

# Crown point cabinetry



## Crown Point Cabinetry

Crown Point Cabinetry is a family owned business which was founded by Norm Stowell and now being managed by his son, Brian Stowell. The company manufactures cabinets and its products were distributed through dealers, home centers, builders and directly through the company.

### Analysis

#### Strengths

- **Work Force** - The company's work force is one of its strengths because of its team-based and goal-oriented culture
- **Management** - The company's management is focused on further improving the company's welfare through strategies.
- **Compensation Packages and Benefits** - The compensation and benefits scheme for production employees derives motivation and increases the employee's productivity
- **Quality of Products** - The company's drive to produce high quality products contributed to its success and popularity
- **Manufacturing and Production Process** - The company has evolved from an ineffective work process to a highly efficient process.

#### Weaknesses

- **Expenses** - The company is spending heavily on community services, employee incentives and marketing activities. Although the transition to a team-oriented and performance oriented compensation package has contributed to the company's success, it may also be considered as its

weakness because employee's have demonstrated too much control over the company.

- Safety - The company must proactively improve on the safety measures and standards because this might hurt the company in the future.
- Office-based and administrative employees' conflict - The management must also give credit to employees from other departments to prevent future conflicts and to induce motivation and efficiency.

### Opportunities

- Marketleadership- With a competitive management, inspired workforce, excellent manufacturing work flow and growing popularity, the company can be the market leader in the industry.
- In-house Sales - The company start offering in-house sales and build its own showroom. Moreover, it can open its own specialty store chain the future. This will generate greater revenue for the company.

### Threats

- Competition - The industry is fragmented and a lot of players are looking at the company. There is a threat of imitation of the company's strategies and tactics.

### Recommendations

- The company must formulate new safety measures and standards to proactively prevent undesirable safety issues.
- Expense must be reviewed and evaluated. Certain limits should be set to protect the company.

- A financial consultant must be hired for support and advice.
- Put up an in-house sales channel that would work with the design team.
- Consider diversifying to direct selling of the company's products through company-owned and operated stores or outlet in key cities.

### Enager Industries

Enager Industries is a company engaged in three different businesses. It has three divisions; Consumer Products, Industrial Products and Professional Services. Consumer products designs, manufactures and markets a housewares items line. Industrial Products Division manufactures custom built industrial machine tools based on the customer's requirements. Lastly, the Professional Services Division provides land planning, landscape architecture, structural architecture and consulting engineering services.

### Analysis

#### Strengths

- Increase in Sales. A rapid increase in sales level in 1993 at \$222 million.
- Earnings per Share. The increase per share is at \$7. 27 and \$7. 37 in 1992 and 1993 consecutively.

#### Weakness

- EBIT Earnings Before Interest and Taxes / Gross Return of the company is at 9. 3% only. Ideally the company should have at least 12% in

lieu with the interest rates that the company has to pay for the debts they acquired recently

- The company's three divisions somehow derive complex accounting practices.

#### Opportunity

- There are opportunities for expansion and for release of new products that would help in increasing the company's revenue. A business plan should be carefully formulated to review and evaluate the feasibility of a new project.
- Business development is abundant in the market.

#### Threat

- In any market, the threat of competitors entering the business is constant.
- The accounting and financial practice or system adapted by the company is complicated. It does not convey the accurate information or percentages which are very crucial in making managerial decisions.

#### Recommendation

- The company should review the present accounting approach they use in calculating the financial condition of the company.
- Device a new business plan using a better accounting approach and forecast accurately based on the information gathered from the new adapted approach.