



**Institut Libanais de Développement Économique & Social**  
**Lebanese Institute for Economic & Social Development**

**Etude financée par l'Union Européenne**  
**Study financed by the European Union**

# **Leather Cases and Accessories**

**Feasibility study prepared by:**  
**Nada Boulos, business administration.**

June 2001- Jal el Dib - Lebanon

## Table of contents

<b>Summary</b>	<b>2</b>
<b>1- Description of the project</b>	<b>3</b>
<b>2- Market Analysis</b>	<b>3</b>
2-1 Competition	
2-2 Target Market	4
<b>3- Description of the production</b>	<b>4</b>
3-1 Seasonality	5
3-2 Procurement : materials, costs, facilities, equipment	
3-2-1 Premises and equipment	
3-2-2 Sourcing and supplies	
3-3 Staffing and training	6
<b>4- Marketing and sales techniques</b>	<b>6</b>
<b>5- Financial plan</b>	<b>6</b>
5-1 Initial capital and loan requirements	
5-2 Projected income statement	7
5-3 Projected balance sheet	8
5-4 Projected cash flows	
5-5 Break-even analysis	
5-6 Sensitivity analysis	
<b>6- Key success factors and recommendations</b>	<b>10</b>
<b>7- Conclusion</b>	<b>10</b>

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 eyeglass cases, jewelry cases, and other leather/synthetic leather accessories to be located in a Lebanese rural area.

Family members could participate in the 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 9 568 \$US. In the study, we considered a loan of 4 500 \$US, while the remaining 5 068 \$US are invested by the manufacturer.

The projections are conservatively estimated based on market levels. The results show a net income of 5 065 \$US or 422 \$US per month in the first year growing to around 13 306 \$US in the fifth year or 1 109 \$US per month.

A best-case scenario is developed considering that the investor owns the premises and hence, does not pay any rent. Additionally, it is assumed in this scenario that the business owner will be able to achieve higher sales growth rates. In this case, the net income increases to 6 065 \$US in the first year or 505 \$US per month and grows to around 16 491 \$US in the fifth year or 1 374 \$US per month.

A worst-case scenario with lower turnovers and slower growth rates shows a net income of 1 088 \$US or 91 \$US per month during the first year and growing to 4 495 \$US in the fifth year or 375 \$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 manufacturer, the quality of service, public relations, establishing good channels of distribution, and promotional pricing.