



UNIVERSITI TEKNOLOGI MARA

**TURNING AROUND A COMPANY
(The Case of W.H. Furniture & Works Sdn. Bhd.)**

By

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ABSTRACT

The contents of this research will be of maximum benefit to W. H. Furniture and Works Sdn. Bhd. and those who are directly involved in turning around an underperforming or distressed company. Our research has indicated that, implementing a turnaround is not easy. The conditions and circumstances leading up to the crises usually accumulate over a lengthy period of time, and they are rarely undone overnight. The major warning signs of impending business failure for the case of W. H. Furniture and Works Sdn. Bhd. include: -

- A worsening cash position resulting in an inability to keep lender or supplier obligations current, or to maintain adequate inventory levels;
- Deteriorating sales, margins and profits;
- Deteriorating accounts receivable aging;
- Increasing production lead-time and delivery times; and
- Employee turnover and dissatisfaction.

Our research has led to the conclusion that the reasons why W. H. Furniture and Works Sdn. Bhd, fail, falls into four main categories, that is, undermanaged, financially squeezed, no proper marketing strategy and production inefficiency.

The search for new directions and strategy in the form of production, management, financial and marketing improvements is highly sought. The systematic pressure for improvement should aim to maximize capacity, improve quality on a “right first time” basis and minimize cost.

Logically, the process is easy to understand when approached in reverse, namely by first analyzing the causes, and that is how this is dealt in our research.

CHAPTER 1 INTRODUCTION

1.1 Preamble

This chapter starts off with a general outlook of the furniture industry and the introduction on the profile of W. H. Furniture and Works Sdn. Bhd., the company under study, which was incorporated to tap the booming furniture market especially for export markets. Factors either internally or externally, directly or indirectly were addressed so as to identify what contributed to W. H. Furniture and Works Sdn. Bhd.'s failure to capture the furniture market's potential and what can be done to correct it.

1.2 Overview of the Furniture Industry

Wooden furniture is among the wood products to which the highest economic value can be added through the manufacturing process. Growth opportunities in furniture production have attracted business investment in many areas especially in the world's newly industrialized and developing countries.

International trade in wooden furniture and related products has increased significantly in recent years. Furniture makers are marketing products globally, while sourcing raw materials and productive technology locally. Some regional producers position themselves as suppliers to furniture industries located elsewhere, exporting wood-based raw materials such as panels, furniture component parts, or other value-added solid wood and wood composite products. Other regions export woodworking and furniture manufacturing machinery, hardware, laminating materials or other processing supplies.

Wood production of furniture is estimated to be worth about US\$200 billion. The seven major industrial economies which are, in order of furniture production, the United States, Italy, Japan, Germany, Canada, France and the