



TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY
TESDA Complex, East Service Road, South Superhighway, Taguig City

FEASIBILITY STUDY FOR TWC ALTERATION SHOP

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EXECUTIVE SUMMARY

This feasibility study aimed at establishing an alteration shop as an income generating project of TESDA Women's Center (TWC).

The TWC Alteration Shop will focus on a niche market segment, the captive clients or those in the vicinity of the TESDA Complex. The TWC Alteration Shop's target markets are those individuals who are seeking for quality alteration services and have no time to go to other places to have their clothes repaired.

Marketing strategy will show people that the Alteration Shop has great service and convenient accessibility at an affordable rate. The services will be a range repairs available at both malls and local dressmaker or tailoring shops. The Alteration Shop's pricing will be less expensive compared to the high-end competition in order to penetrate the market while emphasizing convenience as well as competence in the work through highly skilled employees. Average price of services is at P70.00. The shop will be implementing a low cost promotion campaign which will include flyers, banners and tarpaulins installed at strategic areas of the TESDA Complex.

TWC Alteration Shop will be directly under the supervision of the TWC Center Chief. The functions of Marketing, Finance and Administrative will be handled by the trainer as Head Manager while the Head Sewer shall be in charge of the Production aspect. Personnel for the Alteration shop will be a graduate of Dressmaking NC II Training Program. There are two functioning groups within the Alteration Shop: Production and Marketing, Finance and Administrative. Production involves the Head Sewer and Assistant Sewer, who will be operating the repairing and altering clothes for the customers as well as the daily inventory and maintenance of equipment and facilities. Marketing, Finance and Administrative will handle the promotion of the shop and as well as managing the training of employees, purchase and request, and monitoring of financial performance.

With the financing carried by TWC and the labor costs cut back by Dressmaking NC II trainees, income is expected to be derived from the first year of operation until the fifth year projection. Net income for the first year computed at Php 1,950.50 or 2.70% Return on Investment. However, this will eventually increase year on year and net income will reach Php 26,870.10 by the second year.

Return on Investment is computed at 37.40% by the second year which is significantly efficient in terms of generating income for every peso of asset invested in the business. Based on the projected cash flows, payback period is 1.87 years to cover the tools and equipment of the alteration shop.



The proposed income generating project is deemed feasible and viable. It is therefore recommended for implementation for year 2018. Further studies on expanding the services and increasing productivity of employees are also suggested.



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INTRODUCTION

Nature and Background of the Study

TESDA Women's Center's vision is to be the lead technical vocational education and training institution of excellence in empowering Filipino women. In line with this, an income generating project based on the program qualification, specifically Dressmaking NC II which is offered at the center has been proposed.

The TWC Dressmaking NC II course is designed to enhance the knowledge, skills and attitudes of a trainee in accordance with industry standards. Trainees can measure body measurements accurately, draft and cut patterns, prepare and lay-out patterns on fabrics, sew or assemble the garment and can apply finishing touches to casual apparel. During final fitting there's an alteration made to ensure client's satisfaction.

Nowadays alteration is necessary not only for custom made garments but also garments sold from store, or ready to wear clothes (RTW). Some clients are not satisfied with the fit so they need to go to an alteration shop.

I. Objective

The objective of the study is to establish an alteration shop at TWC. The study will analyze the viability of the alteration shop along the following business aspects: Marketing, Production, Personnel and Financial.

Specific objectives:

1. To enhance the skills learned by trainees in Dressmaking NC II.
2. To give idea to the graduates when they start up a home business/dress shop.
3. To become an Income Generating Project (IGP) of TWC.

Conceptual Framework of the TWC Alteration Shop



Figure 1 presents the identified components vital to the Alteration shop business. The relationships of each component interacting to successfully implement the project are also shown. The components include: (1) material inputs, (2) alteration process, (3) organizing and training, (4) financing, and (5) marketing.

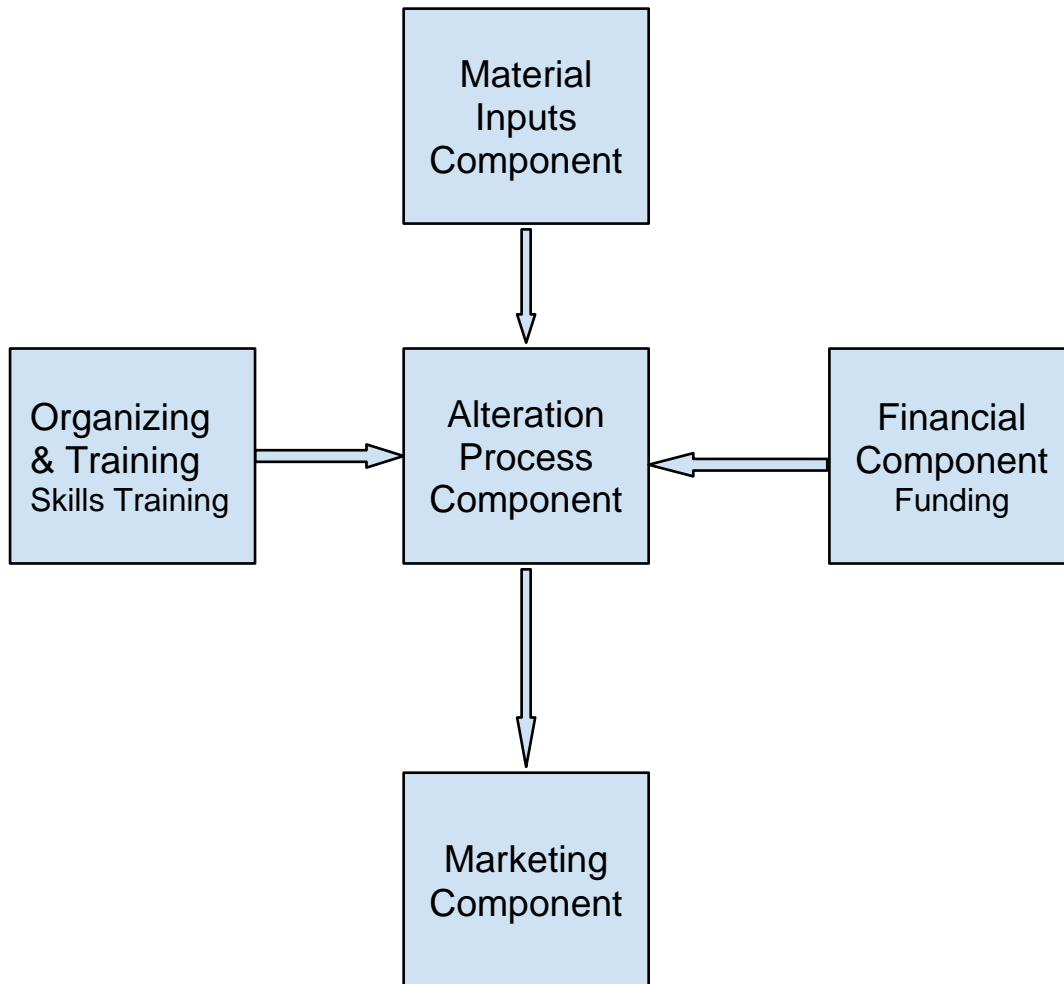


Figure 1. Conceptual Framework of the TWC Alteration Shop

OVERVIEW OF THE INDUSTRY

The revival of the local garments sector has long been looked at by trade officials of the Philippines. This is becoming a reality as more local firms start to take advantage of the country's inclusion in the European Union's generalized system of preferences (GSP+) scheme. Local manufacturers have benefited from this as the EU allows the Philippines to export more than 6,200 products at zero tariff (Remo, 2015). This scheme has attracted new companies to tap local garments maker and set up their own facilities in the country.

The garments sector used to be one of the strongest industries, employing some 600,000 workers. But its decline began in the mid-2000s following the lapse of the country's exports quota of garments to the United States and Europe.

Over the last several years, however, the local garments sector saw a minor comeback in terms of export value and employment, according to the Philippine Statistics Authority. The granting of a GSP+ status in 2014 is considered as a boost to the sector.

Market Demand and Supply

Total spending on clothing and footwear amounted to P36.358 billion in 2015 according to a report by the PSA. In 2014, the figure hit 32.985 billion (Cu, 2016). This implies that the spending allotted to clothing is growing. This trend is seen to increase over time, as long as the population grows and spending continues. The country's market presents a wide range of opportunities for companies looking to expand their business, not only local firms but overseas as well. The Philippines' market size the population's purchasing power and increasingly sophisticated taste make it an attractive market for foreign retail and fashion companies.

A report from the Economist Intelligence Unit (EIU) noted that the demand for clothing in the Philippines has been growing over the years. In 2014, the market demand for clothing was at \$7.602 million, a \$0.5-million increase from 2013 (\$7.094). In 2012 market demand for clothing reached \$6.515 million from \$5.695 million the previous year. For 2015 the sector reached a 5.3 percent growth in sales. The EIU projects a stable growth for the sector with a 5.4-percent growth average for both the year 2016 to 2017 and a 5.5 percent increase by the year 2018 (Cu, 2016). The clothing and apparel sector of the retail industry had a 33.7 percent share of the market in 2014. This implies that there are avenues for which business can still strive and succeed in the sector.

Competitor Analysis



There are several competitors of the TWC Alteration Shop; they are the franchise alteration businesses around Taguig City including Mr. Quickie and SM Alteration.

These shops already have a list of alteration services and prices set. Comparing the list, it can be observed that both shops are limited to length adjustment of pants, short and skirt, length adjustment of dress, blouse, polos, and shirts. Another factor to consider is SM Alteration only accepts newly bought clothes from SM Department Store. This is considered an opportunity for TWC to target customers who have bought clothes from other places or stores or have one sewed by a tailor. The prices are also observed to be high as compared to local dressmakers' shops. The available services and prices of competitors are presented below in Table 1.

Table 1. Comparison of Services and Prices of Local Alteration Shops

| SERVICES | Competitor 1 | Competitor 2 |
|--|--------------|--------------|
| LENGTH ADJUSTMENT PANTS, SHORT AND SKIRT | | |
| MACHINE HEM | 100.00 | 55.00 |
| HAND HEM | 100.00 | 65.00 |
| BACK TO ORIGINAL | 120.00 | 115.00 |
| WIDTH ADJUSTMENT (BOTTOM) TAPERED (BASTON/PALAKI) | 200.00 | N/A |
| DRESS, BLOUSE, POLO LONG SLEEVE , POLO SHIRT, T-SHIRT | | |
| MACHINE HEM | 150.00 | 150.00 |
| HAND HEM | 150.00 | N/A |
| SLEEVE WIDTH ADJUSTMENT | 250.00 | N/A |
| SLEEVE LENGTH ADJUSTMENT (PAIKLI OR PAHABA /EXTEND) | 250.00 | 100.00 |
| CUFF ADJUSTMENT | 200.00 | N/A |
| NECKLINE ADJUSTMENT | 250.00 | N/A |
| SHOULDER ADJUSTMENT | 250.00 | N/A |
| BODY WIDTH ADJUSTMENT | 250.00 | N/A |
| REPLACING BUTTON (PER PIECE) | 60.00 | N/A |
| ATTACH HOOK AND EYE/SNAP OR AUTOMATIC | 60.00 | N/A |
| CHANGE ZIPPER | | |
| INVISIBLE ZIPPER 16" | 200.00 | N/A |
| AVERAGE PRICE | | |



| | | |
|--|--------|-------|
| | 172.67 | 97.00 |
|--|--------|-------|



PROJECT AREA AND TARGET MARKET

The TWC's Alteration Shop will focus on just one niche market:

The Captive Clients – TESDA and TWC staff and employees and TWC trainees.

Market Segmentation

The TWC's Alteration Shop will focus on a niche market, meaning a small specialized group of customers, particularly those who work inside the TESDA Complex. These are the TESDA staff and employees and the TWC trainees who are just in the vicinity of the TESDA Complex.

There are 19 buildings inside the TESDA Complex; TESDA Central Office employees have a total of 364, the Region IV-A has 29 personnel, The CATFABS, Language Skills Institute that has 2419 trainees for the CY 2010-2015 and Norwegian Training Center personnel are also included among the target market.

Target Market Segment Strategy

The TWC's Alteration Shop target markets are those individuals who are seeking for alteration services and have no time to go to other places for repair of their clothes. To penetrate the market, the shop will be introduced as the perfect fit for alteration needs. The strategy will be two pronged: first is to introduce the services to potential customers and the second is keep current customers to visit the shop frequently. The marketing mix of product, price, place and promotion are geared towards this strategy.



PROJECT SUMMARY

The TWC Alteration Shop will be an income generating project of TWC by integrating the Dressmaking NC II qualification which produces and repairs clothes offering these services to the market. Profit gained through the rendering of services made daily will enable the project to utilize and maximize its costs in training. TWC Alteration Shop will also provide an actual workplace wherein dressmakers interact with real customers as they offer a range of services.

The TWC Alteration Shop's strategy is to show people that it has an excellent service, convenient accessibility, and with a community benefit. The TWC shop is within the vicinity of the TESDA Complex and the clients need not to go far from their offices to have their clothes altered or repaired.

Workshop Location and Facilities

The TWC Alteration Shop will open its services to the public, the location will be at the 3rd Floor of the TESDA Women's Center. It will be open to TESDA employees, trainees and visitors. The location is favorable for the shop since the Center often caters to various events, functions and meetings of different TESDA offices, other government organizations and private partners of TESDA.



MARKETING PLAN

Service Strategy

The TWC Alteration Shop will provide its customers with high quality services to repair and resize clothes at an affordable cost. The following services will be available: Length Adjustment for Pants, Shorts and Skirt in Machine Hem, Hand Hem, and Back to Original; Width Adjustment for Bottoms; Change of Zipper with the following options- ordinary zipper 8", YKK 8" (Nylon), Metal Zipper 8", Metal Zipper 8" YKK and Invisible Zipper 8"; Length Adjustment for Dress, Blouse, Polo Long Sleeve, Polo shirt and T-shirts with the following options- Sew by Machine, Sew by Hand, Sleeve Width Adjustment, Sleeve Length Adjustment, Cuff Adjustment, Neckline Adjustment, Shoulder Adjustment, Body width Adjustment, Attach hook and eye, Resize of Polo Shirt and Resize of T-shirt.

It should be noted that a number of the services available at the shop are common cases for trainees and employees, especially the need to replace worn out zippers and adjustment of body size for shirts and polo shirts. These services are unique to the TWC Alteration Shop as compared to the competitors' line of services.

Pricing Strategy

The Shop's pricing will be made more affordable compared to the competition, but with the value-added feature of immediate service and convenience. This is to penetrate the market and keep niche customers. Prices will vary on the difficulty of services or the dress to be altered. Average price of services are at P70.00. Appendices 1 and 2 detail the price and breakdown of each price. A 25% mark-up has been set for each price.

Promotion Strategy

Strategically, the TWC Alteration Shop has a very convenient location in a great ease of access. The shop will be implementing a low cost advertising/promotion campaign which could involve distributing flyers and also word of mouth that has always proven to be the greatest advertising program a company can instill. There will also be banners, panaflex advertisements and tarpaulins installed in a number of strategic parts of the TESDA Complex.

Moreover, visibility of services around the TESDA Complex can be boosted by providing the price list in each building or office. This can lead potential customers to try out the services and remind current customers.



Sales Forecast

The Sales Forecast shown in Appendix 3 presents the table of the projected sales per product per year. Forecasted as peak seasons are May-July and October when students flock in at TWC and when uniforms of employees are released.

For the first year of operation, sales is forecasted at 1,370 orders with a total of P103,375.00. This figures will increase by 27.5% thereafter reaching 1,748 orders with a total of P135,617.50.00. By the fifth year, projected quantity of orders will rise to 4,110 amounting to P310,125.00.



PRODUCTION PLAN

There are two sub-aspects to the delivery of service at the TWC Alteration Shop: the material inputs, and the repair of clothes by the certified dressmakers. This part will discuss the process of both sides of operation, including the costs of production.

Production Input

TWC's start-up expenses and funding is shown in Table 2, List of Materials, Tools and Equipment. The majority of these funds are used to allocate space for the shop facility and provide capital for three months of operating expenses, initial inventory and other one-time expenses. The TWC anticipates the need for operating capital for the first three months of operation in opening the alteration shop to the public.

Tools and Equipment

The List of Materials, Tools and Equipment is presented in Table 2. The total cost of Tools and Equipment amounted to Php 57,885.00. The most expensive of the equipment is the Single Lock Sewing Machine which costs Php 18,500.00.



Table 2. List of Supplies, Materials and Equipment

| SUPPLIES | QUANTITY NEEDED | PRICE | TOTAL |
|----------------------------|--------------------|-------|----------|
| NYLON (THREAD) BLACK | 3 CONE | 100 | 300.00 |
| NYLON (THREAD) WHITE | 3 CONE | 100 | 300.00 |
| THREAD MIX COLOR | 50 PIECES | 25 | 1,250.00 |
| | | | |
| ZIPPER | | | |
| ORDINARY ZIPPER 8" | 10 DOZEN MIX COLOR | 50 | 500.00 |
| ORDINARY ZIPPER 8" (YKK) | 10 DOZEN MIX COLOR | 98 | 980.00 |
| ORDINARY ZIPPER 16 " | 5 DOZEN MIX COLOR | 75 | 375.00 |
| ORDINARY ZIPPER 16 " (YKK) | 5 DOZEN MIX COLOR | 120 | 600.00 |
| | | | |
| INVISIBLE ZIPPER 8" | 5 DOZEN MIX COLOR | 60 | 300.00 |
| INVISIBLE ZIPPER 8" YKK | 5 DOZEN MIX COLOR | 75 | 375.00 |
| INVISIBLE ZIPPER 16 " | 5 DOZEN MIX COLOR | 80 | 400.00 |
| INVISIBLE ZIPPER 16 " YKK | 5 DOZEN MIX COLOR | 120 | 600.00 |
| | | | |
| HOOK AND EYE | | | |
| FOR SKIRT | 1 GROSS | 150 | 150.00 |
| FOR DRESS | 3 PACKS | 50 | 150.00 |
| SNAP | 5 PACKS | 30 | 150.00 |
| BUTTONS | 3 GROSS | 180 | 540.00 |
| | | | |
| MATERIALS | | | |
| BOBBIN WINDER | 5 DOZEN | 42 | 210.00 |
| Tailor's chalk | 2 pieces | 40 | 80.00 |
| ripper | 5 pieces | 15 | 75.00 |
| cutting shears | 2 pieces | 450 | 900.00 |
| tape measure | 5 pieces | 20 | 100.00 |
| ruler | 2 pieces | 150 | 300.00 |
| French curve | 1 piece | 500 | 500.00 |
| ball pen | 10 pieces | 10 | |



| | | | |
|----------------------------|---------|--------|------------------|
| | | | 100.00 |
| Logbook | 1 piece | 150 | 150.00 |
| | | | |
| EQUIPMENT | | | |
| SINGLE LOCK SEWING MACHINE | 1 UNIT | 18,500 | 18,500.00 |
| CUTTING TABLE | 2 UNIT | 7500 | 15,000.00 |
| CABINETS | 3 UNIT | 5000 | 15,000.00 |
| TOTAL | | | 57,885.00 |



Shop Layout

Figure 2 presents the Shop Layout of TWC Alteration Shop. It has a seating capacity of 4 customers. The workshop repair area is an L-shape and can accommodate 2 personnel. Separate areas for fitting and storage of supplies and materials are also presented.



Figure 2. Shop Layout of TWC Alteration Shop

Ordering and Service System

Figure 3 below presents the Service Flowchart for TWC Alteration Shop. The process flow is similar to typical shops. Upon entry of the customer, the Sewer welcomes the customer and asks for the item in need of alteration. The sewer then assesses and discusses the procedure to the customer. Upon agreement, payment is made and the sewer issues a receipt and claim stub. If there are measurements to be made, the sewer takes them. The customer either waits or comes back after the agreed time or date with the claim stub and the sewer issues the altered clothes. Process time is expected at 30 minutes for minor repairs while major repairs will take one day or more depending on the alteration needed.

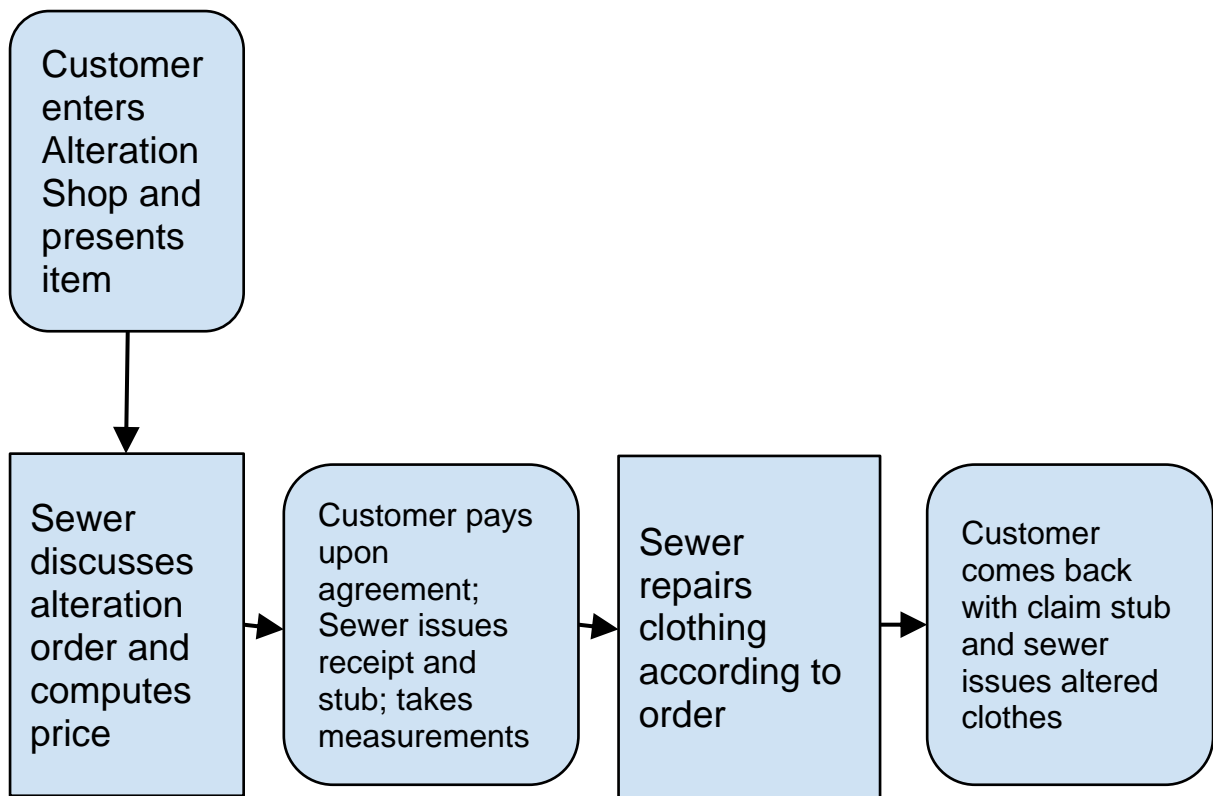


Figure 3. Ordering and Service Flowchart

PERSONNEL PLAN

TWC Alteration Shop will be directly under the supervision of the TWC Center Chief. The functions of Marketing, Finance and Administrative will be handled by the trainer while a Dressmaking NC II graduate will be the Head Sewer in charge of the Production aspect. The Head Sewer will also check the status of the performance of the trainees through supervision of the daily operation and getting feedbacks from clients.

Personnel for the Alteration Shop will come from both graduates and current trainees of Dressmaking Training Program. The Head Sewer will look over the shop during operating hours from 8:00 AM- 5:00 PM every Mondays, Wednesdays and Fridays. There will be two Assistant Sewers on duty every shifting as part of the production staff. Their duty will be part of their In-House training.

Organizational Structure

Figure 4 shows the organizational structure plan for TWC Alteration Shop. There are two functioning groups within the shop: Production and Marketing, Finance and Administrative. Production involves the Sewers, who will be operating the alteration shop and repairing the clothes for the customers as well as the daily inventory, and maintenance of equipment. Marketing, Finance and Administrative will handle the promotion of the alteration shop as well as managing the training of Sewers, maintenance of equipment, purchase and request, and monitoring of financial performance.



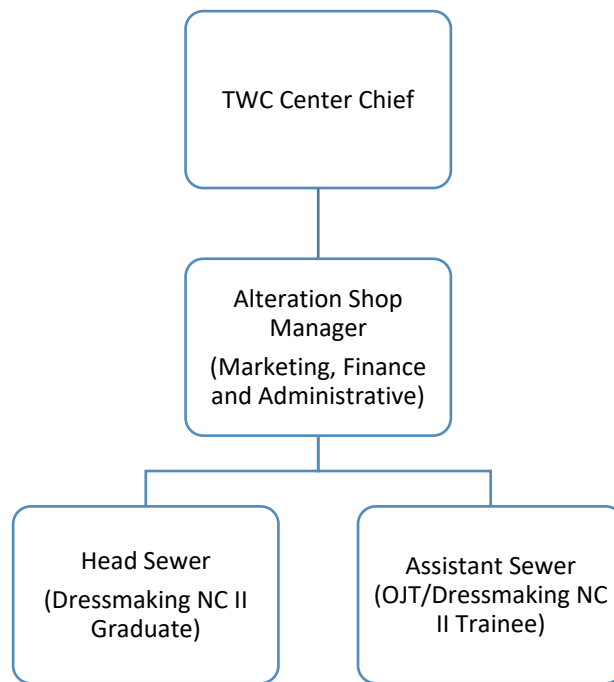


Figure 4. Organizational Structure of TWC Alteration Shop

Staffing Requirements

The **Alteration Shop Manager** will oversee the shop operation, process and the personnel. The position directs and plans of sales and marketing efforts, ensure quality service to all customers. The administrative aspect of the business will include checking the inventory of supplies, signs purchase requests and counter checks weekly sales and prepares a financial report on a monthly basis.

The qualifications for the position must be a college graduate with at least three year experience in the industry as well as marketing and sales of a dress shop.

Head Sewer will have the following responsibilities: interact with the customers and process orders, do the alterations, purchase all the needed supplies and materials as well as check the inventory. All sales report will be forwarded to the Shop Manager.

Qualifications for the job include being a graduate of Dressmaking training and a certified National Certificate Level II holder with at least one year experience in operations of a dress shop.

It should be noted that the position is on a part-time basis as the sales forecast for the first year is limited. The Head Sewer will report Mondays, Wednesdays and Fridays from 8:00 AM to 5:00 PM.



The **Assistant Sewer** will be a trainee undergoing In-House training of Dressmaking NC II qualification. The job description includes taking orders, collecting payments and handing out receipts. The Assistant Sewer will also handle minor repairs for clothes and is expected to report from Mondays to Fridays.

Salaries and wages of the Alteration Shop Manager is allocated under the compensation as Trainer from TWC. As such, only the salary of the Head Sewer will be covered by the Alteration Shop's operations. Compensation rates are subject to the minimum wage law of P502.00 and P10 cost of living allowance per day.



FINANCIAL PLAN

The TWC Alteration Shop will be operating a cash business which implies the initial cost is significantly less than many start-up businesses. The process is labor intensive and TWC recognizes that a higher level of talent is required. The financial investment in its employees will be one of the greatest differentiators between it and TWC's competition. This means that because the production staff are certified under TESDA, there will be a competitive advantage for the TWC Alteration Shop. The costs incurred during training will eventually return through the high level of services provided by competent employees. For the purpose of this pro-forma plan, the facilities and equipment are financed by TWC. There will be a minimum of inventory on hand since repairs will require less supplies and materials.

Funding will come from the TWC Fund 161 or Sariling Sikap Program (SSP). This means that the SSP will be the source of both the initial investment and operating capital of the TWC Alteration Shop. In order to monitor the financial performance of the business, the Alteration Shop Manager will be in charge of checking the daily sales transactions. The manager will also prepare a financial report on a monthly basis to track movement of services. The information can be used in planning the marketing strategies for the succeeding months.

The details of income statement, cash flow and depreciation expenses are presented in Tables 3, 4, and 5 respectively.

Projected Income Statement

Table 3 presents the Projected Income Statement of TWC Alteration Shop for a 5 year period. For the Income Statement on Year 1 the Gross Sales is projected at P103,375.00. The only expenses projected are supplies and materials, salaries and wages and depreciation expenses. Total expenses amount to P101,434.50. In calculating the Net Income, the expenses were subtracted from the gross sales. The formula is presented below:

$$\text{Net Income} = \text{Gross Sales} - \text{Total Expenses}$$

Net Income for year 1 is computed at P 1,940.50. This is expected since the business is still new and will require significant sales to cover all operating expenses.

A 55.43%% increase is projected by Year 2 in the gross sales amounting to P135,617.50 while total expenses is P108,733.95. The net income for year 2 is projected to reach P26,883.55. This upward trend in both sales and expenses is projected until year 5.



On year 5, gross sales is expected to reach P310,125.00 while total expenses is projected at P148,117.50. Net income for year 5 is P162,007.50.

With the assets of the business limited to the tools and equipment amounting to P71,841.50, the return on investment (ROI) can be computed. The ratio is computed by dividing the net operating income with the average operating assets. The formula is presented below:

$$\text{Return On Investment} = \frac{\text{Net Operating Income}}{\text{Ave. Operating Assets}} \times 100$$

For year 1, the ROI is 2.70%, which means that the business will gain an income of approximately 3 centavos for every peso of asset it uses. This will further increase by the second year to 37.42% and eventually by the third year to 61.21%. This implies that the business will generate 61 centavos for every peso of asset it uses.

Table 3. PROJECTED INCOME STATEMENT

TWC ALTERATION SHOP

| Particulars | 1 | 2 | 3 | 4 | 5 | Total |
|------------------------|------------|------------|------------|------------|------------|------------|
| Income | | | | | | |
| Service Income | 103,375.00 | 135,617.50 | 157,667.50 | 206,750.00 | 310,125.00 | 913,535.00 |
| Total Income | 103,375.00 | 135,617.50 | 157,667.50 | 206,750.00 | 310,125.00 | 913,535.00 |
| Expenses | | | | | | |
| Supplies and Materials | 23,341.50 | 30,640.95 | 35,598.15 | 46,683.00 | 70,024.50 | 206,288.10 |
| Salaries and Wages | 73,728.00 | 73,728.00 | 73,728.00 | 73,728.00 | 73,728.00 | 368,640.00 |
| Depreciation expenses | 4,365.00 | 4,365.00 | 4,365.00 | 4,365.00 | 4,365.00 | 21,825.00 |
| Total Expenses | 101,434.50 | 108,733.95 | 113,691.15 | 124,776.00 | 148,117.50 | 596,753.10 |
| Net Income | 1,940.50 | 26,883.55 | 43,976.35 | 81,974.00 | 162,007.50 | 316,781.90 |
| Return on Investment | 2.70% | 37.42% | 61.21% | | | |



Projected Cash Flow Statement

Table 4 presents the Projected Cash Flow Statement of TWC Alteration Shop for the next 5 years. The cumulative Cash Inflows for the first five years is projected at P1,380,731.85 while cash outflows is P623,428.10. Projected Net cash balance by the end of year 5 is P757,303.75.

If the total investment will be limited to the tools and equipment, the payback period is computed by dividing the net cash balance to cover the investment. Based on the figures in the cash flow statement, the payback period is computed at 1.87 which means that it will take nearly 2 years to cover the investment of the business.

TABLE 4. PROJECTED CASHFLOW STATEMENT
TWC ALTERATION SHOP

| Particulars | YEAR | | | | | TOTAL |
|--------------------------|------------|------------|------------|------------|------------|--------------|
| | 1 | 2 | 3 | 4 | 5 | |
| Cash Inflow | | | | | | |
| Beginning Balance | | 29,647.00 | 60,895.55 | 109,236.90 | 195,575.90 | 395,355.35 |
| Initial Investment | 71,841.50 | - | - | - | - | 71,841.50 |
| Sale of Coffee Beverages | 103,375.00 | 135,617.50 | 157,667.50 | 206,750.00 | 310,125.00 | 913,535.00 |
| Total Cash Inflow | 175,216.50 | 165,264.50 | 218,563.05 | 315,986.90 | 505,700.90 | 1,380,731.85 |
| | | | | | | - |
| Cash Outflow | | | | | | - |
| Tools and Equipment | 48,500.00 | - | - | - | - | 48,500.00 |
| Supplies and Materials | 23,341.50 | 30,640.95 | 35,598.15 | 46,683.00 | 70,024.50 | 206,288.10 |
| Salaries and Wages | 73,728.00 | 73,728.00 | 73,728.00 | 73,728.00 | 73,728.00 | 368,640.00 |
| Total Cash Outflow | 145,569.50 | 104,368.95 | 109,326.15 | 120,411.00 | 143,752.50 | 623,428.10 |
| | | | | | | |
| Net Cash Outflow | 29,647.00 | 60,895.55 | 109,236.90 | 195,575.90 | 361,948.40 | 757,303.75 |

Payback period 1.87



Table 5 shows the Projected Depreciation Expenses of TWC Alteration Shop for the next 5 years. Given the list of tools and equipment to be used, the annual projected depreciation costs amounts to Php 4,365.00.

TABLE 5. DEPRECIATION
TWC ALTERATION SHOP

| Equipment | Unit Cost | Number of Units | Estimated Useful life in years | Salvage Value (10% Of unit Cost) | Depreciation = (actual cost-salvage value)/useful life |
|----------------------------|-----------|-----------------|--------------------------------|----------------------------------|--|
| SINGLE LOCK SEWING MACHINE | 18,500.00 | 1 | 10 | 1,850.00 | 1,665.00 |
| CUTTING TABLE | 7,500.00 | 2 | 10 | 750.00 | 1,350.00 |
| CABINETS | 5,000.00 | 3 | 10 | 500.00 | 1,350.00 |
| TOTAL | | | | | 4,365.00 |



CONCLUSIONS AND RECOMMENDATIONS

Results of the projected income statement and projected cash flow statement under the base case show that the project is feasible and viable. This is based on the positive net present value and return on investment greater than the cost of capital or prevailing interest rate, for the projected five year period.

The project is deemed relatively low in risk with a medium market sustainability and possible growth. Therefore, it is recommended that TWC proceed with operating the Alteration Shop as an income generating project of the institution.

A number of actions are recommended for the business. First, the enterprise has to maintain consistent customer traffic in its shop to sustain all service income targets. This would include studies on maximizing store hours. Second, ensuring sustainability will require a periodic evaluation of strategies used on all aspects of the venture and adjusting the strategies to fit the needs and wants of customers. Extensive promotion of products is recommended through a launch of the Alteration Shop by the first month of 2018 complete with social media exposure which the institution can harness through TESDA's media connections. Congruent to the strategy in customer service is ensuring that the personnel repairing the clothes are in high morale and effective. It is then proposed that an incentive scheme be studied for all employees of the TWC Alteration Shop.

Further studies on expanding the services not just on alterations but accepting sewing notions to the trainees and made to order uniforms for TESDA employees is also recommended. The Alteration Shop will also benefit in developing its own distinct clothing line such as introducing a personal protective equipment specific to program qualifications.



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APPENDICES



APPENDIX 1. Breakdown of Cost and Mark up
TWC Alteration Shop

| SERVICES | Direct Material Cost | Direct Labor Cost | Indirect Costs | Total Cost | Mark up |
|--|----------------------|-------------------|----------------|------------|---------|
| LENGTH ADJUSTMENT PANTS,SHORT AND SKIRT | | | | | |
| MACHINE HEM | 16.20 | 25.80 | 3.00 | 45.00 | 15.00 |
| HAND HEM | 16.20 | 25.80 | 3.00 | 45.00 | 15.00 |
| BACK TO ORIGINAL | 25.65 | 40.85 | 4.75 | 71.25 | 23.75 |
| WIDTH ADJUSTMENT (BOTTOM) TAPERED (BASTON/PALAKI) | 32.40 | 51.60 | 6.00 | 90.00 | 30.00 |
| REPLACE ZIPPER | - | - | - | - | - |
| ORDINARY ZIPPER 8 " | 16.20 | 25.80 | 3.00 | 45.00 | 15.00 |
| YKK 8" (NYLON) | 18.90 | 30.10 | 3.50 | 52.50 | 17.50 |
| METAL ZIPPER 8" | 25.65 | 40.85 | 4.75 | 71.25 | 23.75 |
| METAL ZIPPER 8"(YKK) | 18.90 | 30.10 | 3.50 | 52.50 | 17.50 |
| INVISIBLE ZIPPER 8 " | 18.90 | 30.10 | 3.50 | 52.50 | 17.50 |
| DRESS, BLOUSE, POLO LONG SLEEVE , POLO SHIRT, T-SHIRT | | | | | |
| MACHINE HEM | 16.20 | 25.80 | 3.00 | 45.00 | 15.00 |
| HAND HEM | 16.20 | 25.80 | 3.00 | 45.00 | 15.00 |
| SLEEVE WIDTH ADJUSTMENT | 16.20 | 25.80 | 3.00 | 45.00 | 15.00 |
| SLEEVE LENGTH ADJUSTMENT (PAIKLI OR PAHABA /EXTEND) | 16.20 | 25.80 | 3.00 | 45.00 | 15.00 |
| SHOULDER ADJUSTMENT | 16.20 | 25.80 | 3.00 | 45.00 | 15.00 |
| BODY WIDTH ADJUSTMENT | 25.65 | 40.85 | 4.75 | 71.25 | 23.75 |
| REPLACING BUTTON (PER PIECE) | 6.75 | 10.75 | 1.25 | 18.75 | 6.25 |
| ATTACH HOOK AND EYE/SNAP OR AUTOMATIC | 6.75 | 10.75 | 1.25 | 18.75 | 6.25 |
| RESIZED OF POLO SHIRT/ T-SHIRT | 25.65 | 40.85 | 4.75 | 71.25 | 23.75 |
| CHANGE ZIPPER | - | - | - | - | - |
| INVISIBLE ZIPPER 16" | 16.20 | 25.80 | 3.00 | 45.00 | 15.00 |
| INVISIBLE ZIPPER 16" (YKK) | 25.65 | 40.85 | 4.75 | 71.25 | 23.75 |
| ORDINARY ZIPPER 16" (YKK) | 22.95 | 36.55 | 4.25 | 63.75 | 21.25 |
| PERCENTAGE | 27% | 43% | 5% | 75% | 25% |

APPENDIX 2. PRICE LIST



TWC Alteration Shop

| SERVICES | Price |
|--|--------|
| LENGTH ADJUSTMENT PANTS,SHORT AND SKIRT | |
| MACHINE HEM | 60.00 |
| HAND HEM | 60.00 |
| BACK TO ORIGINAL | 95.00 |
| WIDTH ADJUSTMENT (BOTTOM) TAPERED (BASTON/PALAKI) | 120.00 |
| REPLACE ZIPPER | |
| ORDINARY ZIPPER 8 " | 60.00 |
| YKK 8" (NYLON) | 70.00 |
| METAL ZIPPER 8" | 95.00 |
| METAL ZIPPER 8"(YKK) | 70.00 |
| INVISIBLE ZIPPER 8 " | 70.00 |
| DRESS, BLOUSE, POLO LONG SLEEVE , POLO SHIRT, T-SHIRT | |
| MACHINE HEM | 60.00 |
| HAND HEM | 60.00 |
| SLEEVE WIDTH ADJUSTMENT | 60.00 |
| SLEEVE LENGTH ADJUSTMENT (PAIKLI OR PAHABA /EXTEND) | 60.00 |
| SHOULDER ADJUSTMENT | 60.00 |
| BODY WIDTH ADJUSTMENT | 95.00 |
| REPLACING BUTTON (PER PIECE) | 25.00 |
| ATTACH HOOK AND EYE/SNAP OR AUTOMATIC | 25.00 |
| RESIZED OF POLO SHIRT/ T-SHIRT | 95.00 |
| CHANGE ZIPPER | |
| INVISIBLE ZIPPER 16" | 60.00 |
| INVISIBLE ZIPPER 16" (YKK) | 95.00 |
| ORDINARY ZIPPER 16" (YKK) | 85.00 |



APPENDIX 3. PROJECTED SALES

TWC ALTERATION SHOP

| SERVICES | Baseline Quantity | New Price | Sales YEAR 1 | Quantity Year 2 | Sales YEAR 2 | Quantity Year 3 | Sales YEAR 3 | Quantity Year 4 | Sales YEAR 4 | Quantity Year 5 | Sales YEAR 5 |
|--|-------------------|-----------|--------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|
| LENGTH ADJUSTMENT PANTS,SHORT AND SKIRT | | | | | | | | | | | |
| MACHINE HEM | 80 | 60.00 | 4,800.00 | 96 | 5,760.00 | 120 | 7,200.00 | 160 | 9,600.00 | 240 | 14,400.00 |
| HAND HEM | 20 | 60.00 | 1,200.00 | 26 | 1,560.00 | 30 | 1,800.00 | 40 | 2,400.00 | 60 | 3,600.00 |
| BACK TO ORIGINAL | 60 | 95.00 | 5,700.00 | 72 | 6,840.00 | 90 | 8,550.00 | 120 | 11,400.00 | 180 | 17,100.00 |
| WIDTH ADJUSTMENT (BOTTOM) TAPERED (BASTON/PALAKI) | 180 | 120.00 | 21,600.00 | 216 | 25,920.00 | 270 | 32,400.00 | 360 | 43,200.00 | 540 | 64,800.00 |
| REPLACE ZIPPER | | | | | | | | | | | |
| ORDINARY ZIPPER 8 " | 150 | 60.00 | 9,000.00 | 180 | 10,800.00 | 262 | 15,720.00 | 300 | 18,000.00 | 450 | 27,000.00 |
| YKK 8" (NYLON) | 40 | 70.00 | 2,800.00 | 48 | 3,360.00 | 60 | 4,200.00 | 80 | 5,600.00 | 120 | 8,400.00 |
| METAL ZIPPER 8" | 25 | 95.00 | 2,375.00 | 30 | 2,850.00 | 37 | 3,515.00 | 50 | 4,750.00 | 75 | 7,125.00 |
| METAL ZIPPER 8"(YKK) | 25 | 70.00 | 1,750.00 | 30 | 2,100.00 | 38 | 2,660.00 | 50 | 3,500.00 | 75 | 5,250.00 |
| INVISIBLE ZIPPER 8 " | 25 | 70.00 | 1,750.00 | 30 | 2,100.00 | 37 | 2,590.00 | 50 | 3,500.00 | 75 | 5,250.00 |
| DRESS, BLOUSE, POLO LONG SLEEVE , POLO SHIRT, T-SHIRT | | | | | | | | | | | |
| | | - | - | | - | | - | | - | | - |
| LENGTH ADJUSTMENT (PAIKLI/PAHABA OR EXTEND) | | - | - | | - | | - | | - | | - |
| MACHINE HEM | 125 | 60.00 | 7,500.00 | 188 | 11,280.00 | 188 | 11,280.00 | 250 | 15,000.00 | 375 | 22,500.00 |
| HAND HEM | 50 | 60.00 | 3,000.00 | 75 | 4,500.00 | 75 | 4,500.00 | 100 | 6,000.00 | 150 | 9,000.00 |
| SLEEVE WIDTH ADJUSTMENT | 30 | 60.00 | 1,800.00 | 45 | 2,700.00 | 45 | 2,700.00 | 60 | 3,600.00 | 90 | 5,400.00 |



| | | | | | | | | | | | |
|--|-------|-------|----------------|-------|----------------|-------|----------------|-------|----------------|-------|----------------|
| SLEEVE LENGTH ADJUSTMENT (PAIKLI OR PAHABA /EXTEND) | 40 | 60.00 | 2,400.00 | 60 | 3,600.00 | 60 | 3,600.00 | 80 | 4,800.00 | 120 | 7,200.00 |
| SHOULDER ADJUSTMENT | 50 | 60.00 | 3,000.00 | 75 | 4,500.00 | 75 | 4,500.00 | 100 | 6,000.00 | 150 | 9,000.00 |
| BODY WIDTH ADJUSTMENT | 100 | 95.00 | 9,500.00 | 150 | 14,250.00 | 150 | 14,250.00 | 200 | 19,000.00 | 300 | 28,500.00 |
| REPLACING BUTTON (PER PIECE) | 70 | 25.00 | 1,750.00 | 47 | 1,175.00 | 105 | 2,625.00 | 140 | 3,500.00 | 210 | 5,250.00 |
| ATTACH HOOK AND EYE/SNAP OR AUTOMATIC | 45 | 25.00 | 1,125.00 | 29 | 725.00 | 68 | 1,700.00 | 90 | 2,250.00 | 135 | 3,375.00 |
| RESIZED OF POLO SHIRT/ T-SHIRT | 125 | 95.00 | 11,875.00 | 187 | 17,765.00 | 187.5 | 17,812.50 | 250 | 23,750.00 | 375 | 35,625.00 |
| CHANGE ZIPPER | | | | | | 0 | | 0 | | | |
| INVISIBLE ZIPPER 16" | 40 | 60.00 | 2,400.00 | 29 | 1,740.00 | 67 | 4,020.00 | 80 | 4,800.00 | 120 | 7,200.00 |
| INVISIBLE ZIPPER 16" (YKK) | 40 | 95.00 | 3,800.00 | 60 | 5,700.00 | 60 | 5,700.00 | 80 | 7,600.00 | 120 | 11,400.00 |
| ORDINARY ZIPPER 16" (YKK) | 50 | 85.00 | 4,250.00 | 75 | 6,375.00 | 75 | 6,375.00 | 100 | 8,500.00 | 150 | 12,750.00 |
| TOTAL | 1,370 | | 103,375.0 0 | 1,748 | 135,600.0 0 | 2,100 | 157,697.5 0 | 2,740 | 206,750.0 0 | 4,110 | 310,125.0 0 |



