

Making management decisions

Business



1. As business analysts for Cap Finance Ltd, you are required to produce a full report on the viability of Envchem's new product. All assumptions should be stated clearly. The report is expected to contain the following elements:

(a) An Executive Summary of up to 250 words, highlighting key findings.

The Envchem Company is a company that specializes with the production of environmentally friendly products. These products include the detergents used for the household cleaning and other cleaners. However, the company ensures that they do not engage in the production of any harmful products and work, in the focus of developing other detergents without the use of harmful chemicals. The company performance is similar to that of the other companies, but also affected by the environmental influences

(Eberhard, Reiner & Herbert, 2005). The company has managed to acquire products that are marketable but needs financial assistance to foster a successful launching of the products. The efforts have been made in order to facilitate the acquisition of the required funds through the approach of the venture capital company.

The company has been incurring the cost of construction that amounts to £2 million in order to finance the construction of a pilot plant. If scrap value of the company is £200, 000, this is the amount that would be valued if the company were to decide the discontinuing of the pursuit of production of the products. This is a plan of investing an additional £8 million in order to facilitate the continuation of the operation of the company. The factory is anticipated to be in function for a period of ten years with a production capacity of 150, 000 liters of products every month. The company has decided to sell the product produce at a price of £2 per liter for the detergent. This price of the product is based on the market research that is <https://assignbuster.com/making-management-decsions/>

conducted in the industry (Olson, 2009).

(b) A brief discussion of factors likely to influence the demand for an 'environmentally-friendly' product of this kind. Gather evidence from the experience of other similar companies (eg Ecocover etc). This should be no longer than 300 words.

The rise in demand of the environmentally friendly products is attributed to the increase in the increased focus on the environmental issues. Various efforts that are focused on sustaining the environment have been implemented. The strategies have created the incentive of terms like offsetting and others like the carbon footprint. Numerous organizations are focusing on the efforts aimed at focusing on the adaption of the marketing strategies for the capitalization of the consumer desire to consume the environmentally friendly products.

There are additional strategies that are taken into account with the aim of additional factors that act as a part of the marketing mix. These deviations are accepted by the marketing mix that also fosters the development of the environmental marketing mix. There are situations that increase or decrease the product cost of these products. This has a direct influence on the demand of the products due to the consumer willingness to purchase the products at a given price. The products also increase the cost for the organization thus making them to have a relatively higher price than the conventional products. This seems to increase the demand for the product. During the recession periods, the customers place the prices of various products at a higher priority than the utility consumption derived from the products. Therefore, the customer will be purchase the products that are of the lowest price thus reducing the demand of the environmentally friendly

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products. The demand will thus act as the driver of the company decisions in their operations (Philip, Gary, Veronica & John, 2008; Frances & Stephen, 2006)

References

Eberhard A, Reiner A. & Herbert B. (2005). Environmentally-friendly product development: methods and tools. New York. Springer. Print

Frances B, & Stephen P. (2006). Principles of marketing. New York. Prentice Hall. Print

Olson, G. (2009). Better green business: handbook for environmentally responsible and profitable business practices. New York. Pearson Prentice Hall. Print

Philip K, Gary A, Veronica W, & John A. S. (2008). Principles of marketing. New York. Pearson Education, Prentice Hall. Print