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**Case Study Title:** Royal Printing and Packaging Company

**Case Background:**

In May, 1989, a 68-year-old man named Ricardo Baltazar, entrusted the future management of Royal Printing and Packaging Company to his own son, Jose. Jose graduated from a business school in Metro Manila last month. Sr. Baltazar started the company on 1962 by initially investing P2000.

In the beginning, the company used to accept all kinds of printing jobs, composed mostly of small job orders. Later, Mr. Baltazar established mutual relationships with a few multinational drug companies and a large commercial bank. Because of this, the small job orders were dropped. Worse, it lost its connection with its client bank because the company was fully dependent on drug companies.

Mr. Baltazar confidently told his son all about the past journeys of his company and its resources. He told his son that the company has no substantial liabilities. All the imported printing machineries were bought brand new and are still in good running condition.

Jose began to evaluate the reports made by his father. He read the company financial statements and found out that the company sales was not even P1 after being in the business for more than 25 years. He was disappointed because the net margin was estimated to be 10% compared to the interest rate of 16% if he sold the assets and invested in treasury bills. He told his father that on that Heidelberg machine alone, they should have made an income of P192,000. His father told him that selling these assets is not an option. Jose went back to work to plan for the current year. He pulled out a Printing Association Industry study for his reference.

**External Environment**

*Economic*

Opportunities: and Threats: There would be removal of price controls of the common commodities and existing monopolies would be destroyed. Then there would be a lot of economic recovery and stability in the government or politics would be possible. Suppliers would grant 3% discounts in cash if the payments would be made within 7 days, in addition the total production cost would comprise of 70% in paper. Next is the local printers would expect bullish outlooks from different business enterprises. And lastly there would be uptrends in the value of production in the manufacturing sector which represents a huge percentage of the market. No threat can be seen from the current scenario.

*Socio-Cultural*

Opportunities and Threats: If somehow, there would be a change in a government, like it would be developed as democratic country; there would be a lot of cultural opportunities as well as economic opportunities. Then purchasing departments from buyers can be able to decide on the printer that they would be using, according to the following criteria’s: Quality of work and Ability to meet deadlines. Again, for this scenario, there can be no threats can be seen.

*Rivalry of Competitor*

Opportunities and Threats: Of course as an existing business, there would be a lot of competitors or lots of printing companies existing that would be a wall for the success of the business.

**Internal Environment**

*Administration, Sales, Marketing*

Before Ricardo Baltazar passed on the torch to his son Jose, all of the existing liabilities were settled or finished by the company. However, The Company is only giving attention on specific clients. They are not able to give attention equally to all existing clients that’s why they were able to loss some clients. And of course, equipment that are obsolete or not needed should have been sold to give way to new ones.

**Problem Statement:**

The total net income of the company is not enough or too small. Why? The net margin was only 10% compared to the interest rate of 16% once the company sells the assets and invests in treasury bills.

**Alternative Courses of Action:**

The company must learn how to prioritize company clients, or they must learn how to give equal attention to every one of them. Because this is one of the reasons why they are sometimes losing clients, and losing clients is a big blow in the company, it leads to loss of income. However focusing on more clients or focusing on clients equally comes with a costs and risks. First is, the company needs to have a lot of printing equipment that are fully functional and are ready to give a huge quantity of output with quality. If the company needs to have more equipment, then it’s favourable to sell the obsolete or old equipment to give way to new ones that are more efficient to use. The risk is, the company can never guarantee if these companies would demand equally, in short they would never know if these companies would want them to produce high or low. High means more equipment or more materials which again would lessen the income however if the products would be deployed properly and on time, there would be also a huge increase in assets, low means less materials or equipment but low increase in assets as well.