

Big city trust company essay sample

[Business](#), [Company](#)



After assessing the Financial Statements of Xerox Corporation and Polaroid Corporation, is Big City Trust Company going to finance and invest to Auto-Drive Company's latest product? Will Auto-Drive Company be able to penetrate the market and make an outstanding revenue similar to Xerox Corporation and Polaroid Corporation? Company Background

Auto Drive Company

Auto-Drive Company is developing Auto-drive- an auto pilot technology installed in cars which makes it impossible for the car to run off the road or into another car. Mr Cooper, a senior trust officer at the Big City Trust Company sees that this auto-drive as the next big thing in technology and sees this as an opportunity to invest in such new technology. He sees that there will be high demand for the car owners as he sees the benefits it could bring to the customers. Big City Trust would like to compare on how Xerox and Polaroid financed its technological advances during those times hence he would want to check on the financial statements of these two companies. Big City Trust thinks that it is appropriate to compare Auto-drive with Polaroid and Xerox as these two companies were pioneers and innovators at their own respective fields. Big City Trust Company

Mr. Samuel Cooper, the senior trust officer of BCT commissioned Mr. Richard Brainard, an analyst in the trust department, to examine the Financial Statements of two giant companies namely, Xerox and Polaroid, and how these two companies finance their capital expenditures between the years 1960-1964. Mr. Cooper would also like to know how BCT will finance the growth of Auto-Drive Company's sales given the product will take off. In this case study, Mr. Cooper is optimistic about product and would want to explore

an effective business / financing model, to be offered to ADC. Xerox Corporation (Xerox)

Xerox, known as The Haloid Photographic Company, was founded in 1906 in Rochester. Xerox originally manufactured photographic paper and equipment. The company subsequently changed its name to Haloid Xerox in 1958, to Xerox in 1961. Xerox 914 copier, which was introduced in 1960, is the first automatic Xerox copier that hit the US market. The company did not only sold these photocopying machines, in fact, they also offered the machines for monthly lease to make the product affordable for smaller businesses. Polaroid Corporation (Polaroid)

Polaroid is an international consumer electronics and eyewear company, founded in 1937 by Edwin H. Land, a scientist and investor from Harvard University. The company is famous for its instant film camera, which is a market hit in 1948. During the 1960's, Polaroid's instant film camera improved through a series of launched products such as pack-loading black and white and colored film. They also introduced ID-2 identification system, which were used as Photo Identification Cards such as Driver's License.

Corporate Objective

Big City Trust Company aims to capture and provide overall asset management of large companies in United States. For this case study, BCT studied and analyzed the Financial Statements of the two companies to be able to provide the most ideal financial scheme fit for Auto-Drive Company.

Areas of Consideration

Environmental Opportunities & Threats

Macro-Economic Indicators

Political

The 1960's marked the era of John F. Kennedy's " New Frontier" and Lyndon B. Johnson's " Great Society". There was a dramatic economic growth through increased government spending and cutting taxes, increased funds for education, created laws and reforms to address injustice and inequality within American citizens regardless of race, and offered federal subsidies for urban redevelopment and community projects. It was also during the 1960s when US launched exploration of the outer space, another milestone in the history of mankind. Economic

The period from the end of World War II to the early 1970s was a golden era of economic growth for United States. During the 1960s the U. S. experienced its longest uninterrupted period of economic expansion in history. It was also during the 1960s when housing and computer industry market share dramatically increased compare with automobiles, chemicals, and electrically powered consumer durables, which were the leading sectors in the 1950s. Demographic

The 1960's market demand in domestic consumer electronic products soar after launched of televisions, telephones, cameras, office equipment, and automotive cars. Socio-Cultural

These technological advancement products defines an American citizen's status / social class as it created a trend in the society. Market Profile &

Outlook

Technology

The technology in the 1960's is considered an ' all-time high' because of the products launched in the market. Resources

Shareholders & Key Officers

Mr. Samuel Cooper – Senior Trust Officer

Mr. Richard Brainard – Analyst, Trust Department

Marketing Profile

Product

Since Auto-Drive is a pioneer in the said industry, they can easily dictate the market prices of its auto-pilot technology. BTC's capacity to finance big companies is not reflected in the case study, the group assumed that the company has the capacity to provide such assistance. Price

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The auto-drive technology will be offered to major US automotive companies like General Motors, Ford and Chrysler. Financial Profile

Profitability

Turnovers

Capacity Utilization

Financial Leverage

Competitive Advantage

Big City Trust Company can provide over-all asset management and financial assistance to prospect companies.

SWOT ANALYSIS

STRENGTHS

WEAKNESSES

ADC is the pioneer maker of automobile pilot during their era. Their technological product can be supported financially by the government and various private companies. ADC's captured market will be the top 3 automotive makers in U. S. ADC is relatively a ' new' company; the auto-drive product can be a ' hit or miss' in the automotive industry.

OPPORTUNITIES

THREATS

Adaptation of technological products served as a status quo in the society during the 1960's. Buying power of domestic consumers.

Economic Inflation

Creation of new technological companies with better ideas and innovations from their R&D team.

Alternative Strategies

ALTERNATIVE STRATEGY

PROS

CONS

1. Invest

financial flexibility if invested in the common stock (Big City Trust can buy or sell its stock if it wants to) possible high return on investment

having an ownership stake in Auto-Drive

delayed taxation

taking advantage of the economic growth and the booming technology

industry risk of loss

uncertainty in the product/research

start-up

capital intensive industry

will be funding on the initial research and development of the auto-drive

return of investment and equity is long

2. Do not invest

play safe: no risk (no loss and no gain)

opportunity loss on the booming IT industry, the government support on

research and development, and the cut on tax 3. Look for another good

companies to invest in better opportunities

booming IT industry to commensurate with the growth of firms market has

been saturated

highly obsolesce of technology-related materials

Conclusion & Strategic Decision

Grand Design & Execution

Attachments

Financial Outlook

Cash Flow Statements

Income Statement

Balance Sheet

Financial Ratios

Other relevant Financials