

Guillermo Furniture Store Recommendation

Team A

FIN 571

Executive Summary

Guillermo's store is a manufacturing company located in Mexico. The company's main products are tables and chairs primarily made by hand. The company has been in business for years therefore, the satisfaction and happiness of their customers continues to be a high goal or priority. The business of Guillermo's store is unique because the company has a patented process for creating coating for the furniture. This patented coating provides the company an opportunity to increase sales in the market. In 1990 the company endured some challenges, the entry of a new competitor and the expansion of business of large retailers around the area. These challenges present a high risk for the business and to prevent a decrease in sales the company has to make some decisions such as acquire new technology, become a primary distributor, or add new products with less cost. Management must strategize to overcome the risks the company can face they can create a new cash flow budget for the next five years. The new cash flow budget will provide Guillermo's store a better overview of the expected cash inflows and outflows.

Analyzes Guillermo's alternatives

Increase in Technology

Increasing technology for Guillermo would mean investing in new equipment and knowledgeable staff. The staff would know about the equipment as well as obtain training for him. For this alternative Guillermo will continue his existing operations but improve on the methods used in his manufacturing. Increasing technology would put Guillermo in close contact with the competition from the new manufacturers in the area. The new technology will give Guillermo an advantage of experiencing technological advanced with the new companies. The new technology would only add to Guillermo's existing products that clients have grown to love (UOPX, 2012).

Converting factory from primary manufacturing to primary distributing

Converting his current operations from primarily manufacturing to primarily distributing is a huge factor for Guillermo. For one Guillermo is leading away from a method that has worked for him for so many years to something he has limited resources to fulfill. This alternative would mean Guillermo would have to change his entire operations, replacing products that he currently has and invest into making a new system work for him. Guillermo would need new staff and would have to get rid of his existing manufacturing facilities as he could not keep up with the cost of a manufacturing facility as well as a distribution facility. Guillermo would lose the equity that he currently has on his facility, and if he has to convert the facility to distribution this would be an additional cost (UOPX, 2012).