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Fabric Handbags

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The points of view expressed in this study reflect the author opinion.

Summary

This feasibility study concerns the establishment of a fabric handbags production business in a Lebanese rural area.

This business presents opportunities for family members who could participate in various parts of the production process. For example, the wife, husband, or sister could help in sewing, purchasing materials, cutting patterns, or following up with clients, etc...

The initial investment required for the equipment and working capital amounts to 5 298 \$US. In the study, we considered a loan of 2 500 \$US, while the remaining 2 798 \$US are invested by the business owner.

The projections are conservatively estimated based on average market levels. The results show a net income of 4 381 \$US or 365 \$US per month, in the first year growing to around 11 988 \$US in the fifth year, or 999 \$US per month.

A best-case scenario is developed considering that the family members help in sewing and hence, the business owner would be able to save on the wages expenses. In this case, the net income increases to 6 742 \$US in the first year or 562 \$US per month and grows to around 16 468 \$US in the fifth year or 1 372 \$US.

A worst-case scenario with lower sales turnover shows a net income of 2 045 \$US or 170 \$US per month during the first year and growing to 7 555 \$US in the fifth year or 630 \$US per month.

The study shows that the business could be a profitable family business. There are important success factors such as the creativity, modeling and finishing skills of the fabric handbag business owner, the quality of service, public relations, establishing good channels of distribution, and promotional pricing.