

**GOA UNIVERSITY**  
**GOA BUSINESS SCHOOL**  
**MASTER OF BUSINESS ADMINISTRATION**  
  
**CHODANKAR ENTERPRISES**  
  
**FINAL REPORT**

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## **A Brief Note on Company**

Chodankar Enterprises is a supplier of Building material and is owned by Mr.Sandeep Chodankar, it was established in the year 1994 and is located at Dabolim, Vasco. Chodankar Enterprises mainly deals in a Wholesale Business of Cement and Ready Mix Concrete along with other building materials such as Sand, Metal, Laterite stones, Cement Blocks, Bricks, Roof tiles, Construction chemicals etc.

Chodankar Enterprises has it's presence in the business since many years so it has gained a reputation in the market and also it has considerably a strong customer base. So, it has particularly gained a required amount of share in the market.

## **Strategic Analysis**

ABC method of inventory control involves a system that controls inventory and is used for materials and throughout the distribution management. It is also known as selective inventory control or SIC.

ABC analysis is a method in which inventory is divided into three categories, i.e. A, B, and C in descending value. The items in the A category have the highest value, B category items are of lower value than A, and C category items have the lowest value.

Inventory control and management are critical for a business. They help to keep their costs under control. The ABC analysis helps the business to control inventory by letting the management focus on the highest value goods (the A-items) and not on the many low-value goods (the C-items).

It has become an indispensable part of a business and the ABC analysis is widely used for unfinished good, manufactured products, spare parts, components, finished items and assembly items. Under this method, the management divides the items into three categories A, B and C; where A is the most important item and C the least valuable.

ABC inventory analysis is based on the Pareto Principle. The Pareto Principle states that 80% of the sales volume are generated from the top 20% of the items. It means that the top 20% of the items will generate 80% of the revenue for the business. It is also known as the 80/20 rule.

This method is significant to identify the top category of inventory items that generate a high percentage of yearly consumption. It helps the managers to optimize the inventory levels and achieve efficient use of stock management resources.

### **Project question**

How to reduce the wastage of inventory?

How to increase a profit and revenue?

How to utilized maximum resources?

Which material is most consumed material?

Which material contribute more in profit?

Which material required more attention?

How to expand a business?

### **Project Methodology**

ABC analysis is an inventory management technique that determines the value of inventory items based on their importance to the business. ABC ranks items on demand, cost and risk data, and inventory managers group items into classes based on those criteria. This helps business leaders understand which products or services are most critical to the financial success of their organization.

The most important stock keeping units (SKUs), based on either sales volume or profitability, are “Class A” items, the next-most important are Class B and the least important are Class C. Some companies may choose a classification system that breaks products into more than just those three groups (A-F, for example).

ABC analysis in cost accounting, or activity-based costing, is loosely related but different from ABC analysis for inventory management. Accountants use activity-based costing in manufacturing to assign indirect or overhead costs like utilities or salaries to products and services.

## **Project Objective**

There are five Project objectives I have focused on that are as follows.

### **Cost:**

We are focusing on reducing cost, the cost will reduce by decreasing man power. Because there is waste of man power in the business and also there is huge empty space in warehouse which is not get utilized by business. Also there is wastage of material in warehouse for ex cement, blocks etc. we have to correct this all to increase the profit.

### **Expansion:**

Currently business is only selling materials like cement, sand, metal, Laterite stone, cement blocks, bricks, roof Tiles and Bamboos. There is scope for expansion by selling paint and paint material, hardware material which is used in construction. This will help to increase revenue and profit of a business.

### **Quality:**

We have to take care of quality of products such as sand. We have to supply best quality of sand to our customer. Also business must focus on prompt delivery service of a product, complaints of customer must be reduce quality of service and quality of products.

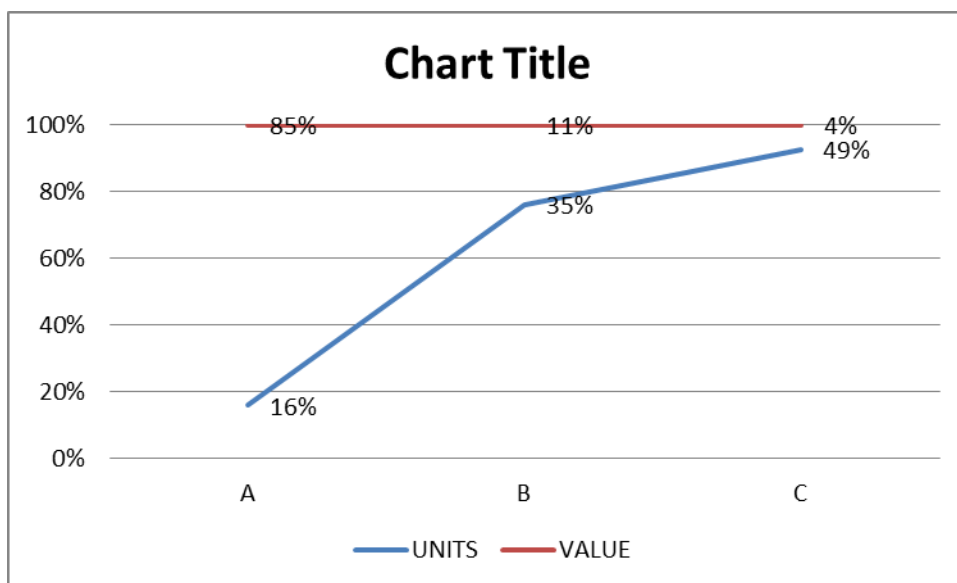
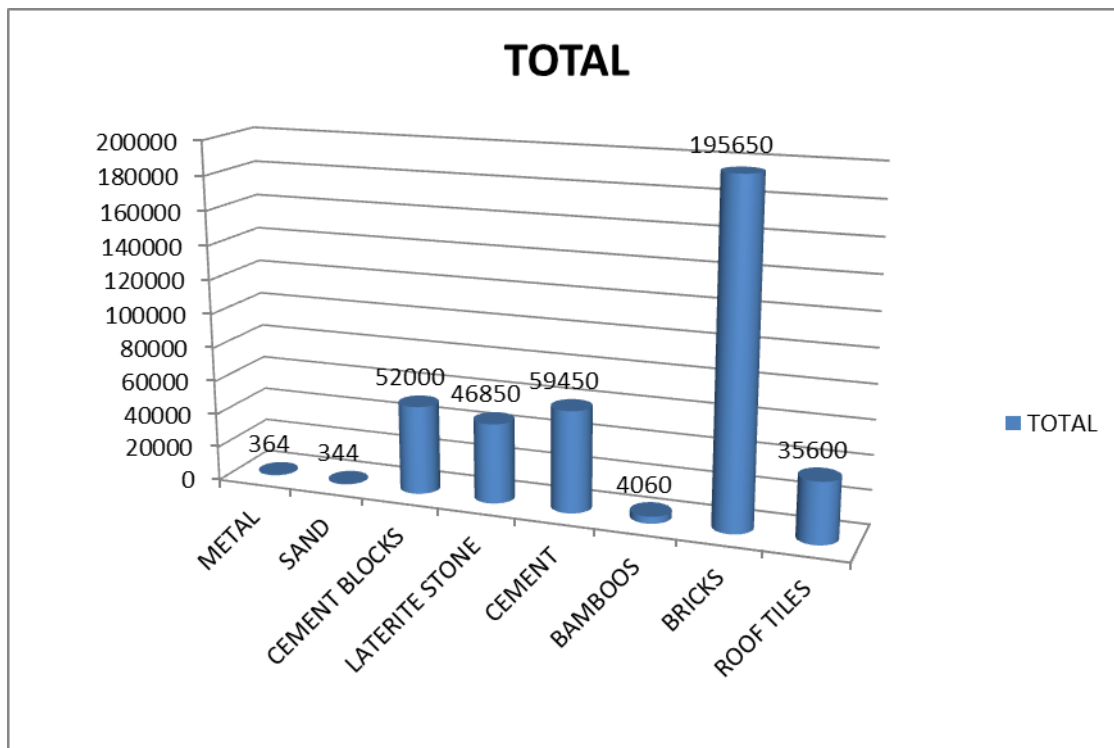
### **Customer Relationship:**

We have to keep good relationship with customer, until the project is complete we must have continuously in touch with customer and also get continues information and feedback about the service and quality of the material supply from the customer and also visit a site if possible which will help to improve a image of business.

### **Marketing and brand image:**

We must have to focus on marketing of business and expansion of business boundaries because currently most of the business is done in Vasco and some part of south goa. Now we have identify the builders and small contractor from north goa and business must have to tie up with them by giving them good offers which will help business to increase the sales.

## Project Data Finding



## Project Data Analysis

Chodankar Enterprises deals in a resale business of Construction material which deals in products like Cement, Ready Mix Concrete, Sand, Metal, Laterite stones, Cement Blocks, Bricks, Roof tiles, Bamboos, Construction chemicals etc.

In ABC analysis the inventory is divided into three categories, i.e. A, B, and C in descending order. The items which have the highest value will come in the A category, the items which have lower value than A will come in the B category, and items having the lowest value will come in the C category.

After doing the ABC Analysis of Chodankar Enterprises I understand that almost 85% of profit in the business is generated by just 16% of the items, which mainly consists of Cement, Metal and Sand and rest 11% profit is generated on sale of 35% items which includes Laterite stones, Blocks, Roof tiles, Bamboos and remaining 4% profit is generated on sale of 49% items which includes Bricks and other items.

Almost every product of construction material is a fast moving product but cement, metal and sand has a bit more margin as compared to other building products so 85% of the profit itself in the business is generated on these products, sale of laterite stones, roof tiles, blocks, bamboos are quite good but these items generate only 11% profit as the profit margin on it is quite a bit lesser and remaining 4% profit is generated on bricks and other items which also has lesser profit margin on it.

So, all these products are quite essential to run a business of construction material and also the sale of material is good but based on the amount of profit incurred on each of the items they have been put under A, B and C category.

Generally construction materials do not have much profit margin and also most of these products come into the fast moving category so fast moving products mostly have lesser profit margin on itself, the growth of a business is generally measured on its turnover and almost all the products uses greater space except the hardware items such as the chemicals and adhesives can be stored in a small godown.

According to the Pareto Principle almost 80% of our revenue is generated from the items of A category which are Cement, Sand and Metal and rest 20% of the revenue is generated from other items such as Laterite stones, Blocks, Roof tiles, Bamboos, Bricks, RMC and chemicals powder and hardware items.

## **Recommendation to the Company**

Currently the company is performing quite well and having considerably good turnover, company also have the opportunity to grow more by diversifying business. The firm can further expand it's business by also adding a few items to it's product range for example Steel has good demand, the firm is doing quite well in cement so it could also step into the steel business and expand it's business, earn more profit and also provide more job opportunities, and the firm can also focus more on other construction items such as Pavers, Lintels, Fencing poles, Y Poles, Boundary stones etc.

## **Learning Derived**

When I look back on my work experience in these two months, I have learned and understood a lot of things and as a finance student I got an opportunity to get the practical experience with the finance related work such as all the aspects of accounting applicable in running a business and work experience which is very important for a person who is pursuing degree in this field. So, this was a great experience and I am glad that I have chosen this field to build my future.