Task: Plan and compose an opinion essay

Topic: Strategic Management

Type: Research Proposal

Length: 6 pages

Formatting: MLA

Requirements:

Use the information and guidelines attached to create a strategic proposal and analysis.

Strategic Management

Name

Institution

Strategic Management

This report analyses the financial statements of the group in rounds 4, 5 and 6. It examines the incomes and costs structure of all the six products as well as each of their profits. In addition, this proposal examines the profitability trends of all the products in order to establish the economically viable commodity to produce. This proposal examines the balance sheet of the group in order to determine the group's financial performance. Based on the financial analysis results, this proposal establishes strategies necessary to improve the group's financial performance. As a result, this proposal provides recommendations necessary to improve and maintain the group's profitability.

MostAwfulEssays 8/14/14 11:56 AM
Comment [1]: It would be good to start this proposal with actually using words right, but....

MostAwfulEssays 8/14/14 11:57 AM
Comment [2]: I can tell word usage is not your friend.

MostAwfulEssays 8/14/14 11:59 AM
Comment [3]: You know proposals propose something, and do not recommend something, right?

Round Four

Red had the highest sales revenues at $2, 058, 655 followed by grey, ochre and green at $1, 486, 203, $1, 296, 534 and $1, 250, 474 respectively. Orange had the lowest sales revenues of a paltry $3, 178. The group experienced the highest costs in the production of red estimated at $1, 572, 994 followed by ochre whose production costs were $1, 425, 276 and green's total production costs were $1, 149, 883. Blue, grey and orange had the lowest production costs at $997, 735, $943, 564 and $ 532, 468 respectively.

Conducting a costs analysis of each product is vital in establishing costs minimization strategies. For product green, variable and production costs were the highest estimated at $585, 252 followed by repair and maintenance costs at $161, 750, feature costs at $138, 018 and administration costs at $136, 452. Promotion and transport and tariffs costs were $61, 500 and $66, 911 respectively. Product green had no contract manufacturing costs meaning that the group manufactured the product at its premises.

For product red, variable production costs were the highest estimated at $580, 084 followed by feature manufacturing costs at $247, 469 and promotion costs at $235, 880. Product blue had the highest contract manufacturing costs of $318, 114, variable production costs of $261, 374 and feature costs of $143, 168. Orange had no variable production and transport costs but had high contract manufacturing costs of $267, 884 and repair and manufacturing costs of $165, 000. Product grey had high variable production costs, repair and maintenance costs and contract manufacturing costs of $286, 563, $191, 496 and $185, 873 respectively. Ochre had high variable production costs, feature costs and R& D costs of $372, 863, $380, 095 and $22, 000 respectively.

Grey realized the highest profits of $305, 475 while red produced the second highest profit estimated at $191, 874. The group also realized profits on product blue estimated at

MostAwfulEssays 8/14/14 12:02 PM
Comment [4]: You might want to explain to your readers about what the &^* is going on.

MostAwfulEssays 8/14/14 12:45 PM
Comment [5]: I think you forgot how to use punctuation.

MostAwfulEssays 8/14/14 12:45 PM
Comment [6]: I am getting pretty tired of reading all these figures. I thought you were supposed to "propose" something, not report on what you have already found.

MostAwfulEssays 8/14/14 12:46 PM
Comment [7]: What do these two figures mean by the way? You seem to like throwing things in your readers face without explaining what's going on.

$68, 045. Products green, orange and ochre all registered losses with ochre registering the highest loss of $229, 590 because it has the highest costs compared to other products. To prevent future losses, the group must reduce the total costs of products green and ochre. The group should apply economies of scale to reduce the high variable production costs of both green and ochre. In addition, the group must also reduce the high feature and maintenance costs of these two products to increase its profitability and minimize losses. Although orange had the lowest operational costs, its low sales revenues led to losses. In this regard, the company must invest more in advertising and promotion of this product to increase its sales revenues.

The firm is in a good liquidity position since the current assets exceed the current liabilities for all the products. The firm has a low debt ratio for all the products since the total assets exceed total debts resulting to a lower ratio. Low debt ratio indicates high financial leverage and low fiscal risks. Grey, red and blue had a higher return on investment (ROI), which is a ratio of net income to the total assets. These three products experienced higher incomes compared to other products.

Round Five

In this round, red had the highest sales revenue at $3, 537, 820 followed by blue at $2, 508, 541 and ochre at $1, 955, 162. Orange had the lowest sales revenue at $8, 384 while green and ochre sales revenues were $1, 842, 316 and $1, 955, 162 respectively. Red had the highest total production costs of $2, 456, 679. Blue, green and ochre production costs were $1, 946, 221, $1, 376, 546 and $ 1, 230, 675 respectively. Grey and orange had relatively low total costs estimated at $873, 685 and $6, 311, 529 in that order.

Analysis of each of the products' cost structure is important in determining cost minimization strategies. Product red had high variable production, feature and contract

MostAwfulEssays 8/14/14 12:47 PM
Comment [8]: Once again, your punctuation is like a missing person.

MostAwfulEssays 8/14/14 12:58 PM
Comment [9]: Which group? You haven't explained a thing!

MostAwfulEssays 8/14/14 12:59 PM
Comment [10]: I guess you are not the preposition king.

MostAwfulEssays 8/14/14 1:01 PM
Comment [11]: Noooo! More random figures that are not explained.

manufacturing costs estimated at $798, 354, $559, 954 and $409, 188 respectively. To minimize costs, the firm must establish strategies targeting these costs by employing efficient manufacturing methods and reducing contract manufacturing. By minimizing red's total operating costs, the company would be able to increase its profitability. Product green has high variable production, feature and administration costs of $712, 139, $280, 607 and $136, 452 in that order. While ochre's highest production costs were contract manufacturing, feature and variable production costs of $ 345127, $ 315369 and $221839 respectively. Orange and grey had relatively low production costs of $631, 152 and $873, 685.

Product ochre realized the highest profits of $560, 867 while red registered the second highest profit of $503, 328. Products blue, green and grey all registered profits of $210, 466, $184, 460 and $132, 479 in that order. Only orange registered a loss of $1, 128, 925. This huge loss is due to orange low sales revenues and its high contract manufacturing as well as promotion costs. The firm should consider abolishing the production of orange since it has high promotions costs such that increasing this product advertisement will have no impact on its profits, but will only increase its promotion costs. Variable production costs are the highest contributor of the total costs of green, red and blue. As a result, employing better technology in production and scale economies will have a profound impact on increasing profitability. The firm should prioritize the production of product green since it has a low tax cost compared to other products. With efficient cost minimization strategies, product green has the potential of increasing tremendously the firm's total profits.

The firm's liquidity position is good since the firm can meet all its short-term debt obligations. The current ratio is a ratio of current assets and current liabilities. The current assets of all the six products exceed their current liabilities, thus indicating a favorable liquidity position. Return on Assets (ROA) is a profitability indicator that shows the efficiency of a firm to utilize its assets in producing profits. Red, ochre and blue had the

MostAwfulEssays 8/14/14 1:01 PM
Comment [12]: Which firm? Please tell us: sincerely, your annoyed readers.

MostAwfulEssays 8/14/14 1:05 PM
Comment [13]: I am starting to believe you made this company up.

MostAwfulEssays 8/14/14 1:05 PM
Comment [14]: Explanation Pleeeeeeeeeeeeeeeeeeeeeeeeeeeease.

MostAwfulEssays 8/14/14 1:10 PM
Comment [15]: I think you made the order clear before. I'm not stupid.

MostAwfulEssays 8/14/14 1:14 PM
Comment [16]: The mystery continues....

MostAwfulEssays 8/14/14 1:14 PM
Comment [17]: What is the company doing business with, an elementary school?

MostAwfulEssays 8/14/14 1:15 PM
Comment [18]: Syntax is off like a poorly designed face.

MostAwfulEssays 8/14/14 1:17 PM
Comment [19]: I don't think you know how to make sense.

highest return on assets (ROA) compared to the other products since they yielded higher returns. The debt ratio shows the extent of a firm's financial risk. It is a ratio of total debts to total assets. The debt ratios of grey and ochre are the lowest and, therefore, represent the lowest risk among the products. Orange had the highest debt ratio and, therefore, the most risky.

Round Six

In this round, red realized the highest sales revenue followed by blue and green in ascending order of $4, 695, 092, $2, 556, 846 and $236, 002 respectively. Ochre sales revenues were $1, 953, 313 while orange and grey recorded the lowest sales revenues of $173, 060 and $252, 951 respectively. This round had the highest total sales revenues compared to round four and five. Red, blue and green had the highest total operating costs of $3, 090, 928, $1, 551, 030 and $1, 544, 232 in that order. Ochre had also a relatively high production cost of $1, 338, 948. Grey and orange had the lowest production costs of $627, 737 and $507, 543 respectively.

The variable production, feature and contract manufacturing costs contributed the most to the total production costs of red estimated at $951, 617, $958, 838 and $440, 702. Similarly, these three cost components were the highest cost contributors to the total production cost of green. The highest production cost of blue included variable production costs of $392, 782, contract manufacturing costs of $388, 244 and feature costs of $331, 816. Contract manufacturing costs was the highest contributor to total costs estimated at $374, 146 followed by feature costs at $324, 496 and repair and maintenance costs estimated at $220, 000. Orange had a high contract manufacturing costs of $390, 503 but had no variable production, transportations & tariffs and repair costs. Grey had no variable production costs

MostAwfulEssays 8/14/14 1:28 PM
Comment [20]: Zzzzzzzzzzz, I am asleep.

MostAwfulEssays 8/14/14 1:32 PM
Comment [21]: Comma, oh comma, where art thou?

MostAwfulEssays 8/14/14 1:33 PM
Comment [22]: Are you writing in Victorian times?

but high contract manufacturing, repair & maintenance and administrative costs of $287, 955, $165, 000 and $130, 702 respectively.

Red and blue had the highest profits $863, 929 and $615, 176 followed by green whose profit was $494, 768. Ochre profits were $470, 368 while orange and grey all experienced losses of $899, 998 and $438, 640. Orange's high loss was due to its low sales revenues and high contract manufacturing, administrative and net financing costs. In order to improve the total profitability, the firm must focus on reducing variable production, feature and manufacturing costs since they are the most contributors to the total operation costs. Cost reduction strategies among these three cost components have profound effects on the firm's profitability.

Like in the fourth and fifth rounds, the firm's liquidity is good since the firm can meet its current debt obligations. The current ratio of all the products is favorable since the firm has high current ratios since the current assets exceed the current liabilities in each of the products. The firm's ROA shows its profitability performance. Red, blue and green had the highest ROA since they registered the highest net incomes. Orange and grey had the lowest ROI since they registered low net incomes. ROA is a ratio of net incomes to the total assets of each product. Higher ratio indicates high returns. The firm's debt ratio varies with the products. Ochre has the lowest debt ratio and represents the least risk. Green, blue and grey also had low debt ratios. Red has a relatively high debt ratio, thus represents a considerable amount of risk. However, orange had the highest debt ratio, therefore, the highest risk. This is because the total debts exceeded the total assets.

MostAwfulEssays 8/14/14 1:33 PM
Comment [23]: Alright old timer.

MostAwfulEssays 8/14/14 1:35 PM
Comment [24]: I am sooooo bored of reading all this junk.

MostAwfulEssays 8/14/14 1:36 PM
Comment [25]: Look up this class at your school: how to put words in order 101.

MostAwfulEssays 8/14/14 1:39 PM
Comment [26]: How could you write this paper without going to the insane asylum?

Overall Impression

The writer confused a business proposal with a business report and went on a tangent that left many dead by boredom.