CGA

CASOS – QUESTÕES

CAFES MONTE BIANCO: BUILDING A PROFIT PLAN (4)

1. Use a profit plan to evaluate the attractiveness of switching all production to private brand coffee.
2. Based on your analysis, what recommendations would you make to Giacomo Salvetti?
3. What assumptions did you make to complete your analysis? How critical are these assumptions to your conclusions?
4. Prepare a list of additional information that you would ask for to improve the quality of your analysis.
5. Analyze the profitability of a mixed strategy where the company would sell Grade "A" coffee with an advertising level of 7% and the rest of the production would be devoted to private brand coffee.

THE CO-OPERATIVE BANK (1)

1. The Co-op Bank is our first experience with an ABC project applied to a service organization. What new issues, if any, arise when applying ABC analysis to a service business?
2. Comment on the process used to develop cost and profitability information on Personal Service Products. Should Co-op Bank phase out the unprofitable Independent Financial advice/Insurance, and Pathfinder products?
3. How should the bank deal with the large number of unprofitable customers? When should unprofitable customers be retained, and when should they be "demarketed?" How should David Falwell decide how to direct his limited marketing resources?
4. Is the customer profitability and subsequent actions to concentrate on developing profitable customer relationships compatible or inconsistent with the bank's Mission Statement (Exhibit 2) and Statement on Ethical Policy (Exhibit 3)?

JOHN DEERE COMPONENT WORKS (2)

1. How did the competitive environment change for the John Deere Component Works between the 1970s and the 1980s?
2. What caused the existing cost system to fail in the 1980s? What are the symptoms of cost system failure?
3. How were the limitations of the existing cost system overcome by the ABC system?
4. Compare the cost of product A103 (see Exhibit 5) under the existing cost system and under the ABC approach.

METABO GMBH & CO., KG (7)

1. How did Metabo's old cost system differ from those of the U.S. companies we have examined earlier in the course?

2. What factors contributed to the dissatisfaction with the old cost system? Think about broad general trends in Metabo's competitive environment as well as the specific complaints identified in the case.

3. Why is Häussler so enthusiastic about the new system? What functions does the new system do particularly well?

4. What limitations remain in the new system, if any? Is the new Metabo system a prototype for the cost management systems that contemporary manufacturing companies should install?

OWENS & MINOR, INC. (A) (3)

1) What are the services rendered by the distributor to manufacturers and hospitals?
   a) How has the nature of distribution changed over time?
   b) What is the value-added by O&M?
2) Evaluate the impact cost-plus pricing has on distributors, customers, and suppliers.
3) What effect will ABP have on customer behavior?
4) Explain Exhibit 5. How does the pricing matrix work?
   a) How do the costs in Exhibit 5 correspond to the costs shown in the customer profitability statement in Exhibit 4?
   b) Why doesn't the matrix comprise all the costs shown in Exhibit 4?
5) What are the obstacles to successful implementation of ABP at Ideal?
   a) How would you address these obstacles?
6) What type of customers will adopt ABP first?
7) How difficult or easy is it for O&M's rivals to adopt ABP?
8) What are the risks associated with ABP for Owens and Minor?
9) Work through the numerical exercise provided in TN Exhibit 1 by filling in the template provided in TN Exhibit 3.
10) Why is Owens and Minor adopting a cost-based pricing strategy rather than value-based pricing strategy?

SOFTWARE ASSOCIATES (6)

1) Prepare a variance analysis report based on the information in Exhibit 1. Would this be sufficient to explain the profit shortfall to Norton at the 8 AM meeting?
2) Prepare a variance analysis report based on the information in Exhibit 2.
3) Prepare a spending and volume variance analysis of operating expenses based on the additional information supplied in Exhibit 3.
4) Prepare an analysis of the revenue change, separating the volume effect (increase in number of consultants) from the productivity effect (billing percentage).
5) Prepare an analysis of actual versus budgeted revenues, consultant expenses, and margins using the additional information supplied in Exhibit 4.

WALKER AND COMPANY (5)

1) Complete Ramsey Walker's profit plan for the children's book line (Exhibit 5 in case). What are your working assumptions? Which of these assumptions are critical to your analysis?
2) Review the list of financial performance measures presented in the case. What measures or calculations should Ramsey use to manage the business? How should those measures be calculated?
3) Based on your analysis, prepare an agenda of the top three action items that Ramsey should discuss with George Gibson and Ted Rosenfeld during their upcoming meeting.