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# Handbag Manufacturing

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

## Summary

The present study examines the feasibility of a small factory for the manufacturing of handbags to be located in a Lebanese village or small town.

Family members could participate in the handbag manufacturing business. For example, the wife could help in the gluing and simple sewing and the son or daughter could also help in packaging, labeling, etc...

The initial investment required for the equipment and working capital amounts to 9 935 \$US. In the study, we considered a loan of 4 500 \$US, while the remaining 5 435 \$US are invested by the manufacturer.

The projections are conservatively estimated based on market levels. We estimated the average selling price of the leather handbags at 25 \$US and the non-leather handbags at 10 \$US. The results show a net income of 7 325 \$US in the first year growing to around 25 626 \$US in the fifth year.

A best case scenario is developed considering that the family members help in the business and hence, the business owner would be able to save on the wages expenses. Additionally the prices of the handbags are increased to 28 \$US for the leather and 12 \$US for non-leather bags. In this case, the net income increases to 18 267 \$US in the first year or 1 522 \$US per month and grows to around 41 243 \$US in the fifth year.

A worst case scenario with leather handbags estimated at 23 \$US and the non-leather handbags at 8 \$US, shows a net income of 901 \$US or 75 \$US per month during the first year and growing to 14 034 \$US in the fifth year or 1 170 \$US.

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