

Solid agricultural essay sample



**ASSIGN
BUSTER**

I. Statement of the Problem

a.)What are the disadvantages and disadvantages of taking in Messrs. Bince and Antonio as co-owners of Solid Agricultural Company? What form of business organization do you suggest? Why? b.)What are the advantages and disadvantages of setting up a new company for Novaliches farm only? What form of business organization do you suggest?

II. Areas for Consideration

STRENGTHWEAKNESS

1. Koh's mastery in agricultural development
2. Family owned company. Managed by Manuel who completed his degree in General Management at well-known Manila University
3. Debt free, the owner does not resort to borrowed funds.
1. Enough production of supply requirements of the pig finisher farms in Antipolo and Bulacan
2. Limited resources, do not resort in using borrowed funds.
3. Low Return on Investment (1. 4%) and Net Profit Margin (0. 62%)
4. Long growing period of hogs.
5. Large amount of working capital especially on cost of feeds

OPPORTUNITIESTHREATS

1. Sell to other small piggery farms in two provinces where it now operates
2. Proposed Novaliches farm may house the administration operations of Meycauayan farm, increasing the production of the latter
3. Feed mill in Novaliches can produce the feeds for

the expanded needs of the Antipolo and Meycauayan farms

4. Increased population in Metro Manila and strong purchasing power increases demand.

5. Novaliches is near to major markets of Manila

6. Expansion is expected to increase revenues and decrease cost of sales

1. High cost of feeds and price control on pork

2. Novaliches farm do not guarantee success

III. Alternative Courses of Action

1. To accept the offer and take Messrs. Bince and Antonio as co-owners of Solid Agricultural Company.

2. To set up a new company for the Novaliches farm only.

3. To consider borrowing from the bank

IV. Evaluation of Alternative Courses of Action

Action Advantages Disadvantages

To accept the offer and take Messrs. Bince and Antonio as co-owners of Solid Agricultural Company.

1. Antonio and Bince can provide expertise in agribusiness management and marketing. 2. The expansion can be easily pursued without borrowing. 1.

Significant adjustment on Koh family in terms of sharing of responsibility and profits, personnel policies, and record and accounting procedure. 2. Decision-making may take a while due to number of managers. 3. Different style of managing may have adverse effect the business 4. Miscommunication

5. Profit distribution will be now divided with the new investor. 6. Losing control on family business.

To set up a new company for the Novaliches farm only.

1. Lower feed cost on the existing farms.
2. The new investors will only take part in the new farm at the same time share their expertise on agribusiness.
4. The existing farm will remain a family-owned business.
5. The expansion can be easily pursued without borrowing.
1. Conflict of interest may arise in the future between the two business.
2. Success not guaranteed
3. Manuel may divide his focus on running the business.

To consider borrowing from the bank instead of taking offers from Bince and Antonio

1. Novaliches farm will still be family-owned and operated company
2. New farm will be sources of new income
1. Income on the new venture may not cover the interest expense on the borrowed funds which may have adverse effect the net income.
2. Henry Koh may disapprove the borrowing of funds.
3. Bince and Antonio may not anymore extend any help at all since their offer was refused.

V. Recommendation

Greater demand in the market can be seen by the Solid. Hence, grabbing the opportunity in leasing the Novaliches farm should be really considered. As of the moment, current fund of Solid Agricultural is not sufficient to sustain another farm operation. Thus, alternative course of action number two is recommended which is to set up a new company for the Novaliches farm only. Manuel has to take his chance in convincing his father to accept the

offer of Bince and Antonio but instead form a separate company to maintain the Antipolo and Bulacan farm still a family-owned business. Manuel will be able to learn also the managing style and strategies of the two new partners in agribusiness which he may also apply in the two other farms. Manuel should also manage his time wisely to preclude from miscommunication between his new partner and his father as his time will be divided with the new set up.