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Ties Workshop

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The point of views expressed in this study reflect those of the author.

Summary

The present study examines the feasibility of a small factory for the manufacturing of ties to be located in a Lebanese rural area.

Family members could participate in the tie manufacturing business. For example, the wife could help in the sewing, tacking, hand sewing, ironing and the son or daughter could also help in packaging, labeling, etc...

The initial investment required for the equipment and working capital amounts to 4 406 \$US. In the study, we considered a loan of 2 000 \$US, while the remaining 2 406 \$US are invested by the manufacturer.

The projections are conservatively estimated based on market levels. The results show a net income of 4 864 \$US in the first year or 405 \$US per month growing to around 11 960 \$US in the 5th year or 997 \$US per month.

A best-case scenario is developed considering higher turnovers and higher sales growth rates. In addition, we assumed that in this case the investor owns the premises and does not pay rent, for example, he could dedicate 2 rooms in his house for the business. In this case, the net income increases to 6 992 \$US in the first year or 583 \$US per month and grows to around 16 841 \$US in the fifth year or 1 403 \$US per month.

A worst-case scenario with lower turnovers and slower growth rates shows a net income of 1 425 \$US or 119 \$US per month during the first year and growing to 2 858 \$US in the 5th year or 238 \$US.

The study shows that the business could be a profitable family business. In fact, the wife, son or daughter could replace the worker and save on the salaries expenses. Thus, the business could constitute a substantial family income. However, there are important success factors such as the modeling and finishing skills of the tie manufacturer, the quality of service, public relations, establishing good channels of distribution, and competitive pricing.