

# [Financial management 42337](https://assignbuster.com/financial-management-42337/)

Running Head: Finance CEO

Introduction

Ukaymatt is a well-recognized supermarket brand that is based in Utah. It provides retail services for the population in Utah and other regions around the state. The supermarket stores cover about 95000 to 140000 square feet. The supermarket specializes in food and drinks, clothing, shoes, jewellery, consumer electronics, kitchen and supplies, consumer financial services, retailing and renting DVDs, CDs, and music downloads, internet services, consumer telecom, consumer health insurance, automotive supplies. The retail store also provides merchandise for yard furniture during the summer and Christmas seasons for decorations. Most of the stores have photo processing services, photo studios, optical stores and pharmacies. There was a recent introduction of snack bars, tea and coffee cafes and ice-cream shops. The proposed plan to roll out new supermarket stores around the country come at a time when there is a high competition among the big box chain stores around the country. The store is in the process of making strategic plans that will ensure that it positions itself in the market as it makes an entrance in the market. The company has engaged in marketing the products and services that will generate funds that will enable the company to implement the plan to roll out new stores in the whole country (Carstensen, 2001). The company has established strategies that will enable successful establishment of 10 stores in selected locations nation wide. The financial timelines for the planned roll out for the stores has been drafted to assist company in implementing required details. By completing the establishment of the 10 new stores the company will be well placed to compete aggressively against big box retail companies such as Wal-Mart and Ukaymatt (Owen, 2001).

Selected Locations for Ukaymatt

The criteria used for selecting locations include Cost of Doing Business, Workforce, Economy, Education, Quality of Life, Technology & Innovation, Transportation, Cost of Living, Business Friendliness, Access to Capital. The following locations have been proposed as potential sites to develop the supermarket outlets within the country.

New Jersey

New Jersey has the advantage to help businesses that are starting up, a growing company that may be considering to expand or may be a large institution that is about to move or expand. New Jersey may also be a suitable place for international organizations that are planning to start there business in the state. The following reasons make New jersey the best location to pitch a business; Talented People, Strategic Location, Quality of Life, Innovative Businesses. It is situated at the heart of the countyi?? s largest trade corridor. The central setting, assorted variety of industries, and very educated labor force makes New Jersey one of the best business locations in the United States. New Jersey is an international force economically. CNBC ranks New Jersey among the top 15 states for business. It also ranks New Jersey is the first ranked state for Quality of Life. In addition, more than 70 million U. S. consumers are within a four-hour drive of the state. Finally, Forbes ranks N. J. among the top 20 states for business (Cuneo, 2000, December 11).

Virginia

CNBC, the foremost financial news cable channel that is highly regarded highly influential business and financial personalities around the globe, nominated Virginia the No. 1 state for business opportunities. According, to Forbes. com, cost of business in Virginia is considered 9% lower than the national average. More so, CNBC has reported that the Virginiai?? s legal and regulatory structure is among the most i?? business-friendlyi?? countrywide. Tax and energy costs in Virginiai?? s are among the lowest ranked in the nation, as was reported by Forbes. com. Forbes. com also informs that Employee Compensation rates are 47% below the nationwide standards.

Pennsylvania

Pennsylvania is among the top regions for business in the United States according to reports by CNBC. Access to markets in Pennsylvania is more quick and efficient. It has been established that more than 69 million customers live inside a 320-mile radius of the state of Pennsylvania. Within 500 miles of the state are four of the nine major U. S. markets overall; this translates to nearly 40% of United States population and more than 40% of that of Canada. Pennsylvania is a practical business location with opportunity to grow business. It is one of Americai?? s fastest-growing locations for, with outstanding nearness to the United States and Canadian markets, highly developed circulation and communications infrastructures, as well as a large, highly-educated work force. The region boasts of a hard-working, highly productive labor force. Pennsylvania has a well formed national and international links for transportation.

Florida

Florida's state and local tax burden is lower than most parts of the United States and that's good for attracting new business in the region. The Sunshine State boasts of the 4th lowest taxation rates in the country, moving up by two places from the previous year's standings in which it held the 6th lowest burden, as reported by The Washington, D. C.-based Tax Foundation, an independent, educational institution. The weather and connectivity of Florida make the region a popular tourist attraction. For that reason, Florida can be a good location for opening a new store outlet for the Ukaymatt chain of stores. There is also a cheap real estate offer for the construction that is being developed in Florida.

Oahu, Hawaii

Oahu's mid-pacific location strategically allows short air travel distance between the US mainland and Asia. This reason enables arrangements of meetings and conventions to be even more convenient. Oahu's position between Time Zones allows communication with geographically isolated cities from Los Angeles and Sydney to Tokyo and New York during the same business day. Oahu is at the very center of an unmatched web of high-speed networks that interconnects the U. S. Mainland and Canada to eastern countries like Japan, Korea, China, Malaysia / Singapore and Australia / New Zealand. Oahu offers an unequaled quality of life. Oahu offers businesses a complete range of competitive incentives. Apart from tax reduction, businesses benefit from Investment Tax Credit, Workforce Training Funds Enterprise Zones, and Foreign Trade Zones (BED, 2004).

Las Vegas

Las Vegas has a high number of people who visit the region for different purposes. In addition, there is provision of low interest rates on industries and businesses. Evidently, the rates across the nation are remarkable but some of the financial institutes are offering some very special rates in Las Vegas. Some institutes offer fantastic introductory rates, while others have as close to 0% financing that you'll ever see on Las Vegas investment property. Whenever a store is rented for two years out of the five there is no need to pay capital gains on anything which is valued under $500, 000? Furthermore, the two years do not need to be consecutive. Las Vegas also experiences a hoard of tourists that are attracted to casinos in the city. This results in a substantial increase in consumer prices that may eventually create the much needed profits for the stores in the region.

Portland, Oregon

The downtown resident population of Portland, Oregon is estimated 16, 000 people while the urban population is estimated MSA Population: 2, 020, 000. There is an estimated downtown retail space that ranges about 2 million square feet. The parking capacity stands at 35, 645 off-street parking spaces, and 11, 749 on-street spaces. The City of Portland owns and operates i?? Smart Parki??, a parking system that provides free parking for more than 700 businesses. The system operates with a validation for up to two hours. The City of Portland is currently in search of two major national retailers and Ukaymatt stores may fit quite well for this opportunity. Retail businesses have an advantage in Portland, in that there is no sales tax. Situated 15 miles from the Washington border, Portland can attract a typically large percentage of out-of-state consumers, as well as serving in-state shoppers who may have shopped elsewhere without saving sales tax.

San Diego, CA

The downtown resident population of Portland, Oregon is estimated 12, 500 people while the urban population is estimated MSA Population: 2, 910, 000. The downtown population of employees is about 75, 000. Retailing during the day in San Diego generally flourished because the population in the region is increasing. The weather for the city is constantly amongst the best in the nation, and there are a consistent visitation of year-round tourists and people who come in for conventions. For instance, the sales per square foot at Seaport Village, is approximately $500. Business along the views of the waterfront and the adjacent parks has improved foot traffic in favor of businesses that are around that area. The regional trolley passes alongside the convention center, and allows convention visitors to reach hotels, shopping and entertainment areas in other parts of the downtown. San Diego has a blossoming residential neighborhood, with over 500, 000 new residents added in the last five years, and the number is clearly increasing. San Diego has developed a distinct identity for the downtown region as a tourist and convention destination, in which residents and visitors share in the amenities.

Providence, RI

Providence has a large population that may serve an average Ukaymatt store estimated at 1, 615, 000. Most of the people that are working downtown are mostly of an expensive demographic, and have the potential to contribute extensively to the revenues generated by downtown businesses. Furthermore, the downtown area where businesses are located also receives significant foot traffic from the more than 60, 000 students, most of whom from the surrounding universities located within close distances of retail areas. Public transportation is not a problem in Providence because the neighboring areas lack the population of people necessary to hold a mass transit system, such as light rail.

Madison, Wisconsin

Madison has a fairly large population that may serve an average Ukaymatt store and is estimated at 521, 000.. Recent marketing efforts around downtown and in the media have gone a long way to attract downtown shoppers. Madison has a strong regional economy and an elaborate workforce and it does meet the necessary standards to have a big box chain. Currently, the metro bus service is effective at bringing public into downtown from East Central and West Central Madison.

Timeline

This timeline will be used for the establishment of the periods which Ukaymatt will open its stores.

January 2009

There will be opening of new Ukaymatt junction stores in New Jersey. Ukaymatt junction is a chain of general merchandise superstores that are about 150, 000 square feet (14, 000 mA?). It will carry a larger selection of general merchandise and grocery.

February 2009

Super Ukaymatt is a supermarket that is about 175, 000 square ft. (6, 000 mA?) that will be opened in Pennsylvania. It will provide full service grocery with a bakery, meat processing, fresh produce and a SuperDeli, Starbucks Coffee shop, a Pizza Hut Express, a Taco Bell Express Ukaymatt Photo - a one hour photo processing lab.

March 2009

Ukaymatt providence is a chain of general merchandise superstores that are about 150, 000 square feet (4, 000 mA?) that will open in the late February. It will provide more of general merchandise than a basic Ukaymatt store;

April - June 2009

Ukaymatt will be opening a mega store in San Diego California. The store will carry more than the usual stores. It will provide full service grocery with a bakery, meat processing, fresh produce and a SuperDeli. It also will include a Ukaymatt Optical.

July 2009

Ukaymatt will open a new store in Madison, Wisconsin in early July. The store will measure 135000 square feet and will deal in general merchandise.

August -November 2009

The new Ukaymatt Highridge stores in Portland will open its doors to consumers. It will also have 150, 000 square feet. It will deal with household goods, jewelry, health and beauty products, electronics, compact and foodstuffs and other general merchandises.

Ukaymatt will finally open a store on Oahu. It will be known as Oahu Ukaymatt. The store will measure about 126, 000 square feet. It will be selling a wide selection of general merchandise

The store will be opening its doors for customers to the new Ukaymatt Mega store in Virginia. The store is about 130000 square ft (2000 m2). It will deal in a larger selection of general merchandise and grocery.

December 2009

Las Vegas will be launching another megastore measuring 175000 square ft. It will provide full service grocery with a bakery, meat processing, fresh produce and a SuperDeli. Most old locations and all new SuperUkaymatt stores will include a Ukaymatt Optical. Many Ukaymatt stores may also feature a Starbucks Coffee shop, a Pizza Hut Express, a Ukaymatt Pharmacy, Ukaymatt Photo studio - a one hour photo processing lab.

Projections for the company

Current financial statements

Ukaymatt Current Annual Statements

2008 2007 2006

Revenue - $ mil.) 63, 367. 0 59, 490. 0 52, 620. 0

Gross Profit - $ mil.) 21, 472. 0 20, 091. 0 17, 693. 0

Operating Income - $ mil.) 5, 272. 0 5, 069. 0 4, 323. 0

Total Net Income - $ mil.) 2, 849. 0 2, 787. 0 2, 408. 0

Diluted EPS - Net Income) 3. 33 3. 21 2. 71

Ukaymatt Projected Quarterly Statements

Quarter Ending Apr 09 Quarter Ending Jan 09 Quarter Ending Oct 08

Revenue - $ mil.) 14, 802. 0 19, 871. 0 14, 835. 0

Gross Profit - $ mil.) 4, 630. 0 6, 946. 0 4, 490. 0

Operating Income - $ mil.) 1, 158. 0 1, 846. 0 958. 0

Total Net Income - $ mil.) 602. 0 1, 028. 0 484. 0

Diluted EPS - Net Income) 0. 74 1. 22 0. 56

Financial strategy

An early strategic choice to build a brand around the Ukaymatt name fostered the company's steady growth. Through the increasing growth and popularity of Ukaymatt, the company will continue to increase its food and consumables sales mix, thus shielding itself to some extent from declines in the retail industry and U. S. economy (Berner, 1997). Ukaymatt plans an aggressive store growth plan with an unexpected moving of 10 new stores by December 2008 reducing its number to 43 the number operating locally within Utah. According to Berner (1997) a reduction in store openings and capital expenditures will help strengthen the companyi?? s infrastructure, drive organic growth, and improve its financial base that will reduce the cost of starting new stores around the nation. Ukaymatt innovative merchandising and sourcing operations, which is not easily duplicated, will continue to attract customers by allowing the company to provide fashion forward merchandise at comparably low prices, and in turn realizing high prices. A divestiture of Ukaymatt high-quality credit card receivables would receive a large premium in the market and greatly boost monetary capital that may assist in funding new stores. Ukaymatt Corporation plans an aggressive $10 billion share repurchase initiative, which represent more than 20% of the companyi?? s outstanding shares, with a significant fraction of the buyback to occur by the end of 2008 financial year that will increase shareholder investment in the company. Upgrade quality of products, a concept associating style, discounting, and price competitiveness will enable Ukaymatt to become a major brand and consumer-shopping destination. Ukaymatt is to avoid competing against other big box giants head-to-head and instead perceived as outperforming it on specific dimensions: cleanliness of stores, shopping environment and experience, and shorter waiting time to pay. Those criteria must have been necessary to all customers, particularly to those for whom price was not everything. Each brand will have a specific positioning so that Ukaymatt overall assortment appeals to a broad customer base. This year the store will reduce this amount and invest more in quality service delivery. With the help of more than half a dozen agencies, the store can regularly come up with innovative advertisements campaigns; a singular strategy for a discount store. Through consistent marketing and communication, Ukaymatt will be able to make extensive reach to the most of the nation and establish itself as a customer destination (Hays, 2002, June 9).

Conclusion

The expansion of businesses is essential if at all Ukaymatt retail chain has to cope with the competition that is being experienced in the retail industry. Companies like Wal-Mart and Target are displaying cut-throat competition in order to proclaim supremacy and gain more sells and profits over other major big box companies. The competition is enhanced by these companies by acquisitions and mergers, discounting and increasing number of stores across the nation, intensive advertising, customer satisfaction and involvement of franchise deals with major manufacturers and producers (Scovanner, 1995). The companies even possess own identity on the products. The Ukaymatt Corporation is not new to this kind of methods. The group is introducing via cards to enable transactions to ease and to be able to attract the card holders thus stabilize its customer base, the company is also embracing the internet in order to gain more ground to the customers. Use of the methods is a sure way to increase the sales that may assist the retail chain to amass fund that will enable expansion to other states in the country. The company may involve the shareholders in order to fill in the shortfalls in order to acquire enough funds that may be used for expansion. The success in expanding the company assets by 10 stores will put the company in a position to compete fiercely against other big boxes.

## References

Bacchant, P. (1984). i?? In Depth Analysis Giant Retail Chains in retailing. i?? Macmillia.

Berner, R. (1997, October 3) " Image Adverts Catch the Imagination of Dayton's Hudson's Kmart Unit." Wall Street Journal, 131, 15-16.

Brigham, E., & Ehrhardt, F. (2002). Theory and Practice in Financial Management. Tenth Edition, Harcourt College Publishers.

Cuneo, A. (2000, December 11) " The Marketer of the Year: On Wall-Matt," Advertising Age.

Cuneo, A. (2003, February 24). " Francis's Mission: Shore Up Ukaymatt Sales by `Owning Red." Advertising Age.

Hays, C. (2002, June 9). " Can Kmatt Thrive in Wal-Mart's Cross Hairs?," New York Times .