Workshop Topics

The case study presented is a company based in Hong Kong which produces internationally successful brands of fashion clothes with global reputation for good quality, affordable and fashionable clothes.

Financial statements of the company for 2013 and 2012 were provided.

The following main topics were covered in **Workshop 1**:

- **Ethics**

  The Code of Ethics in the context of the ethical case study was examined. All five key principles of the Code (integrity, objectivity, professional competence and due care, confidentiality and professional behaviour) were considered from the perspective of the individuals mentioned in the case study or from a CPA perspective.

- **Boston Consulting Group (BCG) and Ansoff product-market matrix**

  Based on the Boston Consulting Group matrix, the future development and sales strategy for each product in the portfolio of the company were discussed. Products defined as stars, cash cows, question marks or dogs according to information about the global market, the company's share of the market, and details about profitability and future spending requirements for each product were looked at.

  A strategic choice analysis was conducted based on the Ansoff product-market matrix.

- **Business strategy**

  Different proposed strategy options for the company were evaluated to recommend the optimal strategy to adopt as the main business strategy for the company in the next few years. Different ways in which a particular strategy may be implemented were discussed. The JS&W (Exploring Corporate Strategy) checklist was used to assess the options and decide on the appropriate choice. PESTEL analysis and SWOT analysis were considered when defining the positives and negatives of the strategy.

- **Product profitability**

  Absorption rates were calculated from the data given in the pre-workshop exercise and also from information outlined in the case study. The implications of the differing profit margins for each product group were discussed.

- **Pricing policy**

  The pricing policy adopted by the company was discussed. In the retailing industry, it is common for companies to have a target profit margin for most of their products, and this can be achieved if goods are priced at their cost plus a standard profit margin.

  The approach of raising prices through establishment of a minimum profit mark-up on cost for all products was looked, also to consider the implications of a cost plus approach to pricing and whether such an approach is realistic or practicable within the market for fashion goods.

Life cycle pricing was discussed, how it might be applied in practice, whether life cycle pricing would be appropriate for a company in the fashion goods industry and whether life cycle pricing should be based on fixed pricing formulae.

- **Costing**

  Target costing was discussed as a way of trying to control the costs of new products from the design stage onwards, so that target prices and profit margins can be achieved for all new products.