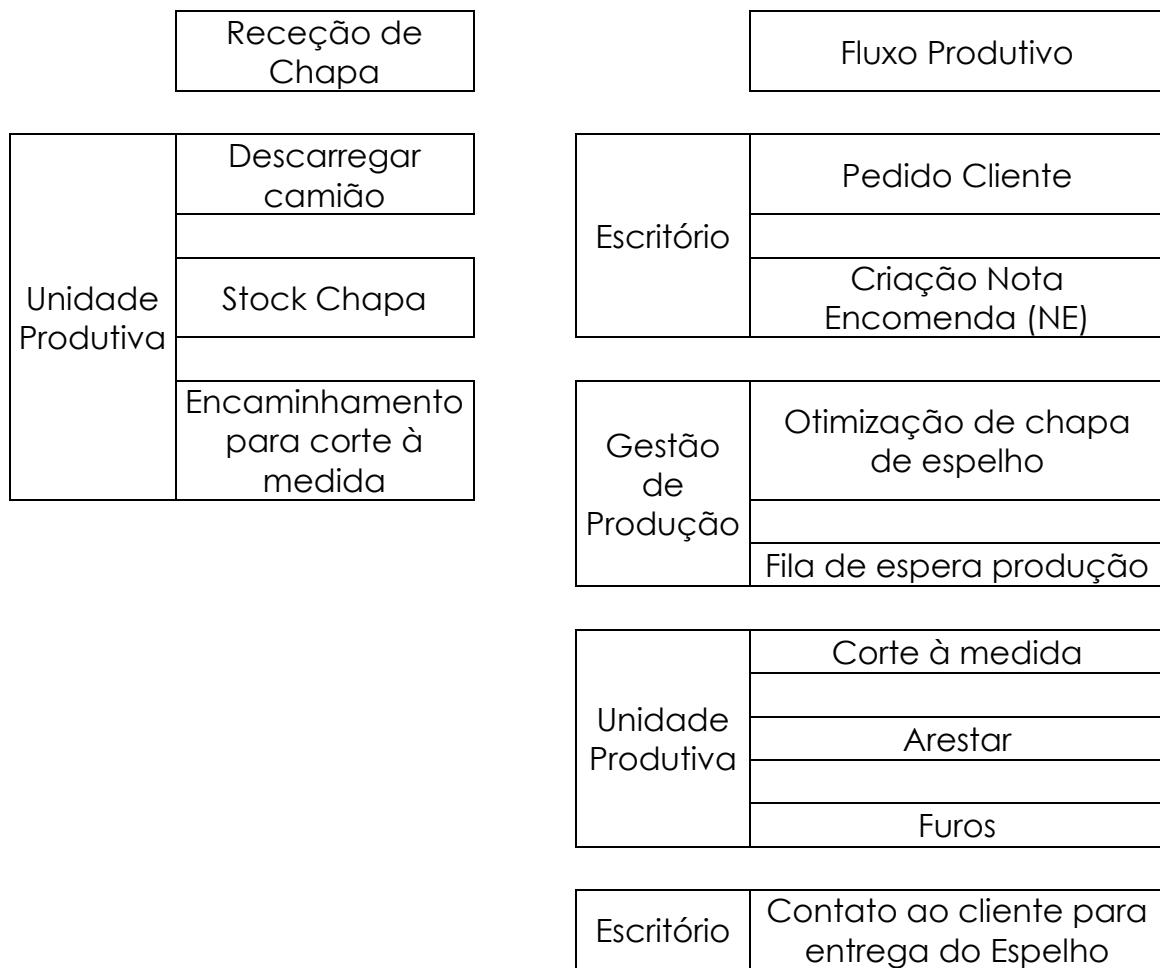
- a) 3mm
- b) 4mm
- c) 5mm
- d) 6mm

O preço da Chapa de vidro é volátil ao longo do Ano (excluindo o Ano 2020 e Inicio de 2021), a variação é entre 1% e 6%. Esta variação encontra parte da explicação nos períodos de maior procura para uma oferta que se mantém constante. Importa salientar que Portugal não é produtor de chapa de vidro, por este motivo, todo o vidro é importado e consequentemente, as variações no setor dos transportes internacionais têm impacto direto e imediato no custo da matéria.

#### 2. RH Vicar:

- a. Escritório: 2 elementos
- b. Unidade Produtiva: 4 elementos
- c. Gestão Produção: 1 elemento

### 3. Fluxo de Produção



Nesta parte, podem complementar com informação disponibilizada no PDF de Apresentação da Vicar, nos pontos referentes às Manufaturas.

### 4. Processo Produtivo

**Corte de espelho à medida:** O corte é efetuado por CNC (Controlo Numérico por Computador) nas medidas que constam na NE em mesa de corte automatizada.

**Arestar:** é um processo semi-mecanizado que transforma as arestas “vivas” em arestas não cortantes.

(Como exemplo, lembram-se quando partiram aquele copo? Se tivessem passado o dedo na aresta desse vidro, teriam cortado o dedo. Agora vejam

o espelho do vosso roupeiro ou o tampo da mesa da sala, se passarem o dedo na aresta, não é cortante.)

Este processo é chamado de “Arestas Polidas” ou “Arestas Boleadas”.

**Marcação e Furos/Caixa no vidro:** São marcados a corretor branco, os “buracos” efetuados no Espelho por automatismo semi manual, servem, por exemplo, para revestir paredes que tenham tomadas. No trabalho final, dá ideia que toda a parede é revestida de espelho e que a tomada é parte integrante desse mesmo espelho.

## 2. Produção

Após o enquadramento anterior, tornam-se mais perceptíveis os constituintes para o preço de custo do Espelho incolor 5mm (exclui de enumerar os fatores que já são do vosso conhecimento: margem de lucro bruta; Perdas/Quebras; etc).

**Custo de produção para a Vicar de 1 Espelho Incolor 5mm nas medidas 1000mm x 1000mm com AP e Furos: 21,29€/m<sup>2</sup>.**

Capacidade produtiva anual: **6.401** Espelhos nas medidas 1000mm x 1000mm (A produção de espelho corresponde a 1/8 da produção global).

<b>Despesas Fixas</b>	
	Arrendamento
	Eletricidade
Seguros	Acidentes Trabalho Auto - Carrinha
	Contabilidade
	Advogados
	Comunicações
PHC	Licenças
Seg Hig Trabalho	HST Medicina Trabalho
Dominio e Site	

Carrinha	Manutenção
	IUC
	Inspeção
Pontes	Manutenção Preventiva

<b>Despesas Variáveis</b>			
Consumíveis Escritório	Resmas Papel	Ponte (Corte)	Ventosas (JLE)
	Tinteiros		Rodas (Ind Metalomec)
	Etiquetas		Sensor Corte
	Seldas		Alcool Azul
	Pasta Arquivo		Caneta Corte
	Cx Toalhas Mão		Rodas Borracha
	Papel Higiénico		Broca 5mm
	Post It		Broca 6mm
	Canetas e Marcadores		Broca 8mm
	Agrafes		Broca 10mm
Informática	Clips	Corte	Broca 12mm
	Corretores		Broca 16mm
	Rolos TPA		Broca 20mm
	Torre		Broca 22mm
	Teclado		Broca 25mm
	Rato		Broca 30mm
Consumíveis Fábrica	Disco externo	Manutenção Máquinas	Broca 35mm
	Licença Microsoft		Broca 40mm
	Manutenção Sistemas		Broca 45mm
	Lixas Makita 400		Broca 50mm
	Lixas Makita 320		Broca 55mm
	Lixas Makita 200		Broca 60mm
	Lixas Makita 120		Broca 65mm
	Disco Corte Vidro	Furos	Broca 70mm
	Disco Lamelas 400		Broca 75mm

	Disco Lamelas 320		Broca 80mm
	Disco Lamelas 200		Broca 85mm
	Disco Lamelas 120		Broca 90mm
	Disco Lamelas 60		Broca 95mm
	Disco Velcro		Broca 100mm
	Óxido Cério		Broca 110mm
	Bombocas (AJ Silva Bento)		Broca 120mm
	Corretores (continente)	Lavadora	Rolamentos
	Fita Métrica (wurth)		Rolamentos
	Luvas cx 6		Óleo Solúvel 5L
	Botas Segurança	Arestas	Polidores Taça 40
	Calças		Polidores Taça 60
	Camisolas		Polidores Taça 80
	Coletes		Mó Coroa
			Mó Polir
		Vidro	Chapas de Vidro

### 3. Venda

Apenas NE referente a Espelho Incolor de 5mm nas medidas 1000mm x 1000mm com AP e Furos:

- a) Recolha da encomenda na Vicar para cliente empresarial: **32,48€/m<sup>2</sup>**
- b) Encomenda entregue nas instalações do cliente (apenas motorista, descarga da Responsabilidade cliente) acrescem os seguintes valores:
  - i. Raio até 8km – 35€
  - ii. Raio de 8,01km a 16km – 75€
  - iii. Raio de 16,01km a 24km – 165
  - iv. Superior a um raio de 24km – Sob consulta
- c) Prazo de conclusão da NE na Vicar: até n+4 dias uteis (prazo habitualmente praticado; pode sofrer alterações pontuais por aumentos de produção inesperados, paragem de produção)

- d) Condições de pagamento (apenas aplicável a cliente empresarial):
- Pagamento antecipado (desconto 7% ao €/m<sup>2</sup>)
  - Pagamento no levantamento da encomenda (desconto 3% ao €/m<sup>2</sup>)
  - Pagamento a 30 dias

Colocação de Espelho a cargo da Vicar nas Instalações do Cliente:

Os valores oscilam entre os **60€/m<sup>2</sup>** e os **120€/m<sup>2</sup>**. Fatores como tipo de alvenaria, localização, formato do espelho, acesso ao local, contribuem para este intervalo.

Qualquer subcontratação acresce aos valores acima sugeridos.

## 4. Caso concreto

- **Espelho retro iluminado com arrumação** (a nomenclatura não está convencionada, é meramente sugestiva):

Descritivo do Orçamento (local da colocação Cidade Universitária):

Fornecimento e colocação de *Espelho Incolor 5mm 1000mm x 1000mm, com respetivos materiais de fixação e retro iluminação em barra de LED's – 190€/m<sup>2</sup>*

**Prazo de conclusão:** até 10 dias após a adjudicação

**Condições de pagamento:**

50% na adjudicação

50% na conclusão dos trabalhos

Considerando que o armário já se encontra colocado e que se trata apenas da colocação do Espelho. Como falámos, apenas executamos trabalhos em vidro, quaisquer intervenções em outros materiais, carecem de subcontratação da nossa parte.

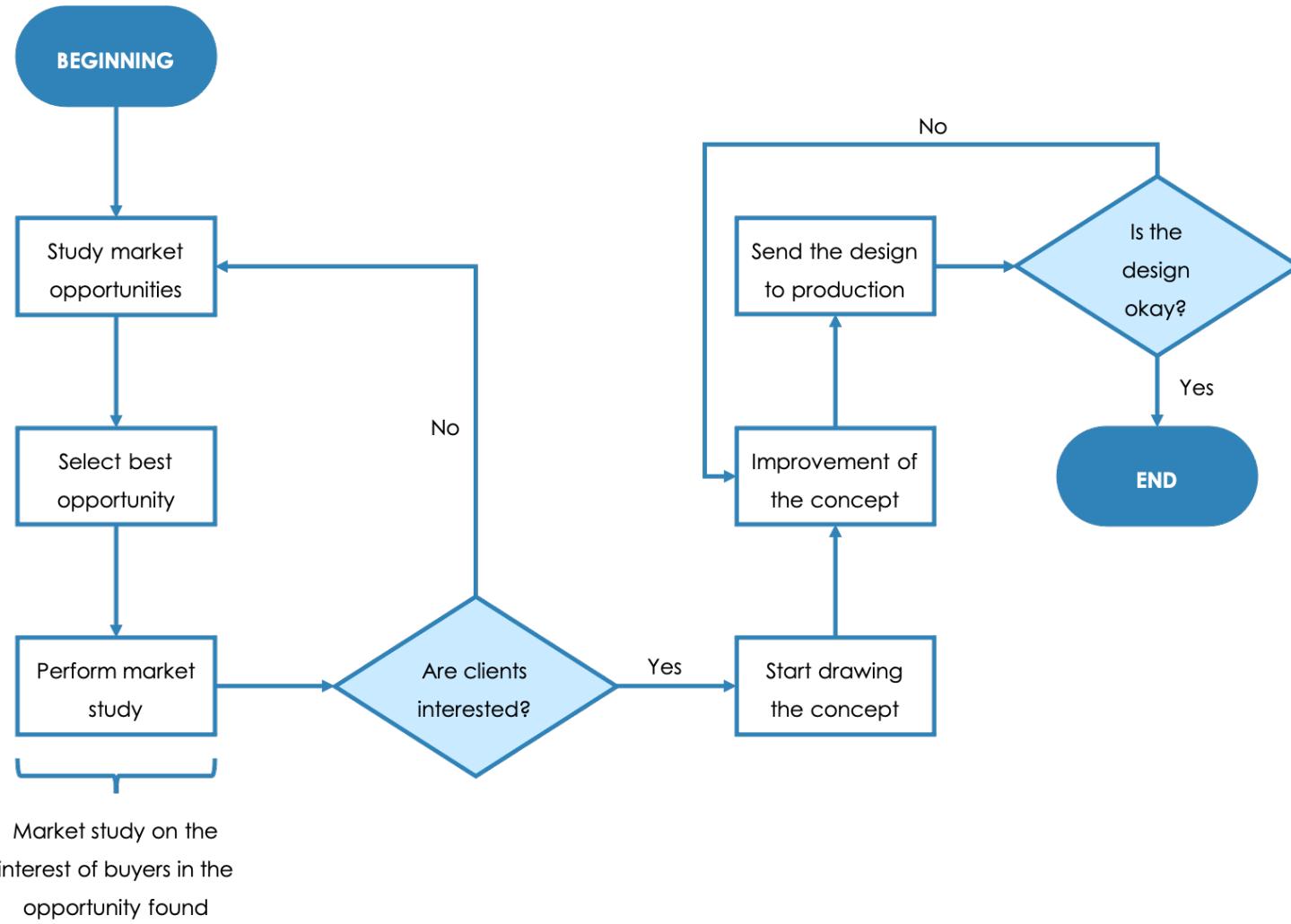
Estão excluídas quaisquer intervenções elétricas no local. A ligação elétrica e respetivos Termos de Responsabilidade carecem de subcontratação que acrescem ao valor acima indicado.

### Appendix 29 – Matrix of Responsibilities

Project Tasks	CEO	Product Manager	Financial Analyst	Sales Team	After-sales	Quality Control Team	Designers	Marketing Team	Logistic (Warehouse)	Logistic (Suppliers & Distribution)
Financial study	A	C	R	I	I	I	I	C	C	C
Feasible study	A	R	C	C	I	I	C	C	C	C
Market study	I	A, C		I			I	R		
Design	I	A		I		I	R	C	C	C
Testing	A	R	I	I	I	I	I	I	I	I
Suppliers selection	A	A	C	I	I	I	C	I	I	I
Advertising & Promotion	I	A	C	I	I			R		
Taking orders	I	A	I	R	I			I	I	I
Procurement	I	A	I	C	I				R	I
Logistic between producers	I	A	I						I	R
Quality control	I	A			C	R	C		I	C
Distribution to Decorpita and other distributors	I	A		C	I				I	R
Sales to customers	I	A		R	I			I	I	C
Customer service (dealing with complaints, return and customer satisfaction)	I	A	I	I	R	C	C		I	I

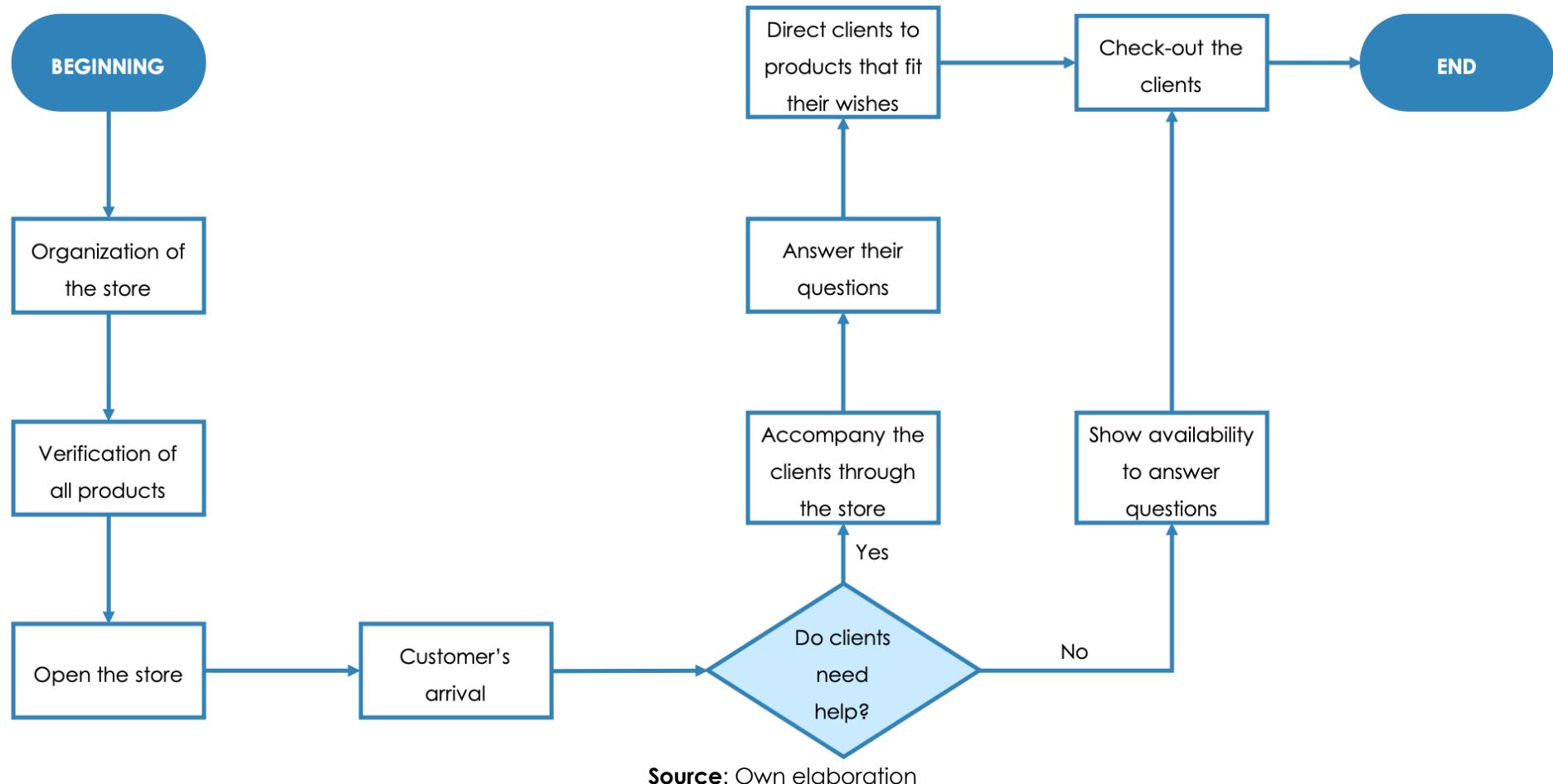
**Source:** Own elaboration

## Appendix 30 – Flowsheet of Design Process



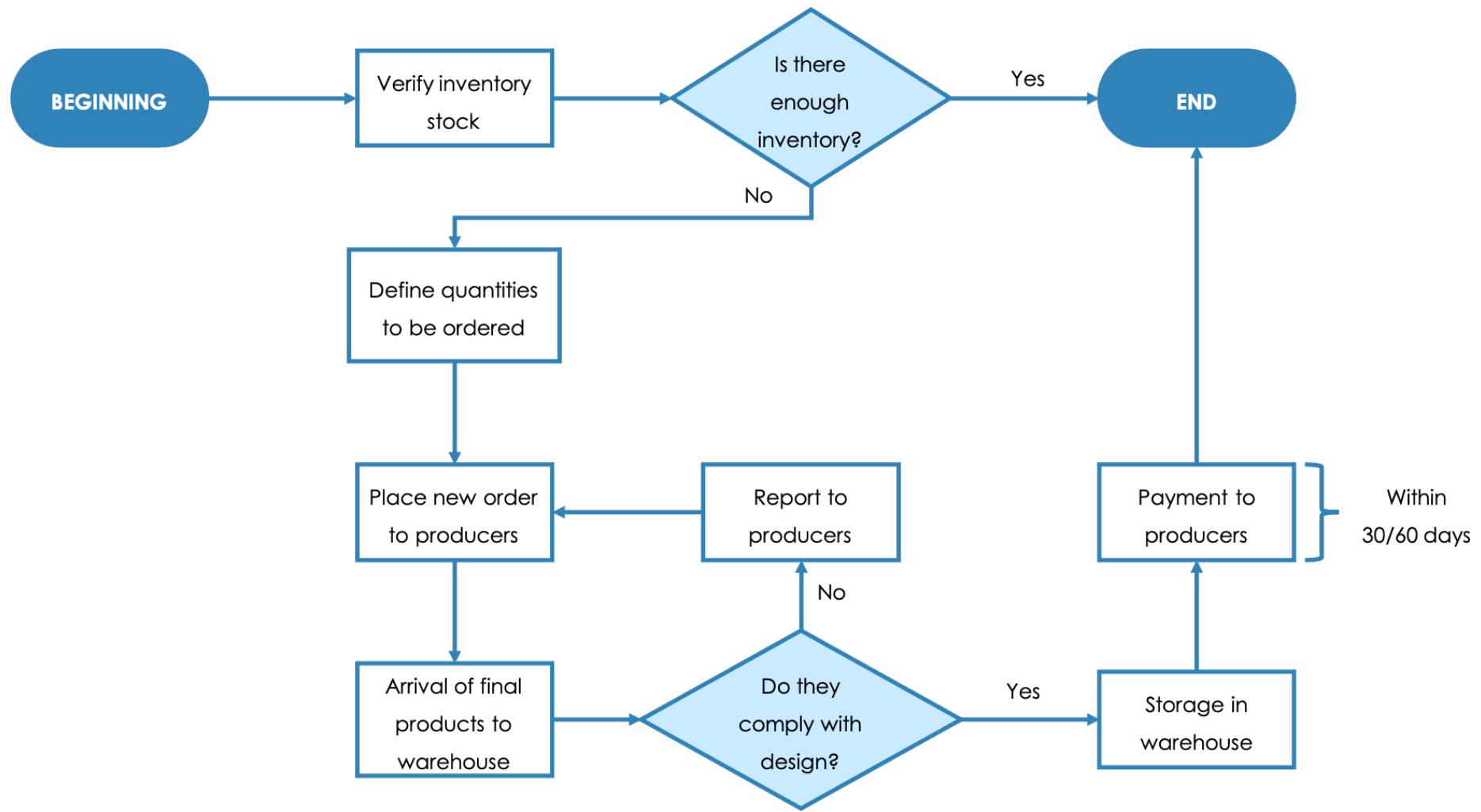
Source: Own elaboration

## Appendix 31 – Flowsheet of Sales process



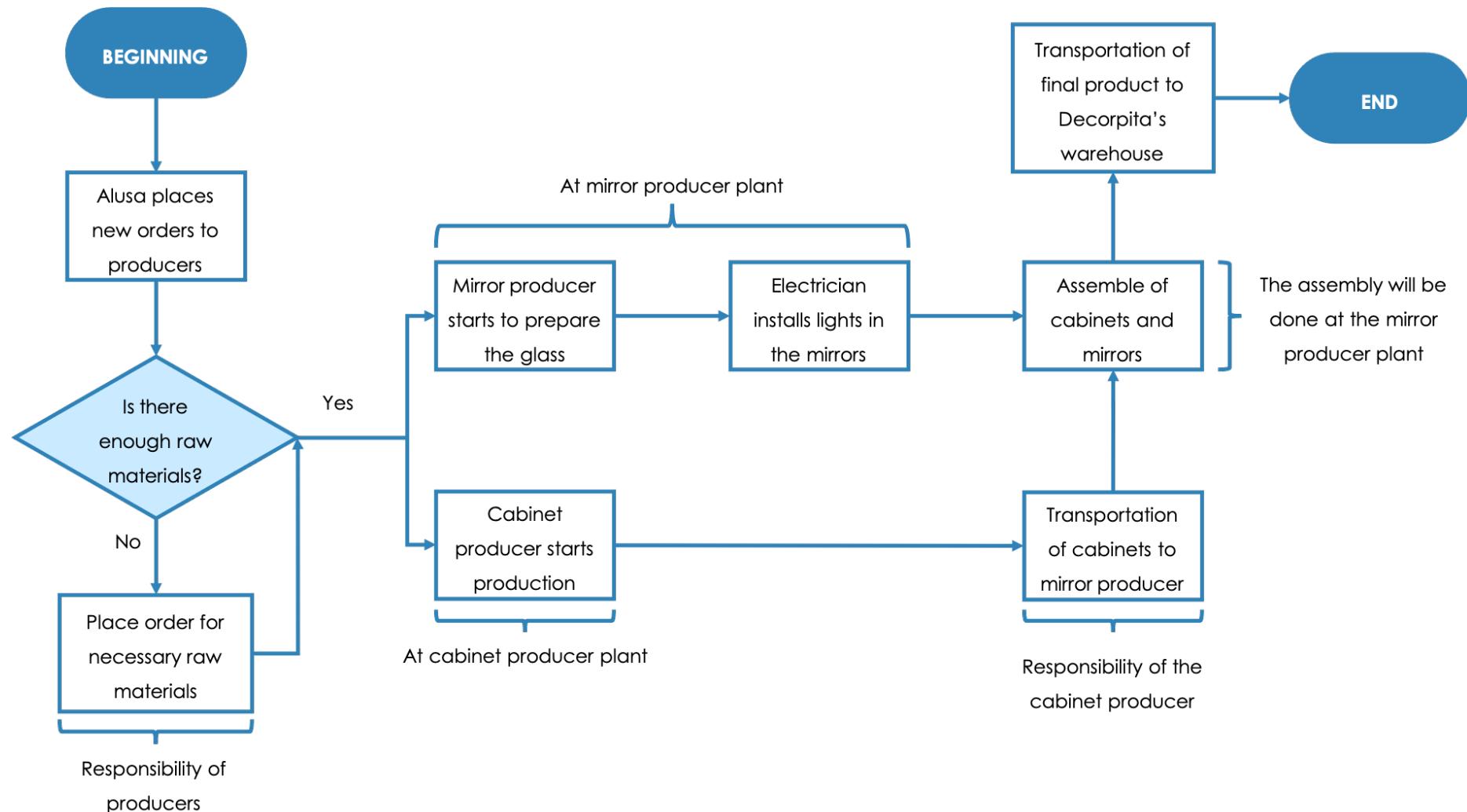
Source: Own elaboration

## Appendix 32 – Flowsheet of Supply channel between Alusa and Producers



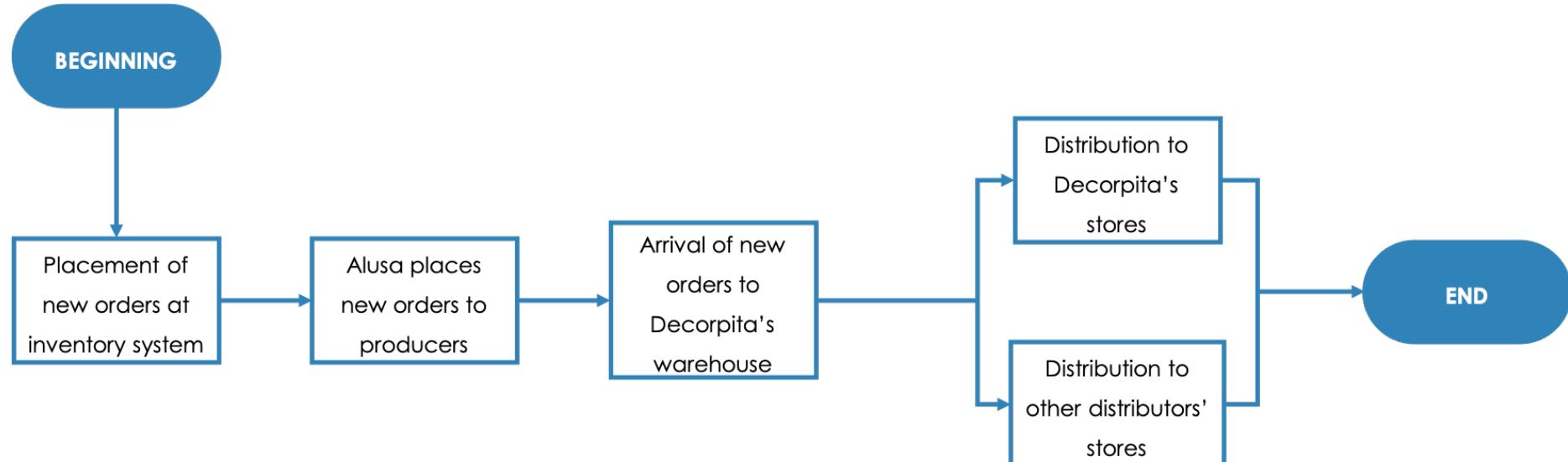
Source: Own elaboration

### Appendix 33 – Flowsheet of Supply chain between Producers



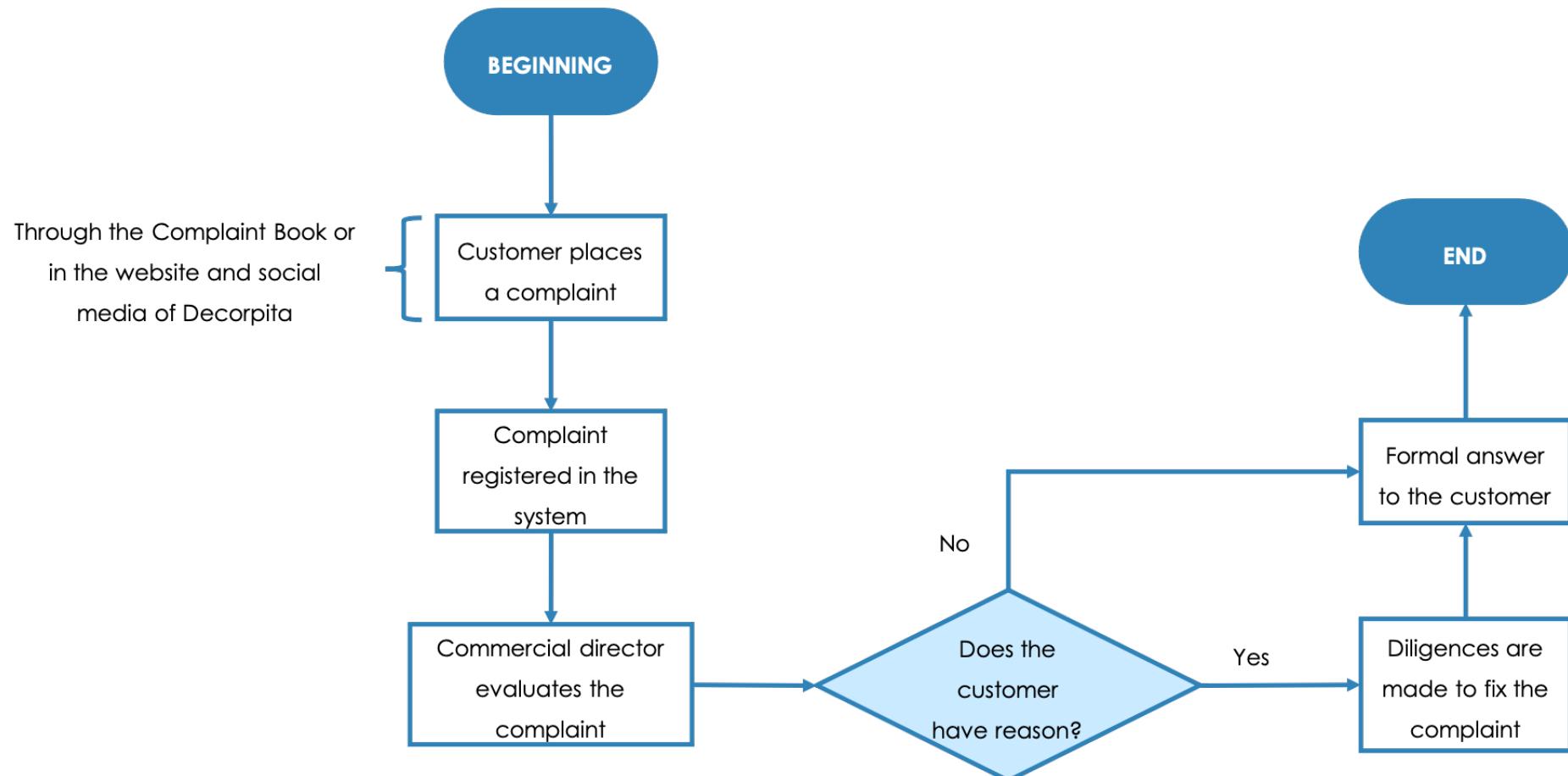
**Source:** Own elaboration

## Appendix 34 – Flowsheet of Supply chain between Distributors



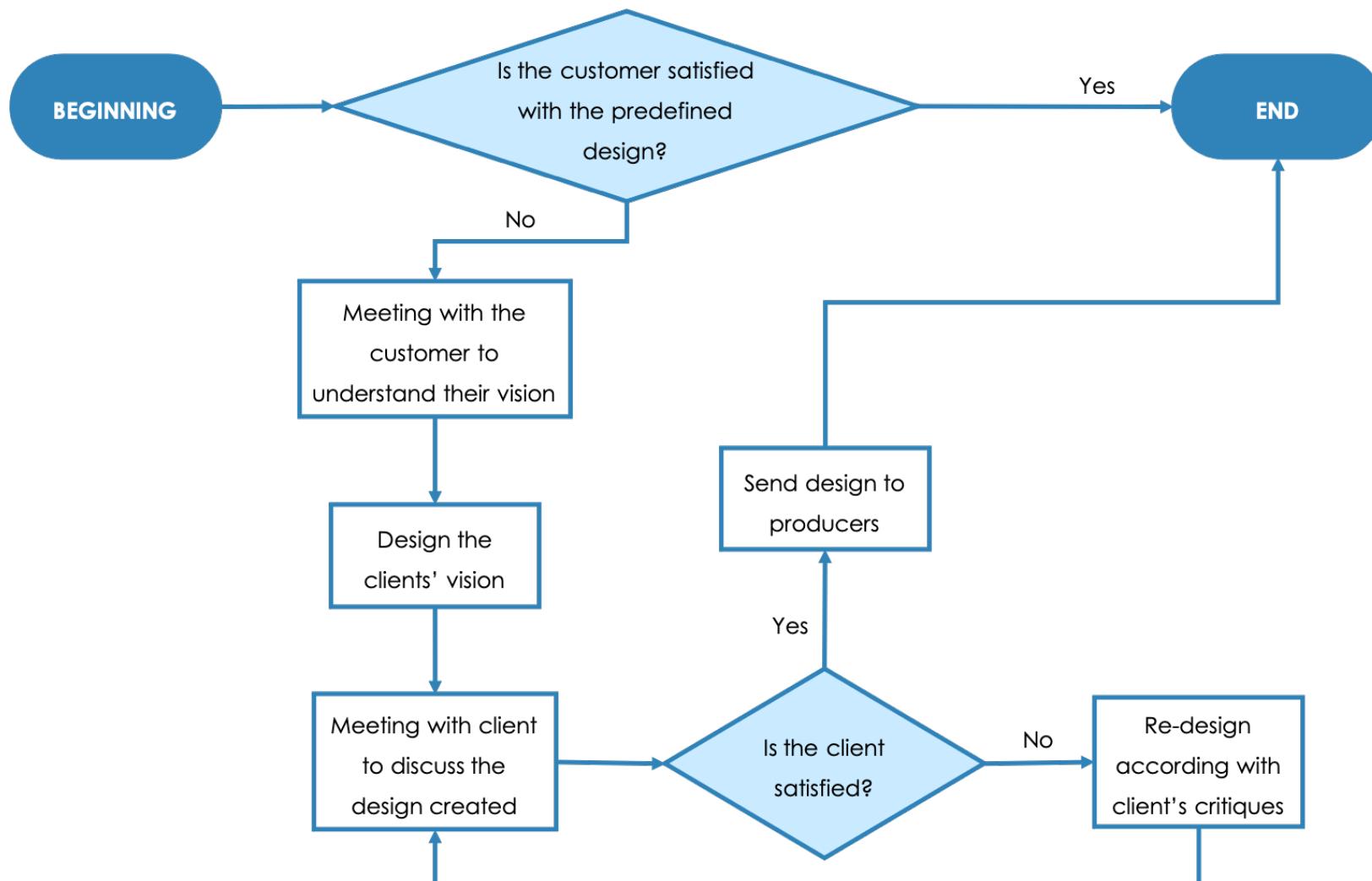
**Source:** Own elaboration

## Appendix 35 – Flowsheet of Customer's Complaint Management Process



**Source:** Own elaboration

## Appendix 36 – Flowsheet of Project Personalisation Process of Decorpita



Source: Own elaboration

## Appendix 37 – Key Performance Indicators

Indicator	Observation	Calculation	Period
<b>Sales Metrics &amp; KPI's</b>			
Gross Profit as a % of Sales	Gross margin shows if the sales of Alusa mirrors cover for its costs	$\frac{\text{Gross Profit}}{\text{Total Sales}} * 100$	Annually
Sales Target	In order to understand if Alusa sales are performing accordingly to what was targeted or previous years	$\frac{\text{Sales of current year}}{\text{Target Sales}} * 100$	Annually
Customer acquisition	Calculate how many customers Alusa product is gaining every 6 months	$\frac{\# \text{ of New Customers (6 months)}}{\# \text{ of Total Customers (6 months)}} * 100$	Semi-annually
Sales per Vendor	Understand the number of sales opportunities of Alusa products per vendor per month	Total Sales per Vendor	Monthly
Number of returns	Allow us to assess the quality of Alusa product and measure the customer satisfaction with the sales process and with our product.	Total Products Returned	Monthly
Number of complaints	Total Customer Complaints	Monthly	

<b>Marketing Metrics &amp; KPI's</b>			
Return on Marketing Investment (ROI)	Measures the ability of the marketing campaigns performed by Alusa to generate new revenue	$\frac{\text{Attributable Revenue} - \text{Campaign Investment}}{\text{Campaign Investment}}$	Quarterly
Incremental Sales	Demonstrate how Alusa marketing campaigns are resulting in incremental sales revenues	$\frac{\text{Revenues generated by marketing initiatives} - \text{Baseline Sales}}{\text{Baseline Sales}}$	Semi-annually
Total Website Visits	Measure the number of users that have visited the alusa page	Total number of unique viewers on a page	Monthly
Click through rate (CTR)	Measures how often Alusa website on an SERP prompts users to click and navigate	$\frac{\text{Visitors that clicked on page result}}{\text{Visitors that viewed page result}}$	Monthly
<b>Social Media Metrics &amp; KPI's</b>			
Followers Growth KPI	Track down the number of Followers in Decorpita social media accounts	#current number of followers	Monthly
Instagram Ads	Track the number of users to see the ads and how many opened the website through the ad	N/A	Monthly

<b>Human Resources Metrics &amp; KPI's</b>			
Employee satisfaction rate	Understand if employees are satisfied with their work conditions	Scale of 1 to 5 Ideal: 4	Semi-annually
Employee turnover rate	Measure how many employees left Alusa during the year	$\frac{(Total\ of\ employees - Total\ of\ employees\ that\ left)}{Total\ of\ employees}$	Annually
<b>Processes and Production Metrics &amp; KPI's</b>			
Inventory Turnover	As a retailer, Decorpita deals with higher levels of inventories. In the case of Alusa products, as the production costs are responsibility of Decorpita is important to guarantee that that money won't be lost in the creation of more inventories	$\frac{Cost\ of\ Goods\ Sold}{Average\ Inventory} * 100$	Before each order
Average time required for each step	Identify possible bottleneck in the activity chain of Alusa products, in order to avoid delays and improve efficiency	$\frac{O\ duration + 4 * ML\ duration + P\ duration}{6}$ O duration – Optimistic duration; ML duration – Most Likely duration; P duration – Pessimistic duration	Quarterly
Oder Fulfilment time	Allow us to observe whether deadlines have been exceeded, and whether the average time could be shortened	Average time to complete a process instance	Quarterly

**Source:** Own elaboration

## Appendix 38 – Service Level Agreement with Mirror producer

**Source:** Own elaboration

### Service Level Agreement (SLA)

for **Decorpita**

by

Supplier 1 – Mirror producer

**Effective Date:**

<b>Document Owner:</b>	Supplier 1
------------------------	------------

### Approval

(By signing below, all Approvers agree to all terms and conditions outlined in this Agreement.)

Approvers	Role	Signed
Supplier 1	Product Provider	
Decorpita	Customer	

## Table of Contents

1.	AGREEMENT OVERVIEW	172
2.	GOALS & OBJECTIVES	172
3.	STAKEHOLDERS	173
4.	PERIODIC REVIEW	173
5.	SERVICE AGREEMENT	173
	5.1. SERVICE SCOPE .....	174
	5.2. CUSTOMER REQUIREMENTS.....	174
	5.3. SERVICE PROVIDER REQUIREMENTS.....	174
	5.4. SERVICE ASSUMPTIONS .....	174
6.	SERVICE MANAGEMENT	175
	6.1. SERVICE AVAILABILITY.....	175
	6.2. SERVICE REQUESTS.....	175

## 1. Agreement Overview

This Agreement represents a Service Level Agreement ("SLA" or "Agreement") between *Supplier1* and Decorrita for the provisioning of supply services required to support and sustain the Product.

This Agreement remains valid until superseded by a revised agreement mutually endorsed by the stakeholders.

This Agreement outlines the parameters of all supply services covered as they are mutually understood by the primary stakeholders. This Agreement does not supersede current processes and procedures unless explicitly stated herein.

## 2. Goals & Objectives

The **purpose** of this Agreement is to ensure that the proper elements and commitments are in place to provide consistent supply service support and delivery to the Customer by the Service Provider.

The **goal** of this Agreement is to obtain mutual agreement for supply service provision between the Service Provider and Customer.

The **objectives** of this Agreement are to:

- Provide clear reference to service ownership, accountability, roles and/or responsibilities.
- Present a clear, concise and measurable description of service provision to the customer.
- Match perceptions of expected service provision with actual service support & delivery.

### 3. Stakeholders

The following Service Provider and Customer will be used as the basis of the Agreement and represent the **primary stakeholders** associated with this SLA:

**Mirror Service Provider:** Supplier 1 ("Provider")

**Mirror Customer:** Decorrita ("Customer")

### 4. Periodic Review

This Agreement is valid from the **Effective Date** outlined herein and is valid until further notice. This Agreement should be reviewed at a minimum once per fiscal year; however, in lieu of a review during any period specified, the current Agreement will remain in effect.

The **Business Relationship Manager** ("Document Owner") is responsible for facilitating regular reviews of this document. Contents of this document may be amended as required, provided mutual agreement is obtained from the primary stakeholders and communicated to all affected parties. The Document Owner will incorporate all subsequent revisions and obtain mutual agreements / approvals as required.

**Business Relationship Manager:** Supplier 1

**Review Period:** Bi-Yearly (6 months)

**Previous Review Date:**

**Next Review Date:**

### 5. Service Agreement

The following detailed service parameters are the responsibility of the Service Provider in the ongoing support of this Agreement.

## 1) Service Scope

The following Services are covered by this Agreement;

- Production of mirrors size one: 80x80cm
- Production of mirrors size two: 100x80cm
- Production of zoomed mirror
- Providing electrician to install lights on the mirrors o Assembly of the mirror and cabinet
- o Delivery of the mirrors to the Warehouses

## 2) Customer Requirements

**Customer** responsibilities and/or requirements in support of this Agreement include:

- Payment for all support costs at the agreed interval.
- Reasonable availability of customer representative(s) when resolving a service-related incident or request.

## 3) Service Provider Requirements

**Service Provider** responsibilities and/or requirements in support of this Agreement include:

- Meeting response times associated with service-related incidents.
- Appropriate notification to Customer for all scheduled maintenance.

## 4) Service Assumptions

Assumptions related to in-scope services and/or components include:

- Changes to services will be communicated and documented to all stakeholders.

## 6. Service Management

Effective support of in-scope services is a result of maintaining consistent service levels. The following sections provide relevant details on service availability, monitoring of in-scope services and related components.

### 1) Service Availability

Coverage parameters specific to the service(s) covered in this Agreement are as follows:

- Telephone support: 9:00 A.M. to 5:00 P.M. Monday – Friday
  - Calls received out of office hours will be forwarded to a mobile phone and best efforts will be made to answer / action the call, however there will be a backup answer phone service
- Email support: Monitored 9:00 A.M. to 5:00 P.M. Monday – Friday
  - Emails received outside of office hours will be collected, however no action can be guaranteed until the next working day
- Onsite assistance guaranteed within 72 hours during the business week

### 2) Service Requests

In support of services outlined in this Agreement, the Service Provider will respond to service-related incidents and/or requests submitted by the Customer within the following time frames:

- 0-8 hours (during business hours) for issues classified as High priority.
- Within 48 hours for issues classified as Medium priority.
- Within 5 working days for issues classified as Low priority.

Remote assistance will be provided in-line with the above timescales dependent on the priority of the support request.

## Appendix 39 – Service Level Agreement with Cabinet producer

**Source:** Own elaboration

### Service Level Agreement (SLA) for *Decorpita*

by

Supplier 2 – Cabinet producer

**Effective Date:**

<b>Document Owner:</b>	Supplier 2
------------------------	------------

### Approval

(By signing below, all Approvers agree to all terms and conditions outlined in this Agreement.)

Approvers	Role	Signed
Supplier 2	Product Provider	
Decorpita	Customer	

## Table of Contents

1.	AGREEMENT OVERVIEW	172
2.	GOALS & OBJECTIVES	172
3.	STAKEHOLDERS	173
4.	PERIODIC REVIEW	173
5.	SERVICE AGREEMENT	173
	5.1. SERVICE SCOPE .....	174
	5.2. CUSTOMER REQUIREMENTS.....	174
	5.3. SERVICE PROVIDER REQUIREMENTS.....	174
	5.4. SERVICE ASSUMPTIONS .....	174
6.	SERVICE MANAGEMENT	175
	6.1. SERVICE AVAILABILITY.....	175
	6.2. SERVICE REQUESTS.....	175

## 1. Agreement Overview

This Agreement represents a Service Level Agreement ("SLA" or "Agreement") between Supplier2 and Decorrita for the provisioning of supply services required to support and sustain the Product.

This Agreement remains valid until superseded by a revised agreement mutually endorsed by the stakeholders.

This Agreement outlines the parameters of all supply services covered as they are mutually understood by the primary stakeholders. This Agreement does not supersede current processes and procedures unless explicitly stated herein.

## 2. Goals & Objectives

The **purpose** of this Agreement is to ensure that the proper elements and commitments are in place to provide consistent supply service support and delivery to the Customer by the Service Provider.

The **goal** of this Agreement is to obtain mutual agreement for supply service provision between the Service Provider and Customer.

The **objectives** of this Agreement are to:

- Provide clear reference to service ownership, accountability, roles and/or responsibilities.
- Present a clear, concise and measurable description of service provision to the customer.
- Match perceptions of expected service provision with actual service support & delivery.

### 3. Stakeholders

The following Service Provider and Customer will be used as the basis of the Agreement and represent the **primary stakeholders** associated with this SLA:

**Cabinet (Wood) Service Provider:** Supplier 2 ("Provider")

**Mirror Customer:** Decorrita ("Customer")

### 4. Periodic Review

This Agreement is valid from the **Effective Date** outlined herein and is valid until further notice. This Agreement should be reviewed at a minimum once per fiscal year; however, in lieu of a review during any period specified, the current Agreement will remain in effect.

The **Business Relationship Manager** ("Document Owner") is responsible for facilitating regular reviews of this document. Contents of this document may be amended as required, provided mutual agreement is obtained from the primary stakeholders and communicated to all affected parties. The Document Owner will incorporate all subsequent revisions and obtain mutual agreements / approvals as required.

**Business Relationship Manager:** Supplier 2

**Review Period:** Bi-Yearly (6 months)

**Previous Review Date:**

**Next Review Date:**

### 5. Service Agreement

The following detailed service parameters are the responsibility of the Service Provider in the ongoing support of this Agreement.

## 1) Service Scope

The following Services are covered by this Agreement;

- Production of cabinet for mirrors size one: 80x80cm
- Production of cabinet for mirrors size two: 100x80cm
- Transportation of the cabinets to the mirrors producer's plant

## 2) Customer Requirements

**Customer** responsibilities and/or requirements in support of this Agreement include:

- Payment for all support costs at the agreed interval.
- Reasonable availability of customer representative(s) when resolving a service-related incident or request.

## 3) Service Provider Requirements

**Service Provider** responsibilities and/or requirements in support of this Agreement include:

- Meeting response times associated with service-related incidents.
- Appropriate notification to Customer for all scheduled maintenance.

## 4) Service Assumptions

Assumptions related to in-scope services and/or components include:

- Changes to services will be communicated and documented to all stakeholders.

## 6. Service Management

Effective support of in-scope services is a result of maintaining consistent service levels. The following sections provide relevant details on service availability, monitoring of in-scope services and related components.

### 1) Service Availability

Coverage parameters specific to the service(s) covered in this Agreement are as follows:

- Telephone support: 9:00 A.M. to 5:00 P.M. Monday – Friday
  - Calls received out of office hours will be forwarded to a mobile phone and best efforts will be made to answer / action the call, however there will be a backup answer phone service
- Email support: Monitored 9:00 A.M. to 5:00 P.M. Monday – Friday
  - Emails received outside of office hours will be collected, however no action can be guaranteed until the next working day
- Onsite assistance guaranteed within 72 hours during the business week

### 2) Service Requests

In support of services outlined in this Agreement, the Service Provider will respond to service-related incidents and/or requests submitted by the Customer within the following time frames:

- 0-8 hours (during business hours) for issues classified as **High** priority.
- Within 48 hours for issues classified as **Medium** priority.
- Within 5 working days for issues classified as **Low** priority.

Remote assistance will be provided in-line with the above timescales dependent on the priority of the support request.

## Appendix 40 – Stages of Operational Response Risk Plan

First of all, the company must **identify and prioritize its resources**. For this, we will consider both Alusa and Decorpita's resources, as the first is held by the latter. We can define as key resources for the company the human capital, considering their personnel, especially the designer and the salesperson, that work on the core-business of the brand. Also, partnerships with both suppliers and distributors of the products. And finally, we can also include all facilities that Decorpita owns.

Secondly, the **definition of the key risks (See Appendix 41)** that the company might face during their business activities. Some of these risks can be predictable, and the company should be prepared in advance, but others can be unpredictable, and the company might not be prepared for the occasion that the event happens. Within the predictable events, for which a plan must be outlined, some have more probability of occurrence than others, or even never occur during the business activity lifetime.

Lastly, the company must **draft the plan (See Appendix 42)** considering the previous steps and the different possible events that may occur and affect the courses of the business. The plan should include the probability of occurrence of said events and the impacts that they would have in the business.

## Appendix 41 – Definition of Operational Key of Risks

In Alusa activities we can identify four major categories where operational risks may occur, and that the company must be prepared to face.

### 1. Production and Suppliers

Although Alusa will outsource its producers, problems in the production process will affect the brand and its offer in the market. The problems that may arise can either be from the producers' suppliers or from the producers themselves. Regarding the producers' suppliers, some problems may lay on

the raw materials delivery, which can have delays that may occur from different causes, or on any contract's breach. As for the producers themselves, there can be some complications on the fixed assets, such as machinery or lack of human labour, and even on the production capacity, which can be insufficient for bigger orders.

## 2. Distributors

Alusa has many more than one distribution phase, since there is the transportation from the wood producer to the mirror producer, and from the mirror producer to Decorita's headquarters. Throughout this process, there can be two major problems: the lack of either personnel to drive the vehicles or the lack of vehicles, where both ultimately result in delays within the production chain. These delays are very impactful because if there is even one simple delay in one of the stages of production, there will be delays in all production stages as they are dependent on the final assembly time.

## 3. Human Capital

Alusa's human labour is a key resource on their business activity, especially in the core-business activities, such as the design process and the sales. Potential risks within them can cause the disruption of the business activity or decreases in the company's profit. The current global pandemic has been causing problems, especially regarding the human capital of companies, due to social distancing and capacity limits within facilities, but also, in case of infection with the COVID-19 disease, people can be suffering from it for several periods of time.

## 4. Sales

Being the sales process a core business of the company and their profit generator, their major risk is that the sales do not match the expectations and even be much lower than the breakeven point, in other words, the sales do not cover all the costs incurred in the company's activities.

## Appendix 42 – Action Plan

	Operational Risk	Cause	Effect	Contingency Plan	Impact Level	Probability of Occurrence	Score of risks
<b>Production + Suppliers</b>	Delays on raw materials delivery to producers	Internal or external events that forced the raw materials company to not be able to have the materials on time for delivery, such as fires (wood) or very high demand and low offer	Delay on the production of the products	Try to enforce a politics within all our product's suppliers where they must always have extra materials, in order for the production to be able to carry on even if there is any delay in a raw materials' supplier	High (8)	Medium High (7)	15/20
	Human labour problems	Employees do not produce as efficiently as they are supposed to	Less quality and quantity in production	Develop performance evaluation tools, constant training, and career development plans,	Medium High (7)	Medium High (7)	14/20

				as well as employee satisfaction monitorization			
Production capacity problems	Not having enough employees, materials, or available machinery for producing the products	Incability of delivering enough for the composition of the complete product, as well as quality problems due to producing the products inefficiently	Evaluating beforehand how much product the company is able to produce within each month, and ensuring that the orders for each company to not surpass its capacity limit for that period of time	Medium (6)	Medium (6)	12/20	
Damage of machines or any other equipment used for production	Can be caused by the end of the equipment's' life cycle, or any events such as	Delay on production or incapability of producing for some time	Ensuring that all companies have constant check-ups on equipment and electricity systems of the buildings, as well	<u>End of equipment's' lifecycle:</u> Extremely High (10)	<u>End of equipment's' lifecycle:</u> Medium High (7)	14,5/20	

		storms and short circuits		as electricians always ready to intervene in case there is a natural event such as a storm, which ends up harming the power supplies	<u>Storms/short circuits:</u> High (8)  Average score on both: <b>9</b>	<u>Storms/short circuits:</u> Low (4)  Average score on both: <b>5,5</b>	
	Contract breach of producers to suppliers or from suppliers to Decorrita	Failure to fulfil predefined requirements in the contract, such as deadlines for production and quantity produced	Failure to meet the customer's specific demand	Have a point in the contract where in case of breach, Alusa has the right to terminate the contract with a specific supplier. The logistics person constantly observing whether suppliers are fulfilling the orders correctly and accordingly with the contract, or not	<u>Producers to suppliers:</u> High (8)  <u>Suppliers to Alusa:</u> High (8)  Average score on both: <b>8</b>	<u>Producers to suppliers:</u> Low (4)  <u>Suppliers to Alusa:</u> Medium High (7)  Average score on both: <b>5,5</b>	13,5/20

<b>Distribution</b>	Delays in the distribution channel	One of the suppliers has a delay fulfilling its order and then all of those in the chain are impacted by that	Delay on the delivery to Decorpita, and therefore, to the clients	Always having extra stock on hand, so that in case this happens, the client has its product on time	High (8)	Medium (6)	14/20
	Lack of employees for driving the vans or lack vehicles	In case there is an unexpected problem with an employee (such as getting sick), or any damages on the transportation vehicles (such as ending its useful life, a flat tire, or any other mechanical problem)	Inability to deliver the products on time	Order in advance and with spare time: ensuring that the deadline for each order is due 5 days before the time when it is mandatorily needed for the client, so that if this happens the suppliers have enough time to fulfil their obligation of transportation to	<u>Lack of employees</u> : Extremely High (10)  <u>Lack of vans</u> : Extremely High (10)  Average score on both: <b>10</b>	<u>Lack of employees</u> : Very Low (2)  <u>Lack of vans</u> : Low (4)  Average score on both: <b>3</b>	13/20

				each other supplier and Decorrita itself			
<b>Human Capital</b>	Design issues	Lack of knowledge and training in the design process	Production and market entry delays due to design problems	Provide training sessions periodically	Medium High (7)	Low (4)	11/20
	Sales team issues	Lack of knowledge and training in the sales process	Decrease in sales, increase in clients' doubts related with the products	Provide training sessions periodically	Medium High (7)	Low (4)	11/20
	Pandemic issues	COVID-19 restrictions, such as capacity limit in facilities and social distancing	Fewer personnel at stores to serve customers and give a better experience, fewer customers at stores which	Follow the authorities' rules of health safety; Have personnel attributed to specific facilities to limit contacts	Medium (6)	Medium (6)	12/20

			leads to decreases in sales				
		Health issues related with COVID-19 infection	Fewer personnel or even in case of an outbreak the possibility of closing the entire store		Medium (6)	Medium (6)	12/20
<b>Sales</b>	Sales do not meet the objectives and clients are not willing to buy the products	Poor market study on the willingness to buy, poor promotion of the product through marketing campaigns and stores' placement	Decrease in sales; less financing for future projects; other retailers breach the partnerships to sell the products	Make strong and diversified market studies on the future designs; Invest in marketing campaigns	Extremely High (10)	Medium (6)	16/20

**Source:** Own elaboration

## Appendix 43 – Marketing Schedule

		Description	Goal	Budget	M-1	M	M+1	M+2	M+3	M+4	M+5	M+6	M+n
<b>Inbound Model Strategies</b>	Website	Improvement of the webpage, information on products and projects	Improve brand image and make information more accessible to consumers	--									
	Social Media	Overall improvement of Facebook and Instagram posts	Improve brand image and make information more accessible to consumers	--									
	SEO Strategies	Selecting key words and completing descriptions on the website	Making Decorpita easier to find on search engines	--									
<b>Outbound</b>	Promotion on Social Media	Use the paid promotion feature on Instagram and Facebook	Reaching more potential customers within our target group	600€									

	Partnership with architects and interior designers	Creating a deal with architects and designers, offering them discounts when buying from us	Being the selected brand for renovation projects and new constructions	--									
	Outdoors	Putting outdoors in strategic locations	Creating awareness and reaching potential customers	5,762,55€									
TV	Appearing on décor/home renovation shows – Querido, mudei a casa!	Creating awareness and reaching potential customers	To be confirmed										
	Providing the scenario for a skincare/hygiene products advertisement		175,36€										
	Partnership with influencers	Remodelling the bathroom of an influencer/celebrity	Creating awareness and reaching potential customers	10.000€									
	Ads on decor magazines	Advertisement on decor magazines – Urbana and Vogue (lifestyle/decor section)	Creating awareness and reaching potential customers	17.950€									

**Source:** Own elaboration

This chronogram presents the strategies that are part of the communication plan for the launch of the brand and the mirror. The launch will happen in the month represented by **M**, since the exact date is yet to be defined. The representation of “**+1**”, “**+2**”, “**-1**” means the addition or subtraction of months to the month of the launch. So, “**M+2**” means that the strategy will occur after two months of the launch. “**M+n**” means there is no limit for the strategy, so it is going to proceed forever. Nonetheless, it is still relevant to add some notes:

- The SEO strategies are not supposed to be updated or commuted every day. As indicated in the chronogram, it is crucial to raise its impact and have a major incidence in its improvement in the times closer to the launch and, after that, the idea is to keep updating whenever it makes sense, for example because of a new product launch or a change in the company or in the brand.
- The inbound strategies do not have any price related since the costs of improving the website, social media or applying the SEO strategies is simply having the collaborator to work with it, meaning that there is no extra costs for developing these strategies other than paying for the employee.
- In what regards the partnership with architects and interior designers, there is no budget related to that, since the idea is to apply some discounts whenever they buy our products, being this the advantage behind this partnership. So, the only cost for Decorita is the percentage of discount applied, amount that is already paid in the production.
- Both TV related strategies, in the Outbound Model, are supposed to start around 1 week after the launch and last 13 weeks, starting from the moment of the launch, meaning that appearance is not on the entire “M+4” month.
- All inbound strategies and the paid promotion are supposed to start only one week before the launch.

- The budget to appear in the TV show “Querido, mudei a casa” is not confirmed yet because we are contacting them and still waiting for an answer.

## Appendix 44 – Instagram simulation

Criar público Concluído < Orçamento e duração Seguinte < Orçamento e duração Seguinte

Nome do público	300 € durante 30 dias	600 € durante 30 dias
Possíveis Clientes	Total de gastos	Total de gastos
Localizações	100 000 - 270 000 Alcance estimado	200 000 - 540 000 Alcance estimado
Interesses	Orçamento	Orçamento
Home Decoration & Design, Decoração de Interiores, Decoração, Espelho, Dicas Decoração, Casa, Apartamento, Design de interiores, Remodelação da casa, Beleza, Bathroom Design ou Modern Bathroom	10 € por dia	20 € por dia
Idade e género	Duração	Duração
Todos   25 - 65 anos	30 dias	30 dias

Sabe como definir o orçamento e a duração adequados >

Sabe como definir o orçamento e a duração adequados >

decorproject21 Patrocinado

decorproject21 Patrocinado

decorproject21 Patrocinado

VISITE-NOS JÁ!

V. FRANCA DE XIRA - LISBOA - OEIRAS - FARO

V. FRANCA DE XIRA - LISBOA - OEIRAS - FARO

V. FRANCA DE XIRA - LISBOA - OEIRAS - FARO

Saber mais >

Saber mais >

Saber mais >

**Source:** Instagram, based on simulation made

## Appendix 45 – Outdoors' Locations

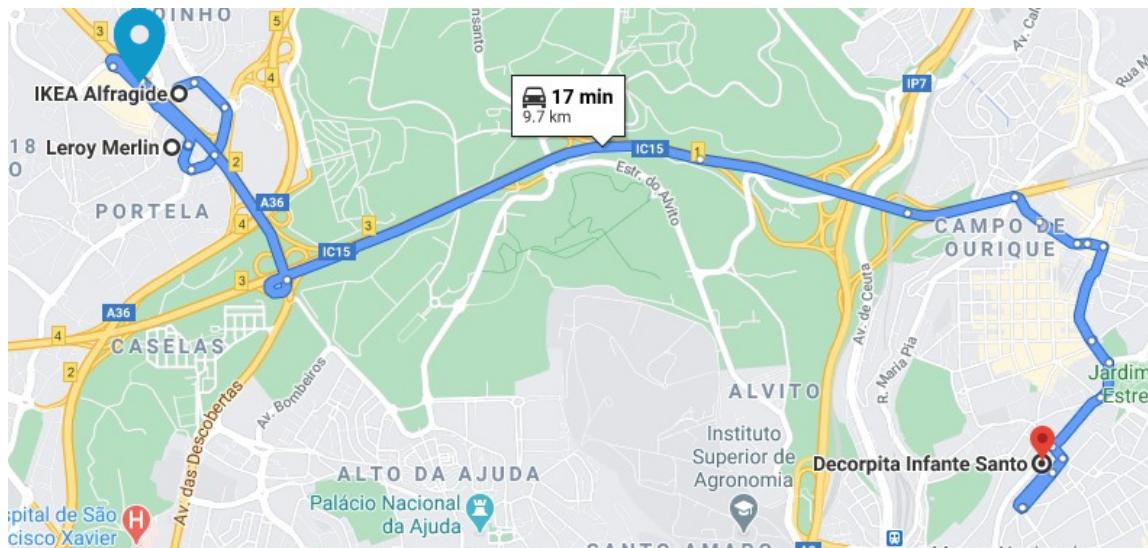


Image 1 – Outdoor Estrada Cabos D'Ávila

**Source:** Google Maps

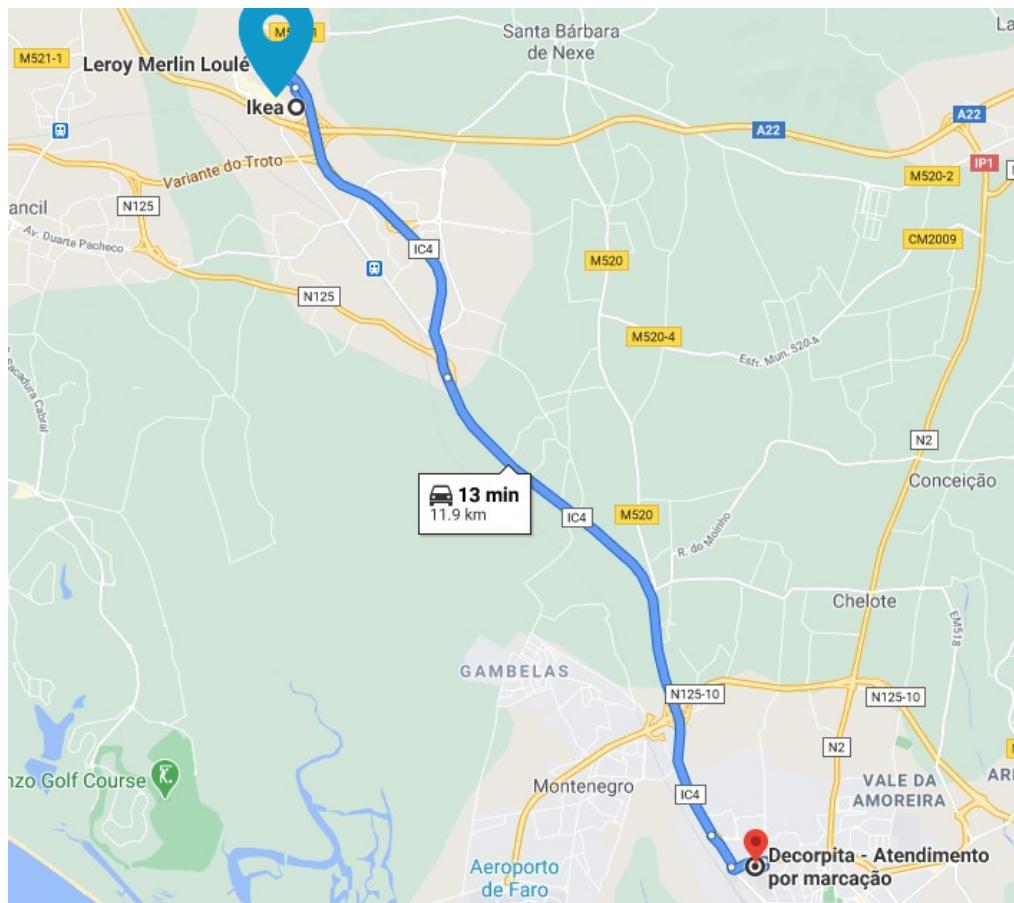


Image 2 – Outdoor Avenida Algarve

**Source:** Google Maps

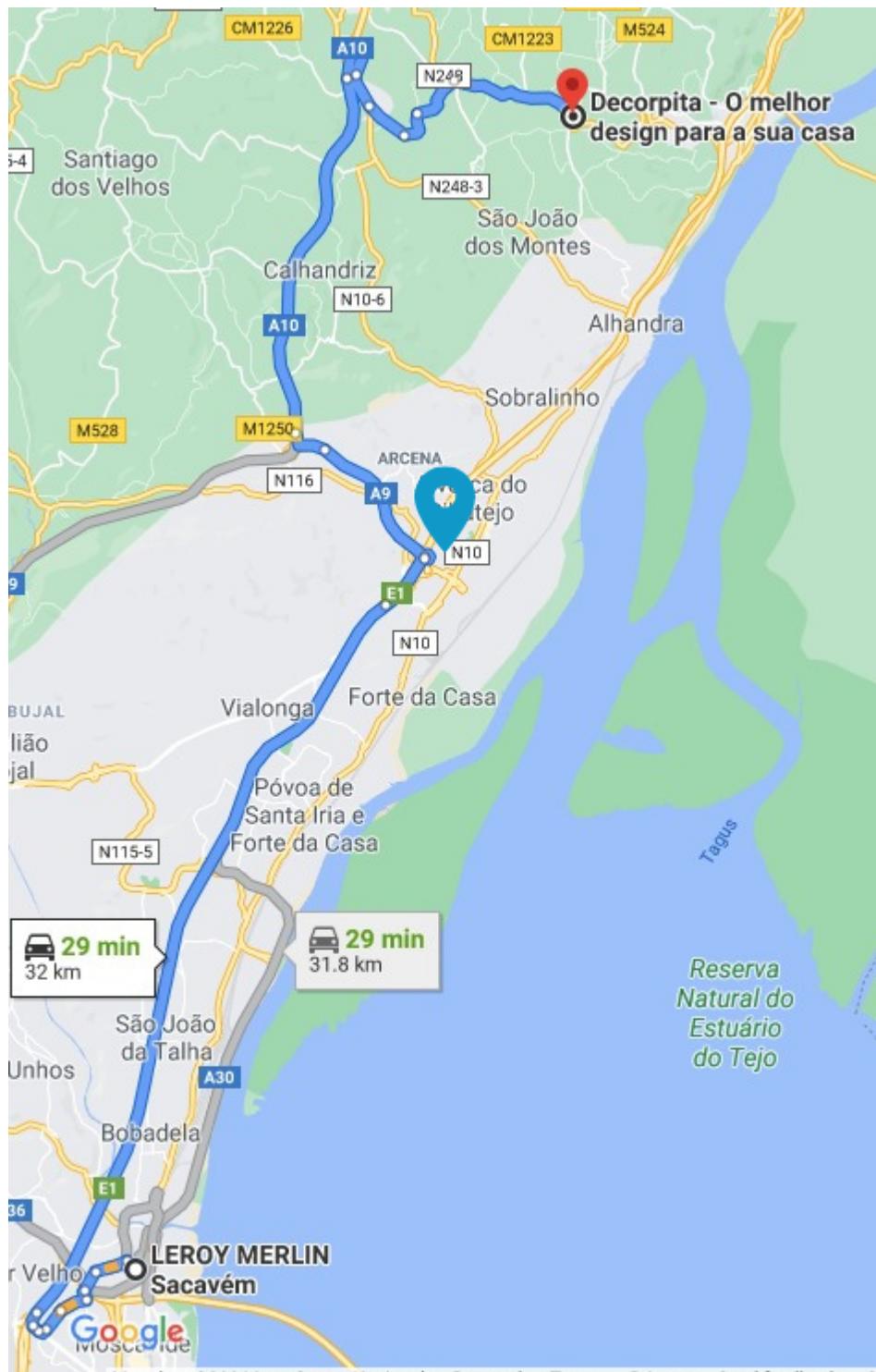


Image 3 – Outdoor Estrada Nacional 10

**Source:** Google Maps

**Appendix 46 – Outdoor example**



Espelho meu,  
espelho meu...  
Haverá melhor  
loja de decoração  
do que eu?



**Source:** Own elaboration (illustrative purposes)

## Appendix 47 – Outdoor budget

**ESPACIMARK**  
Publicidade & Marketing, Lda.

Orçamento  
**OR 2021/33**  
Original



**De:**  
**Espacimark Pub e Marketing Lda**  
 Quinta dos Estrangeiros,Rua C - Pav-34  
 2665-602 Venda do Pinheiro  
 Portugal (Continental)  
 NIF: 506301249  
 Tel: 219663664 / Fax: 219663665 / diana.espacimark@gmail.com  
[www.espacimark.com](http://www.espacimark.com)

**Para:**  
**ATT Exma. Senhora Rita Afonso**  
 Portugal (Continental)

Data de Emissão: 2021-04-14	Condição de pagamento: Pronto Pagamento	Válido até: 2021-04-14	NIF:	Moeda: Euro (€)
--------------------------------	--	---------------------------	------	--------------------

Descrição	Preço	Qtd.	Unidade	Desconto	IVA	Subtotal c/IVA
S Ref.:713001514 / Aluguer de Monoposte 11x5 Mts » Cabos D'Ávila	1.200,00 €	1,00	Unidade	0,00%	23.00%	1.476,00 €
L Contrato Mensal						
S Ref.:500801063 / Produção e Montagem de Tela 11x5 Mts	750,00 €	1,00	Unidade	0,00%	23.00%	922,50 €

IVA	Resumo
IVA 23.00%	448,50 €
	Subtotal sem IVA
	1.950,00 €
	Desconto Comercial
	(0,00 €)
	Desconto Financeiro
	(0,00 €)
	Total sem IVA
	1.950,00 €
	Total IVA
	448,50 €
	<b>Total a Pagar</b>
	<b>2.398,50 €</b>

Informações Bancárias  
Millennium BCP  
IBAN - PT50.0033.0000.45229330236.05

**Pagamento por Multibanco**  
Entidade: 11990  
Referência: 505 505 735  
Valor: 2.398,50 €

Este documento não serve como Fatura

Espacimark Pub e Marketing Lda • NIF: 506301249 • Matricula: 30603/2002/12/10 - Mafra • Local de Registo: Mafra • Capital Social: 70.000 Euros€

eBiz.pt - PLANO VIP - ANUAL      Alp/ - Processado por Programa Certificado Nº 2442/AT      Página: 1 de 1

**Source:** Espacimark

**Appendix 48 – Table of Advertisement Prices - TVI 2020**



# **TABELAS DE PREÇOS 2020**

**INFORMAÇÃO COMERCIAL N°002/20**  
12.12.2019

[www.tvimedia.pt](http://www.tvimedia.pt)



## Appendix 49 – Job descriptions, current functions of Decorrita

Function	Job Description (Activities and Responsibilities)	Requirements
<b>Administration</b>	<ul style="list-style-type: none"> <li>• Planning the company's objectives and how to achieve them</li> <li>• Organize the company's activities</li> <li>• Approve the resources needed for the company's activities</li> <li>• Direct the company in order to achieve its mission and vision</li> <li>• Control over the company's activities</li> </ul>	Members of the Pita family only Total authority over the company
<b>CEO</b>	<ul style="list-style-type: none"> <li>• Make major corporate decisions</li> <li>• Managing the overall operations and resources</li> <li>• Coordinate the communication between Administration and the company</li> <li>• Public face of the company</li> </ul>	<u>For the job function:</u> <ul style="list-style-type: none"> <li>• Experience of 5 year in similar functions</li> </ul> <u>Academic Qualifications</u> <ul style="list-style-type: none"> <li>• Master's in management or Logistics management (or equivalents)</li> </ul>
<b>Logistics Manager</b>	<ul style="list-style-type: none"> <li>• Coordinate the warehouse logistics</li> <li>• Coordinate the distribution logistics</li> <li>• Ensure that all norms are being complied</li> <li>• Manage the Warehouse and Distribution teams</li> </ul>	<u>For the job function:</u> <ul style="list-style-type: none"> <li>• Experience of 1 year in similar functions</li> </ul> <u>Academic Qualifications</u> <ul style="list-style-type: none"> <li>• Bachelor's in management or Logistics management (or equivalents)</li> </ul>

<b>Back Office Manager</b>	<ul style="list-style-type: none"> <li>Manage the Support Services, the HR, the Billings and the Treasury teams</li> </ul>	<u>For the job function:</u> <ul style="list-style-type: none"> <li>Experience of 1 year in similar functions</li> </ul> <u>Academic Qualifications</u> <ul style="list-style-type: none"> <li>Bachelor's in management (or equivalents)</li> </ul>
<b>Commercial Pro Manager</b>	<ul style="list-style-type: none"> <li>Manage the Sales teams, the Assistance and the After Sales teams</li> <li>Make sure that all sales processes are being complied</li> <li>Manage the Customer's complaints</li> </ul>	<u>For the job function:</u> <ul style="list-style-type: none"> <li>Experience of 1 year in similar functions</li> </ul> <u>Academic Qualifications</u> <ul style="list-style-type: none"> <li>Bachelor's in management (or equivalents)</li> </ul>
<b>Commercial stores Manager</b>	<ul style="list-style-type: none"> <li>Manage the teams from the 4 stores</li> <li>Make sure that all stores are complying with suppliers' contracts</li> <li>Manage the employees within the stores</li> <li>Make sure that all stores comply with Cleaning and Health safety measures</li> </ul>	<u>For the job function:</u> <ul style="list-style-type: none"> <li>Experience of 1 year in similar functions</li> </ul> <u>Academic Qualifications</u> <ul style="list-style-type: none"> <li>Bachelor's in management (or equivalents)</li> </ul>
<b>Marketing Manager</b>	<ul style="list-style-type: none"> <li>Manage the Marketing team and the Purchases team</li> <li>Coordinate the Marketing campaigns made</li> <li>Make decisions on budgets to new campaigns</li> <li>Coordinate the Purchases between the company and its suppliers</li> </ul>	<u>For the job function:</u> <ul style="list-style-type: none"> <li>Experience of 1 year in similar functions</li> </ul> <u>Academic Qualifications</u> <ul style="list-style-type: none"> <li>Bachelor's in management (or equivalents)</li> </ul>
<b>Contracts Manager</b>	<ul style="list-style-type: none"> <li>Coordinate Arte &amp; Rojo</li> <li>Coordinate Alusa</li> <li>Make decisions on both brands</li> </ul>	<u>For the job function:</u> <ul style="list-style-type: none"> <li>Experience of 1 year in similar functions</li> </ul>

		<u>Academic Qualifications</u> <ul style="list-style-type: none"> <li>Bachelor's in management (or equivalents)</li> </ul>
<b>Warehouse Operator</b>	<ul style="list-style-type: none"> <li>Guarantee the reception service           <ul style="list-style-type: none"> <li>Verify the status of materials</li> <li>Verify the materials guides</li> </ul> </li> <li>Guarantee the expedition of materials</li> <li>Storage the materials in the warehouse           <ul style="list-style-type: none"> <li>Localization of materials</li> </ul> </li> <li>Perform the loading and unloading operations</li> <li>Equipment handling and storage (example, the forklift)</li> </ul>	<u>For the job function:</u> <ul style="list-style-type: none"> <li>Experience of 1 year in similar functions</li> </ul> <u>Academic Qualifications</u> <ul style="list-style-type: none"> <li>12<sup>th</sup> grade for younger generations and 9<sup>th</sup> grade for older generations (different legal obliged school levels between generations)</li> </ul>
<b>Salesperson</b>	<ul style="list-style-type: none"> <li>Perform the sales process           <ul style="list-style-type: none"> <li>Verify that the store is in condition to receive clients</li> <li>Attend clients, clarify their doubts, provide a personalized service according to their need and wishes</li> <li>Perform the check-out process</li> </ul> </li> </ul>	<u>For the job function:</u> <ul style="list-style-type: none"> <li>Experience of 1 year in similar functions</li> </ul> <u>Academic Qualifications</u> <ul style="list-style-type: none"> <li>12<sup>th</sup> grade for younger generations and 9<sup>th</sup> grade for older generations (different legal obliged school levels between generations)</li> </ul>

**Source:** Own elaboration

## Appendix 50 – Job descriptions, Alusa functions

New Function	Job Description (Activities and Responsibilities)	Requirements
Logistics personnel	<ul style="list-style-type: none"> <li>• Coordinate product entries in warehouse</li> <li>• Comply with and enforce good storage conditions.</li> <li>• Coordinate the levels of inventory at Decorrita and other distributors</li> <li>• Coordinate the placement of new orders to producers</li> <li>• Coordinate the transportation of the products between producers and distributors</li> </ul>	<u>For the job function:</u> <ul style="list-style-type: none"> <li>• Experience of 6 months in similar functions</li> <li>• Sense of responsibility and organization</li> </ul> <u>Academic Qualifications</u> <ul style="list-style-type: none"> <li>• Bachelor's in management or Logistics management (or equivalents)</li> </ul>
Designer	<ul style="list-style-type: none"> <li>• Perform market studies on market opportunities</li> <li>• Coordinate the design process</li> <li>• Design new products and lines of products</li> <li>• Coordinate the creativity process</li> <li>• Make sure that the production is complying with the design created</li> </ul>	<u>For the job function:</u> <ul style="list-style-type: none"> <li>• Experience of 6 months in similar functions</li> <li>• Creativity and innovation</li> <li>• Experience with design software</li> </ul> <u>Academic Qualifications</u> <ul style="list-style-type: none"> <li>• Bachelor's in Design (or equivalents)</li> </ul>
Marketing Assistant	<ul style="list-style-type: none"> <li>• Coordinate the marketing strategies of Alusa products within Decorrita and the other distributors</li> <li>• Coordinate the showrooms of Alusa products</li> </ul>	<u>For the job function:</u> <ul style="list-style-type: none"> <li>• Experience of 6 months in similar functions</li> <li>• Creativity and innovation</li> </ul>
Digital Marketing Analyst	<ul style="list-style-type: none"> <li>• Coordinate the actualization of Decorrita website and social media platforms</li> <li>• Coordinate the promotion of Alusa in Decorrita's website and social media</li> <li>• Coordinate the communication of the brand and its products</li> </ul>	<u>Academic Qualifications</u> <ul style="list-style-type: none"> <li>• Bachelor's in Marketing Management or Communication in Marketing (or equivalents)</li> </ul>

**Source:** Own elaboration

## Appendix 51 – Phases of Recruitment

- **1<sup>st</sup> phase (Defining the type of recruitment):** Decorpita currently uses two types of recruitment: internal and external.
  - Internal: when there is a position available that can be filled by an already existing employee of the company, and that employee wants to evolve in a different area, the HR department conducts an internal recruitment and links the choice of giving that position to that employee with the recognition of their work, by giving them that opportunity.
  - External: when the company resorts to recruiting people from outside the company.

For the new 4 positions that need to be occupied for Alusa, the company will use external recruitment.

- **2<sup>nd</sup> phase (Defining the job description):** gathering information on the jobs/vacancies that need to be occupied, ending up with two items – the number of people to be recruited and the personality and skills wanted from those.
- **3<sup>rd</sup> phase (Defining the recruitment time):** planning how long the recruitment will be on is essential for developing a strategy for the different recruitment and selection phases. In Decorpita's case, their usual recruitment time is of 2 weeks. However, this will not be enough for the new proposed Recruitment Strategy, where there will be 1 week for promoting recruitment and receiving applications, 2 weeks for CV evaluation and interviews, and 1 other week for announcing the selected candidates and preparing the due diligences (such as contracts' preparation).
- **4<sup>th</sup> phase (Defining the channels used for disclosing the vacancies):** defining the way how the recruitment will be announced for possible candidates is key on receiving applications from the type of candidates a company is looking for.

In case the recruitment is internal, the promotion will simply be by word of mouth inside the company.

In case it is external, which is the case for the recruitment process that will take place for Alusa's project, Decorrita resorts firstly to word of mouth (where the employees tell other people they know in the industry that the recruitment is taking place). Then, they promote it through companies such as Adecco and Kelly Services, as well as online announcements on platforms such as LinkedIn, Net empresas, Sapo and IFP (Instituto de Formação Profissional).

## Appendix 52 – Stages of Selection

Stages of Selection	What is evaluated on this stage
<b>1. CV Assessment</b>	<p>The HR team evaluates whether the candidate has the basic requirements for the position (for example, driver's license in case it is for a position of driver):</p> <ul style="list-style-type: none"> <li>- If the candidate <b>meets the requirements</b>, moves on to the interview</li> <li>- If the candidate <b>does not meet the requirements</b>, will not be considered for selection</li> </ul>
<b>2. Interview</b>	<p>The HR team has a structured interview where the candidate's personality and skills are put to the test, in order to understand whether the candidate fits with Decorrita's values or not, and if they show availability and skills for the work, they would be performing in case they were selected:</p> <ul style="list-style-type: none"> <li>- If they <b>fit</b>, candidate may be selected</li> <li>- If they <b>do not fit</b>, candidate will not be selected</li> </ul>
<b>3. Background check</b>	<p>The HR team verifies whether all the gathered information in the past 2 selection stages regarding the candidate's past experiences checks out</p>

	<ul style="list-style-type: none"> <li>- If it <b>checks out</b>: candidate will most likely be selected</li> <li>- If it <b>does not check out</b>: candidate will not be selected</li> </ul>
<b>4. Selection Decision</b>	<ul style="list-style-type: none"> <li>- If the candidates that were approved in the previous stages <b>surpass the number of vacancies available</b>: the HR team will be responsible for selecting those who are a best fit for the company and for the position among all</li> <li>- If the candidates that were approved in the previous stages <b>do not surpass the number of vacancies available</b>: they will all be selected</li> </ul>
<b>5. Job Offer</b>	Once all those candidates are selected, they will receive a job offer.
<b>6. Employment Contract</b>	Decorrita currently offers full-term fixed employment contracts, which means that all selected candidates will receive this type of contract, and then have a meeting with the HR team to come to an agreement on their contract terms.
<b>7. Giving Feedback on unselected Candidates</b>	Nowadays, Decorrita only gives feedback to those who are not selected after their interview. Those who delivered their CV and were not selected on that first stage do not receive any feedback.

**Source:** Own elaboration

### Appendix 53 – Reasons to leave a company

There are many reasons for employees to leave a company, but all of them will sum up on being dissatisfied or having better job opportunities somewhere else. When looking at the Maslow's hierarchy of needs we see that besides our physiological needs, we have 4 others. The basics rely on the job guaranteeing enough for ensuring that the physiological and safety needs are

fulfilled. But besides those, nowadays there is a very high relevance given to belongingness, esteem, and self-actualization needs. When there is not a good environment between employees with other employees or with leaders, it can affect them on belongingness and esteem, since they can feel like they are not welcome there and they do not belong, as well as feeling like they are not enough or that they are not respected by others. Lastly, even if all their previous referred needs are satisfied, there is a last one that is also very relevant for maintaining employees in the company: self-actualization. When an individual does not feel that its work is being recognized, and they have another offer from a different company where they believe that will happen, that employee will be lost.

#### Appendix 54 – Retention Strategies

	Possible Problems	Retention Strategy
<b>Physiological needs</b>	The salary not being enough to pay for basic needs, such as food, hygiene products, and a house	When recruiting the employee, ensuring that the employment contract has a salary level that is enough to fulfil these needs
<b>Safety needs</b>	The salary not being enough to afford, for example, good medical care or school materials for the employee's family	When recruiting the employee, ensuring that the employment contract has a salary level that is enough to fulfil these needs
	The employee having a schedule that does not allow, for example, to make medical appointments or to pick up children at their school	When recruiting the employee, ensuring that the work schedule and conditions stipulated in the employment contract are satisfactory to

		the employee's life on the mentioned needs
<b>Belongingness needs</b>	Having bad interpersonal relationships with other employees	The HR team preparing teambuilding activities where employees get to know each other and cooperate towards common goals. These teambuilding activities can be regular company dinners (at least an annual one for celebrating Decorrita's birthday, others can be in special times such as Christmas, even with Secret Santa initiatives), weekend getaways with activities in group (for example, camping)
<b>Esteem needs</b>	Employees feeling like they do not have enough skills for their job, and that they are not good at it	Constantly monitoring the employees' efficiency level on their jobs, as well as satisfaction with their performance, and offer trainings with the periodicity considered necessary for them to always be able to have a good performance and feeling towards their skills, whether they are technical or soft skills
	Not feeling respected by other employees	The HR team providing clear documentation with each

		employee's job by having accurate, clarified and detailed job descriptions, as well as regular teambuilding activities where employees get to see and perform themselves the tasks that their colleagues are responsible for. This way, they will be aware of its difficulty and start respecting their position
<b>Self-actualization needs</b>	Not being promoted for a long time	Constantly monitoring how long each employee is in their position and establish reward policies with predefined goals (whether they are monetary or not)
	Having low-challenging/repeated tasks, which become boring	Ensuring that in case employees have a lot of repeated tasks at their responsibility, they are offered the possibility to innovate and bring new ideas, or even try new positions within the company

**Source:** Own elaboration

### Appendix 55 – AMO Theory

	<b>Meaning</b>	<b>How to ensure it?</b>
<b>Ability (skills)</b>	This is firstly assessed in the recruitment of the	The HR team constantly having trainings through the

	<p>employees, but then they can still feel like they are not up for the job if there are changes and they believe they can not keep up with them, which is aligned with the esteem needs, and is the reason why trainings are so important</p>	<p>IEFP (Instituto do Emprego e Formação Profissional) on the technical skills the employees need to have on their position, and having teambuilding activities that allow them to develop their soft skills, while at the same time increasing their belief in their capabilities amongst their colleagues and bosses.</p>
<b>Motivation</b>	<p>For completing a task with higher efficiency, employees need to feel that they are doing it for some reason, and that at the end they have a SMART goal: <b>Specific</b> goal, that is possible to <b>Measure</b> how it is going, that it is an <b>Achievable</b> goal (the employee is able to achieve it), <b>Realistic</b>, and <b>Timed</b> (there is a time frame for when the goal may be achieved). With this, employees are more likely to fulfil their self-actualization needs.</p>	<p>The HR team implements performance evaluation tools, where there is a constant assessment with each employee on which point their work is, what could improve, what they feel like they need and want to achieve, and when. With this, the company would offer possible rewards for achieving those goals. This would give the employee constant feedback and make them feel like their goals are realistic and recognized by the company.</p>
<b>Opportunity</b>	<p>People are not machines and giving employees predefined tasks where their</p>	<p>The HR team creates a system where employees can upload their suggestions for</p>

	<p>opinion does not matter is making them feel like they are not part of the process. They want to feel like they can improve their work, and at the same time, have an impact on their company, by being given the opportunity to be a part of the decision-making process.</p>	<p>any part of the company (whether it is on their job, others' job, or even company's way of acting) and once an employee gives a suggestion, it is carefully assessed, the employee is contacted, and feedback on their proposal is given.</p>
--	--	--

**Source:** Own elaboration

## Appendix 56 – Career Plan and Competence Development

<b>Career Plan and Competence Development</b>	
<b>1. Conduct a diagnosis and try to understand what people want and their goals</b>	Using performance evaluation tools towards this, aligned with the form of increasing motivation, by for example, having interviews with the employees, where this would be assessed through a set of questions.
<b>2. Analyse what kind of careers the company offers</b>	<p>Decorpita offers progress within the company, both vertically and horizontally:</p> <ul style="list-style-type: none"> <li>- Vertically (<i>careers in the same department</i>): employees are promoted within their own department and achieve higher positions on that same department</li> <li>- Horizontally (<i>careers in a different department</i>): employees are given a position in a different department from the one they are already on, which gives them the opportunity to develop different skills and</li> </ul>

	<p>be able to increase their knowledge in more than one area</p> <p>The Career Plan and Competence Development on which type of progress the company offers to an employee will depend on the assessment made in the first step of that employee's goals. For example:</p> <ul style="list-style-type: none"> <li>- If employees want to <b>achieve a higher recognition in their department</b>: use vertical progress</li> <li>- If employees want to <b>increase their knowledge of the company, and/or their skills</b>: use horizontal progress</li> </ul>
<b>3. Assessing what employees must do or not to achieve those goals</b>	<p>After understanding what the best step for the employee is, the HR member will produce a document with a clear set of actions that they must take in order to achieve each one of their goals, and with specificities on time frames for doing so.</p>

**Source:** Own elaboration

## Appendix 57 – Criteria for getting benefits

Criteria for getting benefits	
Standard criteria	
<b>More than 5 years of service to the company</b> (1 benefit from the standard package)	<p>The "veteran" employees who have served the company for many years are the backbone of the company, and appropriate recognition and rewards can enhance their cohesiveness and sense of belonging to the company</p>
<b>Excellent customers' service</b> (2 benefits from	<p>Nowadays, the competition in the construction material industry is fierce. If Decorpita wants to</p>

<i>the standard package)</i>	<p>stand out in the industry and be chosen by more customers, in addition to ensuring the quality of products, quality service to customers is also one of the important criteria for evaluation, not only to retain the original customers, but also to build brand reputation and attract more new customers. Therefore, the employees who provide quality service to customers should be recognized and rewarded</p>
<b>High outstanding performance, by achieving much more than a defined target of sales/actions in their position (2 benefits from the standard package)</b>	<p>For employees with outstanding performance that exceed by far their performance target, the variable compensation is not enough. Their attitude towards work is not only to complete the work under the supervision of superiors, they have high standards for themselves and have initiative and enthusiasm for their work and play an inspiring role for other employees. The benefits given to them are also to set an example for other employees of the company</p>
<b>Providing innovative ideas and actions (2 benefits from the standard package)</b>	<p>Decorrita as a construction materials' company and a provider of personalized design services, needs to constantly innovate in order to adapt to changes in the external environment, both for the products themselves, for the design services and for its distribution network, so that the company can continue to grow. Therefore, it should encourage its employees to put forward their own ideas and propose their own solutions to the company's innovation, so that they can realize their own value and help the company create value at the same time</p>

<b>Premium criteria</b>	
Bringing a major construction company to Decorrita as a loyal client ( <i>2 benefits from the premium package</i> )	This is a highly difficult goal to achieve, which means employees would heighten their ambition and aim for more difficult objectives, while having the guarantee that such effort gains a proper reward of their choice. At the same time, this would have a major impact on Decorrita's revenues and recognition among professional clients
Bringing 6 final customers with the intent of having Decorrita's services for house design ( <i>2 benefits from the premium package</i> )	Mobilizing 6 people to have Decorrita as their top choice for house design is difficult and has a very high impact on the companies' revenues and recognition, which is why achieving this is something that would make the employee feel like they had the opportunity to impact the company, as well as building their own successful path

**Source:** Own elaboration

## Appendix 58 – Benefits package

<b>Benefits package</b>	
<b>Standard Package</b>	
Optional remote work	Employees who have a position that allows this can arrange their own workplace, such as home, library, coffee shop, etc. This way, they can work on a comfortable and practical place of their choice, which can make them feel relaxed. Consequently, the quality of their submitted work will be higher
Meal and transportation allowances	The company provides a monetary amount specifically for breakfast and lunch (the meals when the employees are working) and for transportation costs specific to what the employee needs to be able to move around the whole city (not only counting with the route they take to

	get to work. This allows the employees to save money while at the same time giving tools for them to expand their social life without spending any extra money on transportation
Giving a break on the employee's birthday as well as on their wife's/husband's and children's birthday	This shows how the company gives employees the opportunity to value themselves and their families, without making them dedicate all their time to the company, improving employee satisfaction and motivation
Planning the next team building activity for employees	The employees can organize a team building activity as they want with the HR team's support, as well as with the company's budget with a restriction of €100. This can enhance the relationship between colleagues, improving communication and cooperation in work, and letting employees relax properly, which can improve the quality and efficiency of their work. This way, the employee not only feels responsible for the well-being of their colleagues, as at the same time it helps on the teamwork process, fulfilling belongingness, esteem and self-actualization needs
<b>Premium Package</b>	
Paid holidays on a destiny chosen by the employee	Full-paid vacations, including transportation, shelter, food, and visits. This enhances employees feeling that the company's care is not limited to the company's direct benefit, but also that the employees' well-being is highly relevant, since they are a part of the company themselves, and the company would not be as good without them

€1000 to spend during a year on company's products	The employee has the possibility to choose to buy anything from Decorrita during a year with a maximum of €1000
Paid gym membership for a year	For this, Decorrita would pay for a year partnership with a gym facility nearby the company's stores
Full Health and Insurance plan for a year	This includes a full medical plan, which includes benefits such as annual physical examinations, personal accidents' insurance, maternity insurance, and family property insurance. Such benefit can reflect the company's attention to the health of employees, rather than treating them as "work machines", and can make employees feel more attached to the company
Voucher for children day-care for a year	Employees are given a voucher to spend in any day-care facility nearby Decorrita's stores and their homes
Training on a topic of the employees' choice	This is offered because this way employees who prefer to invest on their knowledge and expertise have the opportunity to do so for free in any way they want, instead of simply receiving a money reward
Opportunity to develop a project with support inside the company	As previously discussed, according to the "AMO" theory ( <b>See Appendix 55</b> ), employee's performance increases when they are given the opportunity to participate in decision-making. Therefore, allowing them to be the pioneers on a project inside Decorrita, with the company's full support and resources, not only allows them to feel important and recognized, as at the same time they will help the company developing itself.

**Source:** Own elaboration

## Appendix 59 – Social and Environmentally Response Actions

As stated by Ronald Paul Hill, Debra Stephens and Iain Smith in the literary composition “Corporate Social Responsibility: An Examination of Individual Firm Behaviour”, 2003, there are five different types of actions that are crucial to execute any company's corporate social responsibility strategy.

Actions to support philanthropy, participate in **community service**, and better the **quality of life worldwide**: to apply this kind of activities to Decorrita, it could be interesting for the company to make some voluntary efforts to create a better world for everyone. As a company of almost 80 workers, that works in the construction sector, some activities such as painting or constructing some buildings for the people who need it but do not have the means to make it happen, can be a voluntary work that really fits the company. This way, Decorrita's workers are able to understand the industry by doing some of the activities necessary to execute in it and, at the same time, helping others for charity whilst creating some bonds and common experiences between the team. The company could start by doing these activities once a year and then increase the number of interventions to the amount that fits the best for Decorrita.

Actions to **protect** and **sustain the environment**: it is necessary for all companies to be aware of the impact they have on the environment, not only because of the image that it transmits to the consumers, but also because it is crucial to maintain the world a safe place for everyone. In the particular case of Decorrita, the environmental impact depends mainly on the suppliers they choose. Firstly, it is vital that the choices of suppliers take into account the way they produce the materials, as well as the prejudice the production process makes to the environment. Other than this, the materials that the suppliers utilize should also influence the choice of buying their product or not. On the one hand, it is important that the materials are environmentally friendly, so that it is possible to have the least negative impact possible and, on the other hand,

it is also important that the materials and production is made locally since, that way, it is enriching the Portuguese economy, which is also positive to the country itself. By using these strategies, it is possible to continue to succeed in the market, calling the attention of potential consumers that are worried about environmental awareness and still having such a great impact in the world.

Actions to **enhance employee well-being** and make the company a **great place** to work: to have all the employees motivated and willing to work hard, it is necessary that they are feeling welcome and delighted to work in the company. So, in order to bring these feelings to the maximum possible, there are some actions that may take place. For example, it is necessary that the leaders keep their teams motivated, by teaching them how to execute the tasks and give them not only negative feedback whenever things do not work as it is supposed to, but also positive feedback when there is nothing negative to point out. It is vital for the well-being of all employees that all of them feel involved in the company's day to day activities and, for that, the leaders must always be available for any doubt and be ready to teach and to learn with the team. In addition, Decorpita must pay attention to all the employees' opinions because that way the company will surely succeed with great ideas and motivated employees.

Actions to **promote workforce diversity**: it is of extreme relevance that the company accepts all the differences between their employees. For that, it is necessary that the company is welcoming and thankful for these differences. It is only this way that the employees will feel the existence of an inclusive workplace that is so necessary. The key value to this action is the idea that being equal to the other companies is the real risk for the company. This way and relating to Decorpita's reality, there should be no place for discrimination at all when hiring or working with a different person by any means because the outcome of their ideas may be the key factor to develop a better result. Also, the company should work towards hiring people from different backgrounds

as we can all learn from each other and get inputs to the tasks that may improve it a lot.

Actions to ensure the company **operates honourably and ethically**: in what regards the ethical and honourable behaviour, it is necessary to guarantee the good image of the company as well as keeping it the safe working place that it must be. For that, it is necessary to keep in mind that a behaviour that is not ethical will necessarily bring negative consequences for the future of the business. In Decorpita's case, an unethical attitude would withdraw partnerships already existing and those who had the potential to happen as well as would result in a huge loss of employees and clients that accrue the end of the business eventually. So, not only is it necessary to guarantee a service and product quality, to reach the success of the company but also instigate the ethical behaviour between employees, even when there is no supervision happening or, for example, there is a competition environment because of a position that will benefit one of the employees. In addition, it is of great importance to check from time to time the ethical environment in the company by questioning the employees, since if there is a person with an unethical behaviour, they must be stopped immediately. This means that morality has to be a constant worry for the leaders of the company, and it is possible to foment the adequate ethical behaviour within the employees with, for example, a code of ethics and professional conduct that stands for integrity, fairness, respect and understanding for one another, stating the consequences that may happen to those who do not follow the rules exactly.

## Appendix 60 – Code of Ethics and Professional Conduct



### Living Our Values at Decorpita

The Code of Conduct is one of the ways we put our values into practice. We have high standards that we aim to follow and we count with everyone's collaboration on that. Our commitment to stand out and maintain our strong brand image counts with providing the best possible service to clients, backed by a strong, passionate, team that works towards our goals at all times.

- 1. Sempre juntos.** We work "always together", facing challenges and supporting coworkers because we strongly believe that each person working at Decorpita matters and contributes tremendously to the company's performance. Together we can always perform at a better level. This applies to our customers as well as we want to be able to provide them with a personalized one-on-one service where they feel understood and supported by us.
  
- 2. Com rigor.** It is important that we always put our best into our work and work in a "strictly" manner to provide the best possible service to clients. We fulfill deadlines, deal with any issues that may come up and strive for a serious and strong image. Suppliers know that they can trust us and we shall maintain that trust which extends to customers as well.

Illustrative example developed for academic purposes.



3. **Com paixão.** At Decorrita “passion” is key. We want you to be passionate about your job and come to work every day feeling like you belong, that you are being challenged and that you can help us reach new heights.
4. **Em tempo útil.** We value everyone's time. When you come to work, we want you to feel like your time is being put to good use and when you leave you should feel like you made a difference. The same thing goes for our clients and suppliers, we are responsible, on time and avoid wasting anyone's time.
5. **Em sede própria.** Being present in our “own headquarters” is very important for us because all employees and clients can be together in a curated environment, building a stronger connection and enabling us to show our values.
6. **Our differences can be our strengths.** We can find strength in diversity. Different people have different perspectives which is something we can all benefit from whether in solving problems or creating new ideas. Try to understand other people's point of view even if you do not share it and always try to reach the best outcome possible.

Remember that Decorrita is a place where you'll feel welcomed and have the opportunity to grow and to thrive.

Never be afraid to speak up!

Illustrative example developed for academic purposes.



**Source:** Own elaboration

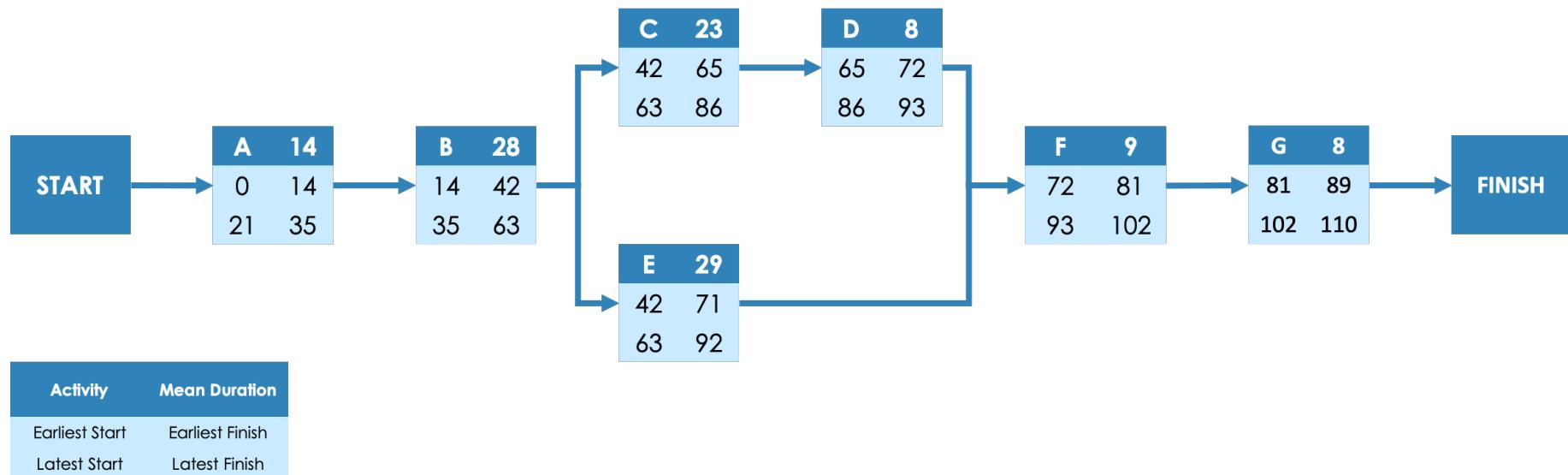
## Appendix 61 – Activity Schedule

ACTIVITY SCHEDULE	M1				M2				M3				M4				M5				M6				M7				M8				M9				M10			
	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4
R&D																																								
Design																																								
Production																																								
- Mirrors																																								
- Lights																																								
- Cabinets (Production + Transportation)																																								
- Assembly																																								
Transportation																																								
Marketing																																								
- Website improvement																																								
- Social media improvement																																								
- SEO Strategies																																								
- Partnerships with architects/designers																																								
- Social media promotion																																								
- Outdoors																																								
- TV commercial																																								
- TV Decor show																																								
- Partnerships with influencer/celebrity																																								
- Decor magazines																																								
Sales																																								
	Assume Launch																																							

**Source:** Own elaboration

## Appendix 62 – CPM / PERT

ACTIVITIES			START	END	DURATION (in days)			MEAN DURATION	TOTAL FLOAT	VARIANCE
ACTIVITY		PRECEDENT			MOST LIKELY	OPTIMISTIC	PESSIMISTIC			
R&D	A		M1W1	M1W2	14	10	20	14	10	17
Design	B	A	M1W3	M2W2	28	20	34	28	14	33
- Mirrors	C	B	M2W3	M3W1	21	15	36	23	21	74
- Lights	D	C	M3W2	M3W2	7	4	14	8	10	17
- Cabinets	E	B	M2W3	M3W2	28	20	42	29	22	81
- Assembly	F	D,E	M3W3	M3W3	7	5	21	9	16	43
Transportation	G	F	M3W4	M3W4	7	3	14	8	11	20



Source: Own elaboration

To start off, it is necessary to define the necessary activities to bring the product to our consumers, as well as define the amount of time previously scheduled to execute each activity (average, pessimistic and optimistic scenarios being part of it). To find the CPM of our production, we calculated the mean duration of each activity which is found by adding four times the mean duration plus the optimistic duration and the pessimistic one, dividing this sum by six. In order to find the **Total Float**, it is necessary to find the difference between the optimistic duration and the pessimistic one. After finding all these numbers, we are able to proceed to the execution of the CPM, which represents the most decisive path in the duration of the general production because one delay in any of the activities' durations belonging in that path, represents a general delay in the production.

Moving on to the CPM, we first found the earliest start and earliest finish of each activity. It is calculated by adding the mean duration to the earliest start which, in the first activity equals 0 since we can start as soon as we start the project. After the first activity, we take the earliest finish of every activity and consider that the earliest start of the next activity depends on when the prior activity finishes. When an activity is dependent on two different activities (the case of activity F that depends on activities D and E), we take the latest finish time of those two activities. So, we can conclude that the earliest finish time of the production of the mirror is **89 days**.

It is also important to calculate the pessimistic scenario. To do this, we have to calculate the **critical path** (which is calculated by summing all the activities' durations of this path), in other words, the path that takes more time to be completed. As this path is critical, a change in it will affect the whole process. After knowing the critical path, we can start calculating the latest finishing time of our activities. We saw that the critical path will be the **A→B→C→D→E→F** and we see that the activity with the higher total float is **C** and we took the earliest finishing time and added the total float to find the latest finishing time. After that, we made the same procedure to calculate the latest starting time as before. From that activity we moved backwards and

forward on the network to find the latest starting and finishing times. So, we were able to conclude that our project has the latest finishing time of **110 days**.

## Appendix 63 – Investment Budget

<b>Year 0</b>					
<b>Fixed Tangible Assets</b>	<b>Unit price</b>	<b>Number of units</b>	<b>Acquisition Value (€)</b>	<b>Useful life (years)</b>	<b>Depreciation rate</b>
Designer computer	€ 2 250,00	1	€ 2 250,00	3	33,33%
Other computers	€ 750,00	3	€ 2 250,00	3	33,33%
Desks	€ 300,00	4	€ 1 200,00	8	12,50%
Chairs	€ 170,00	4	€ 680,00	8	12,50%
Graphic tablet	€ 1 499,00	1	€ 1 499,00	3	33,33%
Printer	€ 375,00	2	€ 750,00	5	20,00%
Branding	€ 1 000,00				
Legal fees (company incorporation, lawyer)	€ 2 000,00				
Website	€ 2 000,00				
<b>TOTAL</b>			<b>€ 13 629,00</b>		

<b>Year 3</b>					
	<b>Unit price</b>	<b>Number of units</b>	<b>Acquisition Value (€)</b>	<b>Useful life (years)</b>	<b>Depreciation rate</b>
Designer computer	€ 2 250,00	1	€ 2 250,00	3	33,33%
desks+chairs	€ 470,00	2	€ 940,00	8	12,50%
graphic tablet	€ 1 499,00	1	€ 1 499,00	3	33,33%
Other computers	€ 750,00	1	€ 750,00	3	33,33%
<b>TOTAL</b>			<b>€ 5 439,00</b>		

**Source:** Own elaboration

## Appendix 64 – Depreciation Map

<b>Straight-line depreciation design computer (33%)</b>			
Year	Book value (boy)	Depreciation	Book value (eoy)
1	€ 2 250,00	€ 750,00	€ 1 500,00
2	€ 1 500,00	€ 750,00	€ 750,00
3	€ 750,00	€ 750,00	€ -

<b>Straight-line depreciation other computers (33%)</b>			
Year	Book value (boy)	Depreciation	Book value (eoy)
1	€ 2 250,00	€ 750,00	€ 1 500,00
2	€ 1 500,00	€ 750,00	€ 750,00
3	€ 750,00	€ 750,00	€ -

<b>Straight-line Depreciation office furnitures (12,5%)</b>			
Year	Book value (boy)	Depreciation	Book value (eoy)
1	€ 1 880,00	€ 235,00	€ 1 645,00
2	€ 1 645,00	€ 235,00	€ 1 410,00
3	€ 1 410,00	€ 235,00	€ 1 175,00
4	€ 1 175,00	€ 235,00	€ 940,00
5	€ 940,00	€ 235,00	€ 705,00
6	€ 705,00	€ 235,00	€ 470,00
7	€ 470,00	€ 235,00	€ -

**Straight-line Depreciation graphic tablet (33%)**

Year	Book value (boy)	Depreciation	Book value (eoy)
1	€ 1 499,00	€ 499,67	€ 999,33
2	€ 999,33	€ 499,67	€ 499,67
3	€ 499,67	€ 499,67	€ -

**Straight-line Depreciation printer (20%)**

Year	Book value (boy)	Depreciation	Book value (eoy)
1	€ 750,00	€ 150,00	€ 600,00
2	€ 600,00	€ 150,00	€ 450,00
3	€ 450,00	€ 150,00	€ 300,00
4	€ 300,00	€ 150,00	€ 150,00
5	€ 150,00	€ 150,00	€ -

**Capex Year 3****Straight-line depreciation design computer (33%)**

Year	Book value (boy)	Depreciation	Book value (eoy)
3	€ 2 250,00	€ 750,00	€ 1 500,00
4	€ 1 500,00	€ 750,00	€ 750,00
5	€ 750,00	€ 750,00	€ -

**Straight-line Depreciation office furnitures (12,5%)**

Year	Book value (boy)	Depreciation	Book value (eoy)
3	€ 940,00	€ 117,50	€ 822,50
4	€ 822,50	€ 117,50	€ 705,00
5	€ 705,00	€ 117,50	€ 587,50
6	€ 587,50	€ 117,50	€ 470,00
7	€ 470,00	€ 117,50	€ 352,50
8	€ 352,50	€ 117,50	€ 235,00
9	€ 235,00	€ 117,50	€ -

**Straight-line Depreciation graphic tablet (33%)**

Year	Book value (boy)	Depreciation	Book value (eoy)
3	€ 1 499,00	€ 499,67	€ 999,33
4	€ 999,33	€ 499,67	€ 499,67
5	€ 499,67	€ 499,67	€ -

**Straight-line depreciation other computers (33%)**

Year	Book value (boy)	Depreciation	Book value (eoy)
3	€ 750,00	€ 250,00	€ 500,00
4	€ 500,00	€ 250,00	€ 250,00
5	€ 250,00	€ 250,00	€ -

Year	1	2	3	4	5
Total Depreciation	€ 2 384,67	€ 2 384,67	€ 3 751,83	€ 2 002,17	€ 2 002,17
Cumulated Depreciation	<b>€ 2 384,67</b>	<b>€ 4 769,33</b>	<b>€ 8 521,17</b>	<b>€ 10 523,33</b>	<b>€ 12 525,50</b>

**Source:** Own elaboration

## Appendix 65 – Investment in Net Operating Working Capital

Year	Investment in Net Operating Working Capital					
	0	1	2	3	4	5
Inventory	€ 45 256,70	€ 53 969,92	€ 72 501,76	€ 89 993,22	€ 104 558,59	€ 120 965,06
Accounts Receivable	€ -	€ 11 524,36	€ 13 743,14	€ 18 462,16	€ 22 916,26	€ 28 413,52
VAT to be received (Capex)	€ 1 984,67					
VAT to be received	€ 12 560,88					
Accounts Payable ( suppliers)	€ 15 085,57	€ 33 338,93	€ 37 567,14	€ 71 343,25	€ 83 721,96	€ 93 218,69
Rent to be paid next year	€ 3 950,00	€ 3 950,00	€ 3 950,00	€ 3 950,00	€ 3 950,00	€ 3 950,00
Social charges and insurance to be paid next year	€ 67,30	€ 2 056,85	€ 2 193,30	€ 2 697,20	€ 2 781,18	€ 2 781,18
Taxes to be paid next year	€ -	€ -	€ 372,26	€ 5 577,68	€ 19 952,40	€ 38 020,00
VAT due to be paid		€ 1 004,88	€ 5 113,23	€ 8 210,36	€ 11 473,12	€ 14 936,56
NOWC requirement	€ 40 699,39	€ 25 143,62	€ 37 048,98	€ 16 676,88	€ 5 596,20	-€ 3 527,86
Investment in NOWC	€ 40 699,39	-€ 15 555,77	€ 11 905,36	-€ 20 372,09	-€ 11 080,69	-€ 9 124,06
Cash flow from changes in NOWC requirement	-€ 40 699,39	€ 15 555,77	-€ 11 905,36	€ 20 372,09	€ 11 080,69	€ 9 124,06

**Source:** Own elaboration

For our project we had to make some assumptions. For example, we determined that our inventory corresponded to 25% of units sold the following year. So, we start our calculation from year 0. For year 5 we used the forecast function in Excel to give us an estimate of our costs of units sold in 2027. Our inventory only increases as our sales grow over the years. We have set an average collection period of 30 days in order to remain attractive to our customers by not asking them to pay cash without risking a big gap in our cash flow. In year 0 we only have an account receivable for the 2 months of VAT to be received because our product is not even on sale yet. Then, the amount of our account receivable corresponds to 1 month of our sales excluding taxes which is the money we still have to receive from our customers at the end of the year.

For our accounts payable we have an average payment period of 60 days, we wanted to extend our period as much as possible to have a better treasury. The maximum payment term for suppliers in the European Union is 60 days. We already have some accounts payable in year 0 because we had to foresee stocks. So, the amount in account payable corresponds to the two months of production costs of the stock that we still have to pay. For the following years our account receivable is the production costs, the office supplies costs and the transportation cost which we pay within 60 days. To this

we add the cost of the difference in stock between the previous year and the current year.

We pay the rent for our warehouse the following month, so at the end of each year there is still 1 month's rent to be paid next year.

In Portugal, social security and insurance charges are generally payable the following month. So, at the end of each year there is 1 month of charges left to pay the following year.

Finally, taxes (Adjusted Income Taxes, CIT, VAT to be paid and Municipal Surtax) are to be paid the following year. However, we do not have to pay income taxes for the first two years because our Operating Profit is negative. We will only have 2 months of VAT payable in year 1.

## Appendix 66 – Value Added Tax

Auxiliary Sales and Purchases Table (without and with VAT):						
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Sales without VAT	€ -	€ 345 730,93	€ 412 294,07	€ 553 864,92	€ 687 487,93	€ 852 405,56
Sales with VAT	€ -	€ 425 249,04	€ 507 121,70	€ 681 253,85	€ 845 610,16	€ 1 048 458,84
COGS	€ -	€ 181 026,82	€ 215 879,68	€ 290 007,04	€ 359 972,86	€ 446 324,74
Value of stock left at the end of period	€ 45 256,70	€ 53 969,92	€ 72 501,76	€ 89 993,22	€ 104 558,59	€ 120 965,06
Value of stock at start of time period	€ -	€ 45 256,70	€ 53 969,92	€ 72 501,76	€ 89 993,22	€ 104 558,59
<b>COGS Purchases without VAT</b>	<b>€ 45 256,70</b>	<b>€ 189 740,03</b>	<b>€ 234 411,52</b>	<b>€ 307 498,50</b>	<b>€ 374 538,24</b>	<b>€ 462 731,20</b>
<b>COGS Purchases with VAT</b>	<b>€ 55 665,75</b>	<b>€ 233 380,24</b>	<b>€ 288 326,17</b>	<b>€ 378 223,15</b>	<b>€ 460 682,04</b>	<b>€ 569 159,38</b>
<b>External Supplies without VAT (23%)</b>	<b>€ 312,00</b>	<b>€ 66 724,97</b>	<b>€ 49 053,00</b>	<b>€ 49 165,50</b>	<b>€ 49 538,00</b>	<b>€ 50 098,00</b>
Transportation costs	€ -	€ 25 980,00	€ 25 980,00	€ 25 980,00	€ 25 980,00	€ 25 980,00
Marketing Expenses	€ -	€ 35 056,97	€ 17 950,00	€ 17 950,00	€ 17 950,00	€ 17 950,00
Office supplies	€ -	€ 1 740,00	€ 2 075,00	€ 2 787,50	€ 3 460,00	€ 4 020,00
Marketing (paid promotion)	€ -	€ 2 700,00	€ 1 800,00	€ 1 200,00	€ 900,00	€ 900,00
Electricity	€ 312,00	€ 1 248,00	€ 1 248,00	€ 1 248,00	€ 1 248,00	€ 1 248,00
<b>External Supplies with VAT (23%)</b>	<b>€ 383,76</b>	<b>€ 82 071,71</b>	<b>€ 60 335,19</b>	<b>€ 60 473,57</b>	<b>€ 60 931,74</b>	<b>€ 61 620,54</b>
<b>Services without VAT (13%)</b>	<b>€ 2 000,00</b>	<b>€ 13 200,00</b>				
Maintenance (IT, cleaning..)	€ -	€ 7 200,00	€ 7 200,00	€ 7 200,00	€ 7 200,00	€ 7 200,00
Accounting expenses	€ -	€ 6 000,00	€ 6 000,00	€ 6 000,00	€ 6 000,00	€ 6 000,00
Legal fees (company incorporation, lawyer)	€ 2 000,00					
<b>Services with VAT</b>	<b>€ 4 520,00</b>	<b>€ 14 916,00</b>				
<b>Water without VAT</b>	<b>€ 468,00</b>	<b>€ 1 872,00</b>				
<b>Water with VAT</b>	<b>€ 28,08</b>	<b>€ 112,32</b>				
<b>Operational Purchases without VAT</b>	<b>€ 48 036,70</b>	<b>€ 271 537,00</b>	<b>€ 298 536,52</b>	<b>€ 371 736,00</b>	<b>€ 439 148,24</b>	<b>€ 527 901,20</b>
<b>Operational Purchases with VAT</b>	<b>€ 60 597,59</b>	<b>€ 330 480,27</b>	<b>€ 363 689,68</b>	<b>€ 453 725,04</b>	<b>€ 536 642,10</b>	<b>€ 645 808,24</b>
Investments in Capex without VAT	€ 8 629,00	€ -	€ -	€ 5 439,00	€ -	€ -
Investments in Capex with VAT	€ 10 613,67	€ -	€ -	€ 6 689,97	€ -	€ -
<b>Total Purchases without VAT</b>	<b>€ 56 665,70</b>	<b>€ 271 537,00</b>	<b>€ 298 536,52</b>	<b>€ 377 175,00</b>	<b>€ 439 148,24</b>	<b>€ 527 901,20</b>
<b>Total Purchases with VAT</b>	<b>€ 71 211,26</b>	<b>€ 330 480,27</b>	<b>€ 363 689,68</b>	<b>€ 460 415,01</b>	<b>€ 536 642,10</b>	<b>€ 645 808,24</b>

Auxiliary Table to determine VAT and Remaining Items of State and Other Public Entities

VAT over Sales (Charged to Customers)	0,00	79 518,11	94 827,63	127 388,93	158 122,23	196 053,28
VAT over purchases (Paid to Suppliers)	14 545,55	58 943,27	65 153,16	83 240,01	97 493,86	117 907,04
VAT due to be paid (from the period)	-14 545,55	20 574,84	29 674,48	44 148,92	60 628,37	78 146,24
(Accumulated) VAT due to be paid	-14 545,55	6 029,29	30 679,36	49 262,15	68 838,73	89 619,36
VAT to be received (Balance Sheet)	<b>14 545,55</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
VAT to be paid	0,00	6 029,29	30 679,36	49 262,15	68 838,73	89 619,36
Credit VAT to be paid in the end of the Year (Balance Sheet)	<b>0,00</b>	<b>1 004,88</b>	<b>5 113,23</b>	<b>8 210,36</b>	<b>11 473,12</b>	<b>14 936,56</b>

**Source:** Own elaboration

### Appendix 67 – Financing Option – MLT loan repayment schedule

	Oct-21	Nov-21	Dec-21	Total/year
Principal at BOY (Beginning of year)	€ 50 000,00	€ 50 000,00	€ 50 000,00	
Monthly interest payment	€ 208,33	€ 208,33	€ 208,33	€ 625,00
Commission	€ 45,81	€ 45,81	€ 45,81	€ 137,43
Imp	€ 3,51	€ 3,51	€ 3,51	€ 10,53
Repayment of Principal	€ -	€ -	€ -	
<b>Installment =Interest + Repayment</b>	<b>€ 257,65</b>	<b>€ 257,65</b>	<b>€ 257,65</b>	<b>€ 772,96</b>
<b>Principal at EOY (End of year)</b>	<b>€ 50 000,00</b>	<b>€ 50 000,00</b>	<b>€ 50 000,00</b>	

	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Total/year
Principal at BOY (Beginning of year)	€ 50 000,00	€ 50 000,00	€ 50 000,00	€ 50 000,00	€ 50 000,00	€ 50 000,00	€ 50 000,00	€ 50 000,00	€ 50 000,00	€ 50 000,00	€ 49 166,67	€ 48 333,34	
Monthly interest payment	€ 208,33	€ 208,33	€ 208,33	€ 208,33	€ 208,33	€ 208,33	€ 208,33	€ 208,33	€ 208,33	€ 204,86	€ 201,39	€ 2 489,58	
Commission	€ 45,81	€ 45,81	€ 45,81	€ 45,81	€ 45,81	€ 45,81	€ 45,81	€ 45,81	€ 45,81	€ 45,81	€ 45,81	€ 549,72	
Imp	€ 3,51	€ 3,51	€ 3,51	€ 3,51	€ 3,51	€ 3,51	€ 3,51	€ 3,51	€ 3,51	€ 3,48	€ 3,45	€ 42,03	
Repayment of Principal	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ -	€ 833,33	€ 833,33	€ 2 499,99	
<b>Installment =Interest + Repayment</b>	<b>€ 257,65</b>	<b>€ 1 090,98</b>	<b>€ 1 087,48</b>	<b>€ 1 083,98</b>	<b>€ 5 581,32</b>								
<b>Principal at EOY (End of year)</b>	<b>€ 50 000,00</b>	<b>€ 49 166,67</b>	<b>€ 48 333,34</b>	<b>€ 47 500,01</b>									

	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Total/year
Principal at BOY (Beginning of year)	€ 47 500,01	€ 46 666,68	€ 45 833,35	€ 45 000,02	€ 44 166,69	€ 43 333,36	€ 42 500,03	€ 41 666,70	€ 40 833,37	€ 40 000,04	€ 39 166,71	€ 38 333,38	
Monthly interest payment	€ 197,92	€ 194,44	€ 190,97	€ 187,50	€ 184,03	€ 180,56	€ 177,08	€ 173,61	€ 170,14	€ 166,67	€ 163,19	€ 159,72	€ 2 145,83
Commission	€ 45,81	€ 45,81	€ 45,81	€ 45,81	€ 45,81	€ 45,81	€ 45,81	€ 45,81	€ 45,81	€ 37,48	€ 37,48	€ 37,48	€ 524,73
Imp	€ 3,42	€ 3,40	€ 3,37	€ 3,34	€ 3,31	€ 3,28	€ 3,26	€ 3,23	€ 3,20	€ 2,83	€ 2,81	€ 2,78	€ 38,23
Repayment of Principal	€ 833,33	€ 833,33	€ 833,33	€ 833,33	€ 833,33	€ 833,33	€ 833,33	€ 833,33	€ 833,33	€ 833,33	€ 833,33	€ 833,33	€ 9 999,96
<b>Installment =Interest + Repayment</b>	<b>€ 1 080,48</b>	<b>€ 1 076,98</b>	<b>€ 1 073,48</b>	<b>€ 1 069,98</b>	<b>€ 1 066,48</b>	<b>€ 1 062,98</b>	<b>€ 1 059,48</b>	<b>€ 1 055,98</b>	<b>€ 1 052,48</b>	<b>€ 1 049,31</b>	<b>€ 1 046,81</b>	<b>€ 1 033,31</b>	<b>€ 12 708,75</b>
<b>Principal at EOY (End of year)</b>	<b>€ 46 666,68</b>	<b>€ 45 833,35</b>	<b>€ 45 000,02</b>	<b>€ 44 166,69</b>	<b>€ 43 333,36</b>	<b>€ 42 500,03</b>	<b>€ 41 666,70</b>	<b>€ 40 833,37</b>	<b>€ 40 000,04</b>	<b>€ 39 166,71</b>	<b>€ 38 333,38</b>	<b>€ 37 500,05</b>	

	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Total/year
Principal at BOY (Beginning of year)	€ 37 500,05	€ 36 666,72	€ 35 833,39	€ 35 000,06	€ 34 166,73	€ 33 333,40	€ 32 500,07	€ 31 666,74	€ 30 833,41	€ 30 000,08	€ 29 166,75	€ 28 333,42	
Monthly interest payment	€ 156,25	€ 152,78	€ 149,31	€ 145,83	€ 142,36	€ 138,89	€ 135,42	€ 131,94	€ 128,47	€ 125,00	€ 121,53	€ 118,06	€ 1 645,84
Commission	€ 37,48	€ 37,48	€ 37,48	€ 37,48	€ 37,48	€ 37,48	€ 37,48	€ 37,48	€ 37,48	€ 29,15	€ 29,15	€ 424,77	
Imp	€ 2,75	€ 2,72	€ 2,69	€ 2,67	€ 2,64	€ 2,61	€ 2,58	€ 2,56	€ 2,53	€ 2,17	€ 2,14	€ 2,11	€ 30,17
Repayment of Principal	€ 833,33	€ 833,33	€ 833,33	€ 833,33	€ 833,33	€ 833,33	€ 833,33	€ 833,33	€ 833,33	€ 833,33	€ 833,33	€ 833,33	€ 9 999,96
<b>Installment =Interest + Repayment</b>	<b>€ 1 029,81</b>	<b>€ 1 026,31</b>	<b>€ 1 022,81</b>	<b>€ 1 019,31</b>	<b>€ 1 015,81</b>	<b>€ 1 012,31</b>	<b>€ 1 008,81</b>	<b>€ 1 005,31</b>	<b>€ 1 001,81</b>	<b>€ 989,65</b>	<b>€ 986,15</b>	<b>€ 982,65</b>	<b>€ 12 100,74</b>
<b>Principal at EOY (End of year)</b>	<b>€ 36 666,72</b>	<b>€ 35 833,39</b>	<b>€ 35 000,06</b>	<b>€ 34 166,73</b>	<b>€ 33 333,40</b>	<b>€ 32 500,07</b>	<b>€ 31 666,74</b>	<b>€ 30 833,41</b>	<b>€ 30 000,08</b>	<b>€ 29 166,75</b>	<b>€ 28 333,42</b>	<b>€ 27 500,09</b>	

	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Total/year
Principal at BOY (Beginning of year)	€ 27 500,09	€ 26 666,76	€ 25 833,43	€ 25 000,10	€ 24 166,77	€ 23 333,44	€ 22 500,11	€ 21 666,78	€ 20 833,45	€ 20 000,12	€ 19 166,79	€ 18 333,46	
Monthly interest payment	€ 114,58	€ 111,11	€ 107,64	€ 104,17	€ 100,69	€ 97,22	€ 93,75	€ 90,28	€ 86,81	€ 83,33	€ 79,86	€ 76,39	€ 1 145,84
Commission	€ 29,15	€ 29,15	€ 29,15	€ 29,15	€ 29,15	€ 29,15	€ 29,15	€ 29,15	€ 29,15	€ 21,65	€ 21,65	€ 327,30	
Imp	€ 2,09	€ 2,06	€ 2,03	€ 2,00	€ 1,98	€ 1,95	€ 1,92	€ 1,89	€ 1,86	€ 1,54	€ 1,51	€ 1,48	€ 22,31
Repayment of Principal	€ 833,33	€ 833,33	€ 833,33	€ 833,33	€ 833,33	€ 833,33	€ 833,33	€ 833,33	€ 833,33	€ 833,33	€ 833,33	€ 833,33	€ 9 999,96
<b>Installment =Interest + Repayment</b>	<b>€ 979,15</b>	<b>€ 975,65</b>	<b>€ 972,15</b>	<b>€ 968,65</b>	<b>€ 965,15</b>	<b>€ 961,65</b>	<b>€ 958,15</b>	<b>€ 954,65</b>	<b>€ 951,15</b>	<b>€ 939,85</b>	<b>€ 936,35</b>	<b>€ 932,85</b>	<b>€ 11 495,41</b>
<b>Principal at EOY (End of year)</b>	<b>€ 26 666,76</b>	<b>€ 25 833,43</b>	<b>€ 25 000,10</b>	<b>€ 24 166,77</b>	<b>€ 23 333,44</b>	<b>€ 22 500,11</b>	<b>€ 21 666,78</b>	<b>€ 20 833,45</b>	<b>€ 20 000,12</b>	<b>€ 19 166,79</b>	<b>€ 18 333,46</b>	<b>€ 17 500,13</b>	

	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Total/year
Principal at BOY (Beginning of year)	€ 17 500,13	€ 16 666,80	€ 15 833,47	€ 15 000,14	€ 14 166,81	€ 13 333,48	€ 12 500,15	€ 11 666,82	€ 10 833,49	€ 10 000,16	€ 9 166,83	€ 8 333,50	
Monthly interest payment	€ 72,92	€ 69,44	€ 65,97	€ 62,50	€ 59,03	€ 55,56	€ 52,08	€ 48,61	€ 45,14	€ 41,67	€ 38,20	€ 34,72	€ 645,84
Commission	€ 21,65	€ 21,65	€ 21,65	€ 21,65	€ 21,65	€ 21,65	€ 21,65	€ 21,65	€ 21,65	€ 21,65	€ 21,65	€ 21,65	€ 259,80
Imp	€ 1,45	€ 1,43	€ 1,40	€ 1,37	€ 1,34	€ 1,31	€ 1,29	€ 1,26	€ 1,23	€ 1,20	€ 1,18	€ 1,15	€ 15,61
Repayment of Principal	€ 833,33	€ 833,33	€ 833,33	€ 833,33	€ 833,33	€ 833,33	€ 833,33	€ 833,33	€ 833,33	€ 833,33	€ 833,33	€ 833,33	€ 9 999,96
<b>Installment =Interest + Repayment</b>	<b>€ 929,35</b>	<b>€ 925,86</b>	<b>€ 922,35</b>	<b>€ 918,85</b>	<b>€ 915,35</b>	<b>€ 911,85</b>	<b>€ 908,35</b>	<b>€ 904,85</b>	<b>€ 901,35</b>	<b>€ 897,85</b>	<b>€ 894,36</b>	<b>€ 890,85</b>	<b>€ 10 921,21</b>
<b>Principal at EOY (End of year)</b>	<b>€ 16 666,80</b>	<b>€ 15 833,47</b>	<b>€ 15 000,14</b>	<b>€ 14 166,81</b>	<b>€ 13 333,48</b>	<b>€ 12 500,15</b>	<b>€ 11 666,82</b>	<b>€ 10 833,49</b>	<b>€ 10 000,16</b>	<b>€ 9 166,83</b>	<b>€ 8 333,50</b>	<b>€ 7 500,17</b>	

**Source:** Caixa Geral de Depósitos Simulation

### Appendix 68 – Financing Options

For comparative purposes we took a simulation on the Millennium BCP bank, which was one of the banks we contacted before we concluded that Caixa Geral de Depósitos offer was the most adequate one. In terms of the TAE, Millennium BCP has a percentage of 7,937%, whilst Caixa Geral de Depósitos has a percentage of 2,647%. In what regards the nominal rate, the chosen bank offers a percentage of 1% comparing to the 6% percentage of the Millennium BCP bank. By simply comparing this value and having in account that the remaining conditions are similar, Caixa Geral de Depósitos has clearly a better offer for the company. More details can be seen above, in the details given by the bank for the specific loan.



## Crédito Avançar médio longo prazo

Data de Impressão: 11-05-2021 21:56

Número de Simulação: 21057637

Banco Comercial Português, S.A., Sociedade Aberta, com sede na Praça D. João I, 28, Porto, com o número único de matrícula e identificação fiscal 501 525 882.

### Resumo

	<u>Apoio investimento</u>
Prestação	966,64 EUR mensal
Comissão de Gestão (anual) (Acréscimo Imposto do Selo à Taxa em vigor)	823,19 EUR
Comissão de Processamento (Acréscimo Imposto do Selo à Taxa em vigor)	2,50 EUR

### Dados da Simulação

Montante	50.000,00 EUR
Produto	Crédito Avançar médio longo prazo
<hr/>	
	<u>Apoio investimento</u>
Montante Solicitado	50.000,00 EUR
Prazo	60 Meses
Taxa Nominal	6,000%
Taxa Anual Efetiva	7,937%

### Comissões Iniciais

Comissão Organização	0,00 EUR
----------------------	----------

### Comissões Eventuais

Comissão de Recuperação de Valores em Dívida	150,00 EUR (Acréscimo Imposto do Selo à Taxa em vigor)
Penalização por amortização (total ou parcial) antecipada	2,5% (Mín. 125,00 EUR)

### Custos Estimados

Imposto do Selo	300,00 EUR
-----------------	------------

### Notas Complementares

Esta simulação é válida para a data, valores e condições indicadas, não constituindo garantia da concessão de crédito.

**Simulação do Produto**

*Estimado(a) Cliente,*

Agradecemos o seu contacto. Considerando a informação apresentada e a actual situação de mercado, propomos-lhe as seguintes condições de crédito:

**Dados da Simulação**

Família de Produto	301 - CREDITO MEDIO LONGO PRAZO
Produto	181 - CAIXA INVEST TRANSFORMA
Finalidade do Crédito	001397 - TEMPORARY FRAMEWORK 3.1
Montante do Empréstimo	50.000,00
Moeda	EUR
Prazo	72 - MESES
Taxa Nominal	1,0000000
T.A.E.	2,6474871



## Plano Financeiro

Prestações: Todas

Ano /Prest.	Data	Evento	Valor Líquido	Capital Vencido	Capital	Juros	Bonificaçō es	Cod. Encargo	Comi.	Desp.	Imp.	Cod. Seguro	Seguro
1/0	2021-05-03	COMISSAO DE CONTRATO	468,00	0,00	0,00	0,00	0,00	549	450,00	0,00	18,00		0,00
1/1	2021-06-03	VENC DE PRESTACAO	90,99	50.000,00	0,00	41,67	0,00		45,81	0,00	3,51		0,00
1/2	2021-07-03	VENC DE PRESTACAO	90,99	50.000,00	0,00	41,67	0,00		45,81	0,00	3,51		0,00
1/3	2021-08-03	VENC DE PRESTACAO	90,99	50.000,00	0,00	41,67	0,00		45,81	0,00	3,51		0,00
1/4	2021-09-03	VENC DE PRESTACAO	90,99	50.000,00	0,00	41,67	0,00		45,81	0,00	3,51		0,00
1/5	2021-10-03	VENC DE PRESTACAO	90,99	50.000,00	0,00	41,67	0,00		45,81	0,00	3,51		0,00
1/6	2021-11-03	VENC DE PRESTACAO	90,99	50.000,00	0,00	41,67	0,00		45,81	0,00	3,51		0,00
1/7	2021-12-03	VENC DE PRESTACAO	90,99	50.000,00	0,00	41,67	0,00		45,81	0,00	3,51		0,00
1/8	2022-01-03	VENC DE PRESTACAO	90,99	50.000,00	0,00	41,67	0,00		45,81	0,00	3,51		0,00
1/9	2022-02-03	VENC DE PRESTACAO	90,99	50.000,00	0,00	41,67	0,00		45,81	0,00	3,51		0,00
1/10	2022-03-03	VENC DE PRESTACAO	90,99	50.000,00	0,00	41,67	0,00		45,81	0,00	3,51		0,00
1/11	2022-04-03	VENC DE PRESTACAO	90,99	50.000,00	0,00	41,67	0,00		45,81	0,00	3,51		0,00
1/12	2022-05-03	VENC DE PRESTACAO	90,99	50.000,00	0,00	41,67	0,00		45,81	0,00	3,51		0,00
2/13	2022-06-03	VENC DE PRESTACAO	924,32	50.000,00	833,33	41,67	0,00		45,81	0,00	3,51		0,00
2/14	2022-07-03	VENC DE PRESTACAO	923,59	49.166,67	833,33	40,97	0,00		45,81	0,00	3,49		0,00
2/15	2022-08-03	VENC DE PRESTACAO	922,87	48.333,34	833,33	40,28	0,00		45,81	0,00	3,45		0,00
2/16	2022-09-03	VENC DE PRESTACAO	922,14	47.500,01	833,33	39,58	0,00		45,81	0,00	3,42		0,00
2/17	2022-10-03	VENC DE PRESTACAO	921,43	46.666,68	833,33	38,89	0,00		45,81	0,00	3,40		0,00
2/18	2022-11-03	VENC DE PRESTACAO	920,70	45.833,35	833,33	38,19	0,00		45,81	0,00	3,37		0,00
2/19	2022-12-03	VENC DE PRESTACAO	919,98	45.000,02	833,33	37,50	0,00		45,81	0,00	3,34		0,00
2/20	2023-01-03	VENC DE PRESTACAO	919,26	44.166,69	833,33	36,81	0,00		45,81	0,00	3,31		0,00
2/21	2023-02-03	VENC DE PRESTACAO	918,53	43.333,36	833,33	36,11	0,00		45,81	0,00	3,28		0,00
2/22	2023-03-03	VENC DE PRESTACAO	917,82	42.500,03	833,33	35,42	0,00		45,81	0,00	3,26		0,00
2/23	2023-04-03	VENC DE PRESTACAO	917,09	41.666,70	833,33	34,72	0,00		45,81	0,00	3,23		0,00
2/24	2023-05-03	VENC DE PRESTACAO	916,37	40.833,37	833,33	34,03	0,00		45,81	0,00	3,20		0,00
3/25	2023-06-03	VENC DE PRESTACAO	906,97	40.000,04	833,33	33,33	0,00		37,48	0,00	2,83		0,00
3/26	2023-07-03	VENC DE PRESTACAO	906,26	39.166,71	833,33	32,64	0,00		37,48	0,00	2,81		0,00
3/27	2023-08-03	VENC DE PRESTACAO	905,53	38.333,38	833,33	31,94	0,00		37,48	0,00	2,78		0,00
3/28	2023-09-03	VENC DE PRESTACAO	904,81	37.500,05	833,33	31,25	0,00		37,48	0,00	2,75		0,00
3/29	2023-10-03	VENC DE PRESTACAO	904,09	36.666,72	833,33	30,56	0,00		37,48	0,00	2,72		0,00
3/30	2023-11-03	VENC DE PRESTACAO	903,36	35.833,39	833,33	29,86	0,00		37,48	0,00	2,69		0,00
3/31	2023-12-03	VENC DE PRESTACAO	902,65	35.000,06	833,33	29,17	0,00		37,48	0,00	2,67		0,00
3/32	2024-01-03	VENC DE PRESTACAO	901,92	34.166,73	833,33	28,47	0,00		37,48	0,00	2,64		0,00
3/33	2024-02-03	VENC DE PRESTACAO	901,20	33.333,40	833,33	27,78	0,00		37,48	0,00	2,61		0,00
3/34	2024-03-03	VENC DE PRESTACAO	900,47	32.500,07	833,33	27,08	0,00		37,48	0,00	2,58		0,00
3/35	2024-04-03	VENC DE PRESTACAO	899,76	31.666,74	833,33	26,39	0,00		37,48	0,00	2,56		0,00
3/36	2024-05-03	VENC DE PRESTACAO	899,03	30.833,41	833,33	25,69	0,00		37,48	0,00	2,53		0,00
4/37	2024-06-03	VENC DE PRESTACAO	898,65	30.000,08	833,33	25,00	0,00		29,15	0,00	2,17		0,00
4/38	2024-07-03	VENC DE PRESTACAO	898,93	29.166,75	833,33	24,31	0,00		29,15	0,00	2,14		0,00
4/39	2024-08-03	VENC DE PRESTACAO	898,20	28.333,42	833,33	23,61	0,00		29,15	0,00	2,11		0,00
4/40	2024-09-03	VENC DE PRESTACAO	897,49	27.500,09	833,33	22,92	0,00		29,15	0,00	2,09		0,00
4/41	2024-10-03	VENC DE PRESTACAO	896,76	26.666,76	833,33	22,22	0,00		29,15	0,00	2,06		0,00
4/42	2024-11-03	VENC DE PRESTACAO	896,04	25.833,43	833,33	21,53	0,00		29,15	0,00	2,03		0,00
4/43	2024-12-03	VENC DE PRESTACAO	895,31	25.000,10	833,33	20,83	0,00		29,15	0,00	2,00		0,00
4/44	2025-01-03	VENC DE PRESTACAO	894,60	24.166,77	833,33	20,14	0,00		29,15	0,00	1,98		0,00
4/45	2025-02-03	VENC DE PRESTACAO	893,87	23.333,44	833,33	19,44	0,00		29,15	0,00	1,95		0,00
4/46	2025-03-03	VENC DE PRESTACAO	893,15	22.500,11	833,33	18,75	0,00		29,15	0,00	1,92		0,00
4/47	2025-04-03	VENC DE PRESTACAO	892,43	21.666,78	833,33	18,06	0,00		29,15	0,00	1,89		0,00
4/48	2025-05-03	VENC DE PRESTACAO	891,70	20.833,45	833,33	17,36	0,00		29,15	0,00	1,86		0,00
5/49	2025-06-03	VENC DE PRESTACAO	873,19	20.000,12	833,33	16,67	0,00		21,65	0,00	1,54		0,00
5/50	2025-07-03	VENC DE PRESTACAO	872,46	19.166,79	833,33	15,97	0,00		21,65	0,00	1,51		0,00
5/51	2025-08-03	VENC DE PRESTACAO	871,74	18.333,46	833,33	15,28	0,00		21,65	0,00	1,48		0,00
5/52	2025-09-03	VENC DE PRESTACAO	871,01	17.500,13	833,33	14,58	0,00		21,65	0,00	1,45		0,00
5/53	2025-10-03	VENC DE PRESTACAO	870,30	16.666,80	833,33	13,89	0,00		21,65	0,00	1,43		0,00
5/54	2025-11-03	VENC DE PRESTACAO	869,57	15.833,47	833,33	13,19	0,00		21,65	0,00	1,40		0,00
5/55	2025-12-03	VENC DE PRESTACAO	868,85	15.000,14	833,33	12,50	0,00		21,65	0,00	1,37		0,00
5/56	2026-01-03	VENC DE PRESTACAO	868,13	14.166,81	833,33	11,81	0,00		21,65	0,00	1,34		0,00
5/57	2026-02-03	VENC DE PRESTACAO	867,40	13.333,48	833,33	11,11	0,00		21,65	0,00	1,31		0,00
5/58	2026-03-03	VENC DE PRESTACAO	866,69	12.500,15	833,33	10,42	0,00		21,65	0,00	1,29		0,00
5/59	2026-04-03	VENC DE PRESTACAO	865,96	11.666,82	833,33	9,72	0,00		21,65	0,00	1,26		0,00
5/60	2026-05-03	VENC DE PRESTACAO	865,24	10.833,49	833,33	9,03	0,00		21,65	0,00	1,23		0,00
6/61	2026-06-03	VENC DE PRESTACAO	864,51	10.000,16	833,33	8,33	0,00		21,65	0,00	1,20		0,00
6/62	2026-07-03	VENC DE PRESTACAO	863,80	9.166,83	833,33	7,64	0,00		21,65	0,00	1,18		0,00
6/63	2026-08-03	VENC DE PRESTACAO	863,07	8.333,50	833,33	6,94	0,00		21,65	0,00	1,15		0,00
6/64	2026-09-03	VENC DE PRESTACAO	862,35	7.500,17	833,33	6,25	0,00		21,65	0,00	1,12		0,00
6/65	2026-10-03	VENC DE PRESTACAO	861,63	6.666,84	833,33	5,56	0,00		21,65	0,00	1,09		0,00
6/66	2026-11-03	VENC DE PRESTACAO	860,90	5.833,51	833,33	4,86	0,00		21,65	0,00	1,06		0,00
6/67	2026-12-03	VENC DE PRESTACAO	860,19	5.000,18	833,33	4,17	0,00		21,65	0,00	1,04		0,00
6/68	2027-01-03	VENC DE PRESTACAO	859,46	4.166,85	833,33	3,47	0,00		21,65	0,00	1,01		0,00
6/69	2027-02-03	VENC DE PRESTACAO	858,74	3.333,52	833,33	2,78	0,00		21,65	0,00	0,98		0,00
6/70	2027-03-03	VENC DE PRESTACAO	858,01	2.500,19	833,33	2,08	0,00		21,65	0,00	0,95		0,00
6/71	2027-04-03	VENC DE PRESTACAO	857,30	1.666,86	833,33	1,39	0,00		21,65	0,00	0,93		0,00
6/72	2027-05-03	VENC DE PRESTACAO	856,77	833,53	833,33	0,69	0,00		21,65	0,00	0,90		0,00

Esta simulação não constitui qualquer obrigação de conceder crédito, e é válida para a data, valores e condições indicadas.

Processado por computador

Caixa Geral de Depósitos, S.A. - Sede Social: Av. João XXI, 63 • 1000-300 LISBOA - Capital Social € 3 844 143 735 - CRCL e Contribuinte sob o n.º 500 960 046

Página 2 de 3

## Appendix 69 – Financing Map

Years	0	1	2	3	4	5
<b>Starting value</b>	50 000,00 €	50 000,00 €	47 500,01 €	37 500,05 €	27 500,09 €	17 500,13 €
<b>Amortisation</b>	0,00 €	2 499,99 €	9 999,96 €	9 999,96 €	9 999,96 €	9 999,96 €
<b>Interest</b>	625,00 €	2 489,58 €	2 145,83 €	1 645,84 €	1 145,84 €	645,84 €
<b>Annual payment</b>	625,00 €	4 989,57 €	12 145,79 €	11 645,80 €	11 145,80 €	10 645,80 €
<b>Taxshield on interest payment</b>	131,25 €	522,81 €	450,63 €	345,63 €	240,63 €	135,63 €
<b>Interest tax</b>	10,53 €	42,03 €	38,23 €	30,17 €	22,31 €	15,61 €
<b>Taxshield on tax payments on interest</b>	2,21 €	8,83 €	8,03 €	6,34 €	4,69 €	3,28 €
<b>Commission</b>	137,43 €	549,72 €	524,73 €	424,77 €	327,30 €	259,80 €
<b>Taxshield on commission</b>	28,86 €	115,44 €	110,19 €	89,20 €	68,73 €	54,56 €
<b>Taxshield on Tax on opening a credit line</b>	10,50 €	10,50 €	10,50 €	10,50 €	10,50 €	10,50 €
<b>Cash outflow</b>	<b>600,14 €</b>	<b>4 923,74 €</b>	<b>12 129,41 €</b>	<b>11 649,07 €</b>	<b>11 170,86 €</b>	<b>10 717,25 €</b>

Years	0	1	2	3	4	5
<b>Cash flow</b>	48 631,86 €	-4 923,74 €	-12 129,41 €	-11 649,07 €	-11 170,86 €	-10 717,25 €
<b>Annual All-In Cost</b>	<b>1,24%</b>					

**Source:** Own elaboration

## Appendix 70 – Investment Coverage

Investment Coverage			
	Oct-21	Dec-21	Jan-24
<b>Investment</b>	<b>€30 417,11</b>	<b>€40 699,39</b>	<b>5 439,00</b>
Margin of safety	8%	8%	8%
<b>Investment needed</b>	<b>€32 891,05</b>	<b>€44 009,64</b>	<b>€5 881,38</b>
<b>Cumulative Investment needed</b>	<b>€32 891,05</b>	<b>€76 900,69</b>	<b>€82 782,06</b>
Debt	<b>€45 933,30</b>		
Loan	<b>€ 50 000,00</b>		
Margin of safety	8%		
Debt Dependance	60%		
Equity Dependance	40%		
Financing source	Oct-21	Dec-21	Jan-24
Cash-Flow			
Capital	<b>€ 13 025,00</b>	<b>€ 17 428,01</b>	<b>€ 2 329,05</b>
Banking financement	<b>€ 50 000,00</b>		
Total	<b>€ 63 025,00</b>	<b>€ 17 428,01</b>	<b>€ 2 329,05</b>
Cumulated total	<b>€ 63 025,00</b>	<b>€ 80 453,01</b>	<b>€ 82 782,06</b>

**Source:** Own elaboration

## Appendix 71 – Main Financial Rates of Operation

The Net Present Value is a discounted cash flow that represents the incremental enrichment of an investment compared to what was required as the minimum to be realized by investors (through the hurdle rate). NPV is the result of calculations used to find today's value of a future stream of payments.

To find our NPV we had to calculate the discounted project cash flows for each year to adjust for the risk of an investment opportunity, and to account for the time value of money. A project with a negative NPV should be avoided because it means that the project would end up in a loss. Whereas a positive NPV means that the projected earnings generated by a project exceeds the anticipated costs and therefore the project will be profitable. Thus, with an NPV of €33 271,96 our project is considered viable.

The Internal Rate of Return is the annual return that makes the NPV equal to zero. IRR is calculated using the same concept as NPV, except that it makes NPV equal to zero. The higher the IRR, the more attractive it is to undertake a project. Most companies require that the IRR calculation be higher than the WACC. In theory, any project with an IRR greater than the cost of capital should be profitable. Thus, our IRR of 22,784% is greater than our hurdle rate of 14,83% leading us to the conclusion that our project is profitable.

The Modified Internal Rate of Return (MIRR) and the internal rate of return (IRR) are two closely related concepts. MIRR was introduced to address some of the problems with IRR. For example, one of the main problems with IRR is the assumption that positive cash flows earned are reinvested at the same rate at which they were generated. Whereas under MIRR the proceeds of positive cash flows from a project will be reinvested at the external rate of return. It has the same purpose as the IRR: to identify the viability of an investment project. If the IRR of a project is higher than the hurdle rate, the investment is considered attractive. Conversely, it is not recommended to undertake a project if its MIRR is lower than its expected return. Here our MIRR is 20,97% which remains significantly higher than our hurdle rate of 14,83% defending once again the viability of our project.

The Profitability Index is a variation of the net present value (NPV). The profitability index helps to assess whether a project should be proceeded with. The index itself is a calculation of the potential benefit of the proposed project. The formula for the PI is the present value of future cash flows divided by the initial cost of the project. A profitability index greater than 1 indicates that the

project should proceed. A profitability index less than 1 indicates that the project should be abandoned: the costs exceed the benefits. The PI of our project is 1,459 and is therefore greater than 1: our project should be carried out.

Payback Period refers to the time it takes to recover the cost of an investment. This means that the payback period is the period of time during which an investment reaches the break-even point. The value of an investment is directly related to its payback period. Shorter payback periods mean more attractive investments, while longer payback periods are less attractive. The payback period is calculated by dividing the investment amount by the annual cash flow. Our payback period is 3.95, meaning that it will take 3 years 11 months and 14 days for the project to reach its break-even point and recover the cost of the investment.

The Discounted Payback Period reflects the time required to reach the break-even point of a project, based not only on the cash flows but also on the timing of the cash flows and the prevailing market rate of return. It is a more accurate indicator than the standard payback calculation because it takes into account the time value of money. These two calculations, while similar, may not yield the same result because of the discounted cash flows. The shorter the discounted payback period, the faster a project or investment will generate cash flows to cover the initial cost. Our discounted payback period is 4,53: it takes about 4,5 years to recover the cost of our capital. This payback period is more important but can be more accurate and always remains below 5 years.

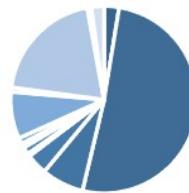
<b>Hurdle Rate ( WACC+ Risk premium 3%)</b>	<b>14,83%</b>
<b>NPV = Net Present Value</b>	<b>€ 33 271,96</b>
<b>IRR = Internal Rate of Return</b>	<b>22,784%</b>
<b>MIRR = Modified Internal Rate of Return</b>	<b>20,97%</b>
<b>Profitability Index</b>	<b>1,4590</b>
<b>PAY BACK (Accounting)</b>	<b>3,95</b>
<b>PAY BACK Discounted (Financial)</b>	<b>4,53</b>

**Source:** Own elaboration

## Appendix 72 – Map of Expenses

Years	0	1	2	3	4	5	TOTAL
<b>Operating costs</b>		<b>€ 323 353,00</b>	<b>€ 370 377,52</b>	<b>€ 444 289,50</b>	<b>€ 512 374,24</b>	<b>€ 601 687,20</b>	<b>€2 252 081,46</b>
Variation in stocks of finished goods		€ 8 713,22	€ 18 531,84	€ 17 491,46	€ 14 565,38	€ 16 406,46	€ 75 708,35
COGS		€ 181 026,82	€ 215 879,68	€ 290 007,04	€ 359 972,86	€ 446 324,74	€1 493 211,14
Transportation costs		€ 25 980,00	€ 46 005,00	€ 46 717,50	€ 47 390,00	€ 47 950,00	€ 214 042,50
Marketing Expenses		€ 35 056,97	€ 17 950,00	€ 17 950,00	€ 17 950,00	€ 17 950,00	€ 106 856,97
Office supplies		€ 1 740,00	€ 2 075,00	€ 2 787,50	€ 3 460,00	€ 4 020,00	€ 14 082,50
Maintenance (IT, cleaning...)		€ 7 200,00	€ 7 200,00	€ 7 200,00	€ 7 200,00	€ 7 200,00	€ 36 000,00
Marketing (paid promotion)		€ 2 700,00	€ 1 800,00	€ 1 200,00	€ 900,00	€ 900,00	€ 7 500,00
Electricity, water		€ 780,00	€ 3 120,00	€ 3 120,00	€ 3 120,00	€ 3 120,00	€ 15 600,00
Accounting expenses		€ 6 000,00	€ 6 000,00	€ 6 000,00	€ 6 000,00	€ 6 000,00	€ 30 000,00
Warehouse rent		€ 11 850,00	€ 47 400,00	€ 47 400,00	€ 47 400,00	€ 47 400,00	€ 237 000,00
Software		€ 4 416,00	€ 4 416,00	€ 4 416,00	€ 4 416,00	€ 4 416,00	€ 22 080,00
<b>Labour costs</b>							
Salaries	€ 4 225,41	€ 90 841,59	€ 92 478,92	€ 132 796,24	€ 133 804,05	€ 133 804,05	€ 583 724,84
<b>Depreciations</b>		€ 2 384,67	€ 2 384,67	€ 3 751,83	€ 2 002,17	€ 2 002,17	€ 12 525,50
<b>Financial Expenses (Medium Term)</b>	€ 1 368,14	€ 2 423,75	€ 2 129,45	€ 1 649,11	€ 1 170,90	€ 717,29	€ 8 090,51
<b>Income Taxes</b>		€ -	€ 372,26	€ 5 577,68	€ 19 952,40	€ 38 020,00	€ 63 922,34

Map of Expenses



- Variation in stocks of finished goods
- COGS
- Transportation costs
- Marketing Expenses
- Office supplies
- Maintenance (IT, cleaning...)
- Marketing (paid promotion)
- Electricity, water
- Accounting expenses
- Warehouse rent
- Software
- Labour costs
- Salaries
- Depreciations
- Financial Expenses (Medium Term)
- Income Taxes

**Source:** Own elaboration

In order to understand how profitable the production of the mirror is, it is crucial to define the costs we will have, that can be divided into **Fixed Costs** and **Variable Costs**.

The firsts include **Personnel Expenses** (that are all costs that the company incurred with its personnel, such as salaries, subsidies, social security and training) **Marketing Expenses** and some **Operational Expenses** that are necessary for the functioning of the company

- **Personnel Expenses**

- Salaries

To define the salaries, we have to take into account the average salaries practice in Portugal for each of the new functions: **Designer** salary, amounting €1 078, the **Logistics'** salary, €699, and the salaries for both **Marketing Assistant** and **Digital Marketing** collaborators, which amount €858 and €812, respectively. All of the salaries have to be multiplied by 14 because this number represents the 12 months in a year plus the Holidays and Christmas allowance that are given in Portugal, that we assume will be paid in June and December, respectively.

In 2024, we hire one more designer and one more logistics, in order to have an immediate answer to the demand of the consumers and also increase the salary of all the collaborators that started to work in the company in 2022 (+10%), so that they continue to be motivated to work in the company.

- Social Security

For **Social Security**, it is simply calculated the salaries by multiplying 23,75%, which is the Portuguese tax. Usually in Portugal, the Social Security charges are paid within 30 days, and so, in 2022, Decorpita will have the December social charges (salary and subsidy) due to the month of January of the following year.

- Training Expenses

Moving on to the **Training Expenses**, in Portugal, by law, the minimum mandatory is **40 hours** per year. Then, according to a study of the Industry Report conducted in 2019, small companies provided the most hours of training this year (49.8 hours) for an average of 1096€ per employee per year. So, we assumed 1096€ of training per employee, multiplied by the 6 employees that we are hiring (the 4 employees in 2022 and 2 new employees in 2024, that will start to be part of the training as soon as they are hired) plus the 8 necessary salespeople (two per store).

- Meal allowance

For the meal allowance, which is the amount of coverage the company has to take in terms of meals of their employees, we simply take the daily 4,77€, the amount we are giving to our employees, and multiply it by the 22 working

days, multiplied by the 11 working months. After this, we have to multiply the final result by the number of workers that are hired.

- Medicine at work and work accidents insurance

The medicine at work has a cost of 33€ per employee, and the work accidents insurance has a monthly cost of 1238,19€.

- **Marketing Expenses – paid promotions**

For the fixed **Marketing Expenses**, we only have to pay the paid promotion. When we are launching a new product, we pay €600 per month for 3 months in order to reach a higher number of people. When we are willing to promote our brand but have no new launch, we pay €300 per month. We are going to start decreasing the number of months we are paying for promotion on social media as the years go by.

- **Operational Fixed Expenses**

First of all, the other operational expenses include the rental of a warehouse for our inventory. By comparing the prices of the warehouses in Lisbon, we found a price of 3950€/month for 632 m<sup>2</sup>.

Then, we searched on the internet the prices of software licenses per month. We assumed that the design software will cost 150€/month, the logistic software will cost 99€/month and the marketing software will cost 119€/month (for 2 employees).

Concerning the electricity and water expenses, we assumed that the total amount for 80m<sup>2</sup> is around 130€/month so we doubled it because we will have around 160m<sup>2</sup> for our offices.

The maintenance includes IT services and cleaning fees. IT services will cost 400€/ month. It includes technician services, website and domain hosting and website referencing. Then, we assumed that we would hire a cleaning company 5 hours per week for a price of 8€/hour.

Finally, we will ask the accountant of Decorrita to do our tax returns, invoices registry, income statements and balance sheet for a total amount of 500€/month.

The seconds include **Production Costs** (that are all costs that the company incurred with contractors, such as the mirror, cabinet and light producers, the assembly and the transportation of the products), **Marketing Expenses** and **Office Supplies**.

- **Production Costs**

- Contractors

As mentioned before, Decorrita is a retailer and not a producer, and so for the Alusa products, Decorrita will outsource all the production.

- Mirror

Starting with the mirror itself, we have that the price per meter squared of glass is €32,48. Our mirror will have an 80cmx80cm dimension, which means that the price per mirror will be **€20,79**. In order to get the total cost we multiply the price per mirror by the total sales of each year.

- Wood

For the cabinets, we calculated a unit price of **€140** per mirror. Once again, in order to get the total costs, we multiply the price per unit by the total sales of each year.

- Electricity (lights)

For the installation of lights in the mirror, we calculated the number of mirrors that an electrician could assemble per hour and divided the price per hour of an electrician, that on average in Portugal is €60, by the number of mirrors per hour. This way we got the price per mirror of the lighting installation. Then we just simply multiplied by the sales quantity each year to get the total cost.

- Assembly

For the assembly of the final product, on average the mirror producer is able to assemble 2 mirrors with a price per mirror of **€40**, this multiplied by the total sales of each year gives us the total assembly costs.

- Transportation costs

Since we have multiple companies responsible for the production of our product, with three different elements of it to assemble (mirror, cabinets and lights) there will be the need to transport each element from one company to another, and lastly to Decorpita. However, the lights do not include transportation, since the electrician is the one who moves to the mirror company. With this, there are transportation costs that must be considered from the wood to the mirror company and from the mirror company to Decorpita's warehouse. The transportation costs for bringing the cabinets from the wood company to the mirror company is of €2000/order, and from the mirror company to the warehouse is of €165/order. The orders will be monthly, so for achieving the total costs of transportation per year, we sum the €2000 and the €165, and then multiply that value by the 12 months.

- **Marketing Expenses**

For calculating the variable marketing expenses, we will be considering the total amount of mirrors we sell per year and a cost of €50,37 in marketing expenses for each sold mirror. Therefore, the total marketing expenses per year will be calculated by multiplying the total amount of mirrors sold per year by €50,37.

- **Office Supplies**

How much costs we have with office supplies will be directly related with how many mirrors we will sell, and for each sold mirror there will be a cost of €2,5 in office supplies. By multiplying this cost by the amount of mirrors sold each year, we get the total value spent in office supplies per year.

## Appendix 73 – Operating Cash Flows

PROJECT CASH FLOW TABLE AT YEAR 0 PRICES							
YEARS	Assump.	Invest.		Operations			
		0	1	2	3	4	5
Sales in Unit (Quantities)		0	696	830,00	1 115,00	1 384,00	1 716,00
Real Growth Rates (in quantities)				19,25%	34,34%	24,13%	23,99%
Unit Selling Price without VAT			496,739837	496,74	496,74	496,74	496,74
<b>Sales in €</b>		<b>345 730,93</b>	<b>412 294,07</b>	<b>553 864,92</b>	<b>687 487,93</b>	<b>852 405,56</b>	
Variation in stocks of finished goods			8 713,22	18 531,84	17 491,46	14 565,38	16 406,46
Unit COGS (without transportation)			260,096	260,09600	260,09600	260,09600	260,09600
<b>COGS = Cost of Goods Sold</b>		<b>181 026,82</b>	<b>215 879,68</b>	<b>290 007,04</b>	<b>359 972,86</b>	<b>446 324,74</b>	
<b>Gross Profit in €</b>		<b>173 417,33</b>	<b>214 946,23</b>	<b>281 349,33</b>	<b>342 080,45</b>	<b>422 487,29</b>	
Variable External Supplies and Services			62 776,97	46 005,00	46 717,50	47 390,00	47 950,00
<b>Contribution Margin in €</b>		<b>110 640,36</b>	<b>168 941,23</b>	<b>234 631,83</b>	<b>294 690,45</b>	<b>374 537,29</b>	
Fixed External Supplies and Services		780,00	19 020,00	18 120,00	17 520,00	17 220,00	17 220,00
Other fixed operational expenses		11 850,00	51 816,00	51 816,00	51 816,00	51 816,00	51 816,00
Staff Costs		4 158,11	90 841,59	92 478,92	132 796,24	133 804,05	133 804,05
<b>Cash Fixed Charges</b>		<b>16 788,11</b>	<b>161 677,59</b>	<b>162 414,92</b>	<b>202 132,24</b>	<b>202 840,05</b>	<b>202 840,05</b>
<b>EBITDA</b>		<b>-16 788,11</b>	<b>-51 037,23</b>	<b>6 526,31</b>	<b>32 499,59</b>	<b>91 850,40</b>	<b>171 697,24</b>
Depreciations and Amortizations		0,00	2 384,67	2 384,67	3 751,83	2 002,17	2 002,17
<b>EBIT = Operating Profit</b>		<b>-16 788,11</b>	<b>-53 421,90</b>	<b>4 141,64</b>	<b>28 747,76</b>	<b>89 848,23</b>	<b>169 695,07</b>
Financial expenses		1 368,14	2 423,75	2 129,45	1 649,11	1 170,90	717,29
<b>EBT= Earnings Before Taxes</b>		<b>-18 156,24</b>	<b>-55 845,65</b>	<b>2 012,20</b>	<b>27 098,65</b>	<b>88 677,33</b>	<b>168 977,79</b>
CIT	21%		0,00	342,07	5 171,20	18 622,24	35 485,34
Municipal surtax	1,5%		0,00	30,18	406,48	1 330,16	2 534,67
[EBIAT = EBIT(1-t)]		<b>-18 156,24</b>	<b>-55 845,65</b>	<b>1 639,94</b>	<b>21 520,96</b>	<b>68 724,93</b>	<b>130 957,78</b>
<b>Operating Cash Flow or Cash Flow from Operations</b>		<b>-18 156,24</b>	<b>-53 406,99</b>	<b>4 024,61</b>	<b>25 272,80</b>	<b>70 727,10</b>	<b>132 959,95</b>
Inventories	25%	45 256,70	53 969,92	72 501,76	89 993,22	104 558,59	120 965,06
Accounts Receivable	30 days	0,00	11 524,36	13 743,14	18 462,16	22 916,26	28 413,52
VAT to be received (Capital Expenditures)		1 984,67	0,00	0,00	1 250,97	0,00	0,00
VAT to be received		12 560,88	0,00	0,00	0,00	0,00	0,00
<b>Working Capital Needs (Current Assets)</b>		<b>59 802,26</b>	<b>65 494,28</b>	<b>86 244,90</b>	<b>108 455,38</b>	<b>127 474,86</b>	<b>149 378,57</b>
Social Charges included in Staff Costs		498	9823,95	11461,28	17508,12	18515,93	18515,93
Social Charges and insurance to be paid next year	1 month	67,30	2 056,85	2 193,30	2 697,20	2 781,18	2 781,18
Accounts Payable (suppliers)	60 days	15 085,57	33 338,93	37 567,14	71 343,25	83 721,96	93 218,69
Rent to be paid next year		3 950,00	3 950,00	3 950,00	3 950,00	3 950,00	3 950,00
Taxes to be paid next year	Income tax and CIT	0,00	0,00	0,00	5 577,68	19 952,40	38 020,00
VAT due to be paid	2 months	0,00	20 574,84	29 674,48	44 148,92	60 628,37	78 146,24
VAT to be paid in the following year		0,00	1 004,88	5 113,23	8 210,36	11 473,12	14 936,56
<b>Working Capital Resources (Current Liabilities)</b>		<b>19 102,87</b>	<b>40 350,67</b>	<b>48 823,66</b>	<b>91 778,50</b>	<b>121 878,66</b>	<b>152 906,44</b>
Net Working Capital Needs or Requirements		40 699,39	25 143,62	37 421,23	16 676,88	5 596,20	-3 527,86
Investment in Net Working Capital Needs		40 699,39	-15 556	12 278	-20 744	-11 081	-9 124
<b>Net Operating Cash Flow</b>		<b>-58 855,63</b>	<b>-37 905,21</b>	<b>-8 253,01</b>	<b>46 017,15</b>	<b>81 807,78</b>	<b>142 084,01</b>
CAPEX (fixed Assets)		13 629,00			5 439,00		
<b>PROJECT NET CASH FLOW</b>		<b>-72 484,63</b>	<b>-37 905,21</b>	<b>-8 253,01</b>	<b>40 578,15</b>	<b>81 807,78</b>	<b>142 084,01</b>
Cumulated Net Cash Flow		-72 484,63	-110 389,85	-118 642,86	-78 064,71	3 743,07	145 827,08
PV of Project Net Cash Flow		-72 484,63	-33 010,37	-6 259,15	26 800,74	47 054,44	71 170,94
Cumulated PV of Project Net Cash Flow		-72 484,63	-105 495,01	-111 754,16	-84 953,42	-37 898,98	33 271,96

**Source:** Own elaboration

## Appendix 74 – Risk Register

Type of Risk	When can it happen?	Risk
Credit Risks	<p>In case Decorrita is not able to fulfil its obligations to Caixa Geral de Depósitos and does not repay the loan and pay the interests. This leads to serious penalties that the</p>	<ul style="list-style-type: none"> <li><u>Cash Flow of operations decreasing</u> due to other parts of the business suffering huge losses and the company stopping to have enough revenues for supporting its expenses</li> </ul>

	company would then have to comply with	
Market Risks	When there is a major change in the market that can affect the company on the sale of the Alusa mirrors	<ul style="list-style-type: none"> <li>• <u>Changes in interest rates in Portugal and in the Eurozone</u> arising from monetary policy measures lead by the Central Bank. When long-term rates are low, it encourages investment, while high ones discourage it. With the Covid-19 pandemic, Europe is currently near to a crisis, and in case it occurs, there will be fluctuations in interest rates, which would most likely affect the survival and success of the Alusa brand</li> <li>• <u>Portugal risks</u> are those which include elements such as the country's political stability and level of fiscal deficit. Currently, Portugal is politically stable, but its debt has had a very nefarious turn, since it was stable in 2018 and 2019 representing 117,20% of PIB in the last-mentioned year, but then increased to 133,60% of PIB in 2020. This shows how the country's debt situation may have a not so favourable trend for companies in the market</li> </ul>

Operational Risks (based on the Sensitivity Analysis)	<p>There are some situations in terms of the main operation of the Alusa brand that can be a risk for the financial sustainability of the project. In each type of scenario (optimistic, current, pessimistic, worst case), the NPV will lower when moving from the optimistic to the worst case</p>	<ul style="list-style-type: none"> <li>• <u>Decrease in quantity sold:</u> it is notable how in the NPV gradually decreases from €54829.24 in the optimistic scenario to -€24352.29 once the quantity sold decreases in 15%</li> <li>• <u>Decrease in unit price:</u> with the optimistic scenario in terms of unit price the NPV would be of €275069.19, but if it comes to a decrease of 10% on it (pessimistic scenario), the NPV will already be negative (-€128616.39)</li> <li>• <u>Increase on COGS:</u> if the costs of producing the Alusa mirror increase by 10%, the NPV reached a negative NPV of -€51371.47</li> </ul>
Legal Risks	<p>There are laws related to the business that must be complied with, and in case that does not happen, it brings risk to the project and the company</p>	<ul style="list-style-type: none"> <li>• <u>Regulatory risks:</u> Decorpita must pay the Corporate Income Tax, the Municipal Surtax and Contributions to the Social Security. In case there is any change on taxation, or these taxes are not complied with, authorities may come into the picture and be obliged to take actions</li> <li>• <u>Contractual risks:</u> in case Decorpita fails to oblige to a</li> </ul>

		<p>contract with entities that are players on its business, such as employees and suppliers, and does not fulfil its obligations</p> <ul style="list-style-type: none"> <li>• <u>Non-contractual obligations:</u> if Decorpita has any illegal action towards competitors, such as stealing copyrights, or any other negligence</li> <li>• <u>Reputational risk:</u> if any player in the company's activities (e.g.: employee) is involved in any criminal activity or scandal, the brand's image is implicated and there is a risk of maintaining the brand and the company's reputation</li> </ul>
--	--	---

**Source:** Own elaboration

## Appendix 75 – Sensitivity Analysis

SENSITIVITY ANALYSIS (Units sold in the first year)					
	Current units sold :		696,00		
Units sold	NPV	IRR	MIRR	NPV % Var	Units % Var
<b>418,00</b>	<b>-24 352,29</b>	<b>10,13%</b>	<b>11,32%</b>	<b>-173,19%</b>	<b>-39,94%</b>
468,00	-13 988,21	12,03%	12,74%	-142,04%	-32,76%
518,00	-3 624,14	14,08%	14,26%	-110,89%	-25,57%
<b>557,00</b>	<b>4 459,84</b>	<b>0,16</b>	<b>0,16</b>	<b>-0,87</b>	<b>-0,20</b>
657,00	25 187,99	20,65%	19,29%	-24,30%	-5,60%
746,00	43 636,04	25,74%	23,35%	31,15%	7,18%
756,00	45 708,85	26,36%	23,87%	37,38%	8,62%
<b>766,00</b>	<b>47 781,67</b>	<b>0,27</b>	<b>0,24</b>	<b>0,44</b>	<b>0,10</b>
776,00	49 854,48	0,28	0,25	0,50	0,11
786,00	51 927,30	28,30%	25,48%	56,07%	12,93%
<b>800,00</b>	<b>54 829,24</b>	<b>0,29</b>	<b>0,26</b>	<b>0,65</b>	<b>0,15</b>
810,00	56 902,05	0,30	0,27	0,71	0,16

Values obtained by Goal Seek:	Break Even	Original	% BE/Original	% Max. Drop	Safety Margin
Minimum units sold in year 0 (NPV=0)	<b>535</b>	696,000	76,87%	-23,13%	30,09%

SENSITIVITY ANALYSIS (UNIT SELLING PRICE)					
	Current unit selling price:		496,74		
Unit's Selling Price (USP)	NPV	IRR	MIRR	NPV % Var	USP % Var
422,229	-209 797,00	-45,078%	-30,82%	-730,55%	-15,00%
432,23	-177 051,16	-33,175%	-0,22	-632,13%	-12,99%
442,23	-144 404,77	-22,913%	-0,14	-534,01%	-10,97%
447,066	-128 615,91	-18,312%	-10,76%	-486,56%	-10,00%
457,07	-95 974,07	-9,313%	-4,31%	-388,45%	-7,99%
467,07	-63 332,22	-0,812%	2,49%	-290,35%	-5,97%
492,07	18 096,57	19,170%	18,18%	-45,61%	-0,94%
<b>496,74</b>	<b>33 271,96</b>	<b>22,784%</b>	<b>20,97%</b>	<b>0,00%</b>	<b>0,00%</b>
506,74	65 723,19	30,449%	27,01%	97,53%	2,01%
516,74	98 174,41	38,066%	32,64%	195,07%	4,03%
526,74	130 625,63	45,666%	38,01%	292,60%	6,04%
536,74	163 076,85	53,273%	43,33%	390,13%	8,05%
<b>546,41</b>	<b>194 470,12</b>	<b>60,658%</b>	<b>48,52%</b>	<b>484,49%</b>	<b>10,00%</b>
558,94	235 119,10	70,279%	53,32%	606,66%	12,52%
568,94	267 570,32	78,021%	56,43%	704,19%	14,53%
571,25	275 069,20	79,819%	57,11%	726,73%	15,00%
<b>584,35</b>	<b>317 577,65</b>	<b>90,076%</b>	<b>60,78%</b>	<b>854,49%</b>	<b>17,64%</b>

Values obtained by Goal Seek:	Break Even	Original	% BE/Original	% Max. Drop	Safety Margin
Minimum selling Price (NPV=0)	€ 470,51	496,740	94,72%	-5,28%	5,57%

SENSITIVITY ANALYSIS (COGS)					
	Current COGS/unit sold:		260,10		
COGS (€)	NPV	IRR	MIRR	NPV % Var	COGS % Var
221,08	159 878,46	52,52%	42,81%	380,52%	-15,00%
22608,16%	143652,85	48,72%	40,15%	331,75%	-13,08%
23108,16%	127427,24	44,92%	37,49%	282,99%	-11,16%
<b>234,86</b>	<b>115 152,89</b>	<b>42,04%</b>	<b>35,46%</b>	<b>246,10%</b>	<b>-9,70%</b>
239,86	98927,28	38,24%	32,77%	197,33%	-7,78%
244,86	82701,67	34,44%	30,03%	148,56%	-5,86%
249,86	66476,06	30,63%	27,15%	99,80%	-3,93%
254,86	50250,44	26,80%	24,11%	51,03%	-2,01%
<b>260,10</b>	<b>33 271,96</b>	<b>22,78%</b>	<b>20,97%</b>	<b>0,00%</b>	<b>0,00%</b>
265,10	17022,03	18,91%	17,98%	-48,84%	1,92%
270,10	749,21	15,01%	14,97%	-97,75%	3,84%
<b>275,10</b>	<b>-15523,61</b>	<b>11,07%</b>	<b>11,92%</b>	<b>-146,66%</b>	<b>5,77%</b>
280,10	-31796,43	7,08%	8,82%	-195,57%	7,69%
285,10	-48075,95	3,04%	5,62%	-244,49%	9,61%
290,10	-64396,88	-1,08%	2,27%	-293,55%	11,53%
295,10	-80717,80	-5,29%	-1,27%	-342,60%	13,46%
<b>299,11</b>	<b>-93821,54</b>	<b>-8,74%</b>	<b>-3,89%</b>	<b>-381,98%</b>	<b>15,00%</b>

COGS Break-Even (maximum)	€ 270,33	by Goal Seek
% Variation from Base Case		3,93%

Source: Own elaboration

## Appendix 76 – Unit Selling Price and Unit COGS Joint (Simultaneous)

Unit Selling Price and Unit COGS Joint (Simultaneous) Sensitivity Analysis

	Unit's COGS									
<b>33 271,96</b>	250,10	255,10	<b>260,10</b>	265,10	270,10	275,10	280,10	285,10	290,10	
<b>484,740</b>	26 781,72	10 512,90	<b>-5 759,92</b>	-22 032,74	-38 305,56	-54 604,32	-70 925,25	-87 246,17	-103 567,09	
<b>486,240</b>	31 649,40	15 394,75	<b>-878,07</b>	-17 150,90	-33 423,72	-49 708,05	-66 028,97	-82 349,89	-98 670,81	
<b>487,740</b>	36 517,09	20 276,60	<b>4 003,77</b>	-12 269,05	-28 541,87	-44 814,69	-61 132,69	-77 453,62	-93 774,54	
<b>489,240</b>	41 384,77	25 158,44	<b>8 885,62</b>	-7 387,20	-23 660,02	-39 932,85	-56 236,42	-72 557,34	-88 878,26	
<b>490,740</b>	46 252,45	30 026,84	<b>13 767,47</b>	-2 505,36	-18 778,18	-35 051,00	-51 340,14	-67 661,06	-83 981,98	
<b>492,240</b>	51 120,14	34 894,52	<b>18 649,31</b>	2 376,49	-13 896,33	-30 169,15	-46 443,86	-62 764,79	-79 085,71	
<b>493,740</b>	55 987,82	39 762,21	<b>23 531,16</b>	7 258,34	-9 014,48	-25 287,31	-41 560,13	-57 868,51	-74 189,43	
<b>495,240</b>	60 855,50	44 629,89	<b>28 404,28</b>	12 140,18	-4 132,64	-20 405,46	-36 678,28	-52 972,23	-69 293,15	
<b>496,7398</b>	65 723,19	49 497,57	<b>33 271,96</b>	17 022,03	749,21	-15 523,61	-31 796,44	-48 075,96	-64 396,88	
<b>498,24</b>	70 590,87	54 365,26	<b>38 139,65</b>	21 903,88	5 631,06	-10 641,77	-26 914,59	-43 187,41	-59 500,60	
<b>499,74</b>	75 458,55	59 232,94	<b>43 007,33</b>	26 781,72	10 512,90	-5 759,92	-22 032,74	-38 305,56	-54 604,32	
<b>501,24</b>	80 326,24	64 100,62	<b>47 875,01</b>	31 649,40	15 394,75	<b>-878,07</b>	-17 150,90	-33 423,72	-49 708,05	
<b>502,74</b>	85 193,92	68 968,31	<b>52 742,70</b>	36 517,09	20 276,60	<b>4 003,77</b>	-12 269,05	-28 541,87	-44 814,69	
<b>504,24</b>	90 061,60	73 835,99	<b>57 610,38</b>	41 384,77	25 158,44	<b>8 885,62</b>	-7 387,20	-23 660,02	-39 932,85	
<b>505,74</b>	94 929,29	78 703,67	<b>62 478,06</b>	46 252,45	30 026,84	<b>13 767,47</b>	-2 505,36	-18 778,18	-35 051,00	
<b>507,24</b>	99 796,97	83 571,36	<b>67 345,75</b>	51 120,14	34 894,52	<b>18 649,31</b>	2 376,49	-13 896,33	-30 169,15	

Source: Own elaboration

## Appendix 77 – Scenarios of Sensitivity Analysis

1. Best case scenario				
Scenario Summary	Current Values:	Units sold (+15%)	Unit selling price (+15%)	Unit COGS (-15%)
<b>Changing Cells:</b>				
<b>Sales in Unit (Quantities)</b>	696	800	696	696
<b>Unit Selling Price without VAT</b>	496,7398374	496,7398374	571,250813	496,7398374
<b>Unit COGS ( without transportation)</b>	260,096	260,096	260,096	221,0816
<b>Hurdle Rate ( WACC+ Risk premium 3%)</b>	0,14828184	0,14828184	0,14828184	0,14828184
<b>Result Cells:</b>				
<b>NPV = Net Present Value</b>	33 271,96	54 829,24	275 069,19	159 878,46
<b>IRR = Internal Rate of Return</b>	22,784%	29,241%	79,819%	52,522%
<b>MIRR = Modified Internal Rate of Return</b>	20,97%	26,28%	57,11%	42,81%
<b>Profitability index</b>	45,90%	75,64%	379,49%	220,57%
<b>Net Operating Cash Flow (Year 1)</b>	-37 905,21	-12 350,83	15 942,38	-9 710,29
<b>Net Operating Cash Flow (Year 2)</b>	-8 253,01	-9 039,19	42 864,00	18 512,17
<b>Net Operating Cash Flow (Year 3)</b>	40 578,15	40 447,12	124 590,93	84 567,75
<b>Net Operating Cash Flow (Year 4)</b>	81 807,78	81 785,95	164 688,11	125 204,43
<b>Net Operating Cash Flow (Year 5)</b>	142 084,01	142 080,37	247 844,38	197 460,78
2. Optimistic scenario				
Scenario Summary	Current Values:	Units sold (+10%)	Unit selling price (+10%)	Unit COGS (-10%)
<b>Changing Cells:</b>				
<b>Sales in Unit (Quantities)</b>	696	766	696	696
<b>Unit Selling Price without VAT</b>	496,739837	496,739837	546,413821	496,739837
<b>Unit COGS ( without transportation)</b>	260,096	260,096	260,096	234,086
<b>Hurdle Rate ( WACC+ Risk premium 3%)</b>	14,8282%	14,8282%	14,8282%	14,8282%
<b>Result Cells:</b>				
<b>NPV = Net Present Value</b>	33 271,96	47 781,67	194 470,12	117 676,30
<b>IRR = Internal Rate of Return</b>	22,784%	26,993%	60,658%	42,633%
<b>MIRR = Modified Internal Rate of Return</b>	20,97%	24,39%	48,52%	35,88%
<b>Profitability index</b>	45,90%	65,92%	268,29%	162,35%
<b>Net Operating Cash Flow (Year 1)</b>	-37 905,21	-20 705,15	-2 006,82	-19 108,60
<b>Net Operating Cash Flow (Year 2)</b>	-8 253,01	-8 782,17	25 825,00	9 590,44
<b>Net Operating Cash Flow (Year 3)</b>	40 578,15	40 489,95	96 586,67	69 904,55
<b>Net Operating Cash Flow (Year 4)</b>	81 807,78	81 793,09	137 061,33	110 738,88
<b>Net Operating Cash Flow (Year 5)</b>	142 084,01	142 081,56	212 590,92	179 001,86

<b>3. Pessimistic scenario</b>				
<b>Scenario Summary</b>	<b>Current Values:</b>	<b>Units sold (-10%)</b>	<b>Unit selling price (-10%)</b>	<b>Unit COGS(+10%)</b>
<b>Changing Cells:</b>				
Sales in Unit (Quantities)	696	557	696	696
Unit Selling Price without VAT	496,739837	496,739837	447,065854	496,739837
Unit COGS ( without transportation)	260,096	260,096	260,096	286,106
Hurdle Rate ( WACC+ Risk premium 3%)	14,8282%	14,8282%	14,8282%	14,8282%
<b>Result Cells:</b>				
NPV = Net Present Value	33 271,96	4 459,84	-128 616,39	-51 371,47
IRR = Internal Rate of Return	22,784%	15,780%	-18,312%	2,213%
MIRR = Modified Internal Rate of Return	20,97%	15,55%	-10,76%	4,95%
Profitability index	45,90%	6,15%	-177,44%	-70,87%
Net Operating Cash Flow (Year 1)	-37 905,21	-72 059,62	-73 803,61	-56 701,83
Net Operating Cash Flow (Year 2)	-8 253,01	-7 202,25	-42 919,28	-26 390,10
Net Operating Cash Flow (Year 3)	40 578,15	40 753,27	-15 430,37	11 251,74
Net Operating Cash Flow (Year 4)	81 807,78	81 836,97	26 129,92	52 848,16
Net Operating Cash Flow (Year 5)	142 084,01	142 088,88	71 577,10	105 166,16
<b>4. Worst case scenario</b>				
<b>Scenario Summary</b>	<b>Current Values:</b>	<b>Units sold (-15%)</b>	<b>Unit selling price (-15%)</b>	<b>Unit COGS (+15%)</b>
<b>Changing Cells:</b>				
Sales in Unit (Quantities)	696	418	696	696
Unit Selling Price without VAT	496,739837	496,739837	422,228862	496,739837
Unit COGS ( without transportation)	260,096	260,096	260,096	299,110
Hurdle Rate ( WACC+ Risk premium 3%)	14,8282%	14,8282%	14,8282%	14,8282%
<b>Result Cells:</b>				
NPV = Net Present Value	33 271,96	-24 352,29	-209 797,45	-93 821,54
IRR = Internal Rate of Return	22,784%	10,130%	-45,078%	-8,739%
MIRR = Modified Internal Rate of Return	20,97%	11,32%	-30,82%	-3,89%
Profitability index	45,90%	-33,60%	-289,44%	-129,44%
Net Operating Cash Flow (Year 1)	-37 905,21	-106 214,04	-91 752,81	-66 100,14
Net Operating Cash Flow (Year 2)	-8 253,01	-6 151,48	-60 267,50	-35 473,74
Net Operating Cash Flow (Year 3)	40 578,15	40 928,40	-43 434,63	-3 411,46
Net Operating Cash Flow (Year 4)	81 807,78	81 866,16	-1 912,26	38 165,11
Net Operating Cash Flow (Year 5)	142 084,01	142 093,74	36 106,96	86 707,24

**Source:** Own elaboration

## Appendix 78 – Predicted Income Statement

Year	0	1	2	3	4	5
Sales	€345 730,93	€ 412 294,07	€ 553 864,92	€ 687 487,93	€ 852 405,56	
Variation in stocks of finished goods	€ 8 713,22	€ 18 531,84	€ 17 491,46	€ 14 565,38	€ 16 406,46	
COGS	€181 026,82	€ 215 879,68	€ 290 007,04	€ 359 972,86	€ 446 324,74	
Variable External Supplies and Services	€ 62 776,97	€ 46 005,00	€ 46 717,50	€ 47 390,00	€ 47 950,00	
<b>Contribution Margin</b>	<b>€ -</b>	<b>€110 640,36</b>	<b>€ 168 941,23</b>	<b>€ 234 631,83</b>	<b>€ 294 690,45</b>	<b>€ 374 537,29</b>
Staff Costs	€ 4 225,41	€ 90 841,59	€ 92 478,92	€ 132 796,24	€ 133 804,05	€ 133 804,05
Fixed External Supplies and Services	€ 780,00	€ 19 020,00	€ 18 120,00	€ 17 520,00	€ 17 220,00	€ 17 220,00
Capex						
Other Operational Expenses	€11 850,00	€ 51 816,00	€ 51 816,00	€ 51 816,00	€ 51 816,00	€ 51 816,00
<b>Fixed Charges</b>	<b>€16 855,41</b>	<b>€161 677,59</b>	<b>€ 162 414,92</b>	<b>€ 202 132,24</b>	<b>€ 202 840,05</b>	<b>€ 202 840,05</b>
<b>EBITDA</b>	<b>-€16 855,41</b>	<b>-€ 51 037,23</b>	<b>€ 6 526,31</b>	<b>€ 32 499,59</b>	<b>€ 91 850,40</b>	<b>€ 171 697,24</b>
Depreciations and Amortizations	€ 2 384,67	€ 2 384,67	€ 3 751,83	€ 2 002,17	€ 2 002,17	
<b>EBIT = Operational Profit</b>	<b>-€16 855,41</b>	<b>-€ 53 421,90</b>	<b>€ 4 141,64</b>	<b>€ 28 747,76</b>	<b>€ 89 848,23</b>	<b>€ 169 695,07</b>
Financial Expenses (Medium Term)	€ 1 368,14	€ 2 423,75	€ 2 129,45	€ 1 649,11	€ 1 170,90	€ 717,29
Total Financial Expenses	€ 1 368,14	€ 2 423,75	€ 2 129,45	€ 1 649,11	€ 1 170,90	€ 717,29
<b>EBT=Earnings Before Taxes</b>	<b>-€18 223,54</b>	<b>-€ 55 845,65</b>	<b>€ 2 012,20</b>	<b>€ 27 098,65</b>	<b>€ 88 677,33</b>	<b>€ 168 977,79</b>
Loss Report /Net Loss	€ -	€ -	€ 2 012,20	€ -	€ -	€ -
Taxable Income	-€18 223,54	-€ 55 845,65	€ 2 012,20	€ 27 098,65	€ 88 677,33	€ 168 977,79
Income Taxes	€ -	€ -	€ 372,26	€ 5 577,68	€ 19 952,40	€ 38 020,00
<b>Net Income</b>	<b>-€18 223,54</b>	<b>-€ 55 845,65</b>	<b>€ 1 639,94</b>	<b>€ 21 520,96</b>	<b>€ 68 724,93</b>	<b>€ 130 957,78</b>
Net Loss to report	€18 223,54	€ 55 845,65	€ -	€ -	€ -	€ -

**Source:** Own elaboration

## Appendix 79 – Predicted Statement of Financial Position

Year	0	1	2	3	4	5
<b>Assets:</b>						
Fixed Assets	13 629,00	13 629,00	13 629,00	19 068,00	19 068,00	19 068,00
Accumulated Depreciations and Amortizations	0,00	2 384,67	4 769,33	8 521,17	10 523,33	12 525,50
<b>Nel Fixed Assets (Non-Current Assets)</b>	<b>13 629,00</b>	<b>11 244,33</b>	<b>8 859,67</b>	<b>10 546,83</b>	<b>8 544,67</b>	<b>6 542,50</b>
<b>Current Assets:</b>						
Finished Goods Inventories	45 256,70	53 969,92	72 501,76	89 993,22	104 558,59	120 965,06
Accounts Receivable		12 529,25	13 743,14	18 462,16	22 916,26	28 413,52
VAT to recover	14 545,55	0,00	0,00	0,00	0,00	0,00
Liquidity (Cash and Banks)	41 448,07	18 261,53	1 385,69	31 591,62	103 399,44	232 047,26
<b>Total Current Assets</b>	<b>101 250</b>	<b>84 761</b>	<b>87 631</b>	<b>140 047</b>	<b>230 874</b>	<b>381 426</b>
	<b>Net Total Assets</b>	<b>114 879,32</b>	<b>96 005,02</b>	<b>96 490,26</b>	<b>150 593,831</b>	<b>239 418,97</b>
<b>Owners' Equity:</b>						
Share Capital	64 000,00	64 000,00	64 000,00	64 000,00	64 000,00	64 000,00
Retained Earnings			-55 845,65	-54 205,71	-36 121,00	6 412,38
Dividends						19 643,67
Reserve (>2500€)					3 436,25	6 547,89
Net Profit/Loss (Current Year)	-18 223,54	-55 845,65	1 639,94	21 520,96	68 724,93	130 957,78
	<b>Total Equity</b>	<b>45 776,46</b>	<b>8 154,35</b>	<b>9 794,29</b>	<b>31 315,25</b>	<b>100 040,18</b>
						<b>227 561,72</b>
<b>Liabilities:</b>						
<b>Non-Current Liabilities:</b>						
Medium Term Loans	50 000,00	47 500,01	37 500,05	27 500,09	17 500,13	7 500,17
<b>Total Non- Current Liabilities</b>	<b>50 000,00</b>	<b>47 500,01</b>	<b>37 500,05</b>	<b>27 500,09</b>	<b>17 500,13</b>	<b>7 500,17</b>
Investment Suppliers						
Operational Suppliers	15 085,57	33 338,93	37 567,14	71 343,25	83 721,96	93 218,69
Vat due to be paid	0,00	1 004,88	5 113,23	8 210,36	11 473,12	14 936,56
Other Accounts Payable (Income taxes to pay included)	4 017,30	6 006,85	6 515,55	12 224,88	26 683,58	44 751,19
<b>Total Current Liabilities</b>	<b>19 102,87</b>	<b>40 350,67</b>	<b>49 195,92</b>	<b>91 778,50</b>	<b>121 878,66</b>	<b>152 906,44</b>
	<b>Total Liabilities</b>	<b>69 102,87</b>	<b>87 850,68</b>	<b>86 695,97</b>	<b>119 278,59</b>	<b>139 378,79</b>
	<b>Total (Funding or) Sources of Funds</b>	<b>114 879,32</b>	<b>96 005,02</b>	<b>96 490,26</b>	<b>150 593,836</b>	<b>239 418,97</b>
Control (Difference)	0,00	0,00	0,00	0,00	0,00	0,00

**Source:** Own elaboration

## Appendix 80 – Investment Financial Indicators

Profitability ratios are financial metrics used by investors to measure and evaluate a company's ability to generate profits relative to revenues, balance sheet assets, operating costs and equity over a given period of time. They show how a company uses its assets to generate profits and shareholder value. A higher ratio or value is generally sought by most companies, as it usually means that the company is performing well.

Margin ratios represent the company's ability to convert sales into profits. Here our Contribution Margin ratio shows us how much of our sales are available to cover our fixed costs. It's always positive and growing so that's a pretty good sign that we have revenue available to cover our fixed costs.

Return ratios represent the company's ability to generate a return for its shareholders. Return on sales (ROS) is a ratio used to assess the operational

efficiency of a company. It is a measure of how effectively a company turns sales into profits. ROS is calculated by dividing operating profit by net sales. An increasing ROS indicates that a company is growing more efficiently, while a decreasing ROS may signal impending financial problems.

Working capital as a percentage of sales tells a company how much of each dollar of sales should be spent on operational expenses and short-term debt obligations.

Return on equity (ROE) is a measure of financial performance and is considered to be a metric of a company's profitability relative to its equity. ROE is calculated by dividing net profit by equity.

Return on investment (ROIC) is a calculation used to assess the effectiveness of a company in allocating the capital under its control to profitable investments. In other words, it gives an idea of how well a company is using its capital to generate profits. A company is considered to create value if its ROIC is above 2% and to destroy value if it is below 2%.

The solvency ratio is a key measure used to assess a company's ability to meet its long-term debt obligations and is therefore a measure of its financial health. The Debt-to Asset ratio measures a company's total debt in relation to its total assets. It measures a company's leverage and indicates how much of the company is financed by debt relative to its assets, and thus its ability to repay its debt with its available assets. A higher ratio, especially above 1, indicates that the company is heavily financed by debt and may have difficulty meeting its obligations.

The D/E ratio is similar to the debt/asset ratio: it indicates how a company is financed, in this case by debt. The higher the ratio, the more debt the company has which means that the probability of default is higher. It reflects the ability of equity to cover all outstanding debt in the event of a business downturn.

Liquidity ratios are an important category of financial measures used to determine the ability to repay current debts without raising external capital. The quick ratio measures this ability of the company but with its most liquid

assets and therefore excludes inventories from its current assets. A company with a quick ratio of less than 1 may not be able to pay off its short-term debts in full, while a company with a quick ratio of more than 1 can get rid of its short-term debts instantly.

The current ratio measures the ability of a company to repay its short-term debts (payable within one year) with its total current assets such as cash, accounts receivable and inventories. The higher the ratio, the better the company's liquidity position. It tells investors how a company can maximise the current assets on its balance sheet to meet its current and other liabilities. The rule is the same as the quick ratio: a company should have a current ratio of more than 1 indicating that the company has the financial resources to remain solvent in the short term.

Company Performance					
Indicators	2022	2023	2024	2025	2026
Revenues	345 730,93	412 294,07	553 864,92	687 487,93	852 405,56
		19,25%	34,34%	24,13%	23,99%
COGS	345 730,93	412 294,07	553 864,92	687 487,93	852 405,56
		19,25%	34,34%	24,13%	23,99%
Interest Expense	2 489,58	2 145,83	1 645,84	1 145,84	645,84
		-13,81%	-23,30%	-30,38%	-43,64%
Ratio Analysis					
Profitability Ratios	2022	2023	2024	2025	2026
Contribution Margin (in % of sales)	32,00%	40,98%	42,36%	42,86%	43,94%
<b>Variation Contribution Margin (% of sales)</b>		28,04%	3,38%	1,19%	2,51%
Return on Sales	-15,45%	1,00%	5,19%	13,07%	19,91%
<b>Variation on Return on Sales</b>		106,50%	416,70%	151,79%	52,33%
NWC/Sales	7,27%	8,99%	3,01%	0,81%	-0,41%
<b>Variation NWC/Sales</b>		23,56%	-66,49%	-72,97%	-150,84%
Return On Invested Capital (ROIC)		7%	39%	60%	57%
<b>Variation ROI</b>			458,15%	56,39%	-5,56%
Return-On-Equity (ROE)		17%	69%	69%	58%
<b>Variation ROE</b>			310,44%	-0,04%	-16,23%
Solvency Ratios	2022	2023	2024	2025	2026
Debt-to-Equity	5,83	3,83	0,88	0,17	0,03
		-34,27%	-77,06%	-80,08%	-81,16%
Debt-to-Asset	0,56	0,43	0,20	0,08	0,02
		-23,64%	-54,11%	-61,40%	-74,06%
Liquidity Ratios	2022	2023	2024	2025	2026
Current Ratio	2,10	1,78	1,53	1,89	2,49
		-15,20%	-14,33%	24,14%	31,69%
Quick Ratio	0,76	0,31	0,55	1,04	1,70
		-59,70%	77,35%	90,04%	64,36%

**Source:** Own elaboration

## Appendix 81 – Business Valuation

<b>Discounted CF Method</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Year</b>						
After-tax earnings		-€ 55 845,65	€ 1 639,94	€ 21 520,96	€ 68 724,93	€ 130 957,78
Capex+Inv. in NWC		-€ 45 226,63	-€ 24 276,21	€ 22 115,88	€ 11 035,20	€ 1 911,14
FCFF		-€ 10 619,02	€ 25 916,15	-€ 594,92	€ 57 689,73	€ 129 046,65
Terminal Value						€ 1 172 141,81
Discount factor		€ 0,87	€ 0,76	€ 0,66	€ 0,58	€ 0,50
Discounted FCFF		-€ 9 247,75	€ 19 655,02	-€ 392,93	€ 33 182,13	€ 64 640,39
Discounted Terminal Value						€ 587 134,19
<b>Enterprise value</b>		<b>€ 694 971,05</b>				
Firm Value		€ 694 971,05				
Equity Value		€ 644 971,05				

**Source:** Own elaboration

## Meeting Draft # 1

**Subject:** Project Presentation

<b>Meeting</b>		<b>Participants</b>	<b>Next Meeting</b>	
Date:	1st Feb 2021	- João Cachola (CEO of Decorrita)	- Madalena Gama - Beatriz Pereira - Inês Martins - Rita Afonso	Data: not scheduled
Time:	15:45			Hora:
Local:	Via Teams			Local:

<b>Nº</b>	<b>Topic</b>	<b>Description</b>	<b>Who</b>
1	Introduction	a. Presentation of the group members  b. Explanation of the group project that the group is carrying out	Inês Martins
2	Company Presentation	a. Who they are  b. What is their business  c. Presentation of the brands they own.	João Cachola
3	Project Proposal	a. Presentation of Alusa.  b. Future goals for the brand.	João Cachola

## Meeting Draft # 2

**Subject:** Understand the market

<b>Meeting</b>		<b>Participants</b>	<b>Next Meeting</b>	
Date:	10th Feb 2021	- João Cachola (CEO of Decorrita)	- Madalena Gama - Beatriz Pereira - Inês Martins - Rita Afonso	Data: not scheduled
Time:	18:15			Hora:
Local:	Via Teams			Local:

<b>Nº</b>	<b>Topic</b>	<b>Description</b>	<b>Who</b>
1	Introduction	a. Brief presentation of what the group needed: to better understand the market.	Inês Martins
2	Market Explanation	a. Division of the market into the promoters and the constructors.	João Cachola

		b. Where our company is placed in the market.	
3	Current situation on construction	a. What happened to the construction projects during Covid-19: The ones that were in progress continued normally, everything else stopped (mainly hotels' projects).	João Cachola and the group
4	Economic context - Current Situation	a. The economy stopped from one moment to another. b. Loss in mobility of people who do not buy because they cannot go out. c. Online shopping does not amount to the same value as normal shopping. d. Loss in consumption is not the same as loss in buying power, which is not as big as the first one. e. Approximately, there is a 7% increase on bank savings.	João Cachola
5	Economic context - Expected in the Future	a. Parallel with the end of the wars. People will want to spend more money and consume. b. Institutions printing money will lead to a greater liquidity. Rapid recovery of the consumption and investment level. c. Low interest rates, fueling the housing credit. d. Higher investments because it is less interesting to keep money in the bank.	João Cachola
6	Portugal's advantages for overcoming the situation	a. Importance of the climate conditions, geographic location, gastronomy and sports. b. Portugal is a cheaper country compared to most of European countries which attracts foreigners with higher income.	João Cachola
7	Competitors of the company	a. Two different types of competitors: Traditional houses of construction materials distribution (e.g. Cofersan, Covelo e Pinto) and modern distribution targeted to the final consumer (e.g. Leroy Merlin, Maxmat)	João Cachola and the group
8	Clients of the company	a. Two different types of clients: construction companies (e.g Mota Engil, San José, Construtora Udra) and the final consumer. b. Decorrita has more than 500 clients.	João Cachola and the group
9	Segmentation of the market	a. Explanation of the three segments of the market: Real estate promotion, civil engineering and specialized construction activities.	João and Beatriz

10	Other topics	a. Resources and capabilities b. Financial Reports c. Current offer (will be solved by email)	João Cachola and the group
----	--------------	--	----------------------------

## Meeting Draft # 3

**Subject:** Meeting with competitor Abílio Rodrigues Peixoto & Filhos - Understand the market

Meeting		Participants		Next Meeting	
Date:	17th Feb 2021	- Marta Cunha (Human Resources Department of Casa Peixoto)	- Madalena Gama - Beatriz Pereira - Inês Martins - Rita Afonso	Data:	
Time:	11:00			Hora:	
Local:	Via Teams			Local:	

Nº	Topic	Description	Who
1	Introduction	a. Presentation of the group and the project. b. Brief presentation of what the group needed: to better understand the market.	Inês Martins
2	Company overview	a. Area of business and products' transaction. b. Clients: Final customer and construction. c. Stores: Portugal (5) and France (1 in Paris). d. Revenues of €40 million in 2019 and more than 200 collaborators.	Marta Cunha
3	Current situation on construction	a. In general, the situation of the industry is favorable and has been increasing over the past years. b. What happened to the construction projects during Covid-19: continued normally and construction material stores never closed (even though there was a decrease in the final consumers' demand).	Marta Cunha
4	Market difficulties	a. Getting materials in advance: several delays from the suppliers which can result in lack of materials on certain occasions.	Inês Martins and Marta Cunha

		<p>b. Problems that may arise within the internal distribution channel (the company assures the transportation of the products).</p> <p>c. It is an aggressive market and some competitors' lower prices to a nonprofit level just to secure a certain project. It is impossible to compete with this reality when you are a large company that has to sustain several collaborators.</p>	
5	Key factors to succeed in the market	<p>a. Being a company that reveals trustworthiness. Clients search for a company with whom they can establish a partnership.</p> <p>b. Personalized customer service, very close to the client.</p> <p>c. Well trained staff (Casa Peixoto has technical weekly training on product characteristics), specialized technicians.</p> <p>d. Staying up to date with new trends.</p> <p>e. Providing quality service: installation and deliveries.</p> <p>f. Appealing stores with showrooms providing 3D projects.</p> <p>g. Competitive prices</p>	Inês Martins and Marta Cunha
6	Online presence	<p>a. Online store recently launched with the objective of reaching more customers and having a stronger presence in the market.</p> <p>b. Even though stores remain open, the customers are confined to their houses, so there is a bigger relevance to online shopping.</p> <p>c. There was a period in which there was some increase on home renovations since people are spending more time at home.</p> <p>d. App release for the professional activities becoming easier and more practical to place orders.</p>	Rita Afonso and Marta Cunha
7	Future expectations	<p>a. Expansion and growth.</p> <p>b. Stronger presence in the north part of Portugal but want to enter new geographic areas in which they are not present yet such as Lisbon.</p> <p>c. Two new stores in progress: Oporto this year and Lisbon (Parque das Nações) next year.</p>	Inês Martins and Marta Cunha

8	Most sold product	a. The most competitive products for the company are the ceramics and sanitary ware.	Inês and Marta Cunha
9	Market risks	a. Dependent on the construction market. b. Covid-19 pandemic may lead to an economic crisis which will result in less investment in construction. c. Lack of innovation.	Inês and Marta Cunha

## Meeting Draft # 4

**Subject:** Meeting with competitor Matobra - Understand the market

Meeting		Participants		Next Meeting	
Date:	18th Feb 2021	- Eng. José Guilherme Martins (CEO of Matobra)	- Madalena Gama - Rita Afonso	Data:	
Time:	10:00			Hora:	
Local:	Via Teams			Local:	

Nº	Topic	Description	Who
1	Introduction	a. Presentation of the group and the project. b. Brief presentation of what the group needed: to better understand the market.	Madalena Gama
2	Company overview	a. Area of business and products transactioned. b. Clients: Final customer and construction (mainly). c. Stores: 1 in Coimbra, Portugal d. Revenues of €8million in 2019 and more than 45 collaborators. e. During the 2007 crisis, the company suffered a lot, decreasing its sales volume from €15 million to €4 million, and from 80 collaborators to 30 collaborators f. 2 architectes and 2 interior designers	Eng. José Martins
3	Current situation on construction	a. In general, the situation of the industry is favorable for the short-time and has been increasing over the past years. b. Dependent on constructions right now	Eng. José Martins

		c. Growth of 5% for the company compared to last year	
4	Future expectations	a. Expects a positive growth in the short-term, as they are finishing projects that have already started before the pandemic b. In the long-term, they expect a similar outcome as they had in the 2007 crisis, so they are preparing for the worst c. Growth in sustainability, but clients are still not willing to spend more money in this type of products	Eng. José Martins
5	Market difficulties	a. Delay in constructions work (constantly stopping), results in financial problems b. Difficulties in obtaining supply of certain products (specially imported products) c. It is hard to find heavy-duty vehicles' drivers d. Traditional market, with family structures, adverse to change e. Lack of valorization of the intellectual work by the clients f. Small sales margins and high costs with appealing stores (€1000/m <sup>2</sup> , monthly) g. Threatened by direct contact between brands and clients	Madalena Gama and Eng. José Martins
6	Clients behaviour	a. Confinements made people more aware of their homes and with desires for renovations (as they also have more savings as they can't go out and spend money) b. Projects requests and attempt to bargain prices with competitors c. Final customer has lowered their positioning and is less willing to spend money: difference between generations, younger people more willing to invest in travelling and life experiences rather than in houses and expensive decoration d. Hard for clients to acknowledge the work done by the company and to pay its respective price	Eng. José Martins

7	Competitors	a. Aggressive competition, very hard to make money when doing business with the Final consumers (B2C) b. <b>Casa Peixoto</b> biggest player in the Portuguese market c. Leroy Merlin is not direct competitor, because they don't do business with construction companies (if they eventually do so it will be bad for the other companies in the market)	Eng. José Martins
8	Company positive aspects	a. Human resources with high level of training b. Important to be patient to succeed in this market c. Betting in Portuguese brands or foreign brands that are produced in Portugal	Eng. José Martins
9	Most sold product	a. The most competitive products for the company are the ceramics and sanitary ware.	Eng. José Martins
10	Market risks	a. Dependent on the construction market, which is expected to decrease in the next 1 to 2 years b. Golden Visa: political measures to end this in Lisbon and Oporto will affect the construction sector tremendously c. New policies to reduce Local Accommodation: it is preferable to have a city full of tourists than an empty city. This industry is very important for the Construction and Distribution of construction materials sectors d. The Covid-19 has reduced the tourism in Portugal	Rita Afonso and Eng. José Martins

## Meeting Draft # 5

**Subject:** Clarification of doubts

Meeting		Participants	Next Meeting
Date:	22nd Feb 2021	- João Cachola (CEO of Decorrita)	Data: not scheduled
Time:	19:00	- Madalena Gama - Beatriz Pereira - Inês Martins - Rita Afonso	Hora:
Local:	Via Teams		Local:

Nº	Topic	Description	Who
1	Resources and Capabilities	<p><b>a. Tangible Assets</b></p> <ul style="list-style-type: none"> <li>i. 4 stores and 1 warehouse</li> <li>ii. Software PHC, Office 360 and Winner (specific for kitchen projects and design)</li> <li>iii. Hardware</li> <li>iv. Furniture in general (offices, warehouses)</li> <li>v. Decoration of store (samples and environment)</li> </ul> <p><b>b. Intangible Assets</b></p> <ul style="list-style-type: none"> <li>i. Knowledge acquired inside the company</li> <li>ii. Trust with suppliers - Buy high quality products at good prices (as good or better as competitors) is the biggest CSF of the business, and makes the company more competitive</li> <li>iii. Strong reputation with suppliers: commitment, fulfilling deadlines and conditions</li> <li>iv. Loyalty with clients - due to credit sale to professionals and providing the best solutions at the best price</li> </ul> <p><b>c. Human</b></p> <ul style="list-style-type: none"> <li>i. Competence of shareholders and employees</li> <li>ii. Personalized service</li> </ul>	João Cachola and the group
2	Communication channels	<ul style="list-style-type: none"> <li>a. With exterior - Social media and website</li> <li>b. Internally - intranet (working with office 360)</li> </ul>	João Cachola
3	Value Chain	<p><b>a. Human Resources Department</b></p> <ul style="list-style-type: none"> <li>i. number of employees (85)</li> <li>ii. Employees management - Recruitment process of less qualified through recruitment companies (Adecco and Kelly services); social media for job search; Social Security (through the IFP - Instituto de Formação Profissional); through personal contacts if the person fills the requirements</li> </ul> <p><b>b. Procurement</b></p> <ul style="list-style-type: none"> <li>i. Partnerships: through contracts</li> <li>ii. Suppliers relationship: trust relationship</li> </ul>	João Cachola and the group

		c. <b>International coverage</b> - 10% to 15% of sales to international markets (specifically to PALOP - País Africanos de Língua Oficial Portuguesa, for example Cabo Verde with the construction of hotels for tourism)	
--	--	---	--

## Meeting Draft # 6

<b>Subject:</b> Understanding the relationship between Distributors and Constructors
--

<b>Meeting</b>		<b>Participants</b>	<b>Next Meeting</b>
Date:	24th Feb 2021	- Dr. António Manzoni (AECOPS - Associação de Empresas de Construção de Obras Públicas)	Data: not scheduled
Time:	11:15	- Madalena Gama - Beatriz Pereira - Rita Afonso	Hora:
Local:	Via Zoom		Local:

<b>Nº</b>	<b>Topic</b>	<b>Description</b>	<b>Who</b>
1	Introduction	a. Presentation of the group and the project. b. Brief presentation of what the group needed: to better understand the market.	Beatriz Pereira
2	Characterization of the sector	a. Growth between 1986 and 2002 b. Went through a big crisis between 2002 and 2016: construction of housing and buildings cut down to half, bigger bet on rehabilitation c. Since 2016 the sector has been growing due to foreign investment in homes and local housing and an increase in demand	Beatriz Pereira and Dr. Manzoni
3	Impacts of Covid on the sector	a. Demand didn't decrease abruptly, but there was a decrease in the demand for local housing b. Some difficulties in fitting the sanitary rules to the construction sites <ul style="list-style-type: none"> <li>i. social distancing between workers</li> <li>ii. displacement of workers used to be done in a full capacity van</li> <li>iii. different eating schedules for the workers</li> </ul>	Madalena Gama and Dr. Manzoni

		<p>c. In the future, if tourism is able to go back to what it was and the interest rates remain low (people will be more willing to invest as they expect to have valorization on the properties), they expect that the growth that was happening continues, otherwise, the prospects are for a crisis</p> <p>d. Future construction of housing is very dependent on macroeconomic factors</p>	
4	Difficulties in the sector	<p>a. Very cyclic industry, and so high levels of uncertainty</p> <p>b. It is not a continuous activity, so if there is no demand, the sector is stopped and with excess of human labour, and the contrariwise, if there is a lot of demand, the sector is overflowed and with scarcity of human labour</p> <p>c. The need for products when the demand grows, also grows, which can lead to delays in supply</p> <p>d. People have to decide between saving money or investing, and so they are very dependent on that</p>	Beatriz Pereira and Dr. Manzoni
5	Main competitors	<p>a. Around 60 000 companies, most of them local companies</p> <p>b. Regularized activity, companies need to comply with legal aspects</p> <p>c. Bigger companies: Mota Engil, Teixeira Duarte</p> <p>d. To measure the competitors of the company we should consider the location and region of activity, and not the size or profitability of the company</p>	Beatriz Pereira and Dr. Manzoni
6	Sustainability in the sector	<p>a. As a regulated activity they have rules on which materials they can use: they are as "sustainable" as legislation forces them to be</p> <p>b. The concern with the environment and the propagation of residues is present</p> <p>c. The products used in the sector have a life cycle of 30 to 50 years, making it very expensive to guarantee the systematic use of high energetic</p>	Beatriz Pereira and Dr. Manzoni

		efficiency products, specially for younger generations when looking for a home.	
7	Luxury housing	a. Construction of luxury housing has grown in the past years - strongly influenced by foreign investment and tourism b. Portugal remains a cheap country, compared to other destinations, to invest in where property will increase value	Rita Afonso and Dr. Manzoni
8	Relationship between Distributors and Constructors	a. The relationship would only be negatively impacted if there is a massive structural transformation in the materials b. Technological revolutions in the products c. Eventually the construction sector will follow up this trend d. We would end up with intelligent materials and houses/buildings	Beatriz Pereira and Dr. Manzoni
9	Characteristics that lead to choosing a Distributor	a. Location of the working site and the stores b. Capacity of response, delays in supplying will lead to increased costs in the working site c. Price competition	Beatriz Pereira and Dr. Manzoni

## Meeting Draft # 7

**Subject:** Product definition

<b>Meeting</b>		<b>Participants</b>	<b>Next Meeting</b>
Date:	3rd March 2021	- João Cachola (CEO Decorpita)	Data: 5th March 2021
Time:	19:00		Hora: 15:00
Local:	Via teams	- Madalena Gama - Beatriz Pereira - Claire Thomas - Morgane Burton - Luo Xinnian - Rita Afonso	Local: Decorpita

<b>Nº</b>	<b>Topic</b>	<b>Description</b>	<b>Who</b>
1	Introduction	a. Milestone 2 explanation b. Reasons to create new products/brand in a market that already has a big offer: increase on margins	Rita Afonso

		c. This assures more control over margins (that are very low) in a market that is very competitive	and João Cachola
2	Luxury	a. Huge growth in the last decade b. It is expected to remain growing after Covid stabilization c. Very dependent on foreign investment	Rita Afonso and João Cachola
3	Sustainability	a. In general, consumers are not interested in paying more in sustainable products b. Brand is creating the design, and the companies that they hire to produce must be aware of the sustainability of the products used and created c. Not relevant for our project since we will only be designing	Rita Afonso and João Cachola
4	Possible ideas	a. Suggested by the group that we include portuguese details in the products b. Democratic luxury, luxury feel at affordable price for everyone c. Increasing concern by customers in overall design details for housing d. Minimalism design e. Differentiation on design f. Focus on bathrooms or kitchen lines	Rita Afonso, Morgane Burton and João Cachola

## Meeting Draft # 8

**Subject:** Visit to one of Decorpita's stores

<b>Meeting</b>		<b>Participants</b>	<b>Next Meeting</b>	
Date:	5th March 2021	- João Cachola (CEO Decorpita)	- Madalena Gama	Data: not schedule
Time:	15:00		- Inês Martins	Hora:
Local:	Decorpita, Infante Santo		- Rita Afonso	Local:

Nº	Topic	Description	Who
1	Welcome	<p>a. Arrival to the store</p> <p>b. Sit down at the meeting room where meetings with both clients and employees take place</p> <ul style="list-style-type: none"> <li>i. Decoration projects</li> <li>ii. Catalogues with their offer</li> </ul> <p>c. Discussion on the upcoming project</p> <ul style="list-style-type: none"> <li>i. We discussed some of the new trend in the lines of bathrooms, bringing back colours to the sanitary ware, instead of whites and chrome, and variations in textures</li> <li>ii. The differences between clients due to lifestyles and character lead to different tastes and needs in the decoration of their homes - people are more open to the creation of new products</li> <li>iii. Nowadays people value more experiences in comparison to goods</li> <li>iv. Marketing challenges - personalization - through the progress in technology (and with the arrive of the 5G) companies have more and more data about clients, and so more information on what people look for</li> <li>v. Globalization: Before companies made the same product that complied with the desires and needs of the clients</li> <li>vi. Technological developments: companies are able to produce smaller series of product due to the decreases of the setup costs of production lines</li> </ul>	João Cachola and the group
2	Tour through the store	<p>a. Kitchen area</p> <ul style="list-style-type: none"> <li>i. João showed us the three showrooms of kitchens in the store, the small features that differentiate them from other construction materials retailers</li> <li>ii. We had the opportunity of seeing a kitchen project with the clients requests and how they bring to life the clients ideas</li> </ul> <p>b. Bathroom area</p>	João Cachola and the group

		i. Similar to kitchens, they have several showrooms with examples of products they offer, ideas for clients with combinations and displays	
--	--	--	--

## Meeting Draft # 9

**Subject:** Product decision

<b>Meeting</b>		<b>Participants</b>	<b>Next Meeting</b>
Date:	9th March 2021	- João Cachola (CEO of Decorrita)	Data: not schedule
Time:	19:00	- Madalena Gama - Beatriz Pereira - Claire Thomas - Inês Martins - Morgane Burton - Luo Haotian - Luo Xinnian - Rita Afonso	Hora:
Local:	Via Teams		Local:

<b>Nº</b>	<b>Topic</b>	<b>Description</b>	<b>Who</b>
1	Introduction	a. Presentation of ideas for the developed products	Inês Martins
2	Tiles	a. Opportunity to repurpose old tiles and use pieces of traditional portuguese patterns to make new, more modern tiles	Inês Martins
3	Mirror	a. Bathrooms are getting smaller and smaller and so the need for smart and functional storage is increasing b. Mirrors with storage behind was a trend that was lost c. There is the possibility to revive the trend with design and adapted to the needs of the current population d. Also in line with the minimalism trend	Inês Martins
4	Tile with art	a. Integrate decoration in the bathroom tiles, through iconic pieces of modern art, creating big plates of tiles with the printed image	Madalena Gama
5	Company thoughts on ideas	a. Approval of ideas, which are good and feasible for the company	João Cachola

	b. Suggestion of developing a 3D model to better understand products	
--	--	--

## Meeting Draft # 10

**Subject:** Budget for mirror production

<b>Meeting</b>		<b>Participants</b>	<b>Next Meeting</b>	
Date:	16th March 2021	- Bruno Relvas (Manager of Vicar)	- Beatriz Pereira - Inês Martins - Rita Afonso	Data: not schedule
Time:	11:00			Hora:
Local:	Via Zoom			Local:

<b>Nº</b>	<b>Topic</b>	<b>Description</b>	<b>Who</b>
1	Presentation of the project	a. Explanation of our project and what it consists on (mirrors with specific storage and illumination)	Inês Martins
2	Materials used for the production of mirrors	a. Standardized glass sheets are used and the measures of the mirrors are cut according the wish of the buyer b. As a reference, the square meter is used c. There are two types of glass sheets (jumbo glass sheets, small glass sheets)	Bruno Relvas
3	Production processes	a. There are relevant elements in the production process of mirrors, that allows the mirror to be customized (types of cut, edges, snags and holes and notches) b. There are different thickness measures for mirrors, and the edges are what differentiate the cost of mirrors c. For customizing a mirror, there is the need to contact other subcontractors that are specialized on the needed processes (such as electricity and carpentry) d. At the end, the different parts that were produced by the different subcontractors and the mirror production company, would be put together and installed in the final customer's home	Bruno Relvas

4	Costs of production	a. How much it would cost to produce the mirror with the specific conditions we need for our project b. The standard mirror would cost 32,48€ per m <sup>2</sup> c. The average price per square meter varies according to the relationship between offer and demand d. The demand of this product has decreased in the last months due to the Covid-10 pandemic	Inês Martins and Bruno Relvas
5	Factors that affect the cost of production	a. In Portugal, no one produces glass sheets, which means companies in Portugal are dependent of the available offer from other countries b. Profitability (the profit margins for the company)	Bruno Relvas
6	Fees and taxes	a. There are no fees or taxes applicable on the production of mirrors	Beatriz and Bruno Relvas
7	Annual production capacity	a. 6401 mirror (1000mm x 1000mm) – equivalent to 1/8 of the global production	Rita and Bruno Relvas

## Meeting Draft # 11

**Subject:** Budget for mirror production

Meeting		Participants	Next Meeting	
Date:	18th March 2021	- André Oliveira (Production Manager of José Abel Oliveira, Lda)	- Beatriz Pereira - Inês Martins - Rita Afonso	Data: not schedule
Time:	11:00			Hora:
Local:	Via Zoom			Local:

Nº	Topic	Description	Who
1	Presentation of the project	a. Explanation of our project and what it consists on (mirrors with specific storage and illumination)	Inês Martins
2	Discussion regarding	a. The company only produces the simple mirrors b. The measure of the mirror (80x80)	André Oliveira,

	how the specificities of the mirror	c. The lighting would be around the whole mirror, with a width of 5 cm d. The thickness would be of 3-4 mm e. With a minimum order of 100 mirrors, the price would be of €36,85/unit f. The company only produces the mirrors and does not install the cabinets nor the lighting	Inês Martins, Beatriz Pereira and Rita Afonso
--	-------------------------------------	---	--

## Meeting Draft # 12

**Subject:** Clarification of doubts

Meeting		Participants	Next Meeting
Date:	9th April 2021	- João Cachola (CEO Decorpita)	Data: not schedule
Time:	16:00	- Madalena Gama - Beatriz Pereira - Claire Thomas - Inês Martins - Rita Afonso - Morgane Burton	Hora:
Local:	Via Teams		Local:

Nº	Topic	Description	Who
1	Book meeting with Decorpita's HR department	a. Meeting with the HR department so that we can understand the following topics: i. Job descriptions ii. Recruitment and Selection current strategies iii. Current retention strategies for maintaining satisfied employees iv. Whether there exists any Career and Competence Development plan v. What are the current reward policies for employees	Everyone and João Cachola
2	Book meeting with Decorpita's	a. Meeting with the Marketing department in order to understand the company's current marketing strategies and discuss what can be done to promote the new product developed for Alusa. b. Discuss Marketing budgets.	Everyone and João Cachola

	Marketing department		
3	Customers' complaints	a. How Decorrita receives and manages customer complaints:  i. Customer makes complaint ii. Complaint is then registered iii. Commercial director evaluates and makes all diligencies on the complaint.	Madalena Gama and João Cachola
4	Code of ethics	a. Will need to speak with the HR director for more information on the topic.	Rita, Inês and João

## Meeting Draft # 13

**Subject:** Feedback on Communication Plan

Meeting		Participants		Next Meeting	
Date:	10th March 2021	- Professor Eduardo Correia	- Madalena Gama - Beatriz Pereira - Inês Martins - Rita Afonso	Data:	not schedule
Time:	16:00			Hora:	
Local:	Via Zoom			Local:	

Nº	Topic	Description	Who
1	Presentation of the project	a. Presentation of the company and their business area  b. Explanation of our project and what it consists on (mirrors with specific storage and illumination)	Group and Prof. Eduardo
2	Inbound Strategies	a. How to attract customers in a "casual" way:  i. Improvement of social media (Facebook and Instagram) ii. Improvement of company website iii. SEO Strategies	Rita Afonso and Prof. Eduardo
3	Outbound Strategies	a. Traditional advertising through:  i. Paid promotion on social media ii. Presence on print media (decor magazine)	Inês Martins and Prof. Eduardo

		iii. Promotion on tv in partnership with other brands commercials iv. Social media partnerships with influencers/celebrities v. TV show partnerships	
4	Suggestions/ feedback	a. Partnership with architects association b. Outdoors in strategic locations c. Creative campaign for social media/outdoors	Prof. Eduardo

## Meeting Draft # 14

**Subject:** Doubts and Feedback on Human Resource Plan

Meeting	Participants		Next Meeting
Date: 12th March 2021	- Professor Inês Sousa	- Madalena Gama - Beatriz Pereira - Inês Martins - Rita Afonso - Luo Xinnian	Data: not schedule
Time: 15:00			Hora:
Local: Via Zoom			Local:

Nº	Topic	Description	Who
1	Presentation of the project	a. Presentation of the company and their business area b. Explanation of our project and what it consists on (mirrors with specific storage and illumination)	Beatriz and Prof. Inês
2	Recruitment Process	a. Identification of the three important steps when planning a recruitment process <ul style="list-style-type: none"> <li>i. Defining the job descriptions</li> <li>ii. Defining how long the recruitment will take in each phase</li> <li>iii. Defining the channels used for disclosing the vacancies</li> </ul>	Beatriz and Prof. Inês
3	Selection Process	a. Presenting the usual steps within the Selection Process <ul style="list-style-type: none"> <li>i. Interview</li> <li>ii. Selection Tests</li> <li>iii. Candidate Reference</li> <li>iv. Selection Decision</li> <li>v. Job Offer</li> <li>vi. Employment Contract</li> <li>vii. Giving feedback to unselected candidates</li> </ul>	Beatriz and Prof. Inês

		<p>b. The professor suggested that we define different processes for different types of recruitment (whether it is for lower skills vacancy or a higher skills one)</p> <p>c. Defining how long it takes in each process</p> <p>d. Understanding whether the company has a recruitment database because if they do, once they need to fill a spot, they can do it more easily by checking previous candidates to other recruitments, and fill the vacancy much more easily</p>	
4	Retention Strategy	<p>a. Starting by explaining the possible reasons why employees would leave the company</p> <ul style="list-style-type: none"> <li>i. Explanation according to the Maslow's Hierarchy of Needs</li> </ul> <p>b. The professor suggested that we aligned those needs with the AMO, which is related to the performance of the employees</p> <ul style="list-style-type: none"> <li>i. Ability: formal training, team building activities</li> <li>ii. Motivation: recognition, salaries</li> <li>iii. Opportunity: for example, participation in decision making</li> </ul>	Beatriz and Prof. Inês
5	Career Plan and Competence Development	<p>a. This process is dependant on the type of careers the company offers to their employees</p> <p>b. Explaining the steps for outlining this plan</p> <ul style="list-style-type: none"> <li>i. Conducting a diagnosis for trying to understand what are people's personal values, skills and knowledge (interviews, performance management/evaluation tools)</li> <li>ii. What kind of careers the company offers (usually companies are organized per departments, and people can either evolve vertically or horizontally)           <ul style="list-style-type: none"> <li>• Vertically: the employee is in a department and is promoted to higher hierarchies within that department</li> <li>• Horizontally: the employee is in a department and assumes positions in different departments</li> </ul> </li> </ul> <p>c. Relate what the employees have to do to achieve these goals with the recognition and reward policies</p>	Beatriz and Prof. Inês
6	Recognition and Reward Policies	<p>a. There can be two different types of rewards</p> <ul style="list-style-type: none"> <li>i. Monetary</li> <li>ii. Non-monetary</li> </ul> <p>b. There are three types of compensation within those rewards</p> <ul style="list-style-type: none"> <li>i. Fixed compensation (base salary): represents equality</li> <li>ii. Variable compensation (usually associated to performance): represents fairness because if you sell/produce more, you get more money</li> <li>iii. Benefits (health insurance, life insurance, car, mobile phone, fuel, among others)</li> </ul> <p>c. Checking what is the current Recognition and Reward Policies in Decorrita</p> <p>d. Different compensations are used for different objectives</p>	Beatriz and Prof. Inês

		<ul style="list-style-type: none"> <li>i. When you want the employee to increase performance, usually you use the variable compensation</li> <li>e. Within different departments, there are different jobs, which ask for different benefits</li> <li>f. A possible way for ensuring that the given benefits are satisfactory to a specific employee, is by giving a benefits' package with 10 benefits, where employees can choose for example 2 that they want for themselves</li> <li>g. After putting these policies into practice, making an evaluation every year or every 2 years, for understanding if the employees are satisfied with the current Recognition and Reward Policies</li> </ul>	
--	--	--	--

## Meeting Draft # 15

**Subject:** Understanding Decorpita's current Human Resource Plan

<b>Meeting</b>		<b>Participants</b>	<b>Next Meeting</b>
Date:	14th April 2021	- Rute Cunha (Decorpita's HR responsible)	Data: not schedule
Time:	10:00		Hora:
Local:	Via Teams	- Beatriz Pereira - Inês Martins - Rita Afonso	Local:

<b>Nº</b>	<b>Topic</b>	<b>Description</b>	<b>Who</b>
1	Presentation of the project	a. Explanation of our project and what it consists on (mirrors with specific storage and illumination)	Beatriz and Rute
2	Code of Ethics and Social Responsibility Plan	a. Ask whether Decorpita currently has a Code of Ethics and a Social Responsibility Plan b. Decorpita is still developing a Code of Ethics and Social Responsibility	Beatriz and Rute
3	Recruitment Process	a. Type of Recruitment and Recruitment promotion <ul style="list-style-type: none"> <li>i. Internal: opening internal vacancies for already existing employees and giving them a different position within the company</li> <li>ii. External: using Adecco and Kelly Services, as well as online announcements</li> <li>iii. Word of mouth: promoting the recruitment inside the company, in case the current co-workers know people who want to fill the position</li> </ul> b. The recruitment at Decorpita usually takes 2 weeks	Beatriz and Rute

		c. Usually the number of candidates per recruitment is variable <ul style="list-style-type: none"> <li>i. When it is for warehouse operators, usually they receive 20 to 30 applications</li> <li>ii. When it is for sales people, usually they receive around 6 applications</li> </ul>	
4	Selection Process	a. Their selection process goes on the following phases: <ul style="list-style-type: none"> <li>i. CV evaluation</li> <li>ii. Interview</li> <li>iii. Background check (previous experience)</li> <li>iv. Job Offer</li> <li>v. Employment contract (right now they employ with a full-term contract)</li> </ul> b. The feedback to unselected candidates is usually only for those who had the interview	Beatriz and Rute
4	Retention Strategy	a. Decorpita currently has 78 employees <ul style="list-style-type: none"> <li>b. During the last year, the company lost 27 employees because they closed their Faro store</li> <li>c. Once an employee starts working at the company, they present them the company usually through their stores, and also with a host manual</li> <li>d. Giving people the chance to change positions inside the company</li> </ul>	Beatriz and Rute
5	Career Plan and Competence Development	a. Currently, Decorpita does not have one <ul style="list-style-type: none"> <li>b. Their performance evaluation tools are also still in development</li> <li>c. Training           <ul style="list-style-type: none"> <li>i. Currently, they only give training on the informatic system of the stores, which started in January</li> <li>ii. They are working on developing other trainings, such as Safety and Hygiene at work</li> </ul> </li> </ul>	Beatriz and Rute
6	Recognition and Reward Policies	a. They have a fixed compensation, which can be complemented with a variable compensation according to how much each employee produces/sells	Beatriz and Rute
7	Current employees	a. Lisbon store <ul style="list-style-type: none"> <li>i. 1 manager, 1 cleaning lady, a new department (1 project coordinator and 1 project manager), 6 salespeople, 1 sales assistant</li> </ul> b. Faro store <ul style="list-style-type: none"> <li>i. 2 salespeople</li> </ul> c. Oeiras store <ul style="list-style-type: none"> <li>i. 1 cleaning lady, 6 salespeople, 1 backoffice (the manager of this store and the Lisbon store is the same)</li> </ul> d. Vila Franca de Xira store <ul style="list-style-type: none"> <li>i. 3 administrators, 2 directors, 13 salespeople (ones for inside interior design and exterior design), 1 store manager, 18 people in the warehouse (logistics, drivers, operators,...), 1 informatics technician, 4 people in the technical department, 7 salespeople assistants, 1 person in the purchases'</li> </ul>	Beatriz and Rute

		department, 1 receptionist, 4 people in billing, 1 cleaning employee, 1 HR and Treasury employee	
--	--	--	--

## Meeting Draft # 16

**Subject:** Understanding Decorpita's current Marketing Plan and discussion of the new proposal

<b>Meeting</b>		<b>Participants</b>	<b>Next Meeting</b>
Date:	14th April 2021	- Tatiana Pita (Decorpita's Marketing responsible)	Data: not schedule
Time:	14:00	- Madalena Gama - Beatriz Pereira - Inês Martins - Rita Afonso	Hora:
Local:	Via Teams + phone		Local:

<b>Nº</b>	<b>Topic</b>	<b>Description</b>	<b>Who</b>
1	Presentation of the project	a. Explanation of our project and what it consists on (mirrors with specific storage and illumination)	Inês and Tatiana
2	Marketing department current structure	a. Decorpita does not have a Marketing team, they are now recruiting it b. Their Marketing is done through digital companies c. Currently, they only have an outdoor, which is in their Oeiras store (belongs to the store) and its expense is accounted for on the rent, which means there is not any extra outside expense for having it d. In case they invested in outdoors, they would do it in A1 (South-North route)	Inês and Tatiana
3	Budget	a. In the past, their monthly budget for marketing expenses was of €100 b. The current possible budget for marketing expenses now is of around €700 for the digital spectrum	Inês and Tatiana
4	Current Marketing Campaigns in Decorpita	a. They had a campaign in the beginning of 2021 where they offered 10% discount on products for clients b. 10% discount in some of their brands once they open the renewed Vila Franca de Xira store	Inês and Tatiana
5	Marketing Strategies	a. Their Marketing campaigns depend on what suppliers have to give them (mainly in terms of discounts) b. In-store communication (TV screens) c. Stock outflow campaigns	Inês and Tatiana
6	Main challenges	a. Captivate buyers and suppliers b. Show that stock is always ready on time, not only what exists on the catalogues	Inês and Tatiana

		c. Fluid communication amongst intervinientes on the process	
7	New Marketing Department	a. Will have responsibilities such as i. Visiting stocks ii. Working with stocks iii. Selling what Decorrita wants	Inês and Tatiana