Financial Risk Assessment Analysis and Countermeasures of Household Appliance Manufacturing Enterprises

-- Taking Ecovacs as an Example

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Abstract: This paper aims to assess financial risks in household appliance manufacturing using Ecovacs as a case study and proposes corresponding solutions. Amidst global economic shifts and evolving market conditions, home appliance manufacturers encounter diverse financial challenges. Analyzing Ecovacs' financial status reveals key indicators such as asset-liability ratio, profit ratio, current ratio, and asset turnover. Additionally, this study uncovers market pressures, debt management issues, and innovation gaps at Ecovacs, potentially impacting its financial stability. To address these, improvement measures are suggested: enhancing innovation, optimizing debt, expanding market share, and boosting asset turnover. These steps enable appliance manufacturers to navigate challenges and attain sustainability. Results offer insights for financial management and risk assessment in similar enterprises.

Keywords: Financial risk assessment, Home appliance manufacturing enterprises, Ecovacs, countermeasures.

1. Background of the Study

In the contemporary global economic framework, effective financial management [1] assumes paramount importance in driving sustainable business growth. Amidst a landscape characterized by intense market competition and relentless technological advancements, the domain of home appliance manufacturing stands as a significant industry grappling with multifaceted financial risks. Encompassing facets such as debt exposure, liquidity vulnerabilities, and profitability uncertainties, financial risk exerts a profound influence over the trajectory of enterprise operations and advancement.

Amidst the persistent evolution of economic globalization and the proliferation of digital technology [2], home appliance manufacturers confront an increasingly intricate and dynamic market milieu. The conventional landscape of the home appliance market has progressively matured, characterized by a saturation point, heightened product uniformity, and intense price-based rivalry, thereby exerting specific pressures on corporate profit margins. Concurrently, the ascent of nascent technologies like the Internet of Things, artificial intelligence, and big data persistently propels the home appliance sector towards an era of intelligence and seamless connectivity. These transformations engender novel prospects for enterprises while simultaneously introducing novel challenges.

Confronted with these intricate challenges and transformative dynamics, home appliance manufacturers are compelled to fortify their financial management endeavors, conducting a holistic appraisal and rigorous oversight of financial risks [3]. The crux of financial risk assessment entails a methodical dissection and appraisal of a company's financial state, aimed at pinpointing latent risk nodes and vulnerabilities. This process is pivotal in devising tailored strategies and protocols to uphold the financial well-being and enduring advancement of enterprises, securing their sustainable trajectory.

Given the pivotal significance of financial risk assessment, our focus gravitates towards the selection of Ecovacs as a pertinent case study. Renowned on a global scale, Ecovacs stands as a household appliance manufacturer celebrated for its pioneering, top-tier product offerings. Nevertheless, juxtaposed against the backdrop of escalating market rivalry and transformative industry dynamics, Ecovacs confronts a spectrum of financial perils. Through a meticulous evaluation and dissection of Ecovacs' financial landscape, we can more comprehensively delve into the spectrum of financial quandaries and trials confronted by household appliance manufacturers. This exploration lays the foundation for the formulation of efficacious counterstrategies and resolutions.

2. Financial Risk Assessment Concept

Constituting a pivotal facet within enterprise management, the evolution of financial risk assessment has traversed an extensive developmental trajectory [4]. In its nascent stages, financial risk assessment primarily revolved around the scrutiny of conventional financial benchmarks, encompassing elements like balance sheets and income statements, along with computation of rudimentary financial ratios. However, in light of ceaseless shifts within the economic sphere and the advent of inventive business operational paradigms, the scope of financial risk assessment has progressively broadened. This expansion extends beyond singular financial indicators to encompass a broader spectrum, enlisting strategic perils, market vulnerabilities, and legal encumbrances.

Contemporary financial risk assessment underscores the imperative of all-encompassing analysis of enterprise financial standing and operational hazards, scrutinized through a multidimensional lens [5]. Its scope transcends the confines of financial indicators alone, encompassing a comprehensive evaluation of external influences, industry
rivalry, technological trajectories, and more. Central to this approach is the escalating integration of data analysis and predictive models within the purview of financial risk assessment. Leveraging cutting-edge technologies like big data and machine learning, this paradigm furnishes a heightened accuracy in identifying latent risks.

Within the realm of home appliance manufacturing, financial risk assessment assumes a heightened significance. Manufacturers in this sector must confront the distinctive attributes of abbreviated product life cycles and rapid market flux. Consequently, timely financial risk assessment, coupled with the articulation of pragmatic counterstrategies, becomes pivotal in safeguarding the enduring advancement of enterprises [6].

3. Financial Status and Analysis

3.1. Ecovacs Company Introduction

Founded on March 11, 1998, with its headquarters situated in Shanghai, China, Ecovacs has emerged as a significant player in the landscape of smart home and service robots. The company's primary focus encompasses the realms of research, development, manufacturing, and sales within this domain. Among its diverse product portfolio, key offerings encompass robot vacuums, window-cleaning robots, and air purifiers. The core ethos that underscores Ecovacs' pursuits revolves around furnishing individuals with superlative, high-performance smart home commodities. Through an unwavering commitment to ceaseless innovation, the company aspires to ameliorate the quality of life by enhancing the accessibility to top-tier smart home products.

Ecovacs has a relatively high market share in the Chinese market, and maintains a leading position in market competition with internationally renowned brands such as iRobot and Ecovacs. The competitive advantage of Ecovacs lies in its strong R&D capabilities, rich product lines, high-quality products and good customer reputation.

3.2. Ecovacs Financial Status

3.2.1. Implement Profit Analysis

The data in Figure 1 illustrates the progression of total profits. Notably, the year 2019 witnessed a remarkable surge, with total profits soaring to 1,444,277,400 yuan—an impressive twofold leap from the previous year's figure of 562,136,200 yuan. This signifies a substantial growth rate of 1.57 times. Noteworthy is the observation that the predominant share of the total profit emanates from internal business operations, attesting to the company's dependable profit foundation. As the realm of operating income expands at a rapid clip, the concurrent elevation of operating profit corroborates the robust trajectory of operational activities. Furthermore, a closer examination of Ecovacs' financial landscape reveals the meteoric ascent in operating income during the year 2020, amounting to 7,233,756,500 yuan—an appreciable escalation from the preceding year's metric of 5,312,194,300 yuan. This highlights a noteworthy increment of 36.17%, thus delineating the company's marked strides in augmenting its operational presence.

Relative to the baseline of 10,000 yuan, the figure has experienced a twofold multiplication, indicating a substantial surge of 431 times. This amplification underscores a significant elevation in the profitability of the core business operations. The financial landscape further manifests this trend, with the total profit for the year 2021 escalating to 2,252,661,300 yuan—a doubling effect in comparison to the preceding year's metric of 731,594,500 yuan. This accounts for an impressive growth factor of 2.08 times. Evidently, the major share of the total profit emanates from internal business operations, reflecting the company's robust profit foundation. Concomitantly, the expanding trajectory of operating income is paralleled by a synchronous elevation in operating profit, indicative of a thriving operational landscape.

Moving on, administrative expenses during 2019 amounted to 328.85 million yuan—a marginal uptick relative to the figure of 293.5787 million yuan recorded in 2018. This increment translates to a growth rate of 12.01%. Reflecting upon the administrative expenses in the context of operating income, the year 2019 entails a ratio of 6.19%, signifying an escalation of 1.03 percentage points from the 5.16% registered in 2018. These observations collectively denote a discernible elevation in operating profit, attributed to adept management of expenses within the operational landscape.

3.2.2. Cost Analysis

In 2019, the cumulative operating cost amounted to RMB 3,278,045,800, reflecting a modest contraction of 7.38% when juxtaposed with the figure of RMB 3,539,117,800 recorded in 2018. Concurrently, sales expenses during 2019 reached 1,231,776 million yuan, illustrating a robust escalation of 14.96% in comparison to the previous year's value of 1,071.5215 million yuan in 2018. Delving into the evolving ratio of sales expenses relative to sales revenue uncovers an intriguing narrative. Notably, 2019 showcases a marginal expansion in sales expenses, while revenue experiences a substantial upswing. This dynamic accentuates the distinct influence of the company's concerted sales endeavors.

The company's operating costs during the year 2020 surged to 6,627,521,800 yuan, reflecting a significant escalation from the 5,189,499,500 yuan registered in 2019—an impressive growth of 27.71%. In parallel, sales expenses during 2020 reached 1,560,704,800 yuan, marking a substantial increase from the 1,231,776,000 yuan recorded in 2019—a notable uptick of 26.7%. Meanwhile, management expenses in 2020 amounted to 371,244,300 yuan, displaying a substantial leap from the 328,850,000 yuan incurred in 2019—an extraordinary surge of 128,900%. Furthermore, financial expenses in 2020 totaled 63.4583 million yuan, signifying a twofold increase in contrast to the 4.5986 million yuan documented in 2019—an exceptional growth rate of 12.8 times.

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In the year 2021, the anticipated operating cost is projected to reach 6,358,860,200 yuan, signifying a substantial upswing from the 4,133,642,700 yuan recorded in 2020—a remarkable growth rate of 53.83%. Correspondingly, sales expenses for the year 2021 are anticipated to reach 3,236,745,400 yuan, representing a twofold increase compared to the 1,560,704,815 yuan in 2020—an increment of 1.07 times. An analysis of the evolving ratio of sales expenses in relation to sales revenue paints an intriguing portrait. Specifically, in 2021, a significant expansion in sales expenses is foreseen, paralleling a substantial upsurge in revenue. While the tangible effect of the company’s sales initiatives is evident, comparatively, sales expenses are expected to escalate at a faster pace than operating income.

Turning attention to administrative expenses, projections for 2021 indicate a sum of RMB 525,295,500—a noteworthy surge in contrast to the RMB 371,244,300 recorded in 2020—an increase of 41.5%. This trend manifests in the ratio of administrative expenses to operating income, which is estimated to be 4.01% in 2021—a decline from the 5.13% observed in 2020, representing a reduction of 1.12 percentage points. Notably, operating profit has witnessed enhancement, underpinned by adept management of expenses. Moreover, financial expenses in 2021 are expected to amount to 74,5819 million yuan—an appreciable rise from the 63,4583 million yuan reported in 2020—an increase of 17.53%.

3.2.3. Asset Structure Analysis

In 2019, Ecovacs’ total assets amounted to 4,332,091,000 yuan. Among these, current assets accounted for 3,166,116,600 yuan, primarily allocated in monetary funds, inventory, and accounts receivable—constituting 34.37%, 31.57%, and 29.29% of the company's total current assets, respectively. Non-current assets tallied to 1,165,974,300 yuan, predominantly encompassing fixed assets and long-term investments—constituting 66.43% and 14.99% of the company's non-current assets, respectively. This year saw a 2.95% upswing in total assets compared to the RMB 371,244,300 recorded in 2020—an increase of 41.5%. This trend manifests in the ratio of administrative expenses to operating income, which is estimated to be 4.01% in 2021—a decline from the 5.13% observed in 2020, representing a reduction of 1.12 percentage points. Notably, operating profit has witnessed enhancement, underpinned by adept management of expenses. Moreover, financial expenses in 2021 are expected to amount to 74,5819 million yuan—an appreciable rise from the 63,4583 million yuan reported in 2020—an increase of 17.53%.

Analyzing the components that contributed to the augmented total assets, several categories showcased increments: fixed assets surged by 361,927 million yuan, accounts receivable saw an augmentation of 45,183,600 yuan, long-term investment experienced an uptick of 26.3979 million yuan, transactional financial assets grew by 4.2691 million yuan, interest receivable increased by 3.8716 million yuan, deferred income tax assets advanced by 2.9578 million yuan, intangible assets marked an increase of 1.4877 million yuan. The collective effect resulted in an overall increment of 446,0947 million yuan.

On the other hand, specific categories demonstrated reductions: other receivables declined by 71.17 million yuan, long-term deferred expenses contracted by 2.1125 million yuan. Other areas of change comprised a decrease in other current assets by 4.4684 million yuan, a decline in notes receivable by 17,975 million yuan, a drop in prepayments by 23,2662 million yuan, a reduction in monetary funds by 54.5546 million yuan, a decrement in construction in progress by 121,4125 million yuan, and a decrease in inventories by 175,0596 million yuan. The cumulative effect amounted to a total decrease of 399,5604 million yuan. These fluctuations resulted in a net offsetting effect on the total assets, amounting to 46,5342 million yuan.

Evaluating the proportional alignment between distinct asset categories and operating income, the distribution of accounts receivable in 2019 appears reasonably balanced. This observation extends to the allocation of other receivables and inventory, underlining a harmonious correlation across these asset components.

Transitioning to the year 2020, Ecovacs’ total assets surged to 6,162,353,400 yuan—an impressive increase in contrast to the 4,332,091,000 yuan recorded in 2019, constituting a substantial growth rate of 42.25%. Among these, current assets aggregated to 4,972,725,900 yuan, primarily distributed amongst monetary funds, accounts receivable, and inventory—representing 39.52%, 25.91%, and 25.84% of the company's total current assets, respectively. The prominence of monetary funds in this category underscores the company's robust payment capabilities and adaptability.

The non-current assets reached 1,189,6275 million yuan, predominantly allocated across fixed assets and other assets—constituting 64.04% and 35.96% of the company's non-current assets, respectively.

In 2021, the allocation of resources within enterprises is poised to be more judicious, contributing to augmented asset profitability and a rationalized asset structure. Examining the evolution of current assets in conjunction with income, a close analysis reveals that the asset structure remains relatively consistent when compared to the preceding year of 2020.

3.2.4. Solvency Analysis

As delineated in Table 1, a thorough analysis of Ecovacs' financial position in 2020 underscores its robust cash payment capability. From a developmental perspective, based on the swiftness of current asset turnover and the level of profitability, the company exhibits a notable capacity to fulfill short-term loan obligations.

Examining the broader spectrum, Ecovacs' current ratio has experienced a gradual decline, signifying a diminishing short-term solvency. To fortify this aspect, proactive measures should be implemented. Delving into the specifics, the company's current ratio for 2020 stands at 1.6365—a reduction from the 1.7279 recorded in 2019, reflecting a decrease of 0.0914. This downward trend is primarily attributed to a substantial surge in current assets for 2020, which amounted to 4,972,725,900 yuan—indicating a remarkable increase of 57.06% when juxtaposed against the 3,166,116,600 yuan reported in 2019. In contrast, current liabilities in 2020 climbed to 3,038,632,300 yuan—a substantial escalation from the 1,832,401,900 yuan registered in 2019, manifesting a notable surge of 65.83%. It's noteworthy that the growth rate of current assets lags behind that of current liabilities, thereby contributing to the contraction of the current ratio.

Although the company's current ratio has declined, it is still higher than the industry's better level. There is no difficulty in repaying current liabilities with current assets, the solvency is relatively good, and the current ratio is relatively reasonable.
When appraising Ecovacs' overall financial state, it's discernible that the quick ratio has exhibited a declining trajectory, albeit still maintaining a reasonable range. Nevertheless, preemptive adjustments should be considered to avert any potential detrimental repercussions. Notably, the quick ratio for 2020 stands at 1.2137—an increment of 0.0314 from the 1.1823 reported in 2019. This upward shift can be largely attributed to the notable rise in quick assets during 2020, which amounted to 3,687,995,700 yuan—an impressive surge of 70.23% compared to the 2,166,527,900 yuan in 2019. The pace of growth in quick assets outpaces that of current liabilities, resulting in an expansion of the quick ratio. Evidently, the company encounters no hurdles in settling current liabilities with its immediate quick assets, indicative of favorable solvency and a reasonably poised quick ratio.

Despite a decline in short-term solvency and an augmented debt repayment burden, the company's ability to generate cash from operational endeavors remains intact. Within a near-term context, its capacity to service interest obligations stands strong. Profits serve as another vantage point, wherein the company's profit-to-interest coverage ratio stands at an impressive 12.5287 times. By this measure, Ecovacs boasts robust profitability, thereby securing its interest payments.

From the perspective of capital structure and cost, Ecovacs' interest-bearing liabilities for 2020 aggregate to 108.981 million yuan, rendering an actual borrowing rate level of 58.23%. The company's financial risk coefficient is calculated at 1.0867. Evaluating the interplay of capital structure, actual borrowing rate, and profitability, it becomes evident that any debt augmentation for operational pursuits is not projected to yield heightened profitability; on the contrary, it is likely to impinge upon the company's existing profitability.

4. Reasons for Ecovacs' Financial Situation

4.1. Market Environment

Ecovacs holds a significant position within China's sweeping robot industry, standing as the pioneering Chinese brand to venture into overseas markets. Addressing various facets, the company faces a multifaceted landscape of influences that shape its trajectory.

Starting with policy dynamics, being a multinational entity, Ecovacs remains subject to the regulatory frameworks and policies of different countries. Present-day policy uncertainties can potentially lead to market contraction, currency devaluation, and diminished consumer confidence. Furthermore, escalating environmental concerns on a global scale also stand to influence Ecovacs' developmental trajectory and corporate strategy.

Economic factors also come into play, with inflation, exchange rate fluctuations, and labor market dynamics emerging as pivotal factors impacting the company's trajectory. Fluctuations in exchange rates can introduce instability to Ecovacs' cost structure, potentially impacting product pricing. Concurrently, labor market fluctuations can shape human resource management strategies for the company.

Social factors, encompassing consumer lifestyles, preferences, and cultural backgrounds, play a pivotal role. These elements distinctly affect product sales and marketing strategies. For instance, heightened demand for housekeeping services can augur well for the sales of Ecovacs' home appliance cleaning products.

In the realm of technology, the implications and opportunities derived from scientific and technological advancements are paramount. Ecovacs must vigilantly monitor technological trends and innovation directions. The maturation of robot technology, for instance, can revolutionize production and service paradigms, while the ascent of smart home technologies can stimulate the demand for household appliance cleaning products.

In summary, Ecovacs' standing in the sweeping robot industry is subject to a multitude of influences spanning policy, economics, societal trends, and technological progress. Navigating this intricate landscape necessitates an astute approach, informed by a deep understanding of these interconnected dynamics.

4.2. Internal Resources

Ecovacs boasts advanced robot technology coupled with an array of patents that secure its product's technical prowess. Its strategic advantages extend to encompass a wide-ranging sales network and potent marketing strategies, empowering the company to rapidly amass market share and enhance brand influence. Furthermore, Ecovacs excels in supply chain management, driving cost reduction, heightened production efficiency, and product quality assurance.

Centered in the domain of home appliances, Ecovacs' product portfolio is anchored by vacuum cleaners and sweeping robots. Delving into its internal resource landscape, the company's tangible assets comprise production equipment, product inventory, and logistics and transportation facilities. The realm of intangible assets encompasses brand recognition, research and development capabilities, and its human resources. The company is fortified by a robust team encompassing experts in research and development, design, marketing, and beyond. These professionals possess extensive experience and a profound technical foundation, collectively providing formidable technical support for the company's growth trajectory.

Of particular note is Ecovacs' technological edge, underscored by the company's self-developed core technology. A unique distinction within the industry is Ecovacs' possession of both LDSSLAM laser navigation and VSLAM visual navigation products—an exceptional feat that attests to the company's dedication to technological innovation and advancement. This technological advantage not only augments product quality and services but also serves to elevate brand value and market competitiveness.

Moreover, Ecovacs' prowess in supply chain management and manufacturing is evident. Employing advanced technology and automated production processes, the company's manufacturing practices are optimized. This is reinforced by an efficient supply chain management system, further enhancing product quality and expediting delivery—a cornerstone of Ecovacs' value proposition.

4.3. Current Strategy

Ecovacs has effectively broadened its market reach by strategically deploying a multi-channel approach encompassing both online and offline platforms. The company's leadership within the sweepers and scrubbers subcategory is evident, boasting a market share that exceeds 60% across both online and offline realms. To foster an emotional connection with customers, Ecovacs embraces a "product + service" approach. This not only cultivates
customer attachment but also bolsters retention rates, engendering increased repurchase frequency and heightened brand loyalty.

In a bid to mitigate price sensitivity among customers, Ecovacs envisions a strategic shift geared towards providing comprehensive solutions. This entails extending beyond product offerings to deliver holistic solutions that cater to diverse customer needs.

Notably, Ecovacs adopts a positioning strategy that leans towards the mid-to-high-end market segment. This stance is fortified by the company's commitment to product quality and technical prowess, complemented by a competitive pricing structure that resonates with the target audience.

Striving to enhance its brand presence and market influence, Ecovacs employs a multifaceted approach. This encompasses advertising, public relations efforts, and a robust online engagement strategy. These concerted efforts collectively bolster brand awareness and amplify Ecovacs' impact within the market landscape.

5. Measures to Improve Ecovacs' Financial Situation

5.1. Increase Investment in Research and Development, Optimize Products, and Improve Core Technical Capabilities

For Ecovacs, the axiom "innovation is the primary productive force" stands at the core of its ethos. Regarded as a quintessential exemplar within China's intelligent manufacturing landscape and a standard-bearer for domestic brands, Ecovacs has amassed nearly two decades of profound expertise in cutting-edge technologies, spanning industry-related hardware, sensor technology, algorithms, and artificial intelligence. Bolstered by a research and development cohort of close to 1,200 individuals, the company maintains dual R&D centers in Suzhou and Shenzhen.

Within the realm of robotics, the challenges emanate from the realms of "boundary perception," "precise positioning," and "navigation and obstacle avoidance." These aspects form the bedrock of the fundamental capabilities of robotic technology, and herein lies the very nucleus of Ecovacs' technological leadership. While Ecovacs boasts its in-house R&D team, the company's Chairman, Dongqi, hailing from a technical background, envisions a collaborative approach. Facilitating collaboration with universities and specialized research institutions, along with harnessing external technical resources, can catalyze technological innovation and synergistically elevate Ecovacs' technological prowess.

5.2. Develop Customized Products for Different Market Segments according to Consumer Needs

Positioned as a global household service robot brand, Ecovacs Robotics transcends the confines of being a conventional household cleaning equipment manufacturer. Wu Qi, Director of Ecovacs International Marketing Department, underscores the company's profound commitment to innovation—an intrinsic facet of Ecovacs' DNA. The company's overarching mission pivots on leveraging technology to offer solutions that enrich people's lives. Ecovacs aims to evolve beyond a mere product and be perceived as a companion—a trusted assistant that shoulders the responsibility of household chores and family care. While technology products can often exude a sense of detachment, Ecovacs robots are poised to redefine this narrative by infusing the brand with a vivacious personality. This constitutes a pivotal element in the brand's global expansion.

In the introduction of their "Window Treasure" window cleaning robot, Ecovacs selected a unique marketing angle that revolved around the phrase "the world has never been so wonderful." This choice highlights the emotional benefits of the product, aligning with the brand's mission of enhancing people's lives beyond just technological marvels.

Ecovacs' robot brand stands out for its distinct personality, successfully establishing a profound emotional connection with consumers. This progression has propelled the brand's evolution from being perceived merely as tools to becoming housekeepers and ultimately companions. In this journey, the brand evolves to the point of being considered an indispensable member of the family, an embodiment of Ecovacs' aspiration to deliver both functionality and emotional resonance.

5.3. Optimize Global Supply Chain Management and Improve Product Competitiveness

First of all, after the crazy hype in 2017, the artificial intelligence boom is receding, and AI technology is difficult to support the valuation of enterprises. Second, in 2019, when Sino-US trade frictions and the overall growth rate of the domestic consumer market slowed down, and the regulation of the real estate market was tightened, the consumer market for cleaning service robots declined. According to the total data released by Zhongyikang, in the first half of 2019, the retail sales of the domestic sweeping robot market fell by 9.2% year-on-year. Although the overall penetration rate of the cleaning service robot market is still low, and the technology is advancing rapidly and the user experience has been greatly improved year by year, as an optional consumer product, its demand is greatly affected by changes in consumption capacity and willingness to consume under the overall macroeconomic situation. Third, it is a very important point. The technical threshold of sweeping robots is not high, and the "moat" of the industry is not deep. In recent years, household appliances and Internet giants such as Midea, Haier, and Xiaomi, as well as emerging brands such as Puppy, Stone, Tabor, and Leopard Lan, have all begun to seize the sweeping robot market. The industry leader, Ecovacs, bears the brunt. In order to maintain its position in the industry, it has to increase cost input, which also makes the net profit of Ecovacs decline.

5.4. Develop a Home Platform Compatible with a variety of Smart Devices to Facilitate User Management and Control Home Devices

Ecovacs is strategically embarking on the integration of its diverse range of smart home products to forge a cohesive and comprehensive smart home management platform. The objective is to establish a unified operational interface and seamless user experience. Collaborative ventures with other smart home entities form a cornerstone of this strategy, fostering interconnectivity among devices. This collaborative approach not only curtails customer acquisition and utilization expenses but also enriches the smart home ecosystem.
Furthermore, a persistent pursuit of user-centric enhancements characterizes Ecovacs' approach. This dedication is channeled into fine-tuning the user experience across the smart home platform, ultimately heightening customer contentment and loyalty. Through this holistic strategy, Ecovacs aims to transcend the realm of individual products and establish itself as a holistic and indispensable smart home solution provider.

6. Conclusion

This article takes the financial risk assessment of home appliance manufacturing enterprises as the theme, and takes the world-renowned home appliance manufacturer Ecovacs as an example to discuss the importance of financial risk assessment and the countermeasures to deal with financial risks. By analyzing the financial status and problems faced by Ecovacs, a series of improvement measures are put forward, which provide a reference for the sustainable development of home appliance manufacturing enterprises.

Through the case of Ecovacs, we have a deep understanding of the multifaceted and challenging aspects of financial risks, and have also clarified the direction and methods to deal with financial risks. In the future, with the ever-changing economic environment, home appliance manufacturers need to continuously optimize financial management to ensure sound financial health and sustainable development.

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