

# Problems confronted by cyclermate commerce essay



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- Decision

The two work forces who planned to open their own company after being out of work due to the closing down of the steel works in their town of South Wales were Dai Armstrong and Lewis Llewellyn. They both were the portion of the local scene of rhythm touring and because of that, they both became good friends and as a consequence decided to get down Cyclermate which was a bike fabrication company that was laid down in the twelvemonth 1988. In the initial twelvemonth Cyclermate possessed a great influence over the portion of the market. The whole batch appeared to work with no jobs and troubles up to the twelvemonth 2010, the time when the company confronted tons of effects with regard to operation human resource and finance. Specifically, demand by the buyers fell continually even though the monetary values were cut down by the company ; the separating properties of the goods were not up to the quality as they were earlier. The lifting of complaints from the clients since degrading quality and mistakes in the merchandise and the concern by the bank director since the overdraft could do problem if the jobs are not solved every bit shortly as possible. ( Johnson, 1993 )

The study is with respect to the fiscal jobs and assorted other jobs confronted by Cyclermate. The main map of this study is to analyze how the company could acquire out of the crisis and acquire back to the lost market portion.

This study takes into history an detailed scrutiny of the troubles confronted by Cyclermate and the possible solution for the jobs. PEST and SWOT examines the countries that are required to be looked upon. Finally, the study has some recommendations and decision of the whole scenario.

( Cooper, 2000 )

## **Plague Analysis**

Plague analysis is associated with the main external environmental that influence or control astutely a concern scheme. PEST is an acronym for Political, Economic, Social and Technological affairs that can impact the concern. Acknowledging PEST persuades it in a useful mode of sum uping the external environment. However, it shall be adopted by consideration of how an constitution should respond to these factors. ( Johnson, 1993 )

## **Political Factors**

A powerful impact is exerted by the Political Factors by ways of trade limitation, labour jurisprudence, income revenue enhancement and lots other. Cyclermate did non use equal employees in order to accomplish the set objectives/targets and workers were considered probably or likely to work overtime with the same nominal rewards. Using a conventional technique might damage wellness of the workers and decrease the productivity excessively. New motorcycle lanes, congestion charges, new authorities strategies and budget cuts besides add up to this factor.

## **Economic factor**

It has an influential consequence on an organisation ; Cyclermate had purchased a larger depot for goods, which so was indispensable to them but

did not do their demands. Buying a warehouse, which fulfilled the demands of the company, could have saved a batch of money and that same money could have been used in new or presently in being undertakings. They have put into action the untrained employees and did not develop them one time they started working as a consequence of that productiveness reduced. High gasoline monetary values, lower adoption costs and value of markets add up to this factor. ( Tuckwell, 2007 )

### **Social factor**

It has a dominating consequence on the behavior of human existences ; the company had tons of orders but due to the deficiency of sufficient work force they were unable using the chance both efficaciously and expeditiously. The workers were enforced with overtime in order to finish the orders. As per certain theories, workers are expected to take a interruption during the twenty-four hours and work on merely specific years of a hebdomad. A big work force would have helped Cyclermate to accomplish these marks more easy. Healthy populating tendency and fittingness group is besides a portion of this factor. ( Cooper, 2000 )

### **Technological factor**

It has a dominant consequence on the fabricating part of an organisation. Cyclermate has determined to use a labour-intensive technique for the fabrication of rhythms ; any sort of machinery was not used for fabrication rhythms. Capital intensive i. e. Use of machinery over the labour intensive manner of engineering would have been more efficient and have raised the productiveness for Cyclermate. Frieda Shlock did most of the disposal work without any professional aid ; handiness of proper resources could have

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raised her efficiency. New engineering for picture, improved scope of merchandises and better stuff for bring forthing rhythms.

## **SWOT ANALYSIS**

It is a methodical technique that is utilised to categorise and place significant external ( Opportunities and Threats ) and internal ( Strengths and Weaknesses ) factors confronted with a specific country. ( Johnson, 1993 )

It renders informations which are utile in matching the capablenesss and resources to the religious ambiance in which it maps and hence is a important add-on to the planning and selling process. ( Pearce, 2005 )

### **Strengths**

Direct channels of gross revenues - Cyclermate has direct channels of gross revenues with the direct gross revenues and direct stores, hence mediators cost is mostly eliminated. Reducing the cost of fabrication could unimpeachably assist Cyclermate accomplish a immense portion of the market. As direct channels are in direct contact with the suppliers, therefore, it could assist in increasing in measure or value of the gross revenues and it provides a good chance to the suppliers to sympathize the clients and could do required alterations are per the demand of the clients. ( Jan, 2002 )

De-motivated work force - The employees at the Cyclermate are highly pioneering and are can to the full use and accomplish any given aim or changes in the company but they are inhibited by the disposal as a consequence they are unable to show their positions freely. The employees

could hold a important function in the company for its overall growing and development.

Possession of edifices and land- Unlike Cyclermate most of the companies do n't possess either edifice or land and therefore have to pay the heavy rents which adds to the cost but cyclermate can do any alterations in the edifices and could capitalise in whichever manner they wish to as they own it, which reduces the overall cost. ( Tuckwell, 2007 )

## **Failings**

Unmotivated staff - The really fact that the employees and the staff are ne'er allowed to set forward their originative and self-ideas due to the policies of the direction, as a consequence of this the motive in the staff is lost. Gross saless are diminishing in sum or grade and there is stacking up of stocks in the warehouses which generates a feeling among the staff that they are non under a good direction and as this feeling flourishes they lose hopes from the company and it has a really bad impact on their morale. ( Tuckwell, 2007 )

Unhappy investors - Due to the low returns on the capital invested by the investors, they are unhappy with the public presentation of the company and are losing religion in it. In add-on, the really fact that the stockholders were non paid any involvement last twelvemonth, it may ensue in the backdown of their money from the company.

Quality concerns -Due to the deficiency the power to be effectual of the staff to maintain up to the steps of the goods and the quality of natural stuff utilized is taking to debauched quality of the goods finally.

## **Opportunities**

Fresh commodities- The Company could come out with some fresh trade good for case ; e-bikes or put ining electrical motors in the bing rhythms could be good option.

Outsourcing - Cyclermate could choose to outsource the procedure of fabricating due to high costs of production, subscribing a legal contract with a house, which could supply rhythms at a lower cost would surely be good.

Introduction of Robotic machines -Cyclermate could convey in new robotic machinery in the production procedure that will take to speedy end product and a superior quality of goods.

## **Menaces**

Huge retail Merchants - Retail Merchants like Argos and Halfords are capturing the market finally and it might go on that Cyclermate may lose the market portion wholly.

Reputation -The consumers do n't choose for the merchandises of cyclermate due to its hapless quality goods and hence its repute is traveling down.

Abroad companies - As a consequence of the growing to a planetary or world-wide graduated table, many companies from across the Earth have entered the market with merchandises of low monetary value and high quality, which surely is a menace for Cyclermate as it supplies good with high cost and of lower quality.

## **Short TERM AND IMMEDIATE FINANCIAL Planning**

Present financial status of Cyclermate ( Accounting ratios )

The acid / liquid ratio of Cyclermate is 0.76: 1, which depicts Cyclermate is incapable to fulfill liabilities of shorter term, which mean that it would non be competent to fulfill financial trouble which may go on in the clip to come.

The Asset turnover ratio for Cyclermate is 2.06: 1. As the ratio is overly high, this means that net income borders are really low. The pricing scheme of Cyclermate is uneffective and because of that low net income.

Tax return on capital employed -Cyclermate has far excessively less returns on the capital employed, merely a mere 0.11 or 11 % .

Debtor yearss -It would take Cyclermate 115 yearss to acquire back the money from debtors.

Creditor yearss – Cyclermate has to pay back in 24 yearss to its debtors with a hard currency balance of 675 & A ; lb ; .

The fiscal statement of Cyclermate shows that it has non-current assets which is of worth & A ; lb ; 210, 800. Any petition sing a loan from the bank will be refused as it has a mere hard currency balance of & A ; lb ; 675. It may acquire a loan based on the place of its non-current assets. In topographic point of the above-discussed option, it can sell its freehold land, which is deserving & A ; lb ; 160, 000, and utilize the returns from the sale in the concern.



Cyclermate could get finances if they pursue its trade debtors to pay off shortly. Debtors worth & A ; lb ; 200, 571 are to be recovered and the finances would be acquired shortly if the debtors do not default and pay in full. Once it has sufficient funds, Cyclermate could use for the bank loan.

Machinery worth & A ; lb ; 185, 790 demands to be sold off at a monetary value that is lower than what Cyclermate is anticipating to acquire because it cannot sell the machine at an interruption even point and the sale monetary value expected by Cyclermate is higher than the market monetary value for the machines. Therefore, if it reduces the monetary values it may sell off the machinery and acquire better gross.

## **Production Planning**

Cyclermate must buy stock merely when it is wholly and decidedly necessary. Buying stock before its demand will surely impact the fiscal place of Cyclermate, as natural stuff does not encompass to its worth and may lose its market value. The company maintains natural stuff worth & A ; lb ; 102, 300, which left fresh, will hold no worth but one time sold at a just monetary value in the market, could bring forth gross for the company.

It is indispensable to hold a fresh section for packaging that would entirely concentrate on the rhythms ' wadding. Separating each section and supplying separate staff of each section will assist in the production and therefore taking to raised productiveness or end product over an unspecified period of clip. Giving precedence to the production of popular merchandises and selling them at a premium could be one of the schemes that the company could use in a mode consistent with its intent. ( Cooper, 2000 )

Application of modern engineering in the production of rhythms is another option, as it will raise the procedure of production and its efficiency.

Application of painting machines for painting the rhythms will cut down human labour and will be more effectual with less mistake. For case 7 frames of a rhythm are produced each twenty-four hours with labour but if new engineering is implemented so 25 or more frames would be produced each twenty-four hours. Increased production will ensue in low fabrication cost and this low cost would reflect on the merchandising monetary value. Due to moo merchandising monetary value, more and more rhythms would sell in the market and therefore bring forth high gross. ( Cooper, 2000 )

## **HUMAN RELATION Planning**

Recruitment of the few but wholly trained workers by Cyclermate, developing the current employees by professionals will help the employees to work more efficaciously, and expeditiously one time, they trained.

Introduction of inducement based plans in which inducements would be provided if the occupation by an employee were finished in a specified deadline. Given price reduction for purchases done by the employees. ( Jan, 2002 )

Therefore making a more motivated work force and a motivated work force automatically increases the production. Employees could be provided a certain undertaking each twenty-four hours and their function will be specified in the company. Division of duties among the work force.

Conducting interview every month in order to reexamine the public presentation of each worker and discoursing any concerns or issues.

Supplying some utile and proper suggestions after each interview may alter <https://assignbuster.com/problems-confronted-by-cyclermate-commerce-essay/>

the attitude and public presentation of the employees. Extra rewards for overtime and supplying all sorts of necessary resources for the completion of a undertaking and approving the employee if the marks are non met. ( Jan, 2002 )

## **Selling Planning**

Cyclermate could utilize selling as an perfectly necessary tool for doing it popular and known among the populace. Printing more and more advertizements in both newspapers and magazines so that persons know about the merchandises of the Cyclermate and this could merely go on if the company has sufficient financess.

Using every available selling resource, which is available, that would assist the possible clients and investors to cognize more about the company. Using newspapers, wireless, and cyberspace to publicize its merchandise worldwide. Establishing its ain web site that will incorporate all the relevant information about the merchandises and from the position of an investor. Besides presenting the option of online trading where one can see the monetary value and item of a peculiar merchandise online and so can order it at the same time. This will hold a positive impact on the gross revenues. ( Pearce, 2005 )

Cyclermate has the client group of high-toned people or upper in-between category and in-between category. In add-on, the monetary values are really high as compared to the bing rivals. Once the fabrication cost is lowered so automatically, the monetary values will fall down and better merchandises

would be available at a low monetary value. An add-on of a rhythm which every person could afford, this debut will be cost effectual. ( Jan, 2002 )

Cyclermate can be after to travel take a spring and unfastened shops across a part and raising the possibility of gross revenues. A selling squad dedicated to maintaining path of the motions by its rival and entering it and showing it before the direction. ( Tuckwell, 2007 )

## **Recommendation**

In order to do the quality of the merchandise better the company Cyclermate must take up and pattern proper and good techniques for the direction of the quality of the goods that would possibly ease in bettering the quality of the merchandise and decrease in the cost. Merchandises of inferior or low quality should non be introduced in the market as it hampers the image of the company and one time the reputé is hampered, it is really hard to recover it.

The company must subscribe up right single as per the demand of the place. Currently the direction is interfering in the procedure of production and is unable to concentrate of the activities they should be concerned.

The fiscal adversities through which Cyclermate is traveling through at nowadays could be resolved by selling the fresh stock that is piled up in the warehouse.

In order to bring forth grosss and finacess to put in other sphere of the company, Cyclermate must sell its freehold land that would surely bring forth high gross.

In order to accomplish higher end product and productiveness, modern engineering should be applied in the production procedure.

Installing a computing machine database through which the direction could look into all the of import and relevant informations as and when required.

Cyclermate should establish its web site, which provides complete item and scope of the merchandises available with them.

Reducing both direct gross revenues monetary values so as to sell the current stock and trade debtors. Using immature and trained work force that is fit for the place.

In order to maintain up to the rival ' s criterions Cyclermate has to fabricate merchandises of high quality and with low monetary values. For this, the company has to travel through the budget one time once more and take indispensable quality direction steps and cost film editing methods. There must be appropriate allotment of budget to every section of the company.

## **Decision**

The merchandises of Cyclermate are non by and large accepted in the market due to its high monetary value and hapless quality issue that have been from the recent old ages. The issue of staffing is huge as no appropriate person is at the needed place. The concern organisation in this instance that is Cyclermate if operated with a small different methods so it has a really bright hereafter in the close hereafter. Its merchandises were popular because of its monetary value and quality and if it continues to provide, the same so it could keep up to the market portion and its reput.

Nevertheless, certain changes have to be made if new regulations and ordinances are implemented in the organisation. It would make an huge chance for them to work in the market with the rivals. Cyclermate is left with a hard currency balance of & A ; lb ; 657 is sing fiscal crisis due to which it can non put to death its maps efficaciously.

With the motion of new menaces into the market place the present systematic program of action of Cyclermate is continuously below the acceptable degree in its public presentation due to the fact that the new houses and the bing organisations are coming up with improved quality of merchandises at a cheaper monetary value. ( Cooper, 2000 )

Due to the deficiency of co-ordination among the assorted sections of the company, it has to endure losings, as proper information is unavailable to the production section and without the informations, they continue to fabricate merchandises that finally consequences in stock pile in the warehouses.

Even the gross revenues and the stock list section fail in their operation due to these grounds. Therefore if certain stringent and improved methods are implemented so Cyclermate can travel a long manner in front in the approaching hereafter. ( Tuckwell, 2007 )