

Analysis on the Effect of Willow Weaving Service Industry Development in County Industry

——Based on Funan Willow

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Abstract: Due to the lack of service innovation awareness, the wicker service industry has gradually been ignored by the market in recent years. In order to solve the problem, this article analyzes the entire industry of Funan willows through survey data, and measures the density of Funan willows by using the location quotient, and analyzes the advantages and disadvantages of Funan willows by SWTO analysis and financial statements. In this paper, financial statements are used to analyze the cash flow of the willow company within a certain period of time. The results show that the financial situation of the willow service industry is promising. Therefore, we recommend that the willow service industry achieves its own development by building a reputation brand and relying on the effect of industrial agglomeration to promote the development of the county industry.

Key words: Willow; location trade; foreign trade; agglomeration and industrial economic belt

1. The status quo of Funan market

1.1 Difficulties in business management and promoting industrialization.

Some farmers lack the understanding of the industrialization of willow weaving, and are content with "planting good grains and oils and not worrying about eating and drinking." Some companies still adhere to the old ideas and concepts, and are unwilling to be flexible, and do not learn from the successful experience of other local companies. They go their own ways. They lack a unified industry association leadership system and it is difficult to coordinate in management^[1].

1.2 Low technical level and high export resistance.

Simple manufacture equipment and insufficient supply of equipment as well as the poor technical level will inevitably result in poor quality of exported products. And there followed by a series of environmental problems and safety hazards. Big data shows that the demand for foreign willow weaves has stabilized in recent years, and willow marketers have been increasing year by year^[1]. The rich profits of the willow weaving industry have made more and more people join in it. With the establishment of seller's market of willow weaving products in foreign countries, the competition among willow weaving manufacturers will be more intense.

1.3 The development of the industrial chain is immature and the product price is high.

Although Funan County is the "Hometown of Willow Weaving in China", it has not yet formed a complete industrial chain. The corresponding auxiliary industries and basic industries need to be improved. The processing of willow weaves is not smooth, and the increasing cost has caused the market price of willow weaving to exceed the price of willow products in neighboring cities. In addition, Funan wicker products have not yet formed their own characteristics, which led to rational consumers tend to buy wicker products from other cities. This puts wicker products

at a disadvantage in the fierce market competition. Most of the manufacturers that had previously sold willow woven products have moved to other industries.

2. Analysis of the development status of the willow industry in Funan

2.1 Location Quotient of Funan Willow Weaving

Willow weaving, as an industry with local rural characteristics, is growing with the continuous growth of consumer demand in our country and the rising of foreign trade. The willow industry has also gained a share in foreign trade. In regional economics, location quotient is generally used to judge whether an industry can form a regional specialized department. Which is:

Among them, Rij represents the location quotient of i industry in zone

2.2 Willow trade

Funan County Willow Products Base is a national-level foreign trade transformation and upgrading demonstration base. In recent years, it has actively developed markets along the "Belt and Road" and created a new method for industrial transformation and upgrading. In the first half of this year, the cumulative export of willow products was about 100 million US dollars, with an increase of about 87% year-on-year, accounting for 60% of the province's exports of the same product and 30% of the country's total.

2.3 SWOT analysis

e x c e l l e n t Potential	Field advantages: strong support from the school, policies and professional teachers and students, etc.; well-equipped professional team in the field , innovative design concepts, and rich practical experience; Have rich experience in willow weaving experience craftsman; Sufficient talent reserve based on the campus environment, which makes students possess great participation enthusiasm and the professional teachers and outside professionals provide effective organizational management and skill training support to students; the outstanding entrepreneurial talents, and high entrepreneurial enthusiasm create high-quality cultural crafts; Customer resources: The shocking speed of dissemination brought by online media has enabled willow design to be continuously promoted, in line with the public's aesthetics, and welcomed by the masses, which will accumulate a wealth of customer resources.
i n f e r i o r Potential	Insufficient experience in handicrafts: Because it is an innovative industry, there is not much previous experience to learn from, and most of them need to be developed and created by themselves, which is more difficult. Insufficient management experience: The entire base is composed of post-90s, and there are fewer talents with management experience.
machine Meet	Strong policy support: The government strongly supports entrepreneurship and innovation. It shall establish and improve the government's purchase of public entrepreneurship service systems and mechanisms and establish a youth entrepreneurship guidance system and relax loans, etc. Entrepreneurship environment: Following the "three innovations" spirit, the social entrepreneurial environment has good prospects and feasible ideas can get good investment. Market opportunity: At present, the wicker weave market is not yet saturated, and the market has great potential for development. We should seize the opportunity to develop customer base, and seize the market to accelerate the development of wicker weave manufacturing technology and innovative design, so as to form our own brand advantage.
P r e s t i g e Threaten	Squeezed out by the same industry: Due to the lack of innovative wicker manufacturers in the market, the initial formation of this workshop can easily be suppressed by traditional manufacturers.

2.4 Financial analysis

In this regard, we take a certain willow company as an example to investigate the trading situation in its willow market.

2.4.1 Equity structure and scale

Through the company's financial budget, the company's registered capital is 200,000 yuan. The share capital structure and scale are shown in the table below.

Name	Investment amount (unit: ten thousand yuan)	Investment Ratio(%)	Type of investment
Miss.zhang	4	20%	Money funds
Mr.Hu	3	15%	Money funds
Mr.Zhu	3	15%	Money funds
Mr.Lu	3	15%	Money funds
Mr.Gong	2	10%	Money funds
Mr.Xu	3	15%	Fixed assets
	2	10%	Intangible assets

Table 1 The company's initial equity composition table (unit: ten thousand yuan)

2.4.2 Source and use of funds

Most of the funds came from shareholders' investment of 120,000 yuan, including 78,000 yuan in monetary capital and 30,000 yuan in fixed assets. Cooperators invested about 40,000 yuan in monetary funds, mostly for investment in fixed assets and current assets and payment of start-up expenses.

Sources of funds	Specific projects (source of monetary funds)	Amount
	Shareholder investment	20
fund application	Direct labor	1.3
	Fixed assets	1.7
	Intangible assets	3.4
	Current assets	2.5
	Start-up cost	0.5
	Daily office expenses	0.4
	sales expense	5.3
	Management fees	3.6
	Financial expenses	1.3

Table 2 List of Sources of Funds and Utilization (Unit: Ten Thousand Yuan)

2.4.3 Cash flow statement (unit: ten thousand yuan)

Item	January	February	March	April	May
Cash inflow					
Main business income	1.87	2.93	4.25	6.37	8.94

Other operating income	-	-	-	-	-
Cash inflow	1.87	2.93	4.25	6.37	8.94
Cash outflow					
Buy equipment	1.2	-	-	-	-
Platform fee	2.5	-	-	-	-
Rental fees	0.55	0.55	0.55	0.55	0.55
Office expenses	0.1	0.1	0.1	0.1	0.1
Travel expenses	0.09	0.09	0.09	0.09	0.09
Renovation costs	1.13	-	-	-	-
Network fee	0.05	0.05	0.05	0.05	0.05
telephone fee	0.03	0.03	0.03	0.03	0.03
Utility bill	0.11	0.11	0.11	0.11	0.11
Financial expenses	1.05	1.05	1.05	1.05	1.05
Employee compensation payable	-	2.5	2.5	2.5	2.5
Cash outflow	6.81	4.48	4.48	4.48	4.48
Beginning cash balance	20	15.06	13.51	13.28	15.17
Net profit	13.19	10.58	9.03	8.8	10.69

Table 3 Cash flow statement (unit: ten thousand yuan)

It can be observed from the cash flow statement of the financial plan that the inflow of funds from operating activities is always higher than the outflow of funds, and the accumulated surplus funds generated by enterprises engaged in operating activities, investment activities and financing activities gradually declining, which shows that the enterprise has a certain financial viability.

2.4.4 Cash flow statement (unit: ten thousand yuan)

Item	January	February	March	April	May
1.the main business income	7.25	8.531	13.23	31.51	31.51
Less: main business cost	5.38	5.601	8.98	25.14	28.57
Taxes and surcharges	0.322	0.357	0.573	1.604	1.823
Profit from principal operations	1.548	2.573	3.677	4.766	7.117
Less: administrative expenses	2.06	0.93	0.93	0.93	0.93
Operating expenses	0.08	0.08	0.08	0.08	0.08
3.operating profit	-0.592	1.563	2.667	3.756	6.107
4.The total profit	-0.592	1.563	2.667	3.756	6.107
Less: Income tax	-	0.515	0.877	1.236	2.009

5.Net profit	-0.592	1.0481	1.790	2.52	4.098
Plus: profit distribution at the beginning of the month	0.00	-0.592	0.243	1.152	2.08
6.Distributable profit	-0.592	0.456	2.033	3.672	6.178
Withdraw surplus reserve	-	0.069	0.305	0.5508	0.9267
Include: statutory surplus reserve	-	0.046	0.203	0.3672	0.6178
Discretionary surplus reserve	-	0.023	0.102	0.1836	0.3089
Distributable profit	-	0.121	0.576	1.0404	1.751
Undistributed profit	-0.592	0.243	1.152	2.08	3.501

Table 4 Assets income statement (unit: ten thousand yuan)

2.4.5Balance sheet (unit: ten thousand yuan)

Item	January	February	March	April	May
Current assets:					
Total currency current assets	0.589	3.284	5.437	10.524	13.762
Long-term investment:					
Long-term investment	0.589	3.284	5.437	10.524	13.762
Fixed assets:					
Fixed Assets	-	-	-	-	-
Less: accumulated depreciation	0.285	0.285	0.285	0.285	0.285
Net value of fixed assets	0.037	0.089	0.127	0.196	0.23
Total fixed assets	2.785	2.657	2.326	2.561	2.345
Deferred tax:	2.785	2.657	2.326	2.336	2.761
Deferred tax debit	-	-	-	-	-
Total assets	-	-	-	-	-
Liabilities and owner's equity	8.957	8.567	8.635	10.532	14.856
Accrued expenses	-	-	-	-	-
Total current liabilities	-	-	-	-	-
Long-term liabilities:	-	-	-	-	-
Long term loan	0.0	0.0	0.0	0.0	0.0
Total long-term liabilities	-	-	-	-	-
Owners' equity:	-	-	-	-	-
Deferred tax loan	-	-	-	-	-

Paid-in capital	-	-	-	-	-
Total Liabilities	11.0	11.0	11.0	11.0	11.0
Surplus reserve	-	-	-	-	-
Including: The Community Chest	-	-	-	-	-
Capital reserve	-	-	0.315	0.786	1.256
Undistributed profit	-	-	-	-	-
Total owner's equity	-0.732	-0.587	-0.957	1.254	1.548
Debt and owner benefits in total	10.268	10.413	12.272	13.04	13.804

Table 5 Balance Sheet (Unit: Ten Thousand Yuan)

Note: Both the balance sheet and the income statement are in simplified format. At present, the studio is gradually growing and the members are still learning. In the early stage, the main purpose is to learn knowledge and experience and return to the campus. The income is relatively small. The above table is for reference only.

2.4.6 Profitability

	the first season	Second quarter	the third quarter
Profit margin	-0.31	0.11	0.36
Return on Assets	0.04	0.08	0.05
Return on Shareholders' Equity	0.04	0.08	0.05

Table 7 Estimated profitability analysis table for the first three quarters of 2019 (unit: ten thousand yuan)

	the first season	Second quarter	the third quarter
Inventory turnover	0.32	0.87	0.65
Asset turnover	0.07	0.14	0.12

Table 8 Estimated asset operation capability analysis table for the first three quarters of 2019 (unit: ten thousand yuan)

2.4.7 Main economic and technical indicators

	Indicator name	unit	Quantity	Remarks
1	Construction scale			
1.1	construction area			
		Square meter	150	lease
2	Annual operating hours	day	280	
3	Project quota	people	5	
4	total project investment	Ten thousand yuan	50	
	Construction Investment	Ten thousand yuan	5	

	Liquidity	Ten thousand yuan	2.4	
5	Annual sales (operating) income	Ten thousand yuan	4	
6	total cost	Ten thousand yuan	3.5	
7	Financial profitability analysis			
7.1	Financial internal rate of return			
	Before all investment income tax		20.58%	
	After the investment income tax		17.46%	
	After the capital income tax			
7.2	Financial net present value			
	Before all investment income tax	Ten thousand yuan	2.33	(ic=12%)
	After all investment income tax	Ten thousand yuan	2.05	(ic=12%)
	After capital income tax	Ten thousand yuan		
8	All investment after-tax investment payback period	year	5.69	Including construction period
9	Investment profit rate		13.28%	
10	Investment tax rate		20.74%	
11	Breakeven point		31.36%	

Table 9 Table of main economic and technical indicators

$$\text{BEP} \ll \frac{\text{Annual fixed total costs}}{\text{Annual sales revenue} + \text{annual variable cost} + \text{annual sales tax and additional}} \times 100\% = 36\%$$

It can be seen that as long as the project has 31.36% of the design training capacity, the total annual consumption can be deducted, and the project has strong anti-risk ability.

2.4.9 Payback period

Payback period = number of years when the cumulative net present value is positive -1+ (unrecovered cash/current year limit)

The calculation results show that the investment payback period is about 0.5 years, indicating that the investment plan is reasonable.

2.4.10 Embedded rate of return

The formula is as follows:

$$IRR = r_1 + \left(\frac{r_2 - r_1}{|b| + |c|} \right) \times |b|$$

Calculated IRR=46.25% Obviously, the embedded rate of return reaches about 45%, which is much higher than the cost of capital rate of 10%. Because this industry is high in quality and low in price, the sales profit rate is high, the market growth is good.

2.4.11 Conclusion

The willow weaving industry can promote the development of agriculture and the handicraft industry which

produces willow weaving, help Funan county to shake off the poverty cap and promote the industrial development of Funan county. With the revitalization of the rural industry in Funan County, the development of the industry in Fuyang region is driven, and even become an important driving force for the rise of the central region. In the long run, with the development of logistics, Liuweaving can be sold to all parts of the country with the help of favorable traffic conditions in Funan, and the construction of Shenghe Hangzhou high-speed railway can further expand the market of Liuweaving. Traffic line can also be a link to create willow weaving industry economic belt, in line with our One Belt And One Road strategy, willow weaving industry to the world.

3. Analysis of the role of Funan willow industry in promoting the economic development of Funan counties

3.1 Industrial structure optimization

In the past, under the influence of the traditional small-scale peasant economy, people produced wickerwork for the purpose of supporting their families, and most of which were produced in the form of traditional small family workshops, with poor production efficiency and low output. Now, by bringing together every family unit that produces willow weaves and implementing large-scale specialized production, production efficiency and output has increased[□]. With the rise of the willow industry in Funan County, industries related to the willow industry, such as the willow collection industry, and the willow processing industry have also prospered.

3.2 Market supply and demand promotion

For a long time, the supply of willow weaving only met local needs and the market supply was low. As a result, the enthusiasm for wicker manufacturing is not high, and the wicker trade market is in a downturn. Thus people get low profits from wicker production, which to a certain extent dampens the enthusiasm of residents to expand wicker production. As a result, economic development has entered an endless cycle. This limits the economic development of Funan County. In recent years, as the country implements the strategy for the rise of central China and the country's revitalization strategy, the number of willow handicrafts continue to increase and Funan County has also taken this opportunity to build a local tourism characteristic cultural industry, attracting some tourists from other places, and the willow industry has gradually going out after the demand for willow crafts has also increased. More and more people join in the wickerwork production team, making the market competition increasingly fierce. In order to gain an advantage in the fierce market competition, each manufacturer strives to work hard on its own products so as to inspire the new driving forces for the economic development in Funan County.

4. Countermeasures and suggestions to improve the development of Funan willow industry and promote the economic improvement of Funan county

4.1 Form a unique Funan willow industry

4.1.1 Brand-building

To build a well-known brand, we held various cultural and artistic activities so as to carry forward the Funan willow culture and makes people love Funan willow products through our dissemination of information by the crowd Effect based on the brands of "Chinese Willow Capital" and "National intelligence Cultural Heritage".

4.1.2 A brand new world for the online marketing

In the past, Funan wickerwork was restricted by factors such as traffic and geographical location. It was difficult for the market to expand further. With the rising of e-commerce, people can do business with people from all over the world on the Internet, which provides a good market for wickerwork..With the rising of the "Internet + agriculture" model, the three rural e-commerce also began to sprout. Funan willow can fit the reality and adopt 4C marketing strategy to create a new online sales model to attract consumers' interest.

4.1.3 Accelerate the construction of industrial chain and block economy

Funan County should be guided by planning, relying on the economic development zone Liumu Cultural and Creative Industrial Park, Huanggang,Zhonggang Liumu characteristic industry cluster professional town as a starting point, the overall planning and detailed planning, speed up the construction of infrastructure and supporting facilities,strengthen the absorption capacity of parks and professional town;On the basis of the industrial development zone,Built the park and create a new power engine for economic development,to build the park economic,to create a new engine of economic development.Contributing to a willow culture creative economic development zone industrial park,Huanggang, medium duty, Gao platform, Cao sets base, radiation to the bridge, town and field set, miao set, wood set workshop for poverty alleviation, such as a park + base + + weaving workshop production marketing system^[1], formed in Funan County as the core, the surrounding villages and towns for the edge area industry layout.

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