

## Integral Diagnostic Review

### Preliminary Report

Villa Blanc

t/o Glam Collections (Pty) Ltd



March 12 - 14, 2014, Gaborone-Botswana

# Summary

- Background
- Diagnosis process
- Preliminary results
- Recommendations

## Consultant Team

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# The Company's Diagnostic Process

- Company's background review
- Interview with the management and staff to understand the different elements of the company (27 March 2014)
- Co-construction (management validation of preliminary findings) (31 March 2014)
- Final reporting (01 April 2014)

# Background

- The Company is located in Gaborone, Block 8 Industrial Area
- The company was registered in March 2011 started operations in 2012
- The company specializes in manufacture of bed linen: Duvet inner and covers, sheets, bed covers, pillows
- Tecla Evans, a Botswana citizen, owns 100% shares in the company and is the sole director
- The company has been funded by CEDA
- The company employs 5 people including the Managing Director: 3 in production and 2 in administration and sales
- The company's vision is to be the industry standard in quality, service and value of bed linen
- The company target is to capture 10% of the hospitality market: approximately P1.1 million turnover
- Financial statements are not made available.

# Preliminary Findings

# Preliminary Findings

## Subareas Needing Improvement

### Strategic Management

- Strategic Objectives

### Finance

- Tax Laws and Legal Regulation
- Accounting Records
- Cost Analysis

### Marketing and Sales

- Client Relationship
- Segmentation, Target Market, and
- Price
- Sales Management

### Quality Management

- Quality Control
- Procedures
- Product quality

### Production and Operations

- Suppliers
- Machinery Maintenance

### Human Resources

- Personnel Policy

### Information Management

- Communication

# Results

# The Company Strengths and Subareas of Intervention

Strengths	Subareas of Intervention
1. There is a long term vision for the business.	1. Marketing and Sales - Segmentation, Target Market, and Positioning
2. The MD is passionate about the business and has a wealth of knowledge and experience in this field	2. Marketing and Sales - Price
3. Qualified staff	3. Finance- Cost analysis
4. Strategic alliances with key industry players	4. Quality Management - Quality control
	5. Quality Management - Procedures
	6. Quality management - Product quality
	7. Human Resources – Personnel Policy



## Marketing and Sales – Segmentation, Target Market & Positioning

Benefits of a proper segmentation is the ability to adapt to the different needs and requirements of the different segments based on specific criteria. This enables informed marketing and positioning. Ultimately this results in:

- Effective focus especially on targets with potential for growth
- Improved inputs into customization for each segment resulting from interaction – product development
- Effective marketing, promotional and distribution plans
- Improved brand awareness and customer loyalty

Ultimately, improve market penetration and increase revenue

## Marketing and Sales – Price

Accurate pricing of products:

- Enhances product sales and revenue
- Helps with positioning of the company in the market
- Helps in determining price sensitivity of customers
- Sends a message to customers about your business, product or service creating a perceived value

Therefore contributes to company profitability

### Finance – Cost Analysis

Accurate costing of products:

- Ensures positive cash flows and non tying up of capital on products that are not profitable.
- Makes it easier to estimate the company's break even point (level of sales where all fixed costs are covered by revenue)
- Encourages good procurement methods
- Enables the company to appropriately price its products to secure the profit margin

Therefore contributes to reduce costs and improve profit margin

## Quality Management – Quality Control

There is need for the company to have set documented quality control measures, with specific criteria used in maintaining quality.

This will ensure:

- Systematic checks that will allow timely application of corrective measures
- A clearly defined procedure for handling complaints
- Less rejection of products
- Consistency in products quality
- Improved customer loyalty
- More sales

## Quality Management – Procedures

There is need for the company to have set documented quality procedures, with specific criteria used in maintaining quality.

This will ensure:

- Competitiveness in the market
- Compliance to existing standards
- Regular and consistent quality checks.
- Implementation of training and benchmarking for the relevant personnel to maintain high quality products and competitiveness in the market.

## Quality Management – Product Quality

There is need for the company to have documented quality checks, and guarantee of its product. This will result in:

- Uniformity and consistency of products.
- Easy identification batch production details of products returned or which clients express dissatisfaction about
- Maintenance of product quality standards

## Human Resources - Personnel Policy

Personnel policy will help the company to:

- Attract, recruit and retain human capital that is in line with company strategy.
- Systematically track employee performance
- Have a transparent incentive, reward and progression guidelines
- Have motivated staff

### Financial Analysis – Disclaimer

*The company could not provide the Consultant's team with financial statements, including the balance sheet and the income statement for the last three years. Therefore an assessment of economic and financial performance of Glam Collections could not be ascertained. This assessment would have corroborated or invalidated the qualitative analyzes and the diagnostic results in terms of growth, profitability, liquidity and solvency of the company in short and long term.*



# Conclusions of the Diagnosis

# Conclusion

## Conclusion

- Glam Collections started operations in 2012 specializing in manufacture of bed linen: Duvet inner and covers, sheets, bed covers, pillows. The company's start up costs were financed by CEDA
- The company's vision is to be the industry standard in quality, service and value of bed linen. Its target is to capture 10% percent of the Botswana market
- The company's main challenges currently is limited sales and production capacity. The company has plans to add more staff and machinery to improve performance

# Conclusion

## Conclusion

- On the overall, Glam Collections has good prospects for future growth. Management has good understanding of the company's vision and most of the critical strategies and processes are in place. However, the diagnostic exercise revealed three broad areas that require attention: Marketing & Sales, Quality Management, Finance and Human Resources.
- Specifically, the subareas that require interventions are: target marketing, pricing strategy and quality delivery to boost market share/ on one hand and cost analysis, financial and personnel administration to maintain costs within benchmarks, improve productivity and competitiveness on the other hand.

# Recommendations For Improvement

SUB-AREAS	RECOMMENDATIONS	
	INTERNALLY	WITH SUPPORT OF EXTERNAL RESOURCES
SEGMENTATION, TARGET MARKET & POSITIONING	<ul style="list-style-type: none"> <li>➤ Target groups with growth potential where the company has competitive advantage</li> <li>➤ Clearly identify the needs of each category</li> <li>➤ Update customer database with description of specifications</li> </ul>	<ul style="list-style-type: none"> <li>➤ Support to undertake a light market research</li> </ul>
MARKETING AND SALES - PRICE	<ul style="list-style-type: none"> <li>➤ Develop and implement pricing strategy</li> <li>➤ Develop discount structure for the products</li> </ul>	<ul style="list-style-type: none"> <li>➤ Assistance with improving the pricing model and discount structure</li> </ul>

SUB-AREAS	RECOMMENDATIONS	
	INTERNALLY	WITH SUPPORT OF EXTERNAL RESOURCES
QUALITY MANAGEMENT-PROCEDURES	<ul style="list-style-type: none"> <li>➤ Establish clientele preference</li> <li>➤ Implement and document recognized standards such as BOBS</li> <li>➤ Establish documented measurement criteria's</li> <li>➤ Identify and document critical control points which should be adhered to</li> <li>➤ Implement quality checks procedures</li> </ul>	<ul style="list-style-type: none"> <li>➤ Enlist the assistance of experts in this field of business</li> </ul>
QUALITY MANAGEMENT – PRODUCT QUALITY	<ul style="list-style-type: none"> <li>➤ Identify and document quality check mechanisms</li> <li>➤ Develop and implement appropriate records to monitor and assess compliance to product quality</li> <li>➤ Define and document and implement product guarantee and customer satisfaction checks.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Enlist the assistance of an expert in this field</li> </ul>

SUB-AREAS	RECOMMENDATIONS	
	INTERNALLY	WITH SUPPORT OF EXTERNAL RESOURCES
QUALITY MANAGEMENT – QUALITY CONTROL	<ul style="list-style-type: none"> <li>➤ Develop a documented quality control policy</li> <li>➤ Define documented responsibilities and train quality control personal</li> <li>➤ Develop procedures and documentation to monitor rejection and wastage.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Enlist the help of an expert to develop ,train and document procedures</li> </ul>
FINANCE COST ANALYSIS	<ul style="list-style-type: none"> <li>➤ Clearly identify all fixed and variable costs</li> <li>➤ Update the existing pricing to ensure all costs are captured</li> <li>➤ Constantly reconcile the costing with financial records</li> </ul>	<ul style="list-style-type: none"> <li>➤ Enlist the help of a cost accountant to develop an effective cost structure and implement a costing system</li> </ul>

SUB-AREAS	RECOMMENDATIONS	
	INTERNALLY	WITH SUPPORT OF EXTERNAL RESOURCES
PERSONNEL POLICY	<ul style="list-style-type: none"> <li>➤ Develop an administrative and personnel policy manual</li> <li>➤ Implement the policy and monitor progress</li> </ul>	<ul style="list-style-type: none"> <li>➤ Assistance to develop and establish a performance management system</li> </ul>



## Priority Intervention

In order to enhance performance, Glam Collections needs to develop and implement a consolidation plan with a view to increase sales, enhance internal systems and profitability and build its equity base before engaging in any expansion. This implies:

➤ **Market segmentation and product pricing**

There is need to determine target groups with growth potential and where the company has competitive advantage. Ensure that products are given competitive and correct prices.

➤ **Accounting record and cost analysis**

Establishment of comprehensive accounting records and a cost accounting system that will guide product pricing, setting up of profit margins and also determination of break even point (level of sales where all fixed costs are covered by revenue). The cost analysis will also enable the company to track possible areas for cost saving.

➤ **Quality management quality control, product quality and procedures**

Development, documentation and implementation of quality management system to ensure product quality and consistency, production efficiency, thereby enhancing market competitiveness.



**Thank You**