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**Hansson  
Private Label,  
Inc**



# Introduction

Hansson Private Label (HPL), Inc. case is based on whether to invest in a new expansion project.

HPL owns and operates a number of personal care products under the private labels, hence the decision at hand might pose long-term strategic consequences on the company's performance.



# Background

Recently HPL has been presented with an opportunity which involves increasing production capacity through expansion.

The expansion plan calls for a capital investment of \$50 million which the company would be in a position to woo some of the large retail chains to provide long-term contract. However, this decision bears high level of financial risks. The case provokes the company's management to think about the advantages and the threats of such a venture and to conduct financial planning to support the decision.



# Key Problems

Profit and cash flow estimation Key strategic questions The strategic issue is the feasibility of the expansion from the perspective of producing acceptable cash flows and the overall financial position of HPL with the considered additional debt.



# Conclusions

The Hansson Private Label case reveals useful lessons in the strategy of financial decision making under uncertainty. To avoid incurring a loss that could set its back for decades, the management should carry out an analysis of the pros and cons of the proposed expansion in a bid to make a sound decision that would take cognizance with the laid financial objectives and an analysis of the market.



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