

Financial detective, 1996 essay sample



**ASSIGN
BUSTER**

NEWSPAPERS :

1) Centralized (Worldwide)-NEW YORK TIMES

Fierce competition price depends on the market

More efficient

- Higher inventory turn L
- Beta closed to 1. 00 (worldwide) L

2) Decentralized (Midwest)-LEE ENTREPRISE

Monopolist price like you want

- Higher gross margin K
- Higher other assets (goodwill) K

STEEL :

1) Big-INLAND

- Lower receivable turn O
- higher D/E (older, stable) O

2) Small-NUCOR

- Higher P/E P
- Higher margins P

BEER :

1) National-ANHEUSER-BUSCH

- Higher inventory turnover M
- Higher debt to equity (more debt than cash) M

2) Micro-BOSTON BEER CO.

- Higher P/E ratio (young) N
- Higher A/P (outsourcing) N
- Higher ROA (not lot of assets) N
- No dividend (IPO) N
- Higher cash (IPO) N
- No Beta (IPO) N
- Higher gross margin (niche market) N

RETAIL

1) National-SEARS

- Lower receivable turn G
- Higher D/E G

2) Cat. Killer-HOME DEPOT

- Lower gross margin H
- Higher P/E (fast growing) H
- Inventory (only assets) H
- Higher assets turnover (doesn't have any assets) H

HEALTH PRODUCTS

1) Mass Market-J & J

- Higher inventory turnover A
- Higher receivable turnover (quicker) A

2) Ethical-Lily

- Higher gross margin (patterns, monopolistic) B

HOUSEHOLD APPLIANCES

1) Quality (own brand name)-MAYTAG

- High gross profit C
- Net Loss (crisis, bad year) C

2) Captive (private labels)-WHIRLPOOL

- Higher Inventory turn (no really significant) C
- Lower receivable turnover D
- Lower current ratio (predictable, stale business) D

HOTELS

1) Quality-HILTON

- High profit margin I
- High cash (casino) I
- High fixed assets (own hotels) I

2) Service-MARRIOTT

- High gross margin (service, no COGS) J
- Higher A/P J
- Higher Inventory turn J
- High asset turn J

COMPUTERS

1) Mail-order

- Lower gross margin (sell un-price) F

- Lower fixed assets E ? pb?
- Higher assets turn (no assets) F

2) Quality

- Lower inventory turnover E
- Lower receivable turn E
- Higher SG&A E