



HIRAYA
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Jin Ha C. Kim, Jan Marc M. Portal, Aerial Amber B. Punzalan, Jiro Mhaye N. Salayo,
Jarvis Karl P. Serviño, and Katriona Ashley C. Ureta
De La Salle University Integrated School, Biñan City, Laguna

Generie M. Manuel, *Research Adviser*
De La Salle University Integrated School, Biñan City, Laguna

Executive Summary: Hiraya is a sole proprietorship business founded in February 2020 by Jan Marc Portal, an ABM student in DLSU-SHS. Its mission is to provide the community with pouch bags that feature sustainability, affordability, and durability, promoting the Philippines’ indigenous designs using locally sourced materials such as Abaca and cotton canvas. Hiraya’s vision is to create a convenient and practical experience for the general lifestyle of the people by catering local products. The owner formed a business venture with his co-students in the ABM Strand, namely: Aerial Punzalan (operations), Jarvis Servino (financial), Katriona Ureta (marketing), Jin Ha Kim (human resource), and Jiro Mhaye Salayo (advertising). The officers possess individual skills related to their departments, such as leadership, project management, and marketing, contributing to the development of Hiraya. The business took the opportunity to sell products through the online platform, reaching millennials and Gen-Z as its target market. The business’s location was strategically placed in Laguna. The venture considers itself to be different from its competitors as it features an accented Abaca design inspired by local Kalinga tattoo artists in its products. In terms of the initial capital, the business had invested Php 31,500 to operate. The capital was able to produce 120 bags, costing Php 349 each (39.6% mark-up). Once the break-even is reached, Hiraya intends to diversify its products by putting another Php 27,488 for capital. Hiraya plans to continually expand in the future to remain true to its cause in helping indigenous people as part of its social responsibility.

Key Words: pouch bags; indigenous; abaca; business venture; online business

I. BUSINESS REGISTRATION AND ORGANIZATION

Hiraya is a sole proprietorship business. As such, necessary papers like the BIR form (1901), mayor’s permit, and the DTI business registration name were complied with to attain legal status and to satisfy the requirements of the law (Department of Trade Industry [D.T.I.], n.d.). It was essential ethical compliance for better operational procedures that promote good relationships and a good reputation. Although the business is only a simulation, the officers felt it was important to fill out the forms for learning purposes as well as for their plans to eventually create a real business venture in the future. Each registration form was

assessed by the group, observing its relevance for their business operations.

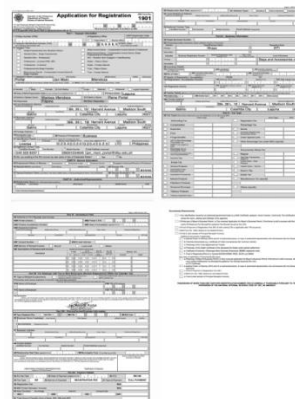




Figure 1.1 - 1.4, Figure 2.2 - 2.3 & Figure 3.1 - 3.3.
*BIR Form (1901), Mayor's Permit, and DTI
 Registration Name*

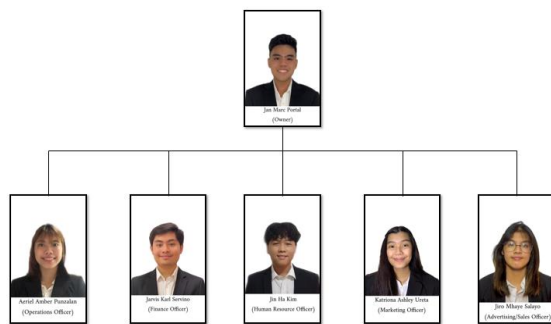


Figure 4. *Organizational Chart*

Hiraya, founded by Jan Marc Portal from De La Salle University Laguna in 2020, is a starting business. Its structure is sole proprietorship since Davidson (2016) implies that it is efficient, simple, and an inexpensive structure made for small businesses. Through observation, the owner saw an opportunity to produce pouch bags made out of cotton canvas and Abaca accented design, which is inspired by local tattoo Kalinga artists, to provide convenience and practicality towards consumers (Sara, 2016). The owner then decided to create a business venture with the help of his classmates to answer the call of “community” stressed by St. La Salle in his teachings as well as to show sustainability and durability as Hiraya’s strength—emphasizing the business’ responsibilities and obligations.

The owner, Jan Marc Portal, was responsible for monitoring the actions done by the whole business as well as leading the business towards growth and development through proper management and communication.

The Operations Officer, Aerial Punzalan, was responsible for every operational technicality the business creates and monitors the budget, managing margins, and monitoring actions of the inventory.

The Financial Officer, Jarvis Karl Servino, was responsible for creating forecasts, monitoring

the financial health of the business, creating reports regarding the cash flow that occurs within the business, and analyzing and maximizing the profit for the future plans of the business.

The Human Resource Officer, Jin Ha Kim, was responsible for creating an effective development plan and solution to meet the business’ goals and objectives as well as encouraging the employees.

The Marketing Officer, Katriona Ashley Ureta, was responsible for conceptualizing the best marketing strategy possible for the business to expand, as well as for monitoring and assessing the direct competitors in the market to create the best pricing strategy.

Lastly, the Advertising/Sales Promotions Officer, Jiro Mhaye Salayo, has a crucial role in planning the advertisements of the business to exhibit towards the target market as well as product diversification.

II. BUSINESS PLAN IMPLEMENTATION

II.A. Production

The Operations Officer reached out to Gian Tulalian, one of the owners of Carry One, to ask for details about their supplier. In September 2020, Hiraya started working with Edward Sewing and Printing Services. All the raw materials were provided by the supplier.

Hiraya made prototypes before the actual production to ensure the best quality product for the business; they made three prototypes before the actual production, which amounted to PHP1,500.00. The business then ordered a total of 120 bags, 30 for each color: Malamaya, Dagtum, Kayumanggi, and Luntian.

Hiraya bought Kraft Papers from Skills & Craft and labeled tags from R&R Creative; amounted to PHP1,225.00. After receiving the inventory and the packaging materials, Hiraya conducted quality control and packed the bags. The beginning inventory was divided between Jiro Salayo and Katriona Ureta. Aerial Punzalan was responsible for shipping through J&T and the rest of the officers for meet-ups. The business monitored the inventory through an excel sheet which was shared with all the officers to ensure correct information and data.

Consequently, the business started planning for product diversification. The business came to the decision that it would be best to reach out to their initial supplier, Springworks Inc., for product diversification. Jiro Salayo talked with the

initial supplier about their current situation and the ability to work with the business. Hiraya is working with the initial supplier for product diversification and still working hard to sell out the rest of the inventory left in the business.

II.B. Marketing

Product

Hiraya's products maximized the local materials available here in the Philippines, wherein the idea of using abaca and cotton canvas was brought up to be different from its competitors. The business focused on the minimalist look of the bag as it is one of the factors consumers look for (VanEeno, 2011). The pouch bag consists of two colors, and each base color has its Tagalog term as the name used for the product. Furthermore, the bags are also made to be convenient to the customers in the pandemic situation. The bag was designed to be big enough for necessary belongings to fit and be secured, which also comes with an interchangeable strap.

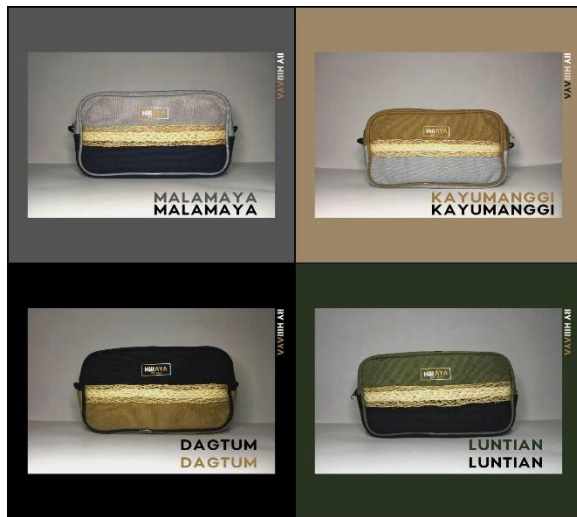


Figure 5. HIRAYA's Products

Table 1. Inventory as of March 15, 2021

Product	Price	Pieces Sold	Inventory
Malamaya	Php349	30	2
Dagtum	Php349	24	5
Kayumanggi	Php349	23	10
Luntian	Php349	17	9

Price

Table 2. Product Cost for Pouch Bags

Product	Cost	Mark-up rate	Selling Price
Bag	Php 250.00	39.6%	Php 349.00

As stated in Table 2 above, the pricing implemented the penetration strategy, focusing on setting the prices as low as possible to generate a higher profit percentage (Kenton, 2020). A mark-up rate of 39.6% was used as a basis for the pricing with a production cost of Php 240.00, including Php 10.00 for the packaging.

Place

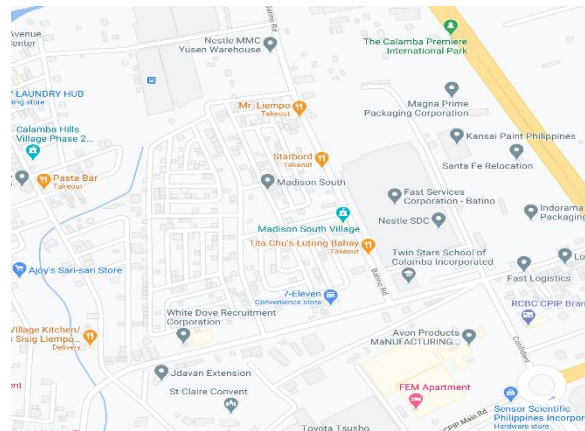


Figure 6. Hiraya's address

Hiraya's main business address is located at Madison South, Batino, Calamba City, Laguna. However, the business was handled by officers from different cities of Laguna, specifically in Biñan, Calamba, and Santa Rosa City.

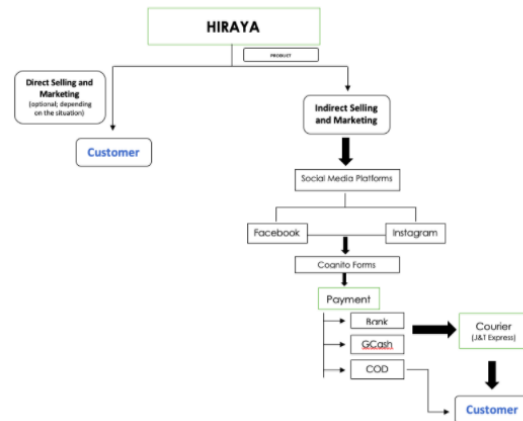


Figure 7. Distribution Channels



Hiraya has been using different social media platforms to sell its product. Facebook and Instagram allow its customers to directly communicate with the seller, which is generally easy to manage (*Business Queensland, 2016*). Customers were required to fill up a Cognito Form as a sign of validity for their order. Since COVID-19 struck, its stocks were only handled by their Marketing and Advertising Officers for safety and convenience purposes. When delivering the products, a meet-up was conducted to distribute the product to the said customer. Simultaneously, the Operations Officer would take shipping orders to the courier.

Promotion

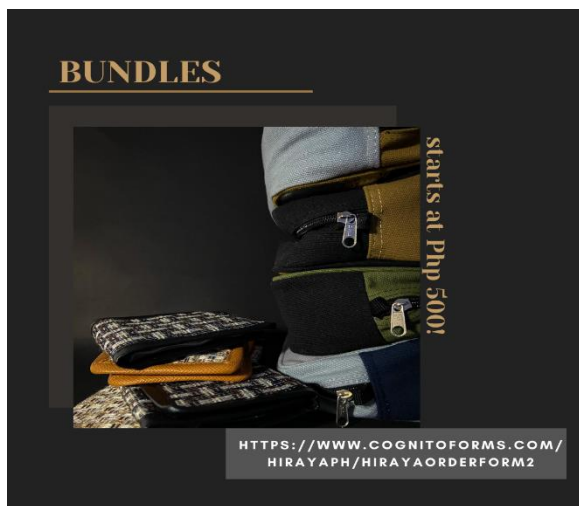


Figure 8. Bundle Promotion

In the current setup, the use of social media was maximized as it was the most efficient and inexpensive way to reach out to the target market. The officers have thought of creating a bundle in order to sell out the remaining flagship product and sell the product diversification as well. Given that there was more inventory for the product diversification, the marketing strategy for it has to be better in which once the break-even was reached, a buy-1-take-1 or discount strategy will have to be applied.

II.C. Human Resources

Hiraya currently has six personnel, and each of the members was assigned in their positions due to their individual skills and capabilities. According to Stark (2019), every business owner must have leadership skills to motivate their people towards their goal; thus, Jan Marc Portal was assigned as the owner of the business due to his skills in planning, and organizing, and creating

proper decisions. Aerial Punzalan was assigned as Operations Officer because of the diligent characteristic she possesses and the driving force on doing the things needed for the business (Freedman, 2020). Jiro Mhaye Salayo was assigned as the Advertising/sales Officer due to her artistic skills in creating posters and attractions. Katriona Ureta was assigned as the Marketing Officer due to her skills in generating ideas to persuade and sustain the consumer’s need for the products of the business. Jarvis Servino was assigned as the Financial Officer due to his efficient mathematical abilities and proper awareness in handling the money of the business. Lastly, Jin Ha Kim was assigned as the Human Resource Officer due to his skills in dealing with people, such as communicating with the suppliers as well as his ability to handle customer and officer relationships.

Table 3. Compensation Package of the officers per year

Owner	Php 530,000
Operations Manager	Php 303,000
Marketing Manager	Php 400,000
Advertising Manager	Php 400,000
Finance Manager	Php 534,000
Human Resources Manager	Php 297,000

After liquidation and when the officers continue their business venture as well as retain their roles in the industry, their annual pay stated in table 3 will be their average salary. According to PayScale (2021), a compensation software and data company, officers or managers that have less than one year of experience have an annual salary ranging from Php 297,000 to Php 534,000. When Hiraya grows and develops in the future, the owner and each officer can expect the estimated compensation package stated in the table.

II.D. Finance

Jarvis Karl Servino, the Financial Officer, opened a bank account for the business on October 15, 2020. The officers transferred Php 6,700.00 each (six officers) for Hiraya’s initial capital and maintaining balance. Hiraya paid their supplier, Edward Sewing and Printing Services, Php 15,000.00 as a downpayment. The business also paid R&R Creatives and Skills&Craft for the packaging for a total of Php 1,200.00. The business then paid Php 15,300.00 to their supplier to complete the payment for the bags and Php 1,500.00 for three prototypes on October 10, 2020.

The business has no operating expense because when it comes to the shipping fee, the consumers shouldered the expense, which was added to the pricing of the product they bought.



Furthermore, other expenses such as gas, water, and electricity were not included since it was just a business simulation and there was no proper place where the group sold their products like bazaars and tents in malls and parks that require operating expenses.

Hiraya started producing their product diversification which was a wallet and had an initial capital of Php 27,488.00. The capital was used for the production which amounted to Php 26,900.00, and its packaging amounted to Php 588.00. The men's wallet was sold for Php 200.00, while the women's wallet was sold for Php 240.00. The wallets have the same markup rate which is 60% of the cost of the wallet. A total of 63 wallets or Php 27,720.00 must be sold to achieve its breakeven.

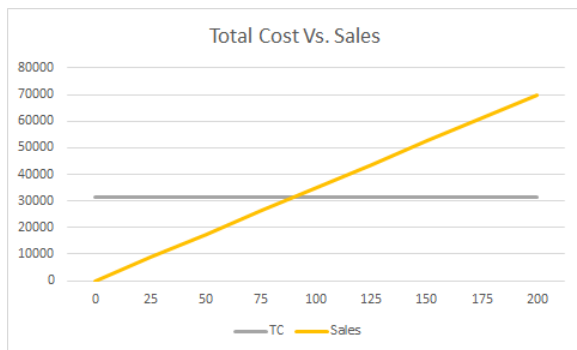


Figure 9. Break-even for Bags

HIRAYA INCOME STATEMENT As of April 23, 2021			
Revenue			
Sales			
	Malamaya	31	P 10,819.00
	Dagtum	27	9,423.00
	Kayumanggi	24	8,376.00
	Luntian	19	6,631.00
	Men's Takipsilim	4	800.00
	Men's Bukangliwa	1	200.00
	Women's Takipsilim	2	480.00
	Women's Bukangliwa	3	720.00
	Total Sales		P 37,449.00
Less: Cost of Sales			
	Malamaya	31	P 7,440.00
	Dagtum	27	6,480.00
	Kayumanggi	24	5,760.00
	Luntian	19	4,560.00
	Packaging		1,010.00
	Prototypes		1,500.00
	Men's Takipsilim	4	488.00
	Men's Bukangliwa	1	122.00
	Women's Takipsilim	2	294.00
	Women's Bukangliwa	3	441.00
	Packaging		30.00
	Total Cost of Sales		P 28,125.00
	Net Sales		P 9,324.00
Less: Operating Expenses			
			0.00
	Net Income		P 9,324.00

Figure 10. Income Statement as of April 23

III. PRODUCT DIVERSIFICATION

The business met Springworks Incorporated to work with them for product diversification. Hiraya made another product line using sustainable and indigenous materials. Inspired by indigenous textiles like T'nalak, Hiraya looked for cheaper alternatives for the wallets' production (Lush, 2017). The business created Bukangliwayway and Takipsilim for the men's and women's wallets. The business picked the names to depict the colors that the sunrise and the sunset emits.

Hiraya bought Kraft Paper, Labeled Stickers, and Foam wrap for the packaging which totaled to Php 588.00. Hiraya's total capital for the product diversification is Php 27,488.00 and produced a total of 200 pieces. The supplier shouldered expenses for the three prototypes. The total production cost and packaging cost for the men's wallet is Php125.00 and Php150.00 for the women's wallet. The business added a 60% markup rate to the new products to sell them for Php200.00 (men's wallet) and Php240.00 (women's wallet). Below are some of the behind the scenes from the photoshoot:



Figure 11.1 & 11.2. Behind the scenes of the photoshoot for the product diversification



IV. FUTURE PLANS

Hiraya has two future plans for the business. First is the short-term planning, which involves the assessment of current budgets, pursuing more target markets, and anticipating present and future sales after 1-2 years. This will involve Hiraya's plan of diversifying products related to the theme or uniqueness of the pouch bags, which are now the wallets. The sales of the diversified products and the bags will also lead to more capital to be used for more products.

The CSR (Corporate Social Responsibility) of the business will continually aim to commit to the provided program of the LMO called "KPAP". The business can provide manpower, resources, and some finances to keep the program running. Hiraya still has no given responsibility for the "KPAP", but the business promises its efforts for the growth of the program as well as other future programs that will benefit the people in need.

The group will also liquidate its business by May 2021 and will close as a sole proprietorship. However, it will continue with a new business organization which is a partnership. As such, the business will continue to look for new partners and additional investors.

Furthermore, the group will also register its intellectual properties, patents, and trademarks for the business to have legal rights over its unique designs and products.

On the other hand, the long-term plans of Hiraya involve innovation, development, and expanding the market by getting the raw materials directly from local places like Bicol, Mindoro, and Aklan. By doing this, the group can directly help the locals and consider them as suppliers.

The business also wants to become known internationally by providing more suitable designs and creating more advertisements and proper marketing strategies which will use monetary bills and proper effort. Becoming internationally recognized will create more opportunities for the business to help and provide jobs not just for the Abaca farmers, but also for the general welfare of the marginalized and the needy, in particular, and promote the Philippine industry, in general.

V. ACKNOWLEDGEMENT

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To Springworks Inc., for the time they offered to accommodate the group regarding the product diversification and Ms. Lara Dizon as the person they communicate with for the production of the product.

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Hiraya would also like to express its appreciation to its customers for trusting its products and continuously supporting its small local business.

To the family and friends of the researchers, for the trust, they have for the business. Hiraya wouldn't have been able to reach this point without their endless support and guide throughout the entire operation of the business.

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