

Make To Stock Production Method with the bankruptcy of Fukusuke Corporation

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Abstract

Fukusuke applied for beginning "Civil affairs reproduction procedure" on June 21, 2003. It's bankrupt. After obtaining the data of "Commodity Attribute, Sales, Sales Cost, Stock, Ordinary Profit, And Special Loss" based on the financial statement at the time of the bankruptcy, the influence of the production method improves checking. They are compared with a similar apparel company. The production method is close with the distribution circumstances. As a result, it searches for the limit of "Mass-Sail system" in fiber & fashion product by "Make To Stock(MTS) Production Method"..

Introduction

"Interactive apparel production" has continued to be examined by "It is Shinshu University Faculty of Fiber Department of Kansei Engineering Section as the leader as for Shimizu". This also has the time called "On-demand production". Otani examines the feasibility of "Interactive apparel production" from the aspect of businesses project. The intention of interactive is pointed out by Shimizu as follows. Interactive production has a similar meaning to general MTO. In addition, mutual conversation of the user and the producer is done by the process of production. This gives a lot of additional values with the product as the production consequence.

Here, the term blocking used by this text arranges the language named "MTS(Make to Stock), BTO(Build to Order), and MTO(Make to Order). MTS(Make to Stock) is a method of producing based on the demand forecasting. An excessive stock is caused easily. It influences the financing. The stock is not only stock of finished goods of the factory. There are an in process inventory, a distribution channel stock, a parts inventory, and a retail store head stock. BTO(Build to Order).Semi-manufactured goods and parts which have generality are stocked beforehand. After the order is received, the product is assembled. The risk is reduced by "Stock of finished goods 0" and "Generalities of semi-manufactured goods and parts". Delivery date management is important. The example of the model

is the DELL Co. PC businesses. "Easy order (Japanese)" ,in a word, "A made-to-order suit without fitting" is in this extension, too. After it orders it, MTO(Make to Order) procures and assembles parts. Neither the product nor parts are stocked. In this case, highly level management is indispensable.

Hypothesis

"One worn to the body" is expressed in various English. "Clothes" is used. Clothes includes haberdashery and hosier for convenience' sake. Let's compare clothes with food. When daring to say extremely, food harvests the one which bore fruit naturally from old times. Food was able to be secured by "free" as long as the labor was positively turned on. On the other hand, clothes are different. A large sum of payment was required with clothes. After having received the order from a rich person, the clothes maker will have produced with the leeway. They will have claimed it adding "labor cost (pay), sales expense (shop), profit" to "Material cost". If it does not keep waiting for the commodity, the user cannot buy the commodity no matter how there is money. Therefore, it is a delivery date as for the delivered point. It is exactly MTO.

The civilian bought old clothes which rich people had used perhaps. Perhaps, a poor person bought old clothes which the commonplace person had used. (Permit going so far as to say.)An increase in the population raised the price of food. The price of clothes has lowered. A lot of civilians wanted new clothes. Clothes sell surely if produced by the price which the civilian can buy. There are a fixed cost and a variable cost in the production cost. To lower the production cost, it only has to make a large amount of same one. To safeguard the body, man buys clothes. The clothes maker adopted MTS (mass production large-scale sale). The clothes maker made a profit very much.

However, clothes express the body. When the citizens buy clothes to express the body, the clothes maker produces various kinds of clothes. At that time, the clothes maker basically adopted MTS again. At first, the clothes maker earned a large sum of

profit. The clothes maker has grown up holding a lot of "Employee, shop, and factory (subcontractor)". Selling and administrative expenses (SG) has increased. Moreover, SG is made a fixed cost. Consequence to which clothes maker grows up, the rate of profit turned down though the amount of earning rose.

On the other hand, the market entry by the multitude intensified the competition. A lot of clothes makers came to have an excessive stock. Clothes to express the body have the element "Fashion" and "Season". If inventory valuation is made severe, the overstock becomes a dead stock. Even if clothes are produced, the operating profit is not born. The conversion of goods into money (realization disposal) invites the bargain sale. The clothes maker cannot normally do depreciation as the operating profit decreases. The clothes maker

sweeps up SG(slack) on the outside.

Such a business approach is called "Restructure" in Japan. Mysteriously, the quality of the product has not changed after the restructuring. Moreover, sales do not decrease suddenly after the restructuring. The clothes maker keeps single-mindedly producing "Product with a not good sale" by using the left equipment. "CEO and board" cannot exercise an own discretion right. Because "Cost and assets" has been made fixed (increase in the fixed cost ratio and the ratio of fixed assets to net worth)"CEO and board" has extremely narrowed self's discretion frame. The going concern hourly approaches the death (bankruptcy) under the state that the means cannot be found. The clothes maker was put on the spell by "Mass-Production by MTS". To solve this spell, the clothes maker should gradually part from "Mass-Production by MTS".

Presentation of data

	F	F	A	A
Period	118	119	75	76
Sales	538	520	347	329
Sales Cost	388	363	253	239
Cost rate	72	69	73	71
Closing Inventory	60	54	56	49
Rough profit	149	156	93	94
SG	177	148	97	93
Personnel expenses	86	65	29	29
Operating profit	-28	8	-4	1
Non operating income	3	2	18	16
Non operating expense	8	8	10	10
Current profit	-32	2	2	6
Special profit	13	2	6	0

Results

F is established in 1882. prestigious company. F&T is both a major company of socks. Socks are not MTO but MTS. MTS of the luxury does not maintain F scale. The spell of MTS is a back match as long as socks are treated. The high share of the reduced growth businesses is originally "cash-cow". The businesses become "under-dog" at once if beginning to incline. A does not cast a spell easily because the assets situation is good. F died because the endurance power had decreased by the asset deflation. "Cash-cow" will allow the conception of "Interactive model" before bankrupt.

The conception is based on extraordinary small scale. However, the concept should change.

Special loss	77	38	231	3
Loss from revaluation of Securities	42	16		
Reserve for Retirement allowance	14	8	133	
Loss from revaluation of Commodity	9	0	7	
Loss from revaluation of Fixed assets			37	
Earning before tax	-96	-33	-221	3
Total assets	548	458	757	714
Shareholder's equity	40	13	423	429
Capital adequacy ratio	7	3	55	60
Payroll	677	623	428	396
Part-timer	400	381	784	730

Unit: Hundred million yen and % and person

It does not contain the consolidated company.

Businesses are not done for "Employment, middle trader, and shareholder". The producer executes businesses for the guest. The guest is single-mindedly a desire as for the commodity. The technology for that does not necessarily become complete

References

2002 version "Financial report" of Fukusuke and Atsugi Nylon Industrial Co., Ltd. (Department of the Treasury Printing Bureau) was referred to..