

# Managerial analysis on cute cosmetics ltd

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1. Acknowledgement Apart from the efforts of us, the success of any project depends largely on the encouragement and guidelines of many others. We take this opportunity to express our gratitude to the people who have been helpful to give us valuable information regarding this project so that it can be successful. We would like to show our greatest appreciation to honorable faculty Noor-E-Hasnin (NEH) Lecturer, North south University. We felt motivated and encouraged every time we attend her classes and effective class lectures.

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2. Introduction: We selected Cute Cosmetics for our project which is a private limited company and is a local company. Cute Cosmetics is a brand of Mousumi Industries that manufactures cosmetics and toiletries and was incorporated in 1971. Since then Cute has been manufacturing cosmetics and providing service to the people of Bangladesh.

It has become a very well reputed and now has captured a huge market not only in Bangladesh but also outside the country. But cute is not manufacturing consumer products alone in the industry. It has many competitors in the market who are fighting to become the market leader and to grasp the majority of the market share. The key competitors are Kohinoor, Marico and Lever Brothers. Even though the company was established long ago but it is facing tremendous competition and some of the competitors have already beat them in some of the consumer products.

The company has many product lines that manufacture different types of products and are providing service not only nationwide but also to the foreign countries as it has been exporting some of the products outside the country. Cute has its own brand image in the market and is one of the pioneers in the industry. Cute Cosmetics has its own strength and weakness as well as external opportunity and threats because of the market influence. We also have discussed the requirements for having a private limited company and the advantages and the disadvantages of the formation of the company which are compared with those discussed in the book. The report shows an overall view of the company's position in the market as well as the loopholes that it has in itself.

3. Literature Review: a) Company Information: Mousumi Industries Ltd. was founded in 1971. From 1974, still then a proprietorship industry, the operation of the business was intensified and in 1984 Mousumi's factory building was constructed at Cutepalli, Kanchpur, Sonargong, Narayangonj with sophisticated modern machinery. The cosmetics ; toiletries of the company are manufactured under two brands, namely " Cute" ; " Laboni".

Soon after Cute ; Laboni cosmetics were marketed, the brand became very popular in the whole country; it was the market leader. Mousumi Industries Ltd. was formed into a private limited company in 1982. Since then Mousumi has come a long way and its famous cosmetic brand, Cute, has earned the highest consumer satisfaction. In 1990, the company ventured into exporting. The first export was to Oman. This was a great milestone for Mousumi Industries Ltd. as well as for Bangladesh. This meant that even Bangladesh was producing quality cosmetics to attract foreign market.

This has been possible because Mousumi has installed very modern machinery and ensured highest quality products with technical co-operation of the qualified chemists of the company and experts of the renowned foreign cosmetics products developers. Mousumi now exports to India, Oman, UAE and many other foreign Countries. b) Mission and vision statement: Mission- We will always try to explore beyond the boundaries of possibilities. Consumer needs alone will be our guiding philosophy in manufacturing and marketing of products that beautify people and satisfy their souls.

Vision- We have a vision to attain our mission of assuming the above duty and responsibility. We envisage a more beautiful tomorrow for the country, for the region and for the whole world. c) Organizational Hierarchy: HR/Admin \* Recruitment \* Policy Implementation \* Attendance \* Upkeepment \* Logistics \* Legal \* Commercial Operation Purchase/Procurement \* Quotation approval \* Price/Term Analysis \* Co-Ordination Inventory ; Production \* Purchase Chairman ; Managing Director Director Director Organizational Hierarchy (Functional)

Sales \* Placement \* Revenue Marketing \* Packaging \* Branding \* Promotion \* Networking \* Market Survey Inventory Control \* Dispatch \* Logistic Arrangement \* MIS \* Delivery Cost analysis Production \* Co-ordination with Inventory Purchase \* Quality control \* Order execution \* New Product Development (R; D) Accounts \* General Accounts \* Costing(Purchase; Production) \* Profitability Variance \* Preparation of MIS 4. How the business was formed: a) Agreement- FORMATION I. The name of the Company is Cute Cosmetics Limited. II.

People incorporated the company are- Chairman, Kazi Mahtab Uddin Ahmed and Founder Managing Director Late Kazi Ashraf Uddin Ahmed, Directors Kazi Moin Uddin Ahmed and Kazi Rajib Uddin Ahmed. III. The Registered Office of the Company will be in Dhaka, Mousumi Industries Limited 151, Bangshal Road, Dhaka-1100, Bangladesh Phone: 7319608, 7311238, 7318996 Fax: 880-2-7318458 IV.

The objectives for which the company is established are all or any of the following provided that permission/approval/license from the Government or its appropriate agency and the concerned local government authority shall be obtained wherever it is so required by law, rules or regulations: V. The liability of the members is limited. VI. Life time is perpetual. V. The authorized share capital of the company is Tk. 0, 00, 00, 000 (Taka Ten Crores) divided into Ordinary and preferential shares. There shall be a total of 10, 000 (Ten thousand ) shares each of Taka 10, 000 (Taka Ten thousand only) with the power to increase or reduce the capital, to divide the shares in capital for the time being into several classes and to attach hereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of the company and consolidate, sub-divide the shares and issue shares of higher or lower denomination. ARTICLES OF ASSOCIATION OF CUTE COSMETICS LIMITED The Company is a Private Limited Company within the meaning of section 2(1) under clause (Q) of the companies Act, 1994 and accordingly the following shall apply:- a.

No invitation shall be issued to the public to subscribe for any share, debenture of the company; b. The number of members of the Company (exclusive of the persons in the employment of the company) shall be limited to fifty; and c. The right to transfer shares of the company is restricted in the manner and to the extent hereinafter provided. SHARE CAPITAL The Authorized Share Capital of the Company is Tk. 10, 00, 00, 000 /- (Ten Crore) divided into 10, 00, 000 (Ten Lac) Ordinary Shares of Tk. 100/- each with power to increase or reduce the same value of its shares.

Subject to the provisions of the Articles, the share shall be under the control of the directors who may allot or otherwise dispose of the same. COMMENCEMENT OF BUSINESS The business of the Company shall be commenced from the date of incorporation of the company. TRANSFER AND TRANSMISSION OF SHARES No transfer of any share shall be made or registered without the approval of the Board of Directors. No share shall be transferred to any outsiders as long as any existing member is willing to purchase the same at a fair value to be determined by the Directors in a Board Meeting.

In the case of death of a member, the survivor where the deceased was a joint holder, and the legal personal representative of the deceased where he was a sole holder, shall be the only persons recognized by the company as having any title to his interest in the shares. GENERAL MEETING The general meeting of the company shall be held within eighteen months from the date of incorporation of the company and thereafter once in every calendar year (not being more than fifteen months after holding of the last preceding

general meeting) at such time and place as may be decided by the Directors of the company.

**APPOINTMENT AND REMOVAL OF A DIRECTOR** The company may appoint or remove a Director from the company in its Annual General Meeting. **VOTE OF MEMBERS** No member shall be entitled to vote unless all installments or calls or other sum or sums presently payable by him, in respect of his holding of shares in the company has been paid. **DIRECTORS** Until otherwise determined in the general meeting the number of Directors of the company shall not be less than TWO and not more than TEN. **POWER OF DIRECTORS**

Without prejudice to the general powers conferred by the last preceding Article and the other powers conferred by these presents, it is hereby expressly declared that the Directors shall have the following powers- 1. To pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company. 2. To purchase or otherwise acquire for the Company any property, rights or privileges that the Company is authorized to acquire at such price and generally on such terms and conditions, as they think fit. 3.

To pay for any property, rights, and privileges acquired by the company in cash or in shares of the Company and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon. 4. To secure the fulfillment of any contract or engagements entered into by the Company by mortgage or charge on all or any of the property of the Company and its unpaid capital for the time being or in such other manner as they may think fit. 5. To accept from any member, on such terms and conditions as shall be agreed but subject to the provisions of the

act, as surrender of his share or any part thereof. . To deal with any of the moneys of the Company not immediately required for the company's purpose in or upon such investments or securities (not being shares in this company) and in such manner as they may think fit, and from time to time to vary or realize such investments. They can also provide the employees with rewards and benefits as well as they can contribute establishment of schools, recreation centers and hospitals which will, the opinion of the Directors, tend to increase the reputation of the company among its employees and the public.

WINDING UP If the company shall be wound up, the surplus assets shall (subject to any rights attached to special class of shares forming part of the share capital for the time being of the company) be applied first in the payment of the capital paid up on the ordinary shares and the excess (if any) shall be distributed among the members holding ordinary share in proportion of the member of ordinary shares held by them respectively at the commencement of the winding up.

Almost all the required information of the company, according to the book that we have studied, are provided in the Article of Association of Cute Cosmetics but it fails to address certain issues that are required in the Article of Association of the company. The information that are not provided in the Articles of Association of Cute Cosmetics are- - The address of the persons responsible for the corporation's legal service - The addresses of the first directors of the company - No other public information is provided in the article of association. It lacks the details of the duties and responsibilities of the officers and the length of their service. - There is no information



regarding the issuance of the company's stocks. - It lacks the matters regarding employment contracts. b) Advantages and disadvantages of the business: Advantages- \* Seasonal Demand- Cute has more sales during winter due to high demand of moisturizers caused by the dry weather. \*Environment- environment needed to produce cosmetic products is very favorable in Bangladesh as we hardly ever face extreme weather conditions. Demand - Though the upper class society stick to foreign cosmetic products still the demand for our products is constant as Cutes' product is popular among rest of the societies and also the rural areas, giving the company a wide market. \* Labor - Cheap labor is abundant in supply in our country giving Cute the advantage to lower its cost of production thus keeping the price of its product low compared to other company's products. \* Limited liability- Owners of the business are responsible for the losses only up to the amount they have invested in it. Perpetual life- Death of one or more owners does not terminate the corporation The advantages of a corporation, according to the book that we have studied, are described above but it does not address some of the advantages mentioned in the book. The advantages those are not included in Cute Cosmetics are- Ability to raise more money for investment- Cute Cosmetics is not enlisted in the Stock Exchange as it is a private limited company that is why it cannot raise more capital. Size- Size of the company does not play any role as they can't raise more capital and they also lack resources that could provide them competitive advantage over their competitors. Ease of ownership change- They lack the flexibility of transfer of shares as it is a complex process. Ease of attracting talented employees- they do not offer any stock options to their employees and this is why they cannot attract many talented employees. Separation of ownership

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from management- As the company is a private limited company their management is not separated from the ownership so both the management and owners get to interfere in the decision making process. Disadvantages- Raw Materials- As quality raw materials are not available in our country Cute is highly dependent on import \* Double Taxation-Along with the corporation taxes, which are already very high, Cute also has to pay the taxes on imports. \* Foreign Company Dumping- The dumping of foreign companies heavily affects the sales of Cutes' products and is a threat in the long run. \* Dissatisfied Labor-All throughout the production process, the labors are given the least priority resulting in dissatisfaction among them. \* Utility Crisis- There is always an acute crisis of utility.

For electricity, to meet the demands, now the company is dependent on private electricity suppliers for which Cute has to pay four folds than regular price. \* Political Issues- Due to the continuous political unrest, production processes slow down which affect the company very dearly. \* Initial cost- To start up a new corporation it costs a lot as an initial investment. The disadvantages of a corporation, according to the book that we have studied, are described above but it does not address some of the disadvantages mentioned in the book.

The disadvantages those are not included in Cute Cosmetics are- Size- In this case size does not count as a disadvantage as they can adapt to any changes occurred in the market. Difficulty of termination- There is difficulty of termination but aspects regarding these difficulties are not addressed properly. Possible conflict with stockholders and board of directors- The

ownership of the company is limited amongst the directors and management so it is least likely that any conflict shall arise. 5. Products of Cute Cosmetics:

Shaving Gear: Baby Care Products: Cute After Shave Skin Conditioner Cute Baby Lotion Cute After Shaving Lotion Cute Baby Oil Cute Shaving Brush Cute Baby Shampoo Cute Shaving Cream Cute Baby Powder Cute Solzar Cute Baby Moisturizing Pure Cream Soap

Winter Products: Hair Care Products: Cute Cold Cream Cute Amla Hair Oil Cute 27 Cream Cute Coconut Hair Oil Cute Crack Cream Cute Shampoo Cute Glycerin Cute Anti Dandruff Shampoo Cute Pure Petroleum Jelly Herbal Hair Tonic International Vanishing Cream Cute International Cold Cream Cute Petroleum Jelly Cute Lip gel Cute Pomade

Skin Care: Oral Care Products: Cute Cleansing Milk Cute Smokers Tooth Paste Cute Sun Shade Cute Gel Tooth Paste Cute Beauty Milk Cute Fluoride Tooth Paste Fragrances: Body Talc: Cute First Lady Cute French Perfumed Talc Cute Brutal (for men) Cute International Talc Cute Classic Cute 27 Cute Romance Cute Baby Powder Cute Fantasy

Cute Romance Talcum Powder Cute Chandan Attar Cute Flower Talc Cute Basra-e-Golap Attar Laboni Powder Cute Attar Cute France & prickly hit Powder 6. Industry Analysis: a) Major Competitors: The key competitors of Cute Cosmetics are Marico, Kohinoor and Lever Brothers Bangladesh. A brief discussion on them is given below- Kohinoor: Kohinoor Chemical Company Limited Bangladesh (KCCL) was established in 1956. It is a public limited company listed with both the bourses of Bangladesh, Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). Most of the products of KCCL

are known by legendary brand name Tibet. The other brands that KCCL has are Sandalina, Genstar, Bactrol, Ice-Cool, Fair & Care, Xpert, Heel Guard, and Clean Master which are equally famous in Bangladesh.

To strengthen the marketing of KCCL, their management has rearranged the distribution system and revamped the Research and Development department of KCCL that will deliver quality product in Bangladesh also regional and overseas countries. KCCL has not only emerged into a potent industrial entity but also represents the brand of mass people. Marico-Marico Bangladesh Limited (MBL) was incorporated in September 6, in 1999. The company is listed in both the stock exchange of Bangladesh, Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). Their factory is situated in Mouchak, Kaliakoir, Gazipur. Their key products are Parachute, Saffola, Hair Code Hair Dye, Kaya Skin Clinic, New Aromatic Gold, Camelia Beauty Soap. MBL's Products in Pure Coconut oil, Edible Oil, Hair care and Skin Care reach out to more than 500, 000 outlets in Bangladesh.

MBL touches the lives of 1 out of every 3 Bangladeshi through its portfolio of brands such as Parachute, Saffola, Hair Code, Aromatic, Camelia and Beliphool to name a few, most of which enjoy leadership positions (No. 1 in coconut oil segment), with significant market shares in respective categories. They believe in transforming the lives of our stakeholders be it our consumers, members, associates or shareholders, by helping them maximize their true potential. This truly articulates the Mariconian spirit to 'be more. every day'. Lever Brothers Bangladesh- Unilever started its onshore operations in Bangladesh in 1964 when its soap factory was set up at Chittagong.

Unilever Bangladesh is market leader in 7 of the 8 categories it operates in, with 16 brands pning across Home and Personal Care and Foods. Their operation provides employment to over 10, 000 people directly and indirectly through its dedicated suppliers, distributors and service providers. 99. 8% of Unilever Bangladesh employees are locals and they also have a large number of Company employees working abroad in other Unilever companies as expatriates. The renowned products of Lever Brothers Bangladesh are- Pepsodent, Knorr, Wheel, Power White, Vaseline, Lux, Pureit, Fair & Lovely, Close up , Dove, Surf Excel, Sunsilk, Pond's, Vim, Rexona, Lifebuoy, Taaza, Clear etc.

Lever Brothers is also very well reputed brand name in our country and they have a mass coverage among the people with their products. b) SWOT analysis: Strength and weakness are internal factors caused by the company itself whereas the opportunity and threats are external factors caused by the market and competitors. Strength- \* They have very modern machinery and ensured highest quality products with technical co-operation of the qualified chemists of the company and experts of the renowned foreign cosmetics products developers. \* It has become a well known brand for the people of our country. \* It mainly focuses on the lower income level people who can afford to buy the products and majority of the people of Bangladesh are lower income level people. It can afford cheap labor and can manufacture products at a very low cost. Weakness- \* For raw materials they are dependent on the USA and European countries \* As they have to import raw materials they have pay huge amount of tax on the imported goods therein increasing the overall tax liability of the company. \* Impact of labor unions

and strikes called by labors. Opportunity- \* As it is a well known brand and has a market demand it can introduce new product lines and the people will embrace them. \* They also export their products and are renowned internationally so they can introduce new products in foreign countries and the people will also embrace their products. If they can get more advanced machineries, they will be able to manufacture variety of products and gain a competitive advantage. Threats- \* They have many competitors who have also become well reputed and have captured a great market share. \* The similar products that are being produced by the competitors make consumers compare among available alternatives and they tend to choose the one with lower price. \* If any new entrants come into the market with more advanced technology then they will get a competitive advantage over Cute Cosmetics. \* The political unrest all over the country is a great threat for the company. \* A great threat for Cute Cosmetics is dumping of the goods by the foreign companies to grasp the local market. 7. Conclusion:

Cute Cosmetics has been established for a very long time, in fact the idea of manufacturing cosmetic locally was introduced by them. By providing a wide array of products to the mass people they have become one of the pioneers of their line of service. The competitors now have gained a great market share by their different types of product and services and Cute is facing a huge competition against them. Even though Cute has many advantages such as being one of the oldest companies being formed still they have to face uncertainties in case of being the market leader. Even though the disadvantages are negligible still they have certain impacts on the overall performance of the company.

The information that we have collected about Cute Cosmetics has lacking regarding the promotional campaign and activities which hinder their growth. Also the threats that we have detected can have a negative impact over the company. We suggest that Cute should now focus more on the promotional activities so that they can grasp majority of the market. They should ensure more resources as well as more technologically sound machineries that will help them build competitive advantage. Despite the drawbacks they have maintained their reputation and standards and survived for a very long time in the ever changing market which is quite impressive. However to become the market leader they need to bring in some changes which will ensure their leadership in the market for long run.