

AVOCADO CLEANSING CREAM

IN

ANABU II, IMUS, CAVITE

801300

A Project Feasibility Study

Presented to

The Faculty of the College of Business Administration
of the De Salle University - Aguineldo

In Partial Fulfillment
of the Requirements for the Degree of
Bachelor of Science in Business Administration

Presented by

Luningning C. Cruz
Ma. Lydia R. Macatumpag
Jhoanna R. Rafael

1995

TABLE OF CONTENTS

<i>PRELIMINARIES</i>	<i>PAGE</i>
Approval Sheet.....	i
Acknowledgment.....	ii
Dedication.....	iii
Foreward.....	iv
Table of Contents.....	v
List of Tables.....	vi
List of Figures.....	vii
List of Schedules.....	viii
Abstract.....	ix
CHAPTER I - INTRODUCTION.....	1
1.1 The Need	2
1.2 Statement of the Problem	2
1.3 Objectives of the study.....	3
1.4 Significance of the Study.....	6
1.5 Scope of the Study.....	7
1.6 Review of Related Literature.....	7
1.7 Definition of Terms.....	9
1.8 Methodology.....	10
1.9 Treatment of Data.....	11
CHAPTER II- MANAGEMENT ASPECT.....	13
2.1 Forms of Organization.....	13
2.2 Management of Organization.....	14
2.3 Duties and Responsibilities.....	17

2.4 Salary and Wage Administration.....	23
2.5 Hiring of Personnel.....	24
CHAPTER III- MARKETING ASPECT.....	28
3.1 Market Description.....	28
3.2 Analysis of Supply and Demand.....	29
3.2.1 Components of Demand.....	29
3.2.1.1 Historical Demand.....	30
3.2.1.2 Projected Demand.....	31
3.2.2 Components of Supply.....	31
3.2.2.1 Historical Supply.....	32
3.2.2.2 Projected Supply.....	33
3.2.3 Demand-Supply Gap.....	34
3.2.4 Market Share.....	35
3.3 Existing Trade Practices.....	36
3.3.1 Terms of Sales.....	36
3.4 Marketing Program.....	37
3.4.1 Target Market.....	37
3.4.2 Sales Forecast.....	39
3.4.3 Pricing Policies.....	41
3.4.4 Channels of Distribution.....	46
3.4.5 Advertising and Sales Promotion.....	48
CHAPTER IV- TECHNICAL ASPECT.....	49
4.1 Product Description.....	49
4.2 Manufacturing Process.....	50

4.2.1 Ingredients for Cleansing Cream.....	50
4.3 Plant Size and Production Schedule.....	53
4.3.1 Production Capacity for Cleansing Cream.....	53
4.4 Plant Location.....	55
4.5 Plant Layout.....	56
4.6 Machinery and Equipment.....	64
4.6.1 Machineries/Equipments.....	64
4.6.2 Furnitures /Fixtures.....	69
4.6.3 Transportation Equipment.....	69
4.7 Raw Materials.....	70
4.8 Labor Cost.....	72
4.9 Utilities.....	72
4.10 Waste Disposal.....	73
CHAPTER V - FINANACIAL STATEMENT.....	74
Financial Assumptions.....	74
Project Cost.....	77
Cash Flow Statement.....	78
Balance Sheet.....	80
Income Statement.....	82
Financial Ratios.....	83
A. Measures of Solvency.....	83
B. Test of Solvency.....	84
C. Analysis of Profitability.....	85
D. Break-even Analysis.....	85

E. Payback Period.....	85
<i>CHAPTER VI - SOCIO-ECONOMIC.....</i>	<i>86</i>
<i>CHAPTER VII - CONCLUSION AND RECOMMENDATION.....</i>	<i>88</i>
<i>CHAPTER VIII - POTENTIAL PROBLEMS.....</i>	<i>89</i>
LIST OF APPENDICES.....	91
A. Questionnaire.....	92
B. Derivation of Projected Demand.....	96
C. Derivation of Projected Supply.....	97
D. Supporting Computations to Financial Statements.....	98
E. Supporting Computations to Financial Analysis.....	109
F. Supporting Computations to Break-even Analysis.....	111
References	x
Resume	xi

LIST OF TABLES

<i>TABLE</i>	<i>TITLE</i>	<i>PAGE</i>
1	Historical Demand.....	30
2	Projected Demand.....	31
3	Historical Supply.....	32
4	Projected Supply.....	33
5	Demand-Supply Gap Supply.....	34
6	Market Share.....	35
7	Target Consumer.....	38
8	Sales Forecast.....	40
9	Projected Production Vol.....	53
10	Projected Production Volume Schedule.....	54
11	Raw Materials Purchases.....	55
12	Machinery/Equipment.....	64
13	Furnitures/Fixtures.....	69
14	Suppliers.....	71
15	Raw Materials Requirement.....	71
16	Labor Requirement.....	72
17	Utilities.....	73

LIST OF FIGURES

<i>FIGURE</i>	<i>TITLE</i>	<i>PAGE</i>
1	Organizational Chart.....	16
2	Gantt Chart.....	25
3	Production Process Flowchart.....	52
4	Map of Cavite.....	58
5	Municipality of Imus.....	59
6	Vicinity Map.....	60
7	Perspective.....	61
	Front Elevation.....	62
	Left Elevation.....	62
	Right Elevation.....	62
	Rear Elevation.....	62
8	Floor Plan.....	63

LIST OF SCHEDULES

<i>SCHEDULE</i>	<i>TITLE</i>	<i>PAGE</i>
1	Statement of Cost of Goods Sold...	98
2	Amortization Schedule.....	99
3	Projected Operating Expenses.....	100
4	* Projected Income Tax.....	101
5	Projected Manufacturing Overhead..	102
6	Projected Raw Mat. Purchases.....	103
7	Projected Cost of Raw Materials...	104
8	Projected Materials Purchases.....	105
9	Projected Production Volume.....	107
10	Sales Forecast.....	108