

INTERNSHIP REPORT
ON
AVERY DENNISON BANGLADESH

BY
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AN INTERNSHIP REPORT SUBMITTED TO THE GRADUATE SCHOOL OF
MANAGEMENT (GSM) IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR
THE DEGREE OF THE MASTER OF BUSINESS ADMINISTRATION (MBA)

GRADUATE SCHOOL OF MANAGEMENT (GSM)
BRAC UNIVERSITY
MARCH, 2022

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DECLARATION

It is hereby declared that,

1. The internship report submitted is my own original work while completing degree at BRAC University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I have acknowledged all main sources of help.

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LETTER OF TRANSMITTAL

Suman Paul Chowdhury
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Graduate School of Management (GSM)
BRAC University
66 Mohakhali, Dhaka-1212

Subject: The overview of Avery Dennison Bangladesh

Dear Sir,

This is my pleasure to exhibit my experience and position for the company I am working currently through the submission of this report. I have attempted my best to finish this report including the essential data and recommended proposition in a significant compact and comprehensive manner as possible. This current job role is enhancing my professional skills and also shaping my corporate career. I have tried to hold up my learning and experiences through this report. Therefore, I trust that the report will meet the desires.

Sincerely yours,

Nadia Rahman

ID: 18264055

Graduate School of management (GSM)

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Date: 29th March, 2022

NON-DISCLOSURE AGREEMENT

This agreement is made and entered into by and between Avery Dennison Bangladesh and Nadia Rahman, who is an undersigned student at BRAC University. I, therefore, declare that I have kept full confidentiality of the company where I am working currently. In order to complete this internship, report I have only used the materials available in the company's global website. Thus, the only information utilized and analyzed here are from the company's global annual report as a whole and no financial information have been used from the Bangladesh operation to ensure the full compliance of the company.

ACKNOWLEDGEMENT

I would, initially, like to express my gratitude to my company Avery Dennison Bangladesh who selected me as one of their deserving employees. I have tried my best to uphold my learnings and experience in this report. I am also very much thankful to my academic supervisor, Suman Paul Chowdhury, because of his continuous guidance and hearty cooperation. The preparation of this entire report wasn't that much convenient considering the current pandemic. However, the extended support from both my university and workplace have eased the journey very much.

EXECUTIVE SUMMARY

This internship report summarizes the overall and detailed internship outcome for a specified time period. It mainly highlights three different chapters which are basically the three different dimensions of the internship program.

The first chapter explains the overview of the internship which includes the basic information about the company, the department where the intern has been employed, the supervisor's information and the job scope. The job scope gives a detailed elaboration about the job's roles and responsibilities. Apart from this, another vital section of this chapter is the internship outcome. In this section, both the student's contribution made to the company and the benefit the student has received from the company has been critically explained. In addition, the problems, and difficulties along with recommendation from the intern's perspective had also been pointed out specifically.

The second chapter is the organizational overview. This is a brief inclusion of almost all the organization aspects of the company. Starting from its evolution, this chapter gives a thorough and detailed overview of the management and marketing practices; financial and accounting measures; the operation and information system practices; the industry and competitive analysis. However, it ends up with a summary and recommendation about these core practices that the company undertakes.

The third and final chapter is mainly the project part where a thorough and detailed analysis has been made to understand the relationship between the profitability ratios (ROA & ROE) and the operating cost efficiency ratios (OCE). The data collected was from the company's financial report. The actual data of the company has been analyzed further to understand the relationship of the ratios. It has been found that, there is a positive relationship between ROA and ROE. That is, when one rises another one increases as well. On the contrary, ROA & ROE is negatively correlated with OCE. That is increase of the ROA & ROE reduces OCE and vice versa.

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1 CHAPTER 1: OVERVIEW OF THE INTERNSHIP

Student Information

Name – Nadia Rahman

ID – 18264055

Program – Master of Business Administrative (MBA)

Major/Specialization - Finance

1.1 Internship Information

1.1.1 Company Details

Company Name – Avery Dennison Bangladesh

Position & Department – Senior Officer, Global Product Development

City Office Address – 3/F, Uday Tower, 57, Gulshan Avenue, Gulshan 1, Dhaka 1212, Bangladesh

Factory Address – Plot# 167-169, Dhaka EPZ-Ext. Area, Savar, Dhaka-1349, Bangladesh

Employment Status – Permanent Employee

Period – Employed since January, 2018 till now

1.1.2 Supervisor Information

Name – Syed Moheuddin Hasan Turjo

Designation – Associate Manager, Global Product Development (GPD)

1.1.3 Job Scope - Job Description/Duties/Responsibilities

- Smooth development of items/samples for local supply.
- Identifying feasible and cost-effective methods for product development.
- Provide on time estimates with the best production capability.
- Initiate product re-engineering to be ahead of competition.
- Initiate and drive improvement of speed of developments through the ELS approach.
- Circulation of Retail Brand Owner (RBO) updates among internal departments.
- Provide counter sample approvals.
- Ensure timely and consistent availability of samples/proofs/formats/data integrity tests/ink drawdowns for manufacturing unit.
- Create retailer manuals, sample packs and catalogs as when required.
- Take responsibility for the housekeeping in the designated area including sample storage, appropriate filing and maintaining 5S standards.
- Training/Assisting CS, Sales, Operation team, other cross functional teams in the process of achieving highest degree required by customer/RBO in terms of service and quality.
- Carry out any reasonable duties as when required.

1.2 Internship Outcomes

1.2.1 Contribution made to the company

1.2.1.1 Overview of Global Product Development's (GPD) roles and responsibilities -

Avery Dennison (AD) is a global leader in manufacturing pressure-sensitive labeling materials and retail tags, ticketing, and branding systems. It is an 100% Export oriented US based garments label manufacturing Company which has been approved by Bangladesh Export Processing Zone (BEPZ). One of the vital and impactful team of AD is GPD. The core responsibility of a GPD is to work directly for the development of the company's products.

Whenever a new product/item is required to setup and made active within the internal system, GPD has to work first from the root/ground level actions after which cross functional teams can work further and operate. GPD needs to check with operation/production team for taking confirmation on bulk production. In this stage, if operation teams have any concern/challenge/observation then GPD works directly with operation and sales team to resolve the issue/s. If no issues/concerns are there and operation team confirms on bulk production GPD works on running the item's cost and also ensures a healthy profit margin by choosing low-cost production method and raw material options. After the price gets settled, the item requires setting up in the internal ERP system.

Avery Dennison uses Oracle as its ERP system. This process of setting up is called "item setup". The item's specification along with raw material details and other factors (required to produce and deliver the goods through the right channel) are stored and finally the item is made live/active in the system. Once done, GPD notifies customer service teams who further process the orders in system so that production team can complete bulk production and push the bulk goods to dispatch for delivery.

This is a very short brief of the main and core task of a GPD. This entire process is way lengthier

and involves continuous communications with the cross-functional teams starting from Sales, Customer Service (CS), Operation/Production, Supply Chain, Design/Pre-Press, Warehouse/Store, Import, Pricing, Finance and Quality Control (QC). A GPD also needs to track his/her communications and activities continuously to co-ordinate this entire chain of process.

Apart from local teams, GPD also needs to be in close contact and in line with the hub team who operates from China. Majority of Avery Dennison items are global which means same item is developed and deployed to different sites (for example Bangladesh, Vietnam, India, Turkey, Romania, etc.) by the hub GPD or hub team. Following those items' artworks and specifications they are made live locally within the system. GPD also needs to work with global commercial teams who works with Retail Brand Owners (RBOs) directly. These commercial teams mainly work with brands for launching new programs, brands/sub-brands, price settlements, etc. They also act as mediums for issue resolutions.

The roles and responsibilities of a GPD is not limited to above only rather they are the key contact point for any kinds of development related issues or difficulties, or challenges faced by CS, operations, design, QC and other teams. Each GPD is assigned with multiple Brands or Accounts and that particular concern is liable for not all the developments of that account rather h/she works for all the development related queries and issues for all the cross-functional teams of the organization. The roles of a GPD is quite vast and extended. this position is very versatile and sensitive. Some key points are already mentioned in the earlier section under job description.

1.2.1.2 Contributions made to the company as an employee

To understand the contribution, it was necessary to get an overview of the job roles and responsibilities first which has been explained very concisely in previous part. The activities of GPDs are very crucial as orders can't be processed unless GPD finishes their work on item activation and within stipulated timeline. Accordingly, the impact of a GPD's actions have direct effect to the company's sales and revenue which is the soul of every organization. Apart from this, there are also various places where a GPD's contributions are inevitable.

Some highlighted key contributions that I have made to the company are explained briefly as follows:

1. Number of accounts/brand handling –

Currently, I have been assigned with around 16 accounts/brands. These accounts were added over time based on my capability, experience, and adaptability. Initially, after joining, I used to look after 5/6 accounts only where few were very small with less activities. However, this number grew over time and reached 16 now. Currently, my department/team has around 25 members and excluding managers and HOD we are around 21 primary GPDs who are handling more than 171 accounts/brands (as of 2021). These 171 brands are the current primary and active customers of Avery Dennison Bangladesh who has given all the business in the year 2021. Garment factories from all over Bangladesh who export the garments of these brands take the tags and labels from Avery Dennison who is either the sole or the nominated supplier of those brands. So, summing up my account's weight, I solely hold and serve around 10% of my company's customers/businesses. Below are my assigned accounts.

Serial	Accounts/Brands	Region
1	George	UK
2	George Canada	US
3	Under Armour	US
4	Columbia Sportswear	US
5	MWW	US
6	Morrisons	UK

7	Redcats/Verbaudet	EU
8	Puma	EU
9	WE	EU
10	Meijer	US
11	Belk	US
12	Littlewoods/Shopdirect	UK
13	Celio	EU
14	Kaufhof	EU
15	Tween Brands	US
16	Jockey	US

Table 01 – Name of current Accounts/Brands

2. Smooth Operation of Assigned Accounts –

I am mainly responsible to look after all the developments of my assigned accounts. These developments can be both global and local. For global developments, we usually follow the specifications that have been approved by the brand directly and which have been deployed by hub team to the sites in turn. However, in case of local development we act as the hub to create a product from the scratch based on customer requirement. Apart from these developments I am also accountable for all the development related issues for each item of all the assigned brands. In our company, each tag, label, sticker, etc. is treated as an individual item. Thus, each brand can consist of thousands of items. So, the responsibility and pressure gets more confined as the number of account increases. I have been looking after all my accounts and resolving all the issues with almost no error. The nature of our work is very sensitive as a single error can lead losses of million dollars because it creates impact on bulk production directly. I am also operating in such a way so that there is no escalation to my supervisor or HOD.

3. Financial Impact –

My impact on the financial section of my company is mainly determined by the revenue/sales value earned from the brands I am working on currently. Since I am in charge of product development so it's my responsibility that all the products of my accounts get set up into the system

in a timely manner. After I complete the setups, orders will be processed, production will be completed, and orders of customers will be filled. So, my activities have a direct impact on order fulfilment and sales. So, summarizing the yearly sales figured earned from my accounts as below.

- 2019 – I looked after only 4 accounts which accumulated a revenue of around USD 151,090.
- 2020 – My number of accounts almost doubled from 2019 and reached to 8 and all my accounts generated a revenue of roughly USD 315,700.
- 2021 – In 2020, the total number of accounts reached to 16 and the revenue generated till October 2021 was around USD 1,057,700. I haven't received the full amount till December 2021 yet which will surely increase the figure more.

4. Cost Savings –

One of our primary and core responsibilities are to perform re-engineering. This means, we have to find effective and efficient cost saving options for the current items which are already running. This can be done through various means, like, moving to low-cost raw material (RM), changing production mode, etc. However, taking such initiatives aren't that easy and simple because changing from current specification may always not result favorable and feasible. Suppose changing to a low-cost RM will only be effective if the printed colour matches exactly like the original. If the deviation is visible, then customers might end up complaining and also can claim their loss on Avery Dennison. So, the process is very sophisticated, challenging and sometimes quite lengthy. However, taking projects/initiates on re-engineering is a part of our yearly targets where an estimated value is determined by leadership teams on which we all have to work and try to achieve that. As of now, I have worked on and arranged savings through re-engineering of more than USD 19,833.

5. Crisis Management –

We often face many crisis situations where the support of a GPD becomes very crucial. These situations arise when there is raw material shortage, for example, during bulk production. Live orders get stuck, and, in such circumstances, we have to work on approving alternative RMs. In 2021, more than USD 165,146 amount of alternative was approved by me for my accounts. In addition to this there are also situations like wrong printing, for example, due to design team or

operation teams' error. In such scenarios too, we work with global commercial teams to arrange commercial approved to release the goods given that the error is in tolerance. There are many more urgencies that raise out every day during live orders which we need to resolve actively to ensure lead time is not impacted and we aren't delayed.

6. Process Improvement –

Apart from the core responsibilities and activities, we also need to work on process improvement to ensure smoother operations and alignment among all cross functional teams. There are often situations arising where current process or way of working doesn't work out. In such circumstances, we might sometimes need to take lead and arrange meeting with all affected cross functional teams which could be Customer Service (CS), sales, operations, design/pre-press, etc. to ensure alignment among all and equal understanding. This is because, a gap in any point or in any team may multiply the issue more.

1.2.2 Benefits received as an employee

As an employee, I have gained many skills and developments through working in this organization. My work experiences kept on increasing as I continue to grow. I am becoming more competent day by day. I am pointing out some key developments of mine as below:

1. Communication Skill –

In my role, I have to communicate with both local & global stakeholders. We directly do not contact with customers or outsiders, but we continuously have to communicate with all internal cross functional teams. These cross functional teams contain diverse range of people, so it has benefited my communicating and interactive skills to a greater extent. In addition to this, I also have to communicate with global stakeholders. These people ranges from various countries like China, Hongkong, USA, France, UK, etc. So communicating with global teams and making them understand our challenges/issues especially, gives a different sense of learning. This communication comprises email, telephonic and face to face contacts.

2. Pressure Management –

In this organization, the deadline is very strict and limited given the fact that there is no room or scope of error/mistake and misunderstanding. We need to get back to any query within the least possible time and also in the same day. Thus, the pressure is very confined, and majority of the issues and queries come with the tag of “urgency”. So, prioritizing the tasks based on its nature and deadline is of utmost important. Multiple issues keep on going simultaneously and at a single time where we have to act proactively and remain updated. Therefore, this skill of prioritization of the task and managing the ultimate pressure is a very essential learning for me. I can leverage this in any future roll of mine irrespective of the designation, company type and industry nature.

3. Problem Solving Skill –

As I am growing and handling more and more accounts, I am gaining more confident to solve various and multiple problems of both mine and other cross functional teams. This is one of the biggest and core learnings that have taught me to become independent. I always try to solve any issues/challenges with minimal or no supervision. This practice not only makes me independent

and groomed rather it also gives a sense of being much confident. It also helps to gain the faith of other cross team members with whom I work on regular basis when I can resolve their challenges with good confidence. It creates a warmth of comfort and believe in our relationships.

4. Training and Development –

Avery Dennison arranges various online training sessions in every quarter for the betterment and development of its employees. These trainings ensures continuous improvements in the way of our working. It also refines our behavior and thought process towards our colleagues, company, industry and also our own self. Some of the recent provided trainings are Dignity and Respect in the Global Workplace, Global Anti-Corruption: Maintaining Accurate Books and Records, Avery Dennison Compliance Trainings on Financial Crime, Global Export Controls, Conflicts of Interest, Global Competitions-Our Responsibilities, Effective Trade Compliances, Global Data Protection, Code of Conduct, Protecting Secret Data and Company Information, etc.

5. Diversified Culture –

One of the core and key values of Avery Dennison is Diversity & Inclusion. This organization is very much transparent and neutral in not only employing a diversified workforce rather it successfully maintains one. People from various race, gender, religion, and background works in a collaborative manner and also maintains a good harmony. This practice of a diversified work culture helps us to groom our inner selves. We work and contribute in an equal manner and the code of conducts are also very strictly followed and implemented here. All these gives us a clean and safe work environment to operate in. This company also emphasizes women empowerment and also prefers employing female candidates. At the end of the day a very comforting and secured workplace is offered to female employees to show up their skills and performances.

6. Leadership Skill –

One of the inevitable and crucial learning from my work role is enrichment of the Leadership qualities and capabilities. We are often assigned to lead various tasks and projects. This turns out to be very beneficial as we learn on how to navigate a project to make it a success within the least possible time and also with proper fulfilment. Thus, completion of such projects enriches our other core capabilities. Team and people management, meeting deadlines as per the promise made,

continuous communications with other team leads or sometimes leadership team members which helps to grow a positive relationship and bonding with them, etc. This also helps create a social and corporate network which proves favorable in many aspects of corporate life.

1.2.3 Problems/Difficulties

I am a full-time employee and also no internship is offered in my department. So, I would like to state some general problems/difficulties of my organization from an employee's perspective as below.

- Increased pressure –
The deadlines are too strict and limited due to the nature of the industry in which this company operates. Thus, it sometimes get very challenging and problematic to handle the issues when multiple queries keep on going at a time. As of this, prioritization also gets difficult to manage. We face such scenarios usually during peak seasons.
- Limited Growth –
The growth model of this company is bit conservative. Employees require to be quite sound and knowledgeable in their sectors to excel further. There are many processes and procedures that needs to be known and properly implemented in suitable time and place. Thus, very good performing employees can grow here but that also after the completion of a specified timeline, presentation, and performance.
- Process Oriented –
Avery Dennison is a quite giant company that holds multiple extensions and diversified business ranged. Thus, each and every act of this company is very much defined and precise. In short this is a very process-oriented organization where every activity ix`s backed by a well-established process or Standard Operating Procedure (SOP). Therefore, as employees we have to be very prominent in our day-to-day activities which ensures proper and on time implementations and executions of the defines processes.

- Limited Scope –

Avery Dennison is one of the leading label and accessories supplying company within its industry. Thus, working in a leading company restricts the scope to move to other organizations and higher positions in order to gain more expertise and benefits. Thus, this limits the flexibility of job rotation outside the company.

- Lesser Recognition in Frontline Panel –

Though the role and impact of our development team is very vital and crucial, but our contributions isn't always recognized in the frontlines. That means the success stories of achieving record breaking sales or gaining of higher EBIT values are mainly considered as the contributions of the sales employees who are bringing in more and more business and customers. They get the credit always in a direct manner along with the CS team who processes highest number of orders. The same message is conducted to the global leads in the same manner where our contributions are made indirect.

1.2.4 Recommendations

Since I pointed out the problems from a permanent employee's perspective, similarly I will suggest the recommendations from the similar ground. Considering from growth perspective, the company should think on this factor with deep focus because an employee doesn't work for salary only. He/She expects other non-monetary benefits to be ahead of peer competition. This also directly related with the motivation of that particular employee. So, ensuring motivation of the employees are inevitable for a company to look into.

In addition, supervisors need to check constantly on the allocation of both responsibility and tasks to ensure even distribution of work pressure among employees. Sometimes, we are required to work for longer hours which cause imbalance in our work and personal life. These are also part of motivation and non-financial aspect that an employee seeks strongly.

Last but not the least, "job rotation" initiative can be undertaken and implemented. Since the flexibility and scope of moving out is less in this industry so training employees in various sectors of the organizations can help building key potentials. Those employees not only learns the activities of other departments from scratch rather a thorough understanding can be gained. This ensures a better linkage of the company's process on how it operates. This approach also nurtures the basic skills and experiences of an employee who can leverage it within the company as long as they serve here and also outside the company when they moves out. So, it's a win-win situation.

2 CHAPTER 2: ORGANIZATIONAL OVERVIEW

2.1 Introduction

Avery Dennison is a multination manufacturer of various apparel branding labels an tags, RFID items and inlays, pressure-sensitive adhesive materials, specialty medical products, etc. Headquartered in Glendale, California, USA, Avery Dennison Corporation is a Fortune 500 company who is specialized in its business operations since its inceptions.

The quest and pursuit of the vision had made the company to be more focused and aligned and also has turned it into a customer-driven company which specializes itself in material science. They are able to serve customers from all over the world with intelligent insights, solutions, and innovative products which are results of their in-depth pool of expertise and stretch on a global scale.

The following parts contains a more detailed overview of the company starting from its history to its current position. The elaborative descriptions on the type of the businesses Avery Dennison Corporation holds, the nature of operations, business form in Bangladesh, etc. are explained briefly in the latter sections.

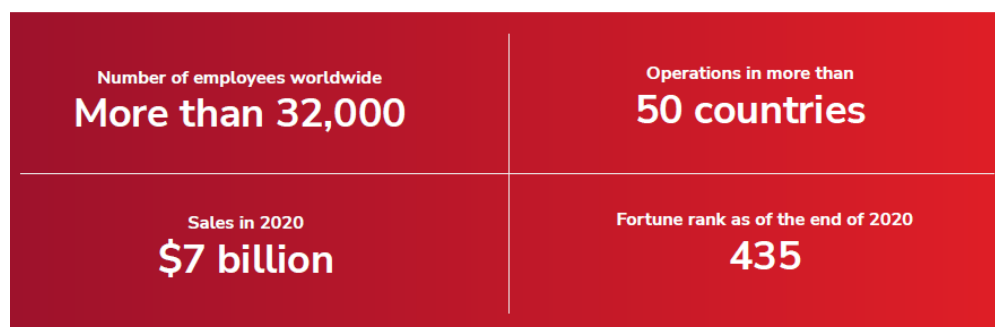
2.2 Overview of the Company

2.2.1 About Avery Dennison Corporation

Avery Dennison Corporation (NYSE: AVY) is a global materials science company specializing in the design and manufacture of a wide variety of labeling and functional materials. The company's products include a wide range of pressure-sensitive materials for labels and graphic applications; tapes and other bonding solutions for industrial; tags, labels, and embellishments for apparel; radio frequency identification (RFID), medical and retail applications solutions used in retail apparel and other markets. The company currently employs more than 35,000 employees in more than 50 countries across globe with its operating headquarter in Glendale, California, USA.

Avery Dennison considers that its competitive advantage lies in its global scale operations. It expands and operates in more than 180 locations and acquires extensive expertise in its core businesses which allows the company to be recognized as an industry leader.

Avery Dennison is a global materials manufacturer of branding and information labeling solutions and functional materials for consumer goods, apparel, food, logistics, industrial and healthcare industries. Below is the quick summary of Avery Dennison at a glance.



2.2.2 History

The story starts in the year 1935 with a \$100 loan, few spare parts and a very sharp bright idea. Ray Stanton (“Stan”) Avery invented the world’s first self-adhesive label as a way to merchandise objects. In 1935, he founded Avery Adhesives in downtown Los Angeles and, in 1990, the company merged with Dennison Manufacturing to form Avery Dennison (Our History: Avery Dennisons, 2022).

The company grew from one bright idea to a global Fortune 500® corporation over the past 80+ years and continues to advance in both quality and innovation in materials science.

2.2.3 Evolution Timeline

A brief timeline of its evolution over the years are described as follows which have been collected from the company’s global website (Our History: Avery Dennisons, 2022).

1935 – The first Avery labels were simple, round price stickers. Stan Avery chose Kum Kleen Products as his original company name to advertise the ability of a self-adhesive label to be removed without leaving a mark.

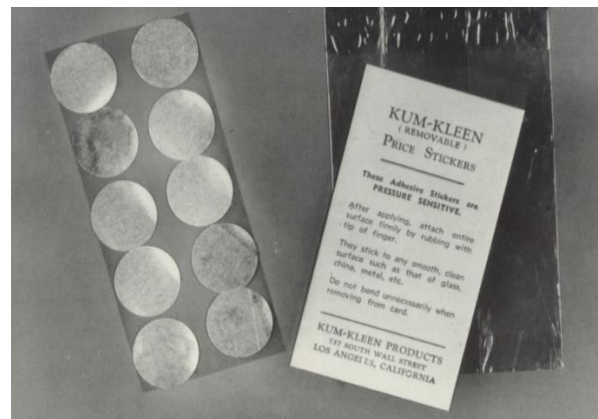


Figure 01 – The first adhesive stickers of Avery

1940 – In 1940, the company moved to its first location, Fourth Street, and back then it had already employed 19 employees. This numbers have currently increased as operating in more than 50 countries and over 180 locations with employing more than 35,000 employees.

1946 – By this year, Avery incorporates itself and became Avery Adhesive Label Corporation.

1948 – The first-owned factory in Monrovia, California was built which was a 17,000 square feet plant. This allowed Avery to consolidate its entire manufacturing and shipping in one place.

1953 – 1954 – For the base materials division Avery built a plant in Painesville, Ohio. Originally, the division was originally named as the Avery Paper Company while in 1954 it was incorporated as Fasson. At current time, a big chunk of Avery Dennison's adhesive labels use raw materials manufacture by Fasson.

1955 – The company goes international and one of the earliest known Avery Trade Show exhibits.

1958 – Avery's board dissolved the separate Fasson Company, and the company name was changed to Avery Adhesive Products which was integrated as the parent corporation.

1964 – To enter and account for into new non-adhesive areas, the name Avery Adhesive Products changed to Avery Products Corporation.

1969 – On the New York Stock Exchange, Avery obtained listing where Stan Avery and the president of the New York Stock Exchange witnessed the appearance of the company's symbol on the electronic board of the NYSE for the first time.

1976 – Avery Products was recognized in 1974, with annual sales at \$300 million, by its inclusion on the Fortune list of the 500 largest U.S. industrial corporations. The company was renamed again as Avery International in 1976. In this year, at Peachtree City, Georgia, Avery constructed an entirely solvent-free plant.

1990 – Through the strategic merge of Avery International and Dennison Manufacturing, Avery Dennison was created.

2.2.4 Further expansions in recent years

2016 –

The European business of Mactac from Platinum Equity gets acquired by Avery Dennison completes acquisition. In addition, the new Hamshire-based business, Ink Mill Corporation, also gets acquired by Avery Dennison where the Ink Mill's digital ink capabilities and technologies are combined with Avery Dennison's reflective media portfolio. A strategic investment is made by Avery Dennison, to accelerate the mass deployment of intelligent packaging, in PragmatIC which is a world leader in flexible electronics. EVRYTHING and Avery Dennison signs the largest IoT deal with the motive o launching Janela Smart Products Platform.

2017 –

An Irish based company, Finesse Medical, gets acquired by Avery Dennison to include new products, which focuses in manufacturing high-value healthcare materials business. Manufacturer of specialty tapes and related products named as Yongle Tape Company Ltd. is also an acquisition of Avery Dennison. The company completes the acquisition of a pressure-sensitive material manufacturer of specialty films and laminates naming Hanita Coatings. Avery Dennison made direct capital investment in a company naming Gauzy which specializes in liquid crystal specialty film developing. It makes another capital investment in Wrapify to expand the wrap industry and to explore a new opportunity.

2018 – 2019 –

To an Atlanta-based Internet of Things (IoT) enabled software startup company, Avery Dennison provided Series A round financing for VeriSolutions in 2018. However, for a \$30 Million Series B funding round, Avery Dennison joined Wiliot's original investor group for \$30 Million in 2019. It was anticipated that paper thin battery-free Bluetooth sensors will connect people with packaging and products. The company also collaborates with Everledger for brining authenticated provenance Ttacking on blockchain to wine industries.

2020 – 2021 –

In 2020, the company acquired Smartrac's RFID transponder business and ACPO Ltd. in 2021.

2.2.5 Businesses of Avery Dennison Corporation

The products of Avery Dennison consists of pressure-sensitive materials; a wide variety of tickets, tags, labels and other converted products; radio frequency identification (RFID) inlays and tags, etc. The company specializes in designing and manufacturing various types of labelling and functional materials which enhance branded packaging and carries/displays information that connects and improves customers' product performances.

Avery Dennison leads in serving a vast array of global markets ranging from home and personal care, apparel, logistics, e-commerce, pharmaceuticals and automotive, food and grocery. Thus, to summarize, Avery Dennison comprises three different kinds of business groups.

1. Label and Graphic Materials (LGM)

This LGM business basically makes three kinds of products - materials needed for making labels and other pressure-sensitive products, graphic materials, and reflective materials. The relentless curiosity, dedication, and innovation of all the remarkably skilled and smart employees ranging from R&D labs to factory floors drives LGM to be leader in the industry.

LGM's materials enhance shelf appeal for brands; protects brand security; improves operational efficiency along with improving customer' product performance and visual information enhancing safety; informs shoppers about the ingredients, etc. Avery Dennison's graphic solutions are marked as being the global leader in terms of self-adhesives and specialty media for the professional graphic designers and providers. It includes a comprehensive portfolio of highly engineered materials ranging from vehicle wraps to architectural products. LGM engages in creating smart materials for the future by incorporating RFID technology onto the pressure-sensitive materials. Avery Dennison's LGM business strives in researching, designing and manufacturing materials for all sizes of companies ranging from the world's well known brands to local business which are fiercely independent and family owned sometimes.

2. Retail Branding and Information Solution (RBIS)

The RBIS business provides both physical and digital labelling solutions allowing customers from the global apparel market to optimize their products' banding and customer engagement. The customers further gain visibility on their products which become traceable from sourcing till end-of-life. The RBIS solutions include a wide variety of products ranging from tickets, tags, woven labels, printed fabric labels, heat transfers, software, printers, and consumables. Through the serving in multiple industries across retail and industrial segments, with more than 1500 worldwide patents and applications, RBIS is the world's largest Ultra High Frequency (UHF) RFID partner.

To summarize, the RBIS provides the following solutions.

- ❖ Apparel Solutions – Partnering with the world's largest brands and retailers, Apparel Solutions deliver products ranging from tags, tickets, labels, external embellishments, packaging, etc. These solutions matches perfectly across fast fashion, luxury goods, denim, footwear, performance, intimates, childrenswear, etc. which are designed seamlessly that suits all applications and optimizations.
- ❖ Intelligent Labels – In this world of big data and massive amounts of information, digital ID technologies are inevitable which helps to create better organization of work practices. Intelligent Labels offers a collection of Digital ID technologies which not only authenticates product history but also provide a better tracking of inventory and other related solutions.
- ❖ Identification Solutions – These solutions are provided in businesses that range from price management to stock and custom barcode labeling which ensues a trustworthy and supportive service which are comprehensive, scalable, and reliable. These services solve business problems and improves business efficiency to a greater extent.

3 Industrial and Healthcare Materials (IHM)

With its own distinct technologies, the IHM comprises of five distinct businesses. These businesses are specializing in supplying highly engineered tapes, fastener, and adhesive solutions for the Industrial, Automotive, Building and Constructions, Personal and Health Care markets across the globe. The performance of customers' products are developed and also their manufacturing processes are made way more efficient through the supply of IHM products and services. The IHM products comprises the below.


- ❖ Performance Tapes – A global developer and manufacturer of high-performance pressure-sensitive tapes which are applied over a broad range of automotive, appliance, electronics, building an constructions, specialty industrial and personal care sectors.
- ❖ Avery Dennison Medical – They are the ideal pertness of the medical device manufacturers who offer customized solutions, innovative rolled goods, converted components and private label products.
- ❖ Fastener Solutions – They are one of the global largest plastic fastening solution and system providers used in automotive, industrial, and retail industries.
- ❖ Yongle Tape – Yongle tape produces high-performance tape solutions for the automotive, electrical, and general industrial applications utilizing its 30 years of expertise to manufacture high-end PVC and cloth tapes.
- ❖ Performance Polymers – They are one of the innovative and customer-focused Pressure Sensitive Adhesive (PSA) suppliers.


2.2.6 Values and Ethics

Avery Dennison strictly maintains 8 values which are the foundation and base of their every single action and activity. These core values help the company to grow, shape up its behavior and also support its businesses and people. The values are as follows.

- ✓ **Integrity** – always driven to do the right things
- ✓ **Courage** – to be brave in the face of adversity and the unknown
- ✓ **External Focus** – getting out to get better
- ✓ **Diversity** – gaining strength from diverse ideas and inclusive teams
- ✓ **Sustainability** – focused on the long-term health of the business, communities, and planet
- ✓ **Innovation** – utilizing imagination and intellect to create new possibilities
- ✓ **Teamwork** – doing better when working together
- ✓ **Excellence** – expecting best from own selves and each other


2.2.7 Product Portfolio

 Paper hangtags or tickets

 Overriders/Joker tags

 Paper packaging items

 Stickers

 Printed fabric labels

 Woven labels

 RFID stickers

2.2.8 Operation in Bangladesh

In Bangladesh we have the Avery Dennison Retail Branding and Information Solutions (RBIS) business operation serving the apparel or garment industry. The factory and registered office is in the Dhaka Export Zone, Savar while the sales office is in Gulshan 1. Avery Bangladesh has already setup two factory premises to cover its extent of operation. In addition, it has recently launched the Chittagong factory which is located within the Chittagong EPZ. The company currently employs more than thousands of employees accumulating for factory and city office level.

Avery Dennison Corporation acquired Paxar which is also a global leading organization in providing innovative systems and solutions for the retail and apparel industry. Thus, the operational activities in Bangladesh are done under the name of Paxar Bangladesh Ltd. This is because, Paxar was already setting up its function in Bangladesh before Avery entered the country. Thus, the registered name and operations remained unchanged after Avery started made its investment in Bangladesh to support its RBIS business unit.

The major objective of Avery Dennison Corporation to invest in Bangladesh was to promote the workplace safety and quality of life. Corporate responsibility along with sustainability, social compliance and employee safety are the core values of this company. In addition, the concept of factory safety standards of Avery Bangladesh are quite more stringent than the local or national standards. The company continues to provide and promote sustainable, socially compliant business conducts and a fair labor practice through its operations.

2.3 Management Practices (from Bangladesh's perspectives)

2.3.1 Leadership Style

Avery Dennison offers a very comforting and co-operative working environment for its employees. The internal management practice of the organization follows the Democratic Leadership Style. The work culture and practices always welcomes the thoughts, views, and opinions of all of its employees irrespective of their designation and work experiences. In majority of the cases, the supervisors and HOD (Head of Department) consults with their subordinates before taking or implementing any new decision or activities. The company always tries to motivate its employees to share their creativity, increase participation and also recognizes with awards or appreciations.

This collaborative and supportive management practice helps to build a strong bonding between supervisors and subordinates and also among the employees. This in turn helps in achieving the goals and set targets. Some positive outcomes of this leadership style are briefly discussed as follows.

- Increased Commitment – This leadership style certainly strengthens the commitment across teams and the company as a whole. For example, the company marked a USD 102 million sales revenue in 2021 in Bangladesh. This broke all the sales record till now in the history of Avery Bangladesh. This achievement was only possible because the goals and targets were quite clear and measurable to the employees. This is also a clear indication that it also improves the employees' productivity and efficiency.
- More ideas and creative solutions – For any project, group work or any kind of challenge/s, there is always a creative and favorable outcome due to the increased participation from all employees.
- Group morale – This management practices also strengthens and improves the group morale among employees. They feel very much motivated, connected, and valued. It builds a two-way communication channel where both supervisor and subordinates supports each other.

2.3.2 Human Resource (HR) Planning Process

The HR planning process comprises of several aspects and processes which varies from organization to organization. Based on the type and nature of the organization an ideal and suitable HR planning process gets established. Summarizing the key elements of the HR planning process for Avery Bangladesh as below.

- i. Recruitment and Selection Process – Starting from shopfloor workers to the Leadership team, Avery Dennison employees a diversified group of employees. It focuses and believes on the merit and talent of the employees mainly while employing. Thus, for any vacancy it calls for applications from a diversified and expanded range of groups. The shortlisted candidates matching the criteria and requirements are called for written tests or direct interviews (depends on the position type). After couple of interviews with the manages and leadership team members, the most deserving one/s are finalized for confirmation. The probation period for any new employee here is six months after which his/her performances are reviewed again to confirm fully and finally to make him/her a permanent employee.
- ii. The compensation system – Apart from the declared salary, permanent employees are entitled to many monetary and non-monetary compensation and benefits. Some examples of the monetary benefits are two festival bonuses which is the double of the gross amount; yearly increment; marriage, and childbirth bonuses; Thank You Awards in which supervisors recognizes employees for their efforts and achievement through gift vouchers; profit sharing; provident and gratuity funds, etc. The non-monetary benefits covers health insurance of the employees; transportation services; an extended paid maternity leave for 4 months; classified annual, casual and sick leaves; various kinds of awards and recognitions to acknowledge and appreciate the valuable inputs of employees, etc.
- iii. Training and development initiatives – Whenever new employees are on-boarded, they pass through massive trainings to ensures they are well groomed and guided for the specified work roles. Apart from these, factory trainings are also arranged to understand the gravity of the work of the company. In addition to these, there are also varieties of

virtual and physical trainings provided to the employees to ensure they are well nurtured throughout their work life. Several projects are also handed over to employees in which they lead and act as the one-point contact for the team or function as a whole. Such initiatives are also very beneficial in improving employee's leadership skill and also make grooms them from a 365-degree angle.

- iv. Performance appraisal system – Avery Dennison basically follows the Forced Distribution Method of performance appraisal. Employees are evaluated by the experienced managers, HODs and even the Leadership members from a 360-degree angle to understand their grip over the work and their competitiveness. Based on this, the performance decisions are being taken and implemented which affects increment, promotion, growth, etc.

2.4 Marketing Practices

In Bangladesh, Avery Dennison mainly operates as B2B module. The garment tags and labels produced by the company are in turn sold to garment manufacturers and factories who finally exports the garments to the brands. Thus, the marketing practices in this company is completely different from that of a consumer product or FMCG company.

Firstly, Avery Dennison Bangladesh doesn't have any separate and designated Marketing Department. The company holds and preserves a dynamic sales group who mainly pulls off and manages the entire business. Some of the outlines marketing practices of Avery Bangladesh can be stated as follows.

2.4.1.1 Marketing Strategy

The foremost and ideal strategy is to visit target customers directly. In this concept the relationship and commitment with the customers are the key to ensure the gaining of the business. If the common 4Ps of marketing strategies are considered for this business, then only the price and product are needed to be ensured by the company. This is because, Avery needs to offer competitive and discounted price to uphold customers otherwise they may move to other competitors. However, if there is a sole nomination contract between any particular brand and Avery (means the brand will only take supplies from Avery) then the price is also not a factor of consideration as it can charge a higher amount. The garment supplier has no choice but to take from Avery. However, the products that Avery Bangladesh supplies are usually designed following the brand's preferences and guidelines. Thus, there is no scope any change in the design and customization from the tag supplier's end. Customers are bound to take their required items where they gain very less knowledge of the delivered products.

The other 2Ps – place and promotion, are not a matter of coverage and concern for Avery Dennison Bangladesh. Customers need the goods whenever it is a requirement from the retail brand, and

they place the orders. After final production customers take the delivery under their responsibility. So, unlike consumer goods it is not required to make the products available at certain places for final consumers' purchase. Similarly, there is no need of promotion and advertising needed to advertise the products. The supplies of Avery Dennison are the utmost requirements and necessities for its customers without which they can ship their garments.

2.4.1.2 Target Customers

The final and targeted customers of Avery Dennison are the garment manufacturing factories only. The targeting strategies are done by the sales team. The major areas of both inside and outside Dhaka, where medium to large scale garment factories are located, are divided within the sales team. Then each part is assigned to one salesperson and an area manager is assigned to take care of multiple areas where all the salesperson report to him. Accordingly, each salesperson personally visits all the well grown factories of his area regularly. This visit is important because it is important to gain the customers trustworthiness. Moreover, the sales persons are also needed to maintain a good and harmonious relationship with the customers to ensure the gaining of as much business as possible.

2.4.1.3 Product/New Product Development

Unlike other FMCG companies, the product design and development factor of Avery Dennison Bangladesh is completely different. Usually, the development of products depends on Retail Brands who let Avery know about their requirement through the global commercial teams. These teams work in close contacts with the brands and when the product designs are approved those are deployed to all the approved sites. Therefore, whenever Avery Bangladesh received new query or order for those newly developed items, the GPD (Global Product Development) team starts working following the specification brand has already approved. So, there is no direct R&D connected in the development of the items Avery supplies.

2.4.1.4 Advertising and Promotion

As already stated in the Marketing Strategy segment, the promotion part of the 4P has less or no existence in Avery's products. Since the supplied products aren't delivered to any store or showrooms so the point of advertising and promotion is less or not used here. However, there happens to be an indirect promotional approach for this company where discounted prices are offered to the customers to gain over a big chunk of business by compromising the profit margin. This is only applicable for open nomination business where the particular brands do not get into any binding or contracts for making sole supplies. In such circumstances, the decision lies with the garment factories regarding from where they will source the tags. Majority of the brands follows open nomination business which usually tightens the competition to an extreme.

2.4.1.5 Marketing Issues and Gaps

Since there is no particular or specific marketing strategies can be followed for this business, therefore, there are certain issues and gaps that the company faces.

- Since there is no scope of promoting the company's products to the customers, so the customer base gets limited. It is mainly the relationship and networking of the salespersons based on which businesses are gained.
- The business potential gets declined and restricted as the scope of getting new customers and stretching the customer bases are limited.
- Sometimes there are late deliveries (due to various uncontrollable situations) that impacts garment factories' shipments. This might hamper the business relationship which costs the erosion of business as customers may look for other suppliers who can serve them faster.
- The scope of direct promotion and advertising, which are the main potentials for getting new business and leads, are almost unavailable.

2.5 Financial Performance and Accounting Practices

2.5.1.1 Financial Performance

The financial performance of Avery Dennison can be picturized by the following calculations and analysis. However, the appropriate data for the last 3 years were available in the company's report but for the preceding 2 years, some info was available while some was not. Therefore, the ratios were calculated accordingly based on the availability of data/info.

In the following page, the ratio calculations have been provided along with formulae of each ratio. The supporting excel calculating these ratios will be provided along with the report for further validation.

In addition, the interpretation of the ratios have been provided with supporting bar charts to provide a visual presentation of the ratios and the company's financial situation.

Description		Years				
		2020	2019	2018	2017	2016
Total Asset		6083.90	5488.80	5177.50	5136.90	4396.40
Current Asset		2416.20	2340.60	2298.00	0.00	0.00
Fixed Asset		3667.70	3148.20	2879.50	0.00	0.00
Current Liability		1926.00	2253.80	1994.00	0.00	0.00
Total Debt		1966.20	1939.50	2116.80	0.00	0.00
Total equity		2116.80	1939.50	1966.20	1581.70	1292.50
Net Income		555.90	303.60	467.40	281.80	320.70
Net Sales		6971.50	7070.10	7159.00	6613.80	6086.50
Cost of Goods Sold		5048.20	5166.00	5243.50	0.00	0.00
Liquidity Ratio	Current Ratio	1.255	1.039	1.152	N/A	N/A
Solvency Ratio	Debt to Equity Ratio	0.929	1.000	1.077	0.000	0.000
	Equity Ratio	0.348	0.353	0.380	0.308	0.294
	Debt Ratio	0.323	0.353	0.409	0.000	0.000
Efficiency Ratio	Inventory Turnover Ratio	7.30	7.70	7.80	0.000	0.000
	Total Asset Turnover Ratio	1.205	1.326	1.388	1.388	2.769
Profitability Ratio	Return on Asset (ROA)	0.091	0.055	0.090	0.055	0.073
	Retrun on Equity (ROE)	0.263	0.157	0.238	0.178	0.248
Leverage Ratio	Debt to Assets Ratio	0.323	0.353	0.409	0.000	0.000
	Debt to Equity Ratio	0.929	1.000	1.077	0.000	0.000
	Deb to Capital Ratio	0.482	0.500	0.518	0.000	0.000
	Asset to Equity Ratio	2.874	2.830	2.633	3.248	3.401
Dupont	Profit Margin	0.080	0.043	0.065	0.043	0.053
	Total Asset Turnover Ratio	1.205	1.326	1.388	1.388	2.769
	Equity Multiplier	2.874	2.830	2.633	3.248	3.401
EVA		346	340.2	298.9	0.00	0.00

* The value for EVA (Economic Value Added) was already available in the company's financial report.

The formulae of the ratios are provided as follows.

Liquidity Ratio

- Current Ratio = Current Asset / Current Liability

Solvency Ratio

- Debt to Equity Ratio = Total Debt / Total Equity
- Equity Ratio = Total Equity / Total Assets
- Debt Ratio = Total Debt / Total Assets

Efficiency

- Inventory Turnover Ratio = COGS / {(Beginning Inventory / Ending Inventory)/2}
- Asset Turnover Ratio = Total Sales / {(Beginning Assets + Ending Assets)/2}

Profitability

- Return on Asset (ROA) = Net Income / Total Assets
- Return on Equity (ROE) = Net Income / Total Equity

Leverage ratio

- Debt to Asset Ratio = Total Debt / Total Assets
- Debt to Equity Ratio = Total Debt / Total Equity
- Debt to Capital Ratio = Total Debt / (Debt + Shareholder's Equity)
- Asset to Equity Ratio = Total Assets / Total Equity

Dupont

- Profit Margin (PM) =
- Total Asset Turnover
- Equity Multiplier

Economic Value Added (EVA)

$$\text{EVA} = \text{NOPAT} - (\text{Invested Capital} * \text{WACC})$$

where,

NOPAT = Net Operating Profit After Tax

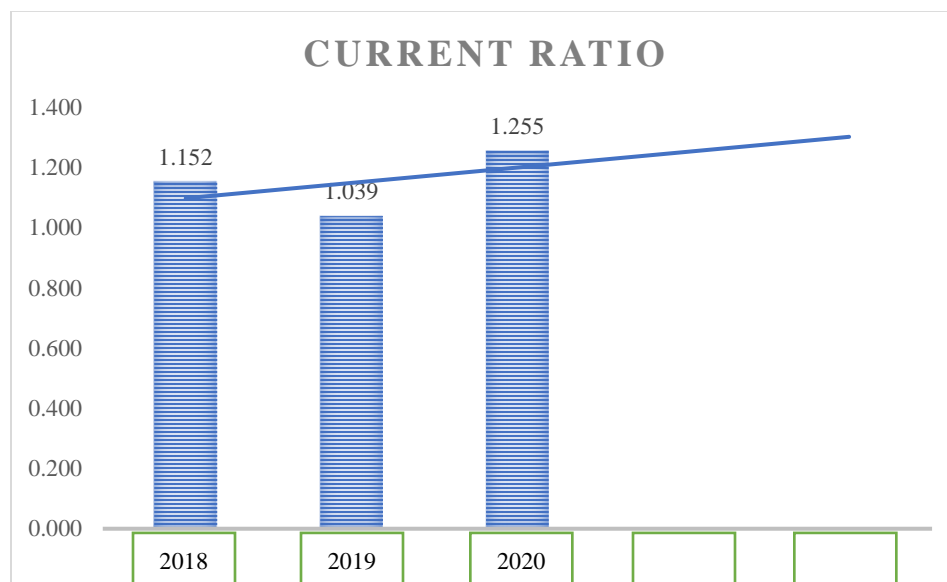
Invested Capital = Debt + Capital Leases + Shareholder's Equity

WACC = Weighted Average Cost of Capital

The interpretation and graphical presentation of the ratios are provided and explained as follows.

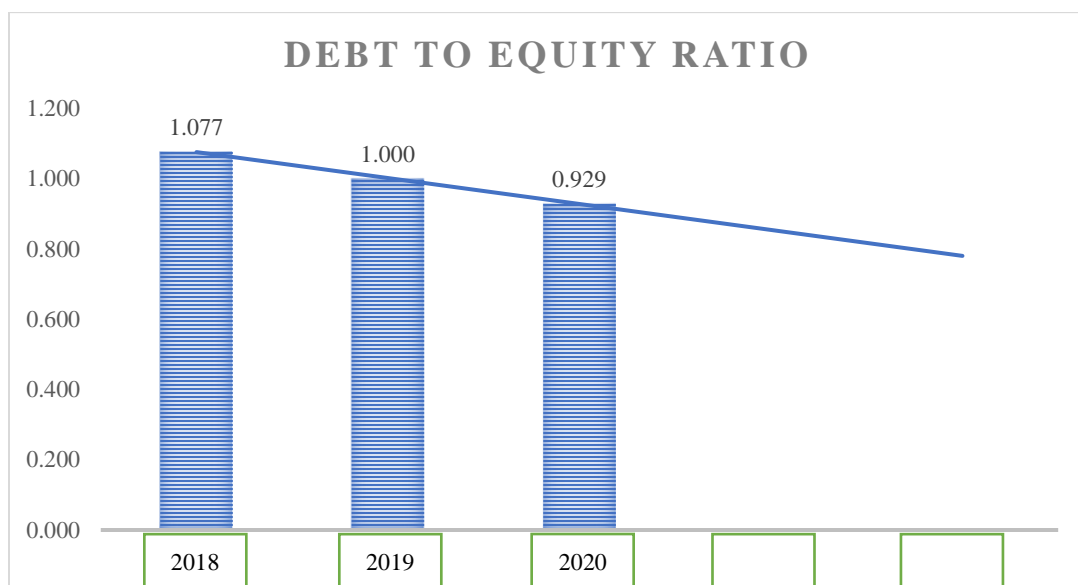
1. Liquidity Ratio

Current Ratio – For the past 03 consecutive years, the current ratio of Avery Dennison Corporation is more than 1. This is a positive indication regarding the company's financial position. This means the company has enough financial resources to remain solvent in the short term. So, in the upcoming years it needs to maintain a current ratio of more than 1 to remain financially sound and solvent

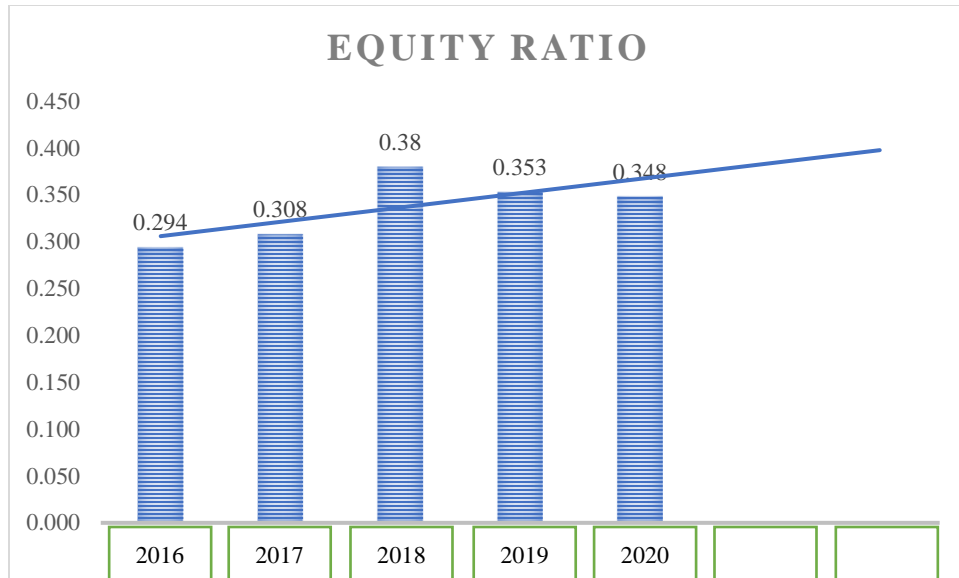


2. Solvency Ratio

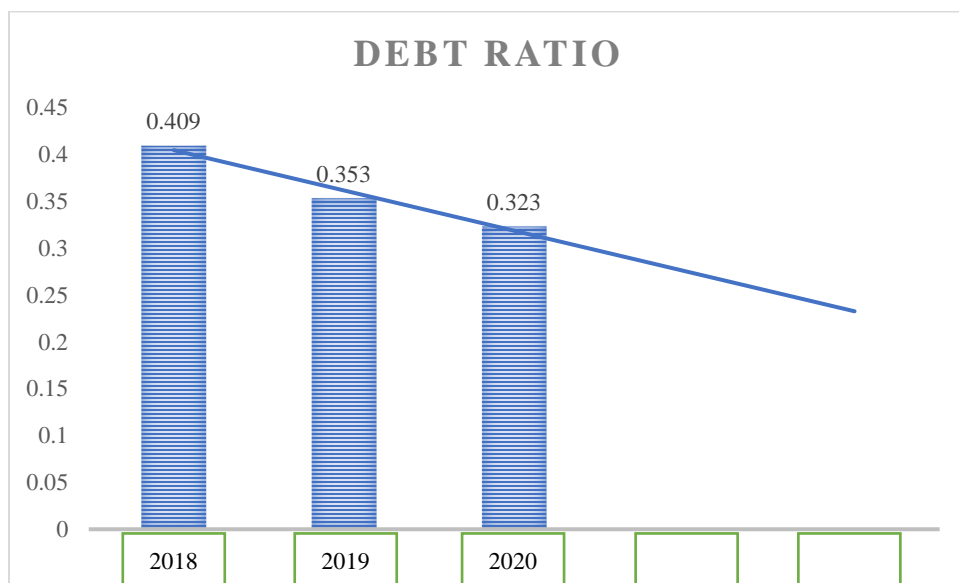
Debt to Equity Ratio – In the year 2018 the debt-to-equity ratio of the company was bit higher that means the amount of debt was almost closer and higher than its accumulated assets. Meaning that, if needed, the company must liquidate all of its assets to pay off the debts. In 2019 the amount of outstanding debt and assets were equal. However, the ratio improved in 2019 where the amount of assets exceed the amount of debt. It needs to maintain a reduced trend here to ensure the debt is lower than its debt and equity.



Equity Ratio – The equity ratio for the past five years, 2016 – 2020, are less than 0.5. This is an indication that the company is a leveraged company who have leveraged its debt. Therefore, it can effectively fund its asset requirements without using any debt. The company should hold up this trend continuously which will allow it to be financially better and stronger.

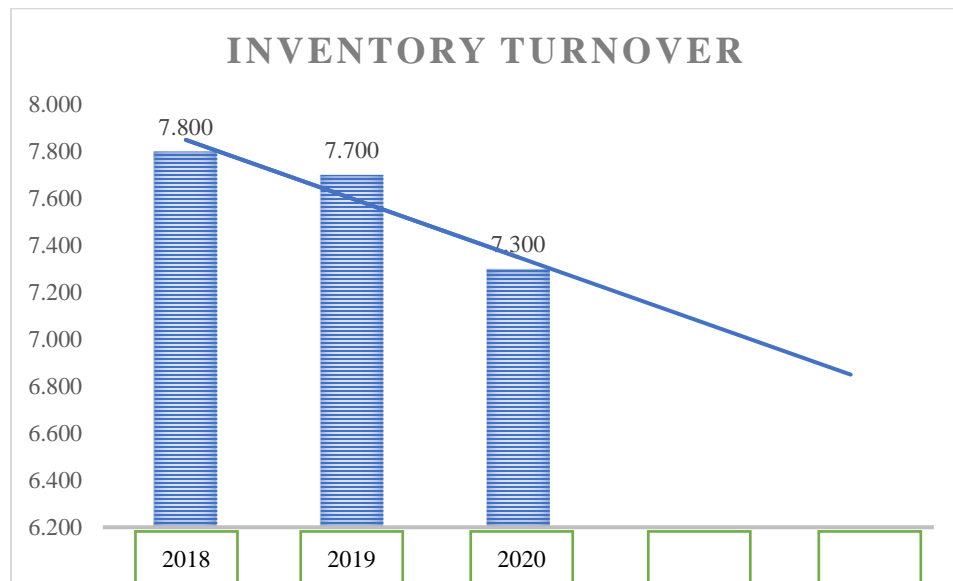


Debt Ratio – The debt ratio of Avery Dennison Corporation indicates two factors. First, for the past 03 years, the company had lesser debt amounts in comparison to its assets. Second, there was a noticeable deduction in the number of debts consecutively. This is a very positive and strong financial aspect of the company which is beneficial in both shorter and longer runs. The company should always ensure and work on reducing it’s debts in the upcoming years.

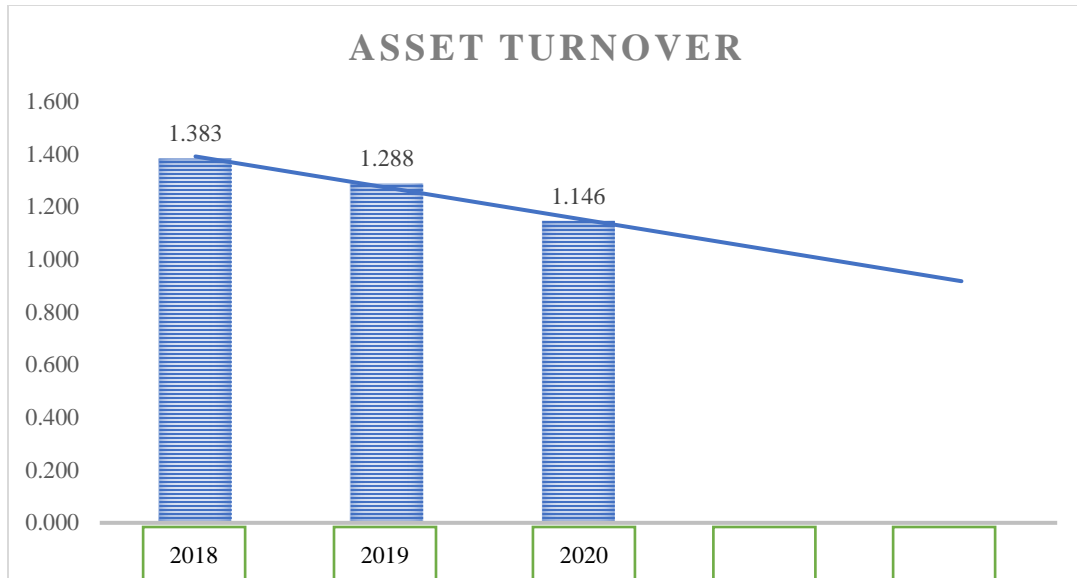


3. Efficiency Ratio

Inventory Turnover Ratio – The inventory turnover was good as the Avery was able to sell off its inventories more. However, there is a declining trend in the ratio indicating that though its sales are frequent but the ratio of selling out to holding up the inventories are rising. So in coming years, it should ensure increase its inventory turnover more.

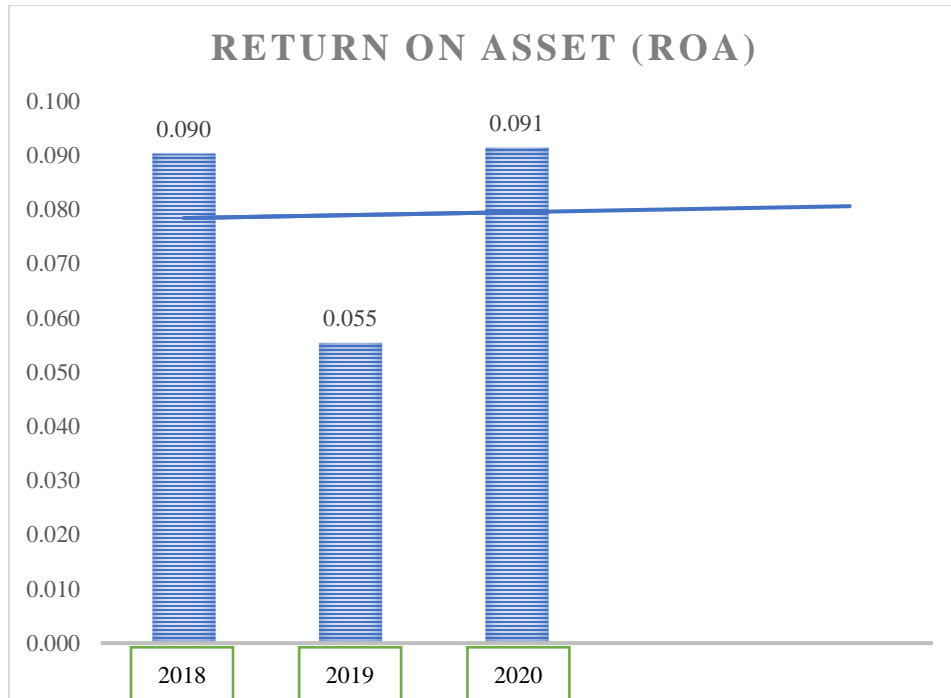


Asset Turnover Ratio – In the past 3 years, the asset turnover ratio was higher. This means, the generated sales/revenue was higher than the total amount of asset invested. Therefore, the company is doing good, and this is a positive indication of the overall performance. However, the value of the ratio has reduced from 2018 to 2020. This decreasing trend is not suitable and good for the company. It should focus on increasing its asset turnover ratio more.

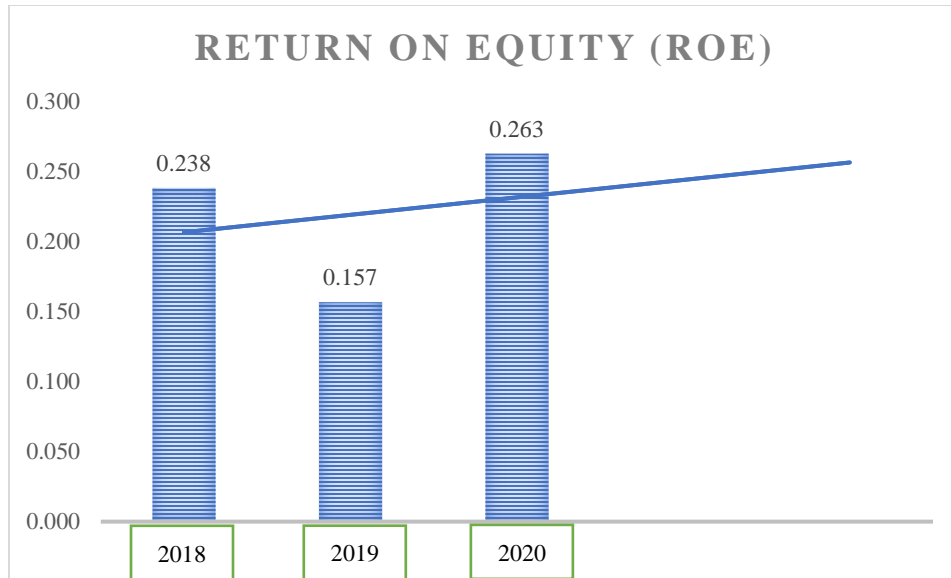


4. Profitability Ratio

Return on Asset (ROA) – The return on asset is the indication about a company’s profitability in comparison to its assets. Therefore, a ratio of more than 1 is a very good indicator about the performance of the company. This also means that the company is able to earn more money than its investment. The overall ROA of Avery isn’t good enough as the income generated in comparison to the investment isn’t substantial. The condition of ROA in 2019 was poorer than 2018 with a noticeable drop in the values. However, in 2020 it reached the same position to that of 2018. Therefore, in the coming years the results the company needs to focus way more on the increment of its income.

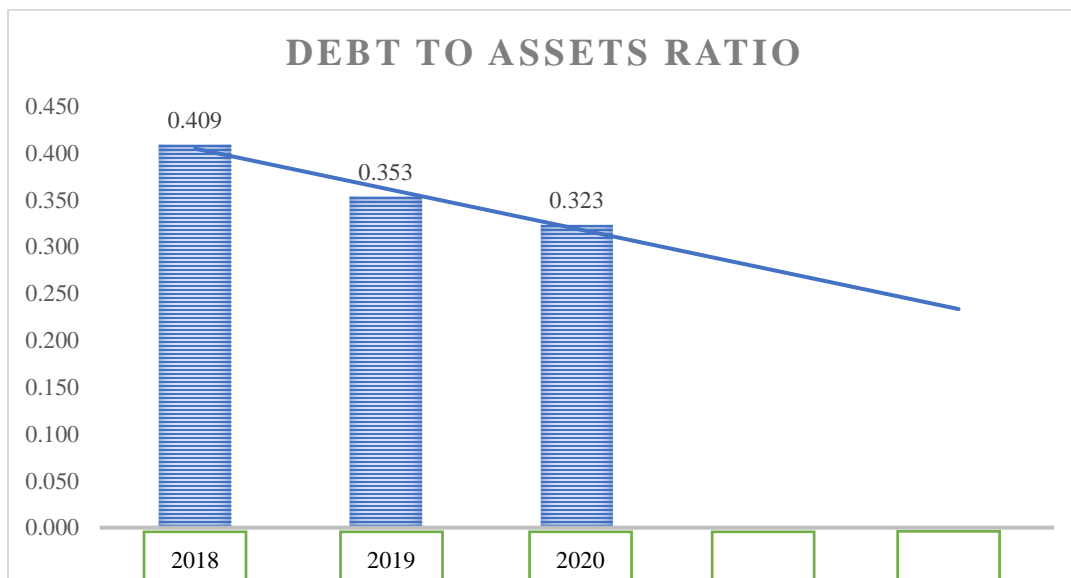


Return on Equity (ROE) – The ROE defines a company’s income against the shareholder’s equity. It is a measure of how efficiently the company is generating its profits. For Avery Dennison Corporation, the generated ROE for the past 03 years aren’t substantial. The income against the shareholder’s equity are quite less. The value decreased considerably in 2019 compared to 2018. However, it recovered well in 2020 but still the values need to increase more. The net income should at least be equal or exceed the shareholder’s equity.



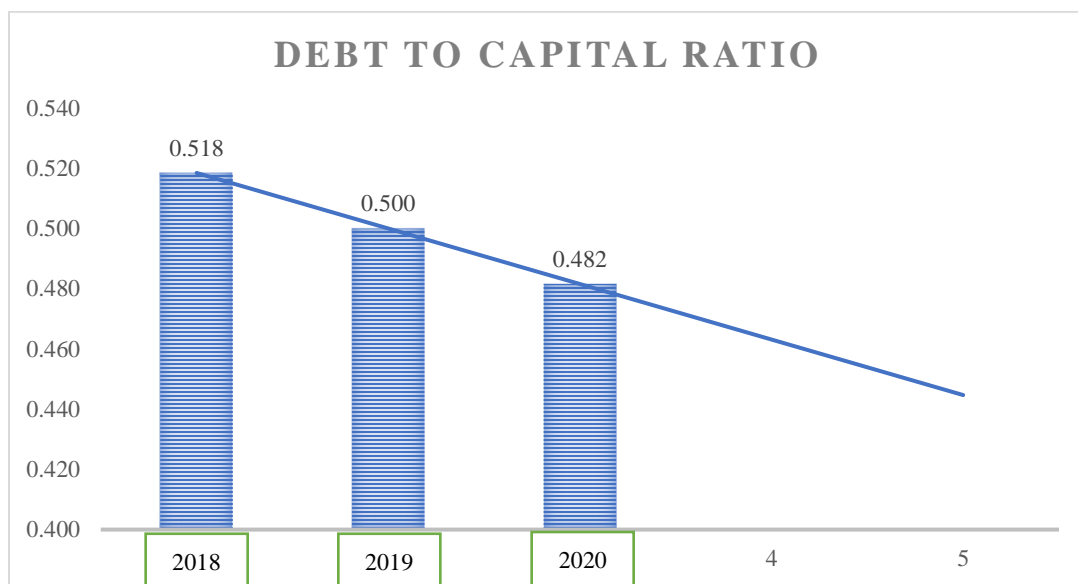
5. Leverage Ratio

Debt to Asset Ratio – The debt to asset ratio of the company is relatively lower in a sense, that is, majority of the assets are financed by the owners’ investment or shareholders equity while lesser portion are backed by creditors. This is a good indication that creditors’ payments are lesser. Also, there was a gradual decline in this ratio from 2018 to 2020 which is also a favorable sign.

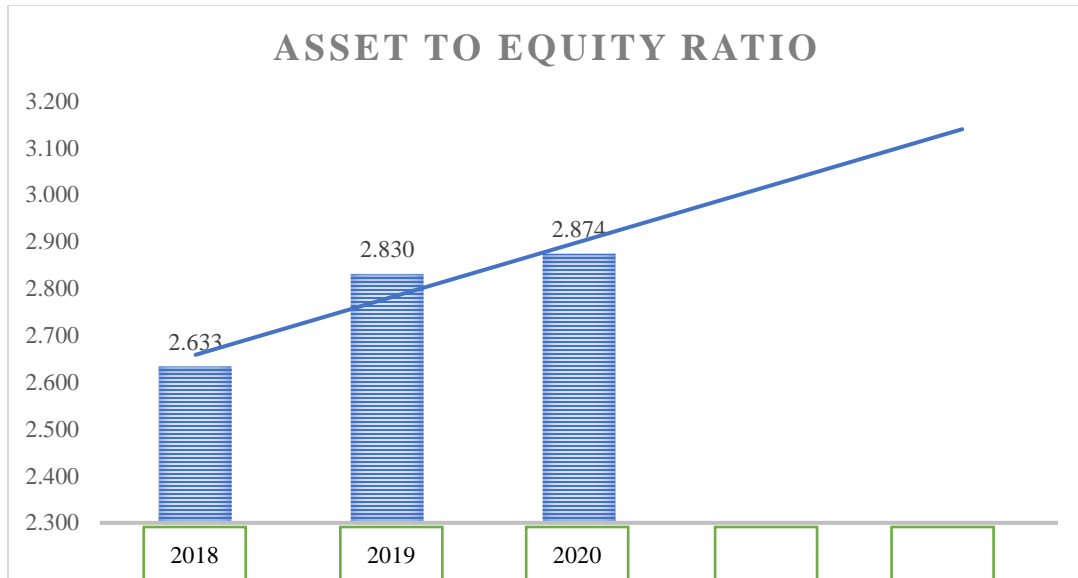


Debt to Equity Ratio – This has already been discussed in Solvency Ratio.

Debt to Capital Ratio – The debt to capital ratio of Avery Dennison Corporation is around 50% which means the company’s structure is half debt and half capital. This is a neutral scenario because the risk increases when the proportion of debt is more than its invested capital. However, there is a reduction in the company’s debt to capital ratio and which is a very good indicator meaning that the company is able to reduce its debt proportion gradually. Since, this is a declining trend so it can be assumed that the company will be able to bring it much lower.

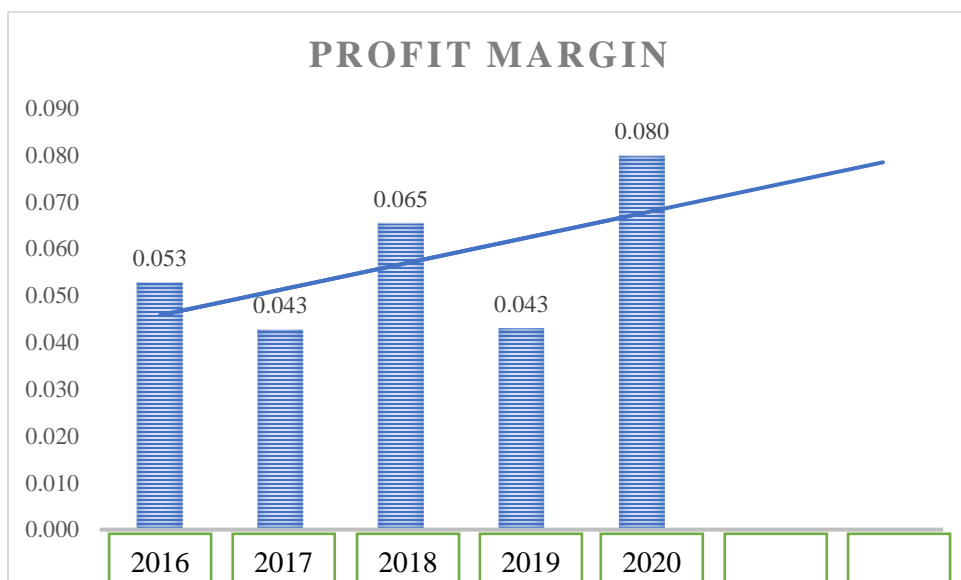


Asset to Equity Ratio – In the asset to equity ratio, from the last 03 year, the asset value has exceeded the equity. This means that, a large proportion of the asset value has been funded with equity. This could be a positive sign in a way that the company hasn’t lend or used debt to fund its investment on assets rather it has utilized the shareholder’s equity instead. However, the company should focus more on reducing the ratio figure for further balancing.



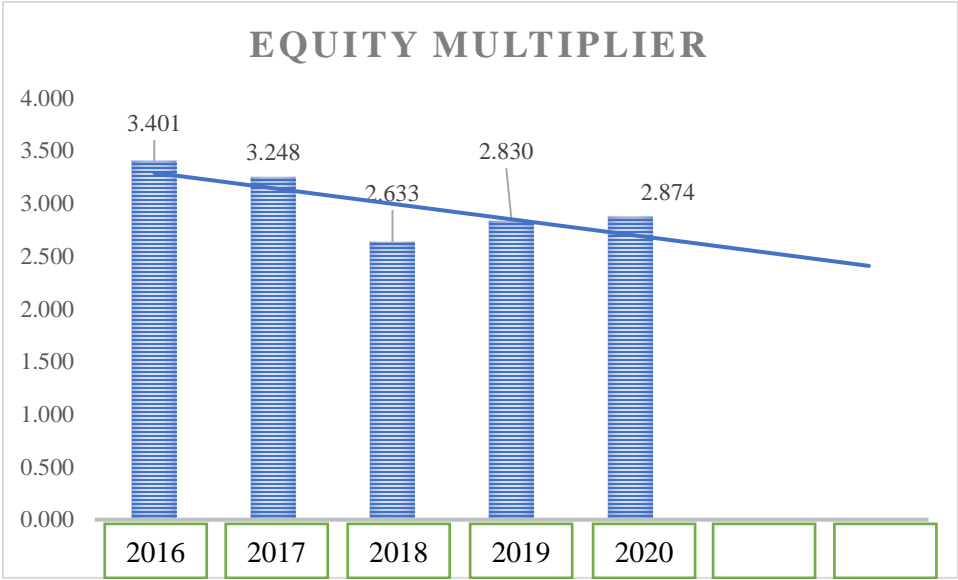
6. Dupont Analysis

Profit Margin – The overall profit margin of the company isn't comparatively good based on the net income or revenue. On an average, in the last five years, the profit margin was less than 10% which isn't a favorable indicator. There was up and drop scenarios in the profit figures but as of 2020, the company had the highest profit but yet it needs to pull the figures much higher in coming years.

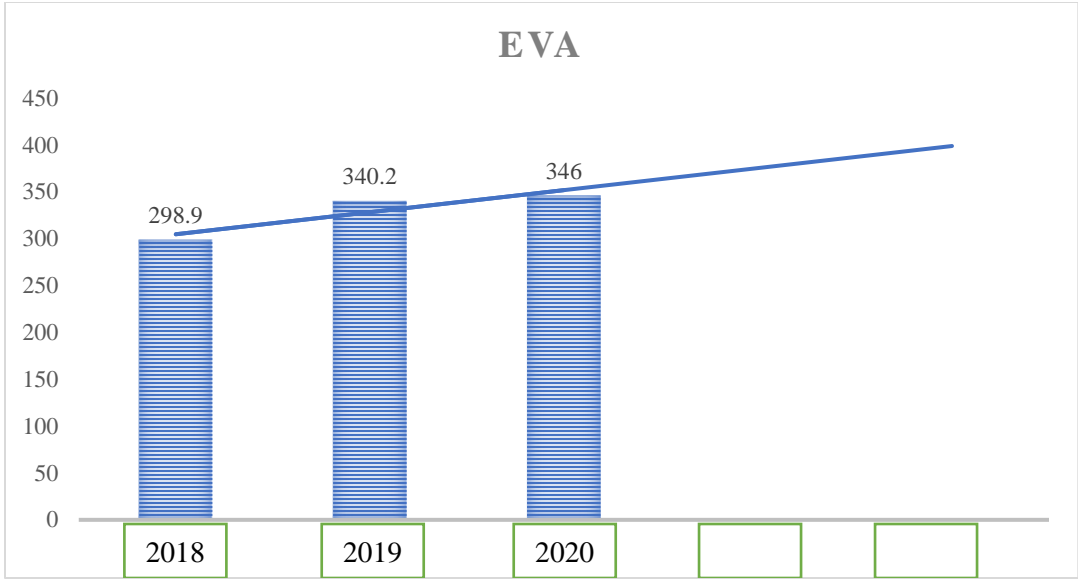


Total Asset Turnover – This has already been discussed in Efficiency Ratio.

Equity Multiplier – The equity multiplier and asset to equity ratio is the same thing measuring the same parameter. Therefore, the majority portion of the company’s assets are covered with equity than debt. The scenario here is up and down whereas in the last five years the ratio has decreased. Therefore, the company should keep focusing on lowering this.



Economic Value Added (EVA) – The incremental difference in the rate of return that a company gain over its cost of capital is generally termed as EVA. It basically measures the value a company generates from the fund that has been invested in it. Therefore, a positive value is favorable indicator. Accordingly, Avery Dennison Corporation was successfully able to create and maintain a positive economic added value. From 2018 it’s rising though it has dropped in 2020 compared to 2019 but yet it’s good factor. It should keep maintaining this in the future as well.



2.5.1.2 Accounting Practices

Core Accounting Principles

The financial statements of Avery Dennison Corporation are represented in a consolidated form. Thus, majority of its owned and controlled subsidiaries are usually included in the consolidated financial statements of the company. However, there is an exclusion were intercompany accounts, transactions, and profits are eliminated in the consolidation. Intercompany transactions are the ones that occur within the company's own business units. For example, Avery Bangladesh taking adhesive raw materials from Fasson which is another business wing of the parent company. As stated in the company's Annual Report, Avery applies the equity method of accounting for investments in which it does not have a controlling interest rather there is significant influence.

Avery Corporation ensures the preparation of its financial statements in conformity with the Generally Accepted Accounting Principles (GAAP) which is also widely accepted in the United States. However, this approach requires making estimations and assumptions for the reporting period. This in turn affects the reported amount of assets and liabilities; revenue and expenses; and the disclosure of the contingent liabilities.

To summarize, Avery Dennison Corporation, well maintains the basic accounting principals which are:

- a. Revenue Recognition Principle – transactions of the revenues made are reported in a timely manner. Also, it records its trade accounts receivables at the invoiced amount.
- b. Cost Principle – the purchases and acquisitions and also recorded precisely and are also consolidated to reflect the company's operation and position as a whole.
- c. Matching Principle – all the revenues and related expenses are recorded simultaneously to give a proper reflection of the company's operation in the financial statements.

d. Full Disclosure Principle – the preparation of the financial statements are made with full clarity so that all the relevant transactions can be figured to identify its impact.

e. Objectivity Principle – as stated already, Avery follows the GAAP method or process to track its data and prepare the consolidated financial statements. The core objective behind this is to make an independent report that is fully based on actual transactions and evidence.

Accounting Method

The rules that a company follows in reporting revenues and expenses can rereferred as the accounting method. In general, there are basically two types of accounting methods –

- Cash Accounting Method – this is relatively a simple method which is commonly used by small firms and companies. In this approach, transactions are recorded only when cash is spent or received.
- Accrual Accounting Method – this method is basically based on the Matching Principle which intends to match the timing of the revenue and expenses. That means, transactions are immediately recorded when they incurs rather than waiting for payment. These transactions can be the sales or the expenses.

Avery Dennison Corporation follows the Accrual Accounting Method. Since the company follows the GAAP approaches as their core accounting principles so they are needed to follow the accrual process to maintain its transactions, records and consolidated financial statements.

Accounting Cycle

In general terms, a basic eight-step process that are followed for completing a company's bookkeeping records can be termed as the accounting cycle. The motive of this accounting cycle is to provide a clear guidance for the recording, analysis and final reporting of company's financial performances and measures within a full accounting period. These eight steps are:

- Identifying transactions
- Recording the transactions in journals
- Posting the journals in general ledger
- Creation of unadjusted trial balance
- Worksheet preparation
- Adjustment of the journal entries
- Financial Statements
- Closure of the books

The financial reports and its analyses clearly indicates that Avery Dennison Corporation strictly and religiously follows the basic Account Cycles in maintaining its records. The clarity of the documents and the sophisticated explanations of each of the considerations a clear indication of the following of the accounting cycle in the correct and appropriate manner.

Depreciation Method

As per the 2020 published annual report, it is clearly stated that Avery Dennison Corporation follows the Straight-Line depreciation method over the estimated useful lives of the respective assets. This estimated useful life of the assets are categorized as 10 to 45 years for buildings and 3 to 15 years for machinery and equipment. Leasehold assets are depreciated over the shorter of the useful life or the terms of the associated leases. Considering the accrual method, the sale or retirement of any asset are relieved from the accumulated depreciation account while the resulting gain or losses are reflected in the net income (2020 Integrated Sustainability Report and Annual Report, 2020).

2.6 Operations Management & Information System Practices

The use of information systems within the company

Depending on the nature of the company, Avery Dennison has to deal with a lot of data and information on a day-to-day basis. The entire organization runs on a sophisticated data web which interconnects one department with another. Therefore, the passing out of information in a timely manner is very much crucial and inevitable.

Accordingly, Avery uses the ERP system Oracle in order to collect, store and analyze all of its transactions and data. Each and every action is recorded in this ERP system to reflect the correct consequence. Starting from the setting up of a new item to the financial reporting of the entire organization is done through this. Within Oracle, Global Product Development Team completes the setup of an item, Customer Service Team process orders, Planning Team pulls raw material from store, Operation Team completes the bulk orders' production, Warehouse Team dispatches the final goods, Finance Team pulls the data and reports of these produced and delivered goods to identify the number of sales, expenses and profitability. All the actions are made within this single platform. The process has been stated very shortly and simply. In reality, this is a complex chain of processes based on which Avery Bangladesh's entire reporting is made and presented. The Proforma Invoice that is presented to the customers, after their order placement, is also interlined with Oracle and generated from the same platform. However, Oracle is only accessible for the company's employees solely and no other outer stakeholders get any access to it.

Apart from Oracle, there are several other management and information systems which have been designed and developed based on business' needs and requirements. These numbers are many and they are customized to cater the specific business needs. For example, in order to automate the placement of orders for customers, an online platform ACS has been introduced. Customers can directly place orders of their required items from the designated retail brand. After placement of orders, they are able to view the layout of the items, based on the inputted information, for which orders have been placed. This is way more easier and time saving.

Other used information management systems

In addition to this amazing system, there are also other platforms that automates work and minimizes duplication of work resulting in a lot of savings on time. The design team of Avery Bangladesh have to deal with the designing of millions of pieces of items based on a huge number of orders. Thus, to automate this process, VIPS/GPM portals are used. These portals are interlinked with ACS directly which can sort and batch numerous amounts of variable information of similar and different items in no time. These portals ease the manual designing part to a very deeper extent. Customers place the orders and after a certain time they are able to view what they have placed with no manual intervention. Once they approve the CS team about the layout, orders are released, and the design team refers to those layouts directly for the preparation of the designs of the bulk orders. Such portals not only automates work rather they reduce the risk of errors too.

Thus, there are many other portals or systems available within the organization to sort, automate and speed up the regular work processes. Therefore, all the actions of every department and teams are somewhat automated to some extent where these customized versions of management and information systems are utilized. The adaptation of these systems depends on the nature and pattern of the work.

To summarize, the majority portion of the company's operation management is done in Oracle mainly while there are other subordinative and supportive management systems present in addition to this. The company's resources and its allocations starting for the raw materials to the finished goods stocks, all are fully maintained and monitored through Oracle. Even the forecasting and demand-planning analysis are also made based on the report generated from consumption pattern and history in Oracle.

2.7 Industry and Competitive Analysis

2.7.1 Porter's Five Forces Model

This theory helps to analyze and identify the five basic competitive forces/factors that shape each and every industry. It is also helpful in determining an industry's weaknesses and strengths. This model is frequently used in order to identify the structure of any industry which in turn helps to build corporate strategies. Porter's model is a very beneficial and useful tool to understand the level of competition within the industry and also to enhance a company's profitability in the longer run.

Therefore, the position of Avery Bangladesh has been briefly analyzed below through the framework of the porter's five forces model.

1. Competition in the industry -

This is basically the nature and extent of competition within the industry where the company operates. Based on the nature of products that Avery produces, the extent of competition is too tight and narrow. The industry comprises both local and international manufacturers and suppliers of garment tags and labels. Avery is able to secure its business with brands who have a sole nomination agreement meaning all the garment factories producing the clothes of that particular brand are always bound to take the supplies from Avery solely. The scenario gets more pressurized when the nomination status is made open. Means the factories can get the supplies whoever offers the faster support with a cheaper price. In certain cases, brands select a few or multiple listed suppliers only for the factories to select from. Therefore, the lesser the numbers of nominated suppliers the better it is. There are also instances where there is no specific binding on supplier selection from brand's side. In those cases, the garment factories only look for cheaper offerings and sometimes from the local suppliers also. In short, Avery has to face severe competitions from both local and international competitors.

2. Potential of new entrants into the industry -

This factor is quite common in the industry where Avery operates and there is no exception for this like other aspects of this business module (like, the difference in the marketing process unlike other consumer products' industry). The entrants of new competitors are always there, and the company is always under this pressure of losing business. If the garment factories are able to source from local suppliers maintaining the higher quality standards like Avery strictly follows, then it is quite likely that it will lose its business. Availability of greater number of supplier options to the garment factories are a potential threat for the long run.

3. Power of suppliers -

Avery Bangladesh sources all of its raw materials from abroad and majority of the supplies are from China. In such a scenario, the power of suppliers is very dynamic and uncontrollable. Some of the suppliers are very giant in size and nature, for example, boards or paper using which hangtag, tickets and packaging items are made are required in very larger quantities. So, the procurement team deals with the mills directly to get the supplies and to get a good rate, but their MOQ remains too high sometimes with extended lead times. In such scenarios, meeting the suppliers' expectations gets really difficult. Not all the paper boards are consumed in the same manner, some have very regular and high consumptions while some have lesser patterns. So, the dependency is very much high here. Avery has to face many challenges in meeting the suppliers' requirements and expectations. As a result, suppliers exert more pressure and power in many cases.

4. Power of Customers -

It is the ability of the customers to exert their level of power on the company. In certain scenarios, customers (for Avery it's the garment factories) hold more power and own the supplier selection decision. Getting reduced or discounted prices acts the main motto in such situations. The customers can ultimately be the one to exert more pressure. Sometimes, a limited client base is also a matter of threat for the company. Therefore, though Avery has a secured customer network base, yet some of these customers are more

powerful to drive the business especially the ones who take larger and significant volumes.

5. Threat of substitute products -

The products Avery manufactures and supplies usually do not hold any substitutions because the items are developed in liaison with the brands directly based on their requirements and needs. Therefore, garments manufacturers are bound to supply those particular items which are specifically defined for the garments they are producing and will be shipping. So, in this aspect, the company holds a bit of secured space. However, the ultimate threat lies on the customers' ability of supplier selection from whom they will take their required products.

2.7.2 SWOT Analysis

This is a very common and widely accepted tool to analyze and evaluate a company's competitive position and to develop strategic planning based on that. SWOT stands for Strength, Weakness, Opportunity, and Threat. It basically assesses the internal and external factors along with the current and future potentials of the company. The SWOT analysis of Avery Bangladesh based can be pictured as follows.

Strength

- Direct Investment - Avery Dennison Corporation has invested directly in Bangladesh's operations and owns the full equity of the business. Among all other sites, Bangladesh holds the third position in terms of business operation after China and Vietnam respectively. Therefore, the business is booming day by day which is quite beneficial to the parent company as a whole.
- Market Share - Avery is considered to be one of the market leaders of the industry in which it operates. Thus, it is very well recognized and renowned for the quality products and timely services.
- Workforce - Avery Bangladesh holds a dynamic and diversified workforce ranging from various expertise and competent levels. This gives a strong synergy among the company to set extended targets and to achieve them. The challenges and difficulties are also mitigated in a timely and efficient manner.
- Customer Base - The current extending customer base of Avery Bangladesh is very significant who give both volumes and values to the company to reach its peak. In 2021, the company broke his previous sales record and marked USD 102 million turnover. This was only possible because of the strong customer base.

- Bonded Zone - Being a 100% export-oriented company, Avery operates in a bonded zone. This gives many savings in terms of taxations as it can gain from tax rebates. In addition, there are many other facilities and supports that it gains due to operating in the EPZ which turns very much beneficial to the company.

Weaknesses

- Documentation Process - The documentation process of Avery is a very complex and lengthy one. This is often a point of dissatisfaction for many of its customers. Avery always follows the rules and policies strictly and as a result it is very much diligent in terms of its documentation.
- Lack of Promotion - Avery cannot directly promote its products to the target customers as they serve in a B2B business platform. As a result, the potential customers are always not available to reach through for the company. It is only the networking of the salesperson that drags and pulls out customers.
- Customer Loyalty - The customers' loyalty depends on the relationship they are holding with the company. If the customers are dissatisfied by any reason or if they get discounted offers, then they might shift the business to other suppliers.
- Too Many Processes - The entire organization runs on several standard and accepted SOPs and processes. These have been established over time for the betterment of the employees though, but these are sometimes greater barriers. Maintaining so many procedures sometimes makes the workings long and extended impacting the lead times. These in turn creates negative impression in front of customers.

Opportunities

- Serving to international brands only - Avery mainly serves the foreign brands only and the local brands aren't dealt with. This makes the company to exclude a significant and potential business. Serving the well renowned local brands of Bangladesh can pull noteworthy business to the company.
- Increasing Salespersons' Base - Since the gaining of the business depends on the salespersons solely so it is more viable to increase the sales base and to recruit the best salespersons with enriched network. This will stretch the company's potential of gaining new businesses.
- Maintaining Customer Relationship - Avery Bangladesh always tries out best to maintain a harmonious relationship with customers but sometimes there are severe or worse situations which are uncontrollable. Therefore, it is also recommended that the customers are always well communicated, updated, and most importantly handled in a professional manner. It is important that a sense of comfort is always provided to them which will strengthen their loyalty towards Avery.
- Sourcing from Local Suppliers - If Avery Bangladesh can ensure local raw material suppliers for getting its supplies, then it will not be able to save its extended lead time impacts but also will be able to save much better. Local suppliers can respond faster than the foreign ones. They will also be able to offer much lower prices if they tends to produce in-house

Threats

- Suppliers' Threats - One of the biggest threats for Avery is to maintain and manage its suppliers from whom it sources its raw materials. As stated previously, all the supplies are sourced from abroad which means lead times are always not manageable. Matching with suppliers' price hikes are also pressurizing when the company is unable to increase its own price. Fluctuating exchange rates also makes the raw material prices volatile. This is a very big and potential threat.
- Raw Material Price Hikes - Increased raw material prices are potential threats to the company as they are unable to charge higher prices to the brands. The retail brands with whom Avery works comes to a point of alignment regarding price during the development of the items. Therefore, the scope of increasing the price gets very challenging which can sometimes lead to the loss of the entire business with the brand.
- Local Competitors - Sometimes, the local competitors prove to be more efficient who replaces the position of Avery. Local label manufacturers can fully copy a product by reviewing it physically and sometimes ensure the same or even better quality with a lower price offering. They even tend to give faster delivery which Avery can't meet. This is because the price that Avery charges includes the huge investment and setup it makes. Also, its documentation and other procedures take longer lead times which a local manufacturer never considers and bears. This turns a potential threat of losing out business.

2.8 Summary and Conclusion

To summarize, Avery Dennison Corporation is a giant and diversified company which undertakes various kinds of investment and operating activities. Thus, its overall performances cannot always be measured through a single or specific mediums. Based on its evolution, the company is growing day by day and is focusing fully to stretch its footmark towards a deeper extent. Its financial indicators demonstrate both favorable and unfavorable scenarios given the fact that the unfavorable ones are always not a negative indicator. There could be some other situations or scenarios behind backing up those. At the end of the day Avery is a growing company which always believes in expanding and this nature of enlarging can provide with both pros and cons.

2.9 Recommendations

Based on the overall organization's nature and operating methods, the following points can be recommended.

- The company should ensure a strong and extended distribution network and channel to ensure a regular demand and flow of its products.
- The customer base should be strengthened and stretched.
- From financial factors, it should focus more on improving some areas where the debt proportions exceeds the asset and equity proportions.
- It should strongly focus on improving profitability margin to sustain strongly in longer runs.
- Last but not the least, Avery should leverage its strength and opportunities to overcome its weaknesses and threats and to convert those into further prospects.

3 CHAPTER 3: OVERVIEW OF THE PROJECT

3.1 Introduction

Avery Denison Corporation is a private company and as a nature of private company, one of their key objectives is to maximize their profit. So, the business strategies are aligned with the aim of the profitability. To determine how well a firm manages its resource towards the organization's objective can be indicated by its performance (Jahan & Islam, 2017). Therefore, the performance of a company over a specified period of time can be further explained by its way of operation and results. However, there are different tools and measurement techniques to analyze these performances. Such measurements are beneficial and useful for the managers who can gain better insight about the company's performances and can take affective decisions. Accordingly, the managers utilizes these results to evaluate and report the performance and the progress of the company (Waggoner, 1999) .

Generally, two different types of performance measurement techniques are widely accepted and used. There are accounting/financial based performance and market-based performance measurements. A firm's performance can be indicated by several factors like stock price, current valuation of the company, profitability, etc. (Melvin & Hirt, 2005). The financial performance of an organization is reflected by the profitability ratios whereas stock price and current valuation are indicators of market-based performance. The accounting-based performance, according to a few researchers, is more effective to analyze a firm's performance and it also measures the outcome of managers (Hutchinson & Gull, 2004), (Mashayekhi & Bazazb, 2008). Moreover, accounting-based performances consist of various ratio analysis. Such ratio analysis, in addition, analyzes the company's financial condition and it is also helpful to compare its performances with other measuring components over a specified time period. (Palepu, Healy, & Peek, 2013) .

Nevertheless, Return on Asset (ROA) is also one of the key financial performance indicators. It is directly connected with the profitability and is a crucial measure of performance (Kosmidou, 2008), (Sufian & Habibullah, 2009). ROA, basically, measures the net income earning to per dollar

of asset. It also reflects the management performance regarding how a company utilizes its real investment for pursuing profit (Ben Naceur, 2003). On the contrary another important financial-based performance parameter is Return on Equity (ROE). This calculates ratio of the net income to its total shareholder's equity (Ramesh, 2019). The ROE mainly measures the extent to which a company utilizes its shareholders' investment.

However, the profit maximization theory mainly suggests that cost minimization is one of the keyways to maximize the profit of company. Apparently, the organization's performance is significantly related with the cost controlling methods it adopts (Mutya, 2018). To ensure the control over cost, adopting approaches on Operation Cost Efficiency (OCE) is suggested. The OCE focuses on improving the efficiency of an organization's operational activities. As a result, a lower number of Operational Cost Efficiency (OCE) is beneficial for the organization (Massardi, Suharjito, & Utama, 2018).

Therefore, in this study, I will examine the relationship between the Profitability Ratios and the Operational Cost Efficiency (OCE) to understand the directions among them. The Profitability Ratios include Return on Asset (ROA and Return on Equity (ROE).

3.1.1 Literature Review

The outcome of management actions get reflected by the accounting-based performance measurement in any organization (Hutchinson & Gull, 2004) & (Mashayekhi & Bazazb, 2008). However, the Return on Asset (ROA) & Return on Equity (ROE) are the two most widely accepted and used financial measurement parameters. Here, ROA is one of the significant measurement techniques and has direct connection with the firm's profitability (Kosmidou, 2008) & (Sufian & Habibullah, 2009). In addition, this ROA also calculates the net income per dollar of asset (Ben Naceur, 2003). The extent to which assets are capitalized can also be determined through ROA results. However, ROA is mainly used, by maximum studies, for getting profitability ratios (Kořak & Āok, 2008). On the contrary, Return on Equity (ROE) is another tool used widely to measure the profitability of companies. It basically measures the return on shareholder's equity (Jolevska, Andovski, & Jolevski, 2018). However, apart from ROA and ROE, another performance measurement technic is Operating Cost Efficiency (OCE). This mainly calculates the extent to which a company is maintaining and controlling its operating costs to utilize lesser resources for getting better and increased outcomes.

3.1.2 Objective

The objective of this study is to find the relationship between the Operating Cost Efficiency (OCE) and the Profitability Ratios which are Return on Asset (ROA), Return on Equity (ROE) of the Avery Dennison Corporation.

3.1.3 Significance

The organizational performance basically derived from the account-based performance measurements which is a very useful and widely accepted parameter. However, the findings of this study can be used to identify how the policymakers of a company can understand the relationship and importance of the Operating Cost Efficiency (OCE) in improving the profitability of the organization which are Return on Asset (ROA) and Return on Equity (ROE). This study will further give us a clear insight regarding the direction of the relation among these three meaningful parameters of an organization. Thereby it will help the managers and policymakers of the organization to understand the importance of OCE for organizational profitability. As a result, the findings of this study will help the organization to increase the profitability.

3.2 Methodology

This study basically used the secondary data source for collecting the data of Return on Asset (ROA), Return on Equity (ROE) and Operating Cost Efficiency (OCE). The annual report of Avery Dennison Corporation was followed which included the financial data from the year 2018 to 2020 as these were the latest available. In addition, the Microsoft Excel was utilized further to draw the Bar chart for presenting the linear forecasting trend.

Also, Avery Bangladesh is not enlisted in the Dhaka Stock Exchange (DSE) till date. So, the company's financial documents were unavailable, due to restriction and compliance issues, to utilize in this study. Thus, the global report was referred based on its availability.

3.3 Findings and Analysis

3.3.1 Explaining ROA, ROE and OCE in brief

1. Return on Asset (ROA)

Return on Assets (ROA) calculates the level of utilization by a company that are used to generate profitability. Thus, it can be considered as one of the best indicators measuring the organizational performance overall (Osmani & Morina, 2019). It has also been found from various researches that profitability of organizations can be determined with this indicator naming ROA (Sufian & Kamarudin, 2012), (Noman, Pervin, Chowdhury, & Banna, 2015), (Mahmud, Mallik, Imtiaz, & Tabassum, 2016), (Samad, 2015). The success of the management of a company can also be measured through ROA. (Mashayekhi & Bazazb, 2008). However, the formula for calculating ROA is,

$$\text{Return on Asset (ROA)} = \text{Net Income} / \text{Total Assets}$$

In elaboration, it basically calculates the net income gained from per dollar of asset. Therefore, a higher value of ROA is a positive and favorable sign for the organizational profitability.

2. Return on Equity (ROE)

One of the prime and focused concentrations of companies are to maximize their profitability. This calls the company to provide a higher return to its shareholders. Thus, the amount of profit generated from shareholder's equity can be measured through ROE (Jolevska, Andovski, & Jolevski, 2018). Like ROA, an increased value of ROE is both better and preferable. The equation of ROE is:

$$\text{ROE} = \text{Net Income} / \text{Total Shareholder's Equity}$$

In elaboration, it measures the net income gained from per dollar of shareholder's fund or equity.

3. Operating Cost Efficiency (OCE)

OCE, basically, calculates the ratio of total operating expenses to total operating income. Therefore, the lesser is the ratio value the better is the result as it indicates lower proportion of expenses in the company's income. However, it is also relatable that the OCE is negatively correlated with ROA & ROE. Also, higher OCE ratio is a clear indication of poor management systems which hinders the profitability of an organization (Osmani & Morina, 2019). The formula for calculating OCE is as follows.

Operating Cost Efficiency (OCE) = Total Operating Expenses / Total Operating Income

In elaboration, OCE measures the expense amount/proportion from per dollar income.

3.3.2 Hypothesis

Both The ROA and ROE are closely related with the profitability performance of an organization and a higher value indicates a better performance of that company as a whole. Many other studies also found a positive relation between them. Thereby I can assume that both the ROA and ROE will be positively related with each other for Avery Dennison Corporation as well. Accordingly, this can also be thought that OCE and ROA is negatively related with each other. Thus, this can also be assumed that OCE is negatively related with ROE too as higher ROE indicates better performance of the organization. In short, lower OCE indicates better performance and higher ROA and ROE are favorable for the company's performance.

Based on this I have considered two distinct hypotheses, as below, to support and prove my assumptions on the relationship among ROA, ROE and OCE.

H1: The Return on Asset (ROA) is positively related with the Return on Equity (ROE).

H2: Operating Cost Efficiency (OCE) is negatively related with the Return on Asset (ROA) and Return on Equity (ROE).

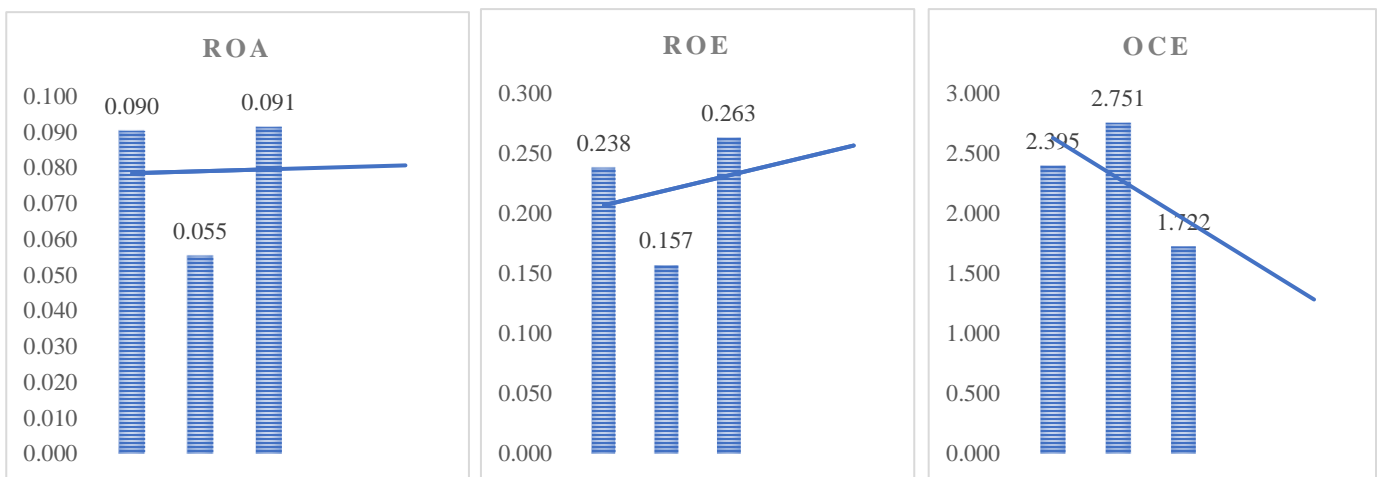
3.3.3 Proving the hypothesis

The relationship among ROA, ROE and OCE will be further explained and by demonstrating three different bar charts which will show the linear trend line. Also, I will forecast these three parameters.

In the year 2018 the ROA was 0.090, ROE was 0.238 and the OCE was 2.395. Then in the year 2019 the ROA & ROE decreases and become 0.055 and 0.157, respectively, but the OCE increases to 2.751. In 2020 the ROA and ROE increases and reached 0.091 and 0.263, respectively, but the OCE decreases and become 1.722. The ROA and ROE indicates that the profitability performance of the organization in 2019 falls down compared to 2018 and in 2020 the profitability increases in comparison to 2019.

Based on the past three years' data and the linear trend lines, it is clearly indicative that ROA and ROE are positively related which means H1 can be accepted. In addition, it can also be observed that OCE decreases when ROA and ROE increases. Thereby the OCE is negatively related with the ROA and ROE and this fact accepts the H2.

Below is the graphical representation of all these parameters which shows the proven facts of the hypotheses.



Note: Data provided here are in order of the year 2018, 2019 and 2020 respectively

3.4 Summary and Conclusion

The theoretical assumption of both the hypotheses or factors about the relationship among Return on Asset (ROA), Return on Equity (ROE) and Operating Cost Efficiency (OCE) are proved here by using the real-time data of Avery Dennison. Therefore, it is viable to assume that an increase in ROA and ROE is a favorable for the profitability of the company. Similarly, a reduction in the OCE ratio is also a satisfactory sign for the company's performance, progress, and way of operating business. Through this study, an implementation of the theoretical analysis and assumption about ROA, ROE and OCE has been demonstrated in a practical field.

This study has also succeeded to establish the fact that the performance of a real-life company has been well measured by the theories assumed. Thus, this has also been proven that ROA, ROE and OCE are effective financial performance measures which can be used as good methods to calculate and evaluate the financial factors and progress of a company.

3.5 Recommendation

It is viable now to say that ROA and ROE are positively correlated while OCE is negatively correlated with both. Thus, for Avery Dennison Corporation below suggestions can be considered as further recommendation.

- ❖ To increase and maintain profitability (ROA & ROE), Avery must decrease operating expenses.
- ❖ In 2019 the profitability performance of the company was not up to the mark, and this gave a rise to expenses. Thus, Avery should always be proactive and vigilant about cost cutting.
- ❖ The company should always engage itself in making effective utilization of its resources to ensure the highest output out of that.
- ❖ It is not necessary that a reduction in OCE will always result in increase of ROA and ROE. There are other factors and measures which can reduce the company's profitability even through the OCE ratio is low. Thus, Avery should actively operate in such a way so that all the performance measuring ratios turns out favorable to the company. This in turn helps to keep and maintain a healthy financial balance within the company and as a whole.

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