Royal printing and packaging company essay

Royal Printing & Packaging Company: A Case Analysis Presented by GROUP 3 Franquelie Masangue Margerry Ann Noval Roxanne Margrete Oclarino Marvin Non Mariel Pamulaklakin Thyrd Penaflor I. Point of View We have chosen the perspective of Mr. Jose Baltazar, who is the new manager and son of the founder of the company. He plays the main role in the decision-making process to meet his own targets. However, his decisions are also discussed to his father. Present time in the case is 1989. Jose's plan will define the company's future and loose from previous disappointment.

II. Analysis of Case Situation A. Macroenvironment There were several prospects for the printing industry during the next ten years: 1) generation of business from elections, political stability and economic recovery, 2) on-going structural reform, 3) projected uptrends in value of production in the manufacturing sector which mostly served by local job and commercial printers, 4) local printers expect a bullish outlook from the service sector and 5) demand for basic school textbooks. B. Industry Due to demand in printing and publishing industry, competition is increased.

There are estimated 3700 printing establishments in the country of which 2700 are located in Metro Manila. And as of 1987, there are 15 BOI-registered firms. Credit term to buyers is from 30-60 days. Purchasing departments of institutional buyers decide on the printer according to the: 1) quality of work, 2) ability to meet deadlines and 3) quoted price. Paper comprises 70% of the total production cost. And suppliers grant 3% cash discounts if payments are made within 7 days. C. Firm The company recently depended on a few multinational drug companies. There are no substantial liabilities and the machineries were bought first hand.

However, the company sales haven't reached P1 million after being in the business for 27 years. The net margin in 1987 was only about 10% compared to the interest rate of 16% if the assets are invested in Treasury bills. Furthermore, selling the assets is not an option according to the father. III. Problem Statement How could the company increase their net income and reach P1 million sales? IV. SWOT Analysis A. Strengths The company has been in the business for 27 years. There are no substantial liabilities. They own first hand machineries that are still in good running condition.

The German brands of machineries basically last forever. In addition, Jose Baltazar graduated from a business school. And the market value of the two Heidelberg Offset sums to P2. 5M. B. Weaknesses In spite of being in the business for 27 years, the company sales haven't reach P1 million mark. The company lost its client bank recently. And the net margin for 1987 was only about 10%. The net income is small due to large operating expenses. The miscellaneous expenses also increased drastically. Though Jose came from a business school, he just graduated a month ago.

What's more is his father didn't agree in selling and investing the assets in Treasury bills. C. Opportunities Luckily, the demand for printing services will generally increase. The restoration of democratic processes will not only generate business from elections but will also help achieve political stability and economic recovery. There are projected uptrends in the value of production in the manufacturing sector which is 75% of the market being served by the local job and commercial printers. Local printers expect a bullish outlook from the service sector. And the demand for basic school textbooks is expected to expand.

Paper suppliers grant 3% cash discounts if payment are made within 7 days and has credit term of 30 days. In addition, the Treasury bills' interest rate is 16% on their time and the rate of exchange is roughly P20 to $1. D. Threats There were several threats that the company had to face. On-going structural reforms may remove price controls on paper supplies. The competition is tough between 3700 printing establishments in the country of which 2700 is in Metro Manila. There are 15 BOI-registered firms – which are exempted from local business taxes for some year period. The credit term to buyers is 30-60 days.

Thus: if a buyer will maximize the 60-day term, the company may not avail 3% discount on paper supplies depending on their current cash in hand. Furthermore, some of the equipment may exceed physical life soon. V. SWOT Matrix | OPPORTUNITYIncreasing demand for printing services| THREATTough competition in Metro Manila| STRENGTHGerman brand machineries basically last forever| Increase number of institutional clients| Advertise quality of machineries being used| WEAKNESSLarge operating cost| Reconsider small job orders to overcome high operating expenses| Find supplier that offers low price and reduce miscellaneous expenses|

VI. Alternative Courses of Action Since the possible marketing strategies we listed are wide-ranging, we have chosen to employ the evaluation method through the use of pros and cons. Here is the evaluation result: 1. Increase number of institutional clients Pros: * Increase sales and profit * Publicity of company Cons: * Increase in costs * Need to resort in additional expenses 2. Reconsider small job orders Pros: * Increase sales Cons: * Increase in production cost * Increase in operating expenses * Increase in manpower 3.

Advertise quality of machineries Pros: * Lowest operation cost Cons: * Increase in sales is most uncertain 4. Find supplier that offers low price and reduce miscellaneous expenses Pros: * Lower operating expenses * Increase in net profit * Edge with competitors due to low price Cons: * Quality of product may be compromised depending on the new supplier VII. Decision and Rationale Jose Baltazar should transact with supplier that offers low price and reduce miscellaneous expenses since these holds the largest part of operating expenses.

Quality of product may be backed up with the ability to meet deadlines and quoted price. In addition, chose of clients will remedy the possible disadvantage. VIII. Implementation Plan A. List of Activities These are the step-by-step list of activities to be done by the company to be able to regenerate profits: 1. Canvas of new potential suppliers. 2. Determinate the root of increase in miscellaneous expenses. 3. Negotiate with the chosen supplier. 4. Start operation of input from the new supplier. 5. Market or sell to target clients. B. Resources Required 1. Manpower . Networks 3. Transportation C. Time Frame The printing and packaging service will still operate actively. The search for the new potential suppliers is urgent. And the determining the root of increase in miscellaneous expenses can be done during the whole planning period. Once these key factors are secured, the new production scheme will be directed. IX. Contingency Plan If the current strategy won’t work, the company’s contingency plan is to increase number of institutional clients. The company will take advantage of the bright forecast for the printing industry.