

EXERCISE FOR SIMULATION PARTICIPANTS

1. Using the formulas in Table 4.1 and the data in your company's latest financial statements, calculate the following measures of financial performance for your company: **LO 1**
 - a. Operating profit margin
 - b. Total return on total assets
 - c. Current ratio
 - d. Working capital
 - e. Long-term debt-to-capital ratio
 - f. Price-to-earnings ratio
2. On the basis of your company's latest financial statements and all the other available data regarding your company's performance that appear in the industry report, list the three measures of financial performance on which your company did best and the three measures on which your company's financial performance was worst. **LO 1**
3. What hard evidence can you cite that indicates your company's strategy is working fairly well (or perhaps not working so well, if your company's performance is lagging that of rival companies)? **LO 1**
4. What internal strengths and weaknesses does your company have? What external market opportunities for growth and increased profitability exist for your company? What external threats to your company's future well-being and profitability do you and your co-managers see? What does the preceding SWOT analysis indicate about your company's present situation and future prospects—where on the scale from "exceptionally strong" to "alarmingly weak" does the attractiveness of your company's situation rank? **LO 2, LO 3**
5. Does your company have any core competencies? If so, what are they? **LO 2, LO 3**
6. What are the key elements of your company's value chain? Refer to Figure 4.3 in developing your answer. **LO 4**
7. Using the methodology presented in Table 4.4, do a weighted competitive strength assessment for your company and two other companies that you and your co-managers consider to be very close competitors. **LO 5**