

Sample essay on finance

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



Industry Wide Analysis

Health Product Industry:

With our analysis endowed on the description given for both the companies, the very first indication we can unearth is that Company B is more retail consumer centric and with many product lines involving prescription as well as non-prescription drugs, health and beauty products, etcetera, its objective will be focused on high end consumer marketing so as to inflate its revenue numbers and increase its market share. On the other hand, Company A is also a health care product manufacturer and marketer but with a complete different business mindset. Unlike Company B, it is focused on one product line of ethical pharmaceuticals with more focus on robust R& D rather than its brand management or development.

On comparing the business scenario of both the companies, one thing that is straight forward is high end operations of the Company A. Hence, in comparison to Company B, it is high cash rich and with high asset base in the form of large current assets and fixed asset proportion. However, with company B being more consumer centric and is involved in extensive marketing strategy, the results are validated with high revenue numbers and operating profits. Another financial number that differentiates both the companies is the Beta multiple. Referring to Exhibit one we found that although both the companies are less sensitive to Market with beta less than 1, but Company A is less sensitive to market with Beta multiple of 0. 65 in comparison to Company B that has Beta multiple of 0. 85.

Beer Industry:

Under the given description for both of the Beer companies, we found Company C to be more aggressive in its business operations with self production and ownership of beer associated businesses also. On the other hand, Company D is more of a conservative company focused on low volume production being sold at higher prices.

The difference is well- profound in the financial numbers of both the companies. Since, Company C is having self-production activity and also owns theme parks and snack-aluminum container manufacturing; it is having significantly higher fixed assets proportion in comparison to Company D. As for the cash position, since Company D operates at higher profit margins and is also conservative in its business approach, it is having high cash balance than Company C. In addition, high profit margins of Company D also validates the high gross profit margins in comparison to Company C but the profits are eroded by high operating expenses which is likely because of low economies of scale associated with lower volume production.

Computer Industry:

Although both the companies are involved in retailing computers and related equipments, however, it is the difference in their mode of operations that spells out the financial differences. While Company E carries its operations through customized orders placed by its customers on company's website a significantly lower SG&A expense is recorded in comparison to Company F that is focused on in-store sales by showcasing its product in a user friendly retail atmosphere. It is the lower operating expenses of Company E, that leads to higher net profit margin in comparison to Company F.

Books and Music:

Referring to the discussion about both the companies in Books and Music Industry, the major difference between both of them is that while one operates through both vast retail store and on-line presence, the other company operates solely. The major clue for both the companies was that one of them has recently become profitable. Hence, it is the company G which has carry-forward its previous year loss this year as indicated by income taxes figure.

Another difference between both the companies, were the Beta Multiple. Important to note that while one company, i. e. Company G that is completely dependent on online sales, has a higher sensitivity to the market with Beta of 1. 70 while the other has lower, i. e. Company H that leads its book retailing through its community store concept is the one market sensitivity with Beta multiple of 0. 51 only.

Paper Products:

Noted from the discussion about both of the companies, we found Company J to be the world's largest maker of paper, paperboard and packing as the company has higher fixed asset base in comparison to Company I. In addition, although Company I was able to report higher gross margins than Company J but ended up in net losses because of higher operating expenses than Company J that was able to lower its operating and other expenses because of large scale production.

Tools Industry:

Referring to the information provided by both the companies where one is a global manufacturer and marketer of power tools, accessories and hardware; while other is the manufacturer of high quality precision tools and diagnostic equipments, we found that the latter is Company L as it is the one offering financing for franchisee and large customer's purchases as indicated by higher proportion of accounts receivable in comparison to Company K.

Retail Industry:

Although there is not much difference between both of the companies as their core business strategy is to offer products at large discounts. However, there are other clues that will help us to associate the numbers with each company. Referring to the Balance Sheet, we found that Company N has significantly higher accounts receivables which was obvious provided the information where the company is disclosed to offer credit to its customers. In addition, since the company not only competes by attempting to match the other discounter's prices on similar merchandise but also by offering deep discount on its differentiated items. Hence, we can assume that Company N has higher sales number and resultant high profit margins in comparison to Company M.

Newspaper Industry:

Although both of the companies are involved in similar sort of business operations, but with the given description that one of them have significant amount of Goodwill, we can infer that to be Company O with higher intangible assets in comparison to Company P. On the other hand, one of the

companies have reportedly built large building for its headquarters, hence, Company P with reportedly higher fixed assets and with centralized decision making and administration.

Another distinction between both the companies is that Company O's newspaper is reportedly sold around the country and the world, hence on proportionate basis to revenue figures, it will have lower SG&A expenses in comparison to Company P that operates in local communities.