Example of project management of abc company term paper

Business, Company

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Abstract

The paper is all about analyzing and interpreting the financial condition of ABC Company, a manufacturing company that has specialization in making of cedar roofs and siding shingles. They are expecting sales revenue of $ 3 million in the next year by introducing new projects. Different project evaluation tools have been taken into account to the computing the necessities for the project like Net Present Value (NPV), Contribution Margin, Depreciation and Break Even points.

Introduction

Having a perfect financial position is a like a dream for every organization in the world, and it is the same aspect due to which many organizations of the world would like to have effectiveness in their future. There are numerous organizations in the world which are actually trying to get an upper hand over its competitors to get the things on track in the right manner. Analyzing the financial position of a company is like enhancing the decisive actions accordingly (Baker & English, 2011).

There are certain tools that used specifically for analyzing the financial and strategic position of an entity accordingly, and among these tools there is a name of financial ratio analysis as well. It is one of the best methods that used by the analysts as well as the companies to analyze the loopholes in the financial position of the company. The main theme of this assignment is to analyze the financial position of a hypothetical company. The name of the company is ABC, and it is required to analyze the feasibility for its future reporting. Special emphasize should be given to the cash flow statement of the company, along with the risk profile of ABC.

Analysis & Findings

- Analysis of the overall risk profile of ABC

The current economic scenario is quite deepening in every part of the world, as there are number of companies of the world which are towards the economic efficiency section. The current economic crisis made difficult for many companies of the world, and among them manufacturing industry is one of them. It is such a difficult time for the manufacturing industry across the globe, due to slow economic growth (Fabozzi, Peterson & Peterson, 2003). High merchandising prices and ineffective materiality were some of the major problems at that time for the industry; however the industry has revived back to the same position. Most of the individuals are in the fact that the global crisis was over in the year 2009, but its severity came on the picture again in the financial year 2011 that forced the merchandising prices to increase again.

Many industry leaders in the manufacturing output were not in the favor of the current economic scenario. One of the main reasons behind the tough time to the manufacturing industry is that the prices of raw materials and merchandise are increasing heavily in these current scenarios, and even the industry leaders are not in the position to control the prices that ultimately effect adversely over the financial position of the company. However, effective communication, good administration and governance can make a difference in the effectiveness of this industry (Stice, Stice & Albrecht, 2011).

Apart from the increment in the cost, unavailability of funds for the new projects, as well as unavailability of the skilled labors was some of the major problems for the manufacturing industry. All of the companies that lie under the manufacturing industry were unable to raise sufficient amount of capital for their company in the future. The companies are required to work on the economies of scale, as any single increment in the cost may increase the danger for these companies and bring additional risk.

One of the basic mindsets of the shareholders and government is that when the prices for the manufacturing industry rise, then the industry is getting effectiveness with harvesting high gains particularly. However, the mindset is totally wrong, as high prices would required a high boost in the demand along with the increment in the cost of labor as well as supplies (Stice, Stice & Albrecht, 2011). This particular aspect would not be in the favor of the company anymore, because it is actually decreasing the demand of the company. Manufacturing companies will have to increase the price of their end products ultimately to overcome on this problem. There are numerous governments of the world which are facing a tough time as far as the growths of manufacturing industries are concerned. Not concerned with the economic prosperity of the manufacturing industry, government will raise the level of tax revenue by increasing the level of percentage on their income taxes because of the escalating prices, which is yet another burden on the shoulders of the management of the industry. Government presumes that due to current high prices of the merchandises, the industry has a large sum of cash in their hands or wallets (Stice, Stice & Albrecht, 2011).

One of the major risks that pertain to the manufacturing industry is not getting the desired amount of investment from the government. Accessing new projects will be a key for this industry, however it made difficult due to different problems of the government. Accessing the right project at the right time is more challenging than that accessing a new project. The current projects will be effective for ABC in the future as far as enhancing the competing power of the entity is concerned. The overall research shows a steady growth and recovery in the confidence to finance at an insecure level of 2008, and it is expected to decrease further in the year 2011 (Weygandt, Kieso & Kimmel, 2008). In this connection, funding has now emerged as a serious issue for this industry that makes the things worse for them. If the condition of having large capital and sufficient cash flow would not improve in the future, then it will have great risks for the companies in the year 2012. The cost of adding resources are increasing heavily for the manufacturing industry higher than the actual benefits they are getting from the increment of the stock price and aging workforce problem as well.

Conclusion

Major Risk Factors

- There are certain risk factors that have been examine in this particular projects, and among them escalating cost and shortage of labor force are two of them. Cost escalation is an important risk that adheres with the manufacturing industry. As per the aforementioned analysis, shareholders and governments demand would increase heavily from the manufacturing companies when the prices are high, as they perceive that the industry is producing high return. However, the real story is totally changed from this particular aspect, as high prices increases the level of cost of the labor of the company, and increasing the demand as well. The second problem intact with this scenario of the project is the unavailability of the labor force.

- As the controller and management accounting official, it is the responsibility to provide accurate and authentic information with evidence to the shareholders and the government. It is also required to adhere with the financial accounting standards particularly via the management information to show them that there are no discrepancy and manipulation lies in the data. The documentation of each of every document is necessary for the decision making stance, and it is equally beneficial for the accomplishment of the effectiveness with the company.

Recommendations

The question asked that what would be the recommendation, if be on the position of a CEO?

Without doubt a Chief Executive Officer (CEO) is held responsible for the success or failure of any of the project undertake by a company for their betterment. After analyzing the overall case of ABC, there are some recommendations that would work like wonders for them in their future consequences

- Setting of Strategy and positioning a strong vision is an essential for the execution of the project
- It I required to approves the budget and has a new partnership with new companies

- The company should build a corporate culture and congenial working environment by hiring new teams
- Keep the morale of the subordinates high by decreasing the level of conflicts among them and the managers
- Should empower the employees to give their hundred percent efforts for providing quality to the project
- Should consider each and every expense of the company along with the capital accumulation

References

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