

## **FOURTH SEMESTER EMBA**

# **Industry/Corporate Evaluation Project**

### **Presentation and Comprehensive Written Report**

Evaluate strategic performance

Evaluate financial performance

Analyze economic environment and company reactions

Analyze functional and overall operational performance

Final Conclusions and Recommendations

### **Spring 2009 revision proposal**

The Evaluation Project is a very important learning experience for this semester and the entire program. The goals of this assignment are quite ambitious and require some organization and hard work on the part of each individual student and the groups that have (or will be) established. Overall, preparing this broad based and semester long assignment requires you to use what you have learned in a variety of classes and apply many of the concepts in an industry and company-specific setting. You will identify the critical contributors to success in an industry, benchmark best practices in an industry, and try to capture and analyze strategic choices made by competing firms within an industry. The relatively brief industry analysis is largely descriptive with a focus on identifying the factors that make a difference between successful and merely surviving firms within that industry. The most important determinants of your grade will be the critical analysis of the companies' performance, and the evaluation of that performance, reaching some conclusions and making some recommendations about the firms' futures-complete with a rationale and arguments to support your position.

The company analysis should focus on evaluation and prediction. As a fourth semester EMBA student, the level of your evaluation should go far beyond what companies put in an annual report. The faculty is interested in your ability to diagnose very specific strengths and weaknesses and the items that define the companies' positions. You should attack the project as if you were a highly interested major investor, ready to make judgments about the current top management. The author of the section on a specific company should expect a challenge to the arguments made. You should be able to defend the arguments, conclusions, and recommendations. These arguments should be well researched and documented. In the oral presentation, you should be prepared to articulate clearly your conclusions and supporting evidence.

The instructors will not provide an absolute checklist or answer questions of minutia. However, we will answer questions regarding general concepts. Some ambiguity remains, leaving room for your creativity and nuances of the different industries. This project requires planning and coordination of effort. The most successful groups will formalize these processes by agreeing on a structure of expectations and timetable very early in the semester. This is your project, not ours.

Picking the industry and companies is the obvious first step. The critical second step is to use the project plan tools established in last semester's operations class to organize your work. Again, think of tasks when you use the tools (what you will do/verbs) and the deliverables (nouns) will come out of the work.

## IMPACT OF THE ASSIGNMENT ON GRADES IN EACH CLASS

The project will have a significant impact on the final grade in each course. Details are presented in the table below.

Assignment	Due date	Frankforter	Warner	Stonebraker	Weikle
Targets selected					
Teams formed, Industry selected	1-23-09				
Company selected	1-31-09				
Progress Presentation	3-27-09	10%	5%	5%	5 % <sup>1</sup>
Comprehensive Written Report You will need a copy for each instructor	4-25-09	20%	10%	10%	21% <sup>1</sup>

<sup>1</sup> Approximately

### PROJECT OBJECTIVES AND DESCRIPTION

The basic objective of this assignment is to research and analyze an industry and research and analyze individual firms within that industry. You are an evaluator of strategic success within an industry. Concepts from marketing and finance must be included, as well as other courses where appropriate. For the company piece, the critical financial condition is the foundation. Always think across functions and courses. When your analysis and evaluation is done, you are to make recommendations.

The industry research portion of this assignment should be done in groups of two, three, or four people. Choose an industry of interest. When considering an industry as your choice, look at the requirements for the project and the extent to which information will be available. For this reason, it is suggested that you select industries with a variety of publicly held companies. In selecting industries, you are encouraged to talk with the instructors about the ones you are considering. The group (including actual composition) should make initial industry choices by Saturday, **January 10** and have full agreement by **January 23**. Submit your industry choice via email to Dr. Weikle. There can be only one group per industry, unless a special circumstance can be described and approval granted by the instructors. Read about, research, study, and analyze the industry. Know what is going on now in that industry, what defines success, and what the future is most likely to hold.

Next, each individual should choose one company/organization that operates in the target industry. It is expected that there will be no duplication of company choices. If there is a true “single dominant provider”, make sure it is included in the group and that all choices are truly competitors in the same market. Do not, for example choose a small regional airlines and Delta since finding success in achieving competitive advantage is what the comparison is all about. You would not want to compare Applebee with McDonalds. The company choice for each individual should be made by **January 31**. Based on your research in the industry, analyze and evaluate strategic choices the company has made. Which one has done the best job in making choices consistent with the economic environment, making best use of capital, creating a labor forces that provides competitive advantage, creating and capitalizing on sustainability issues, etc. You must reach a conclusion on each company and then, as a group, make some recommendations on improvements for the future. Based on their current situation and your projections about the next 3-5 years, what do they need to do next?

## PROJECT CONTENTS

### **Part I Industry Analysis (Done as a group)**

The following is not to be viewed as either a prescription or a checklist. Some parts of the suggestions below will not be appropriate for all industry and firm combinations. You may include variables not mentioned or may leave out those variables not particularly relevant. You must always do some verbal description, some statistical/financial description, and focus on recent changes and reasons for the trends. History is of some importance, but the present and anticipated future directions are more important. Remember, this assignment is strategic and evaluative in nature.

### **Part II Company Evaluation (Done as an individual)**

The second part of the project is a company-based assignment. How has each company chosen to operate within the industry parameters identified in your industry analysis? Complete a strategic analysis of the company based.

Each company's strategic choices should be articulated. Evaluate the effectiveness of their strategic choices to this point. Reach a conclusion (if you were a major investor, would you be satisfied with top management or not? Why? For the important areas of performance identified in the industry analysis, how has each company addressed the issues? What are each company's strengths and weaknesses? Does it have what it takes to be a "player" in this industry? Again, **think evaluation, not just description.**

### **Part III Cross Company Evaluations and Comparisons (Proposed by individual, done as a group)**

Groups evaluate individual proposals and collectively offers advice to individual companies and begins to discuss the best alternatives for individual companies and future of the industry. This is largely oral as group discusses individual company evaluations and makes decisions about future action.

### **Part IV Industry/Company Conclusions and Recommendations (Done as a group)**

Project Future Trends:

Forecast any major changes that can be expected.

What do you expect the firm's position to be in 5 years?

Will the industry composition and relative success of the companies change within that period?

What strategic choices will/should be made within the period? These are action oriented recommendations.

#### **Topics to be used in the analysis and evaluation**

1. Analyze the company vision and mission:

If a mission statement is available or can be obtained, critically analyze its appropriateness.

Otherwise: Based on information available, construct a mission statement for the company, covering the essential elements of the mission and critically analyze its appropriateness.

2. Assess the economic environment:

MACRO

Evaluate the sectors of the company's macroenvironment.

Evaluate whether the factors comprising the company's macroenvironment are either threats or opportunities.

Stress only those factors which have relevance to the company and your proposed solution.  
MICRO

Analyze the Industry Environment:

Use Porter's "Five Forces Model".

Rank the forces in terms of their present and future influence on industry wide profitability.

Evaluate their effects on the firm's operating environment.

Construct competitor profiles, including their competitive advantages.

3. Evaluate the general operational performance

Core operations

Operational efficiency

Logistics/supply chain issues

Is IT a strength or weakness?

Marketing effectiveness

HR Effectiveness

Any specific labor relations issues

Would you want to work for this company?

Sustainability, ethics and social responsibility:

Compare your company against its key rivals.

Indicate the most significant competitive advantages that the firm possesses.

What is the firm doing about international options?

4. Develop a financial analysis

Analyze the financial statements of your company and its most important competitor for past five years, summarizing key conclusions.

Specify and evaluate the performance of the companies using various ratio measures, including a number of leverage, activity, and profitability ratios.

5. State the firm's position and state the core issue of the case

Emphasize critical issues revealed in the SWOT analysis.

Identify and evaluate the core issue that the firm must address. This could be either a key strategic problem or a key strategic opportunity.

6. Conclusions and recommendations

Across all companies, the group should discuss company findings, develop some specific company to company comparisons, and discuss specific strategic alternatives, such as:

Consider acquisitions as corporate-level alternatives.

Determine the keys to success for each option.

Identify the linkage with the long-term (achievable) objective for each option.

Discuss the financial aspects of any alternatives.

Develop feasible generic or business-level strategies as options.

Consider strategic alliances as business-level alternatives.

Consider restructuring business-level alternatives

Weigh the pros and cons of each business level strategic alternative.

Identify rivals that would become more relevant for each strategic alternative.

## WRITTEN REPORT

TYPED, DOUBLE SPACED, CONSISTENTLY USING AN ACCEPTABLE STYLE GUIDE  
(Turabian, APA, MLA, etc)

- A. A title page with industry, companies, and individual authors clearly identified
- B. Table of Contents
- C. Executive Summary (Maximum of one page):
  - Describe and evaluate the firm: products, markets, size, etc.
  - Describe and evaluate the industry: dominant firms, keys to success, etc.
- D. This written product should include the industry analysis, company descriptions, overall comparisons and evaluations, and conclusions and recommendations. It is almost impossible to give length estimates for each. In general, write no more than you need to cover the topics, show your analysis and evaluation, and make your recommendations. More is not necessarily better.

*Part I: Industry*

One shared section of the paper

*Part II: Total*

Collection of all individual company sections and evaluations

*Part III: Cross company evaluations and comparisons*

Details of your analysis and evaluation

Proposed by individual, completed by the group

Did group agree or disagree

Which companies are best managed?

Each person described how conclusions were reached for that company

*Part IV: Conclusions and recommendations*

Actual agreed upon action plans

Written collectively

- E. Make sure you do thorough and current research (you must use a variety of sources, publication outlets, media, primary and secondary data, internet, etc). Internet sources should be cited appropriately and completely, including exact date/time of access. Most of this work should be original. Rely only minimally on company web sites. Using material off the web and making it appear to be your thinking is plagiarism and will result in a 0 on this assignment. Most of this paper should be original writing. Read widely, digest it, analyze the company, evaluate performance, and make recommendations for the future.
- F. Include as appendices any financial or statistical data, graphs, charts, etc.

**SUMMARY** specifics: The actual length of a paper depends on how a group elects to put the paper together. Again, groups can share the research and analysis about industries but company descriptive material and initial evaluation of that company is by individual. The group must then discuss what each company evaluation has produced and then write the overall conclusions and recommendations. The overall may change the individual company preliminary conclusion. In other words, your work on your company may prove to be incorrect once you and the other make the comparisons. Once you have the information provided by the others, your company may need a different strategic choice than you original thought. That is the goal: act like a general manager of a firm with good industry wide information and the benefit of collaborative decision making.

## CLASS PRESENTATIONS

Progress to date is the afternoon of March 27, 2008

Each group must submit a one or two page “outline” of the basis of your evaluation and preliminary conclusions

By the time the presentation is due, you should have notes and preliminary conclusions on all aspects of the report. During this presentation, you should share you analysis and evaluation with the class, see what kinds of questions your ideas generate, receive some feedback from the instructors regarding what is left to be done and suggestions for improving you conclusions and recommendations before the final paper is polished and submitted. Overall, the presentation should provide a brief description of the variables that seem to contribute to success in the industry, a report card on the individual companies, and a set of conclusions about the companies and what should happen in the future.

- A. All teams will turn in their written report at the beginning of the class day on Friday, April 25, 2009. This is a significant part of the grade in each class so it is critical that each faculty member have a copy of the final paper and a disk with any presentation slides included.
- B. The presentation will have a very strictly enforced time limit. The exact time will have to be restated each semester (well before the actual presentation date) based on class size and number of groups. The default starting point will be a 10 minute limit on each person’s platform time with a 5% deduction from total score for each minute he/she goes over. Q & A time will not impact grade since the team does not control extent of engagement of the class. A designated faculty member will call time to make sure we stay on schedule.
- C. Begin with critical industry variables and move rather quickly into company evaluation. The presentation must be guided by the topical suggestions for analysis and evaluation as listed above including comparative financial data and ratios. These comparisons emphasize the need to pick competitors so the findings are actually meaningful.

One set of financial comparisons should be almost generic; a basic one that would be important, no matter what the industry. Another set would be the financial performance indicators that were most critical or even unique to this industry. Consult with Dr. Frankforter to refine your variables.

For example:

Fast Food Industry  
Table 1: General Financials

Variable	McDonalds	Wendy’s	Burger King	Roy Rogers	Hardees
Sales					
Sales growth or history or trends					
Net Income					
NI growth or history of trends					
Market Share					
Etc.					

Fast Food Industry  
Table 2: Industry Specific Financials

Variable	McDonalds	Wendy's	Burger King	Roy Rogers	Hardees
Same store Sales					
Patterns or growth or trends in same store sales					
Average check					
Food costs					
Etc.					

Make an argument; “which company has the strongest financial position?” (this question is certainly subject to significant revision but the idea is to make a strong statement and defend it). Each student should have reached a preliminary conclusion about their company. Based on financials, continue the evaluation across all the issues to be evaluated (sensitivity to economic conditions, HR performance, specific operational successes, sustainability programs, etc). Only then would the group meet and discuss the questions across companies. The goal of these discussions would be to determine the strongest company, make some suggestions to all the companies and make some strategic decisions for all the companies. It is good to show some different alternative and some difference in opinions. Show evidence of critical evaluation. Show some passion and confidence. Be decisive. Get the class involved.

- D. You will evaluate your teammates and their contribution to your group’s efforts. The form is attached. Some more ideas about team performance may be provided in individual classes, but this is the form that all professors this semester will use to record your evaluation of the performance of your teammates. Please be realistic and honest and keep your evaluations confidential.

**Industry/Corporate Evaluation Assignment**  
**Evaluation of Individual Group Members**

Your Name: \_\_\_\_\_

Note: No information on this form will be revealed to your teammates. On the day the final written paper is due, please complete this form and turn in to Dr. Frankforter.

I. Self-Evaluation

1. What were your three most significant contributions to your team's project?

2. What were your strengths as a team member?

3. What were your weaknesses as a team member?



II. Evaluation of Team Members

1. In the blanks at the top of the columns, list the members of your team, including yourself, in alphabetical order. Then rate each team member on each of the items listed on a scale of 1-20, where “1” is “outstanding” and “20” is “worthless”. No two people can be assigned the same numerical rating for an item.

Item	Names				
Understanding of business concepts and ability to apply them to the project					
Special skills: (1) Writing, Editing					
Special skills: (2) Research					
Special skills: (3) Computer Skills					
Teamwork, Effort and Leadership					
Overall Contribution					

2. What else should the professors know in order to evaluate you and your teammates fairly?