

## *XOIC Business Analysis*

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## **Introduction**

We would first like to thank you for your wonderful hospitality during our stay at St. Xavier's College. We would also like to thank Fr. Braganza and all the Jesuits at St. Xavier's for inviting and welcoming us. We also want to thank the XOIC students and their faculty advisor. You all helped us feel very welcomed and comfortable. It was a pleasure spending time with you, and we very much appreciate the opportunity to work with you on this project.

We are submitting these recommendations of improvements to you to supplement our oral presentation given on your campus. It is our hope that these written recommendations will help guide you in your future decision-making as a company.

XOIC has experienced great progress since last year. Coming up with a mission statement was a good step in defining your brand and making it more recognizable to your customers. A second notable improvement was creating a structure for your company and utilizing monthly meetings as a way to bring various departments together. XOIC also introduced a research and development department as a way to revitalize its product line. XOIC's administration also began more thorough record keeping, a hallmark of modern business practice. Finally, the creation of a XOIC Facebook page is an excellent use of social networking to market your product.

However, there remain several areas from last year's report that need to be addressed. These are practices that are fundamental to modern businesses and should be implemented at XOIC before any additional innovations are added. XOIC should still concentrate effort on core product identification and development in order to maximize the potential of the brand. In addition, the corporate structure as it stands does not have the responsibilities of each position clearly defined, thereby causing many overlapping responsibilities among workers. Following this, there should be a more fixed schedule dictating set hours each week per worker. The research and development department should be more focused on renovation before innovation and focus on market segmentation. While the XOIC administration has introduced record keeping, the records should be more thorough and easier to follow, and should include standard cost accounting practices and regular income statements. Finally, XOIC should seriously consider its safety practices within the lab and with regard to its products.

## **SWOT Analysis**

As in our campus presentation, our written report will take the form of a SWOT analysis. We will identify (1) Strengths of XOIC, (2) Weaknesses of XOIC, (3) Opportunities for XOIC, and (4) Threats to XOIC. The SWOT analysis is widely used among modern businesses and offers insight into both the inner workings of the company as well as its outward environment, both of which should be taken into consideration for growth and expansion.

## Strengths

### *Enthusiasm*

The enthusiasm of the XOIC group and the entrepreneurial spirit and dedication to your company is a key ingredient to your success. Having that inner drive for success really helps you launch your ideas and keep a busy student-run company running smoothly.

### *Creativity*

The creativity of the XOIC group is a great asset. It allows you to come up with more innovative ideas on a regular basis and gives your products an edge. Having such a unique product line is attractive to customers.

### *Large Membership*

The large membership and frequent turnover of members gives you constant potential for new ideas. Large membership also provides you with enough people to get the work done and people to fall back on if certain members get to busy with coursework.

### *Inter-batch Structure*

The current structure of the organization in which the first year students are directly involved in the company and go through the learning process with third year mentors gives the organization many advantages. This gives the young students time to gain experience. In this training time the students learn the details of the organization. By the time they are third year students they have a grasp of the business, and they can focus on growing the organization. It is also great to involve the second year students in running the company so that they can mentor the incoming second year class during their third year.

### *Student Run*

The nature of your company being student run is a strong selling point for many buyers. People like to support students and new ideas. Where there is more financial benefit to purchasing from a big company with less expensive products, purchasing from students also gives the benefit of supporting a cause: you and your success.

### *Scientific Relevance*

The nature of your company being invested in industrial chemistry as a science and education is an excellent selling point for your product. Since you are students and still learning, if a customer likes your product, they know that future products from you can only get better as you learn better technologies and ways to use chemistry.

### *Brand/Logo*

Your brand and your logo have a strong recognition setting you up for future successes. Consistency and strength in your logo is crucial to keeping your customer base and helpful in adding to it.

### **Weaknesses**

#### *Undefined Roles*

The current structure of your departments and roles that are set up for XOIC are unclear and not well defined. The structure of the company is well conceived, but some of the roles and duties are clouded. These undefined roles can lead to confusion and inefficiencies in the long run if not corrected.

#### *Inefficient Accounting Practices*

The current accounting structure is a solid start to basic accounting, but many steps need to be taken to get on level with how companies account for business activities. No value is donated to production time. This leads to potential underpricing and thereby, loss of profits.

#### *Underutilizing Marketing*

XOIC has some great products and a great market in which to sell these products. XOIC is selling and marketing these products well, but there are some things that could be adjusted to maximize its profits (there is a difference between maximizing sales, and maximizing profits in their large potential market. Not tapping in to this market limits XOIC's profits and growth.

#### *Lack of Product Line Focus*

XOIC's enthusiasm and creativity with their products is spectacular. Unfortunately with many products, XOIC could be wasting time producing unprofitable products. Also, they could work to limit their product line and perfect the production process and lower costs.

### **Opportunities**

#### *Large Market*

Since you are a collective of students from different areas, you have large coverage geographically and several personal connections to market your product to. This is a rare advantage that many companies do not have and it would be conducive to use your marketing in a way that utilizes this advantage.

### *University/Alumni*

You have an entire network of Xavier's College alumni with which to create a customer base . Alumni tend to have great pride in their College and often like to support and give back to current students. Using your contacts in the Industrial Chemistry Department and throughout the rest of the college will provide you with many new potential customers, and these are customers who already have a reason to buy.

### *Ability to Take Risks*

Your youth and your funding from the University provide you with the opportunity to take risks with new products without any personal investment. Though your goal is to provide great service and make profits, you do not have to worry if a product fails because you have set funding from the University. This is a big advantage over other companies but it should be used well by investing in the best ideas you have.

### *Constant Flow of New Members*

There is a great opportunity in that you have a constant flow of new members and new ideas and new energy for the company. Each first year student carries fresh ideas and these ideas should be used in product development to develop a strong product line.

## **Threats**

### *Safety*

Dealing with chemicals and flammable candles, XOIC's products have a possibility of being unsafe to consumers and XOIC employees. If one of your workers were to be harmed in your lab, or one of your customers injured by XOIC products, St. Xavier's would ultimately be liable for the damages.

### *Trademark*

XOIC does not currently have any trademarks associated with its brand or products. This leaves XOIC open to the possibility of outsiders stealing ideas or the XOIC name itself. While this may seem to be a low risk to you, it is a common practice in business to trademark the firm's products.

### *Lack of Employee Confidentiality Agreement*

XOIC has great talent that works in the organization. This talent has constant turnover. This turnover gives XOIC new and fresh ideas, but it does leave XOIC open to some potential problems. As employees

leave they also take with them XOIC knowledge. Without an employee confidentiality agreement XOIC workers can take these ideas and steal business from XOIC. Again, while this may appear to be a trivial risk to you, the use of Confidentiality Agreements are common in business.

### **Recommendations**

#### **Accounting Improvements**

While steps have been taken to incorporate digital records of your sales and inventory information, technology can be more effectively utilized for your organization.

##### *Billable Hours*

Firstly, recording how many hours you work and introducing a system of “billable hours” will help you to keep track of how much time is spent in each department and on each product. This is a very important record keeping policy of many companies. You can organize your spreadsheet so that it lists how many hours each employee spent working and on which product. This way you can see how much time goes into producing each one of your products and optimize your time best. This will give you a visual comparison of the time cost of each product. When there are a lot of products and a lot of different people working on them, it may be difficult to see how much time a product is truly costing you without records like these. Understanding the time costs of a product is also important if you are to correctly price that product.

##### *Yearly Income Statement*

Additionally, it is good business practice to incorporate a yearly income statement. This statement will show you how much money you spend, how much revenue you bring in, and how much of that revenue is pure profit. You can also break this income statement down on a per product basis to show which products are most profitable. This will help you to see the strengths and weaknesses in your products. Each product should have separate records for the amount that was sold in bulk and the amount that was sold individually. After looking at a year’s worth of data, you may find that certain products sell better in bulk and others as individual items. This may lead you to develop more focused marketing strategies on a per product basis. Sometimes it is easiest and most accurate to look at data of actual sales rather than how you think a product is doing by your observations.

##### *Sales Records and Goals*

Since you are such a large organization, it may be helpful for you to create monthly updates of sales by person. This will make it easier to keep track of what individual members are doing. You may find that some members are very successful at sales and others not. This may lead you to find them more suited

for certain departments and you may also consider setting sales goals as a company so that each person is helping the business equally.

A template has been provided to show an example of what detailed records should include. Also, there are several free websites and tutorials online to teach you how to use the features of excel most effectively for your organization.

## **Cost/Pricing**

Profit is a more important focus than revenues with a yearly income statement. As mentioned last year, it is important to divide your cost to produce into cost of goods, labor, and laboratory supplies in order to have a more accurate understanding of how much of your revenue is actual profit. This will provide you with a quantitative look of what it takes, financially, to produce different products.

### *Production Costs*

One consideration for increasing profitability is to price your products appropriately. One important part of pricing is accounting for the time it took to produce each product. Even though you are students and not receiving any compensation for working at XOIC, your time is still valuable. In fact, it is probably the most valuable input given the other demands on your time. XOIC is only one part of your education and you have other classes and other responsibilities to attend to, thus it is wise to establish a labor cost for time spent in producing the various products. The wage rate, which is a rate of cost per hour of time spent working, is up to you to decide. Typically a good starting point is wage you could earn while working part-time as a college student in say a local shop.

### *Cost-Plus Pricing*

In order to price your products, it is common to use a “cost-plus” manner. Cost-plus means that you assign a price to each product according to how much it cost to produce plus the profit you want to make. In other words, in addition to the total expenses to produce, **including labor cost**, you add the amount per product that you want to make in profit. This ensures that you are making a profit you deserve on top of being compensated for your time and materials. For example, the beer candle was priced only 50 rupees more than a standard gel candle, yet it appeared that the time costs associated with the production were far higher.

## **Safety**

It is important to develop a solid culture of safety in your lab. This is a good practice to get in the habit of as it has become a key component of many company policies.

### *Laboratory Behavior*

Firstly, laboratory behavior should be regulated. Laboratory behavior includes policies such as requiring students tie their hair back when working, and wearing proper safety gear including laboratory coats, gloves, and masks. It was appropriate that you had the Marquette team wear gloves and masks, but it was disappointing that the same standards were not adopted for the workers who are spending far more time in the production facility than the Marquette visitors. Also, limits should be placed on the number of people in the lab at one time. There is a reason that well-run companies set a high value on the safety of their employees. Accidents lead to lost profits. Thus, companies often use a motto of 'safety first' to describe the importance of safety in laboratories. It may be wise to create a poster to hang on the wall in the laboratory that lists the "safety rules of the lab." See safety link below

### *Laboratory Space*

The laboratory itself should meet established safety standards including supplying proper ventilation for fumes as well as keeping workspaces clear and materials properly stored. The main chemistry labs at St. Xavier's pay attention to these issues. You should too. A periodic check of laboratory equipment to make sure it is functioning properly should be instituted in the interest of keeping student workers safe.

### *State-wide Compliance*

There is a "Summary of Industrial Safety Laws in Gujarat, India" located on the internet at <http://www.chemicalsafety.co.in/safety-law.pdf> that outlines industrial chemistry rules, regulations, and safety laws in the Gujarat State. It is wise for XOIC to adopt these standards in order to prepare for working in the Industrial Chemistry field in the Gujarat region as you will have to meet these standards outside of St. Xavier's College.

### *Product Safety and Liability*

It is extremely important to make product safety a priority. If any of your products were to fail, as happened with the candle that flared up during our presentation on 9 January, 2012, you can be held liable for any damages to property and injuries or death that your customers may suffer. Product liability is a common issue in developed countries, and it will be a growing issue as India continues to develop economically. It is important to recognize that ignoring product safety raises moral concerns, and liabilities like this and the corresponding lawsuits can take a successful company and put it out of business. This can happen for two reasons. Firstly, lawsuits are costly and can financially hurt a company. Secondly, if a customer or their property encounters any harm after the use of your product, they will cease to be a customer. You will also have a high potential of losing other customers after they learn of what happened.

Additionally, since you are a company that is sponsored by St. Xavier's University, if a product fails in use it not only reflects on XOIC but it reflects on the University and the University could be financially liable for any damages. So not only are you putting the success of your company in danger, but you are putting St. Xavier's University's reputation and finances in a compromised position by putting unsafe products on the market.

## **Market Penetration**

XOIC has a large market to pursue; the following are new ideas to penetrate this market:

### *Tri-Fold Brochure*

A new brochure is recommended to help market XOIC products. Specifically a tri-fold brochure with easy to read prices, descriptions and picture is needed. Also, details on how to contact XOIC with questions are needed.

### *Internet Marketing*

The Internet can be a free and easy way to communicate with your customers. One recommendation that we have is that you update XOIC's Facebook page. More information can be put on the page about XOIC and the organization. Also, new products and other achievements can be announced to XOIC's followers. Similarly, a blog could be set up as another communication tool with XOIC's customers and supporters. In the blog, stories can be shared about XOIC workers, new product development, as well as other success stories.. Also, the creation of a website could be used to share the same information and make XOIC look more credible and professional.

### *Free Advertising Opportunities*

XOIC is a very creative organization. Thus, for this recommendation it is suggested that the organization utilizes this creative skill to explore free advertising opportunities. Such advertising opportunities include pursuing radio, newspaper, or other media to report XOIC's story. This was an effective strategy employed by the X-Plant student-run company. Being a student run group, XOIC has a unique story giving it a competitive advantage that should be utilized.

### *Focus on Commercial Selling*

After analyzing XOIC as a company, we believe that it has great potential in selling its commercial products, such as soap. It is recommended that XOIC focuses a greater effort on selling its products to local business. This would bring in a consistent flow of revenues. Also, being located in a large city like Ahmedabad there are a great number of opportunities to sell to businesses and grow the organization.

## **Trademarking and Agreements**

XOIC has a fantastic company, but without making some of the following recommendations the XOIC organization could be lost.

### *Registering Brand*

XOIC has a great brand and logo. It is recommended that XOIC formally registers and trademarks their brand and logo to prevent the XOIC identity from being stolen.

### *Employee Confidentiality Agreements*

One of XOIC's main purposes is to teach XOIC's members skills they can bring into their life post academic life. That being said, XOIC leaves itself open to students stealing and competing with XOIC after graduation. Also, Employee Confidentiality Agreements are common practice in the business world. With both of these facts, it is recommended that XOIC creates some sort of agreement with its members to set appropriate expectations and protect the organization.

## **Definition of Roles**

XOIC needs to develop more clearly defined roles among its various departments. Presently, there are too many overlapping duties among department members. We believe that this will greatly increase the efficiency and efficacy of the company.

### *Research and Development:*

We would like to reiterate the importance of renovation of current products before continuing to create new ones. You have strong foundations for your products as it is, the focus should be on perfecting these products as the core of your product line.

### *Marketing*

We recommend stronger overall marketing segmentation and penetration. Market segmentation places its emphasis on fulfilling the needs of different customer preferences. This emphasis will increase your reputation as a customer-oriented business and will lead to a high customer retention rate. We also recommend utilizing more creative advertising methods and especially establishing the connection between your coursework and how XOIC is helping to reinforce your academic course of study.

*Production:*

As was pointed out in last year's report, production is a significant issue for XOIC and should be streamlined as much as possible in order to maximize efficiency of the overall organization. By following our scheduling recommendation above, this will help the production department know exactly which tasks to be completed, on which day, and by whom.

*Administration:*

The administration department should be tasked with developing a thorough and organized record keeping system. Data logged should include costs, profits, inventory, scheduling, lab reports, and safety measures. We would also like to reiterate the importance of accounting, especially accounting for labor costs, which have not yet been factored into XOIC's costs of doing business.

Overall, XOIC's CEO should work with department heads in order to clearly outline the specific tasks that should be assigned to each department. Any overlapping duties should be reassigned so that only one department is responsible for that specific task. This will leave the other department with more time to focus on their own tasks. The CEO should also develop a system that holds each person accountable for the tasks that they are assigned. A more fixed scheduling system is an excellent way to begin holding individuals accountable to their responsibilities.

**Conclusion**

We are impressed with XOIC as well as with the improvements that the company has made thus far. You are a young company and you have come a long way in a short period of time. This is due in no small part to the hard work of your workers, and the strong guidance you have received from your faculty advisor. However, we believe that by implementing these recommendations XOIC can transform into a more refined and modern business with more efficient and profitable practices. We also strongly recommend that XOIC revisit the recommendations from last year in addition to the recommendations in this report as you work towards the goal of improving the company.