

**Intro**

10:05AM Tue, Jan 16, Aldrich Hall 012

**TOPIC****MATERIALS**

 [Anasazi Exclusive Salon Products, Inc. \(295111\)](#)  
*EC Weeks 1 & 2 Packet*

 [Anasazi Exhibits](#)

**ASSIGNMENT**

Anasazi Assignment Questions

This case was taught in The Entrepreneurial Manager course last year. One of the teaching goals then was to describe in some detail the business model for the company and to isolate the critical assumptions in that model. You may want to review any notes you have from that discussion. This year the purpose is to allow you to develop a spreadsheet model that will provide a monthly cash-flow forecast for the business and then to use this model to evaluate the possible actions you might recommend to increase the future cash flow.

- (1) Review the 1994 financial results summarized in Exhibit 5 and Exhibit 7.
- (2) Estimate the following operating factors:
  - a. Expenses that are incurred as a function of the number of Accounts being serviced.
  - b. Expenses that are incurred as a function of time
  - c. Revenue per initial order.
  - d. Revenue per reorder assuming each Account reorders once per month.
  - e. Monthly interest expenses.
  - f. Change in working capital for each incremental dollar of sales.
  - g. Cost of Goods Sold as a percent of Sales.
  - h. Number of new Accounts to be opened each month.
- (3) Prepare a monthly cash flow forecasting model for the period September 1994 through August 1995 based on your estimates above.
- (4) What actions can be taken to improve the business and what will the impact of these actions have on the monthly cash flows for Anasazi?


10:05AM Thu, Jan 18, Aldrich Hall 012


## TOPIC

Monterrey Manufacturing

Review and Practice Cash Flow Forecasting Techniques

## MATERIALS

 [Monterrey Manufacturing Company \(197023\)](#)  
*Classroom*

 [Cash Flow Forecasting for Turnarounds \(806094\)](#)  
*Classroom*

 [Monterrey T-Accounts](#)

 [Sample Problem using Retail Template](#)

  [Blank Retail Template from Forecasting Note](#)

  [Blank Manufacturing Template from Forecasting Note](#)

## ASSIGNMENT

Monterrey is an example of Indirect Cash Flow Forecasting for a manufacturing company. Read the case and then review the data in the Monterrey T-Accounts file. This file provides a solution to Question 1 at the end of the case. You should then prepare the 2004 Income Statement, Balance Sheet and Statement of Cash Flow.

The Note on Cash Flow Forecasting was prepared to give you an overview of forecasting cash flow using the direct method, which is typical in most turnaround situations. Read this note and then look at the Sample Problem. The data for a hypothetical retail company for Exhibits 3 through Exhibit 8 in the note is provided. You should then build the Income Statement, Balance Sheet and Cash Flow using this information. If you do this correctly the balance sheet will not balance because there is an intentional error in the General Sales and Administration sheet (Exhibit 5). See if you can find this error.


In class we will go through these two forecasting methods and discuss how they will be used in the course.

## End of Intro

**Triage**

10:05AM Mon, Jan 22, Aldrich Hall 012

**TOPIC****MATERIALS**

 Bonne Chance (A) (a simple little retail business) (803084)  
*EC Weeks 1 & 2 Packet*

 [Bonne Chance Exhibits](#)

**ASSIGNMENT**

This case will be taught over two days. The first day will focus on generating a weekly cash flow model for the company under "base case" assumptions. This cash flow model should be linked with a model that gives a weekly projection for an Income Statement and a Balance Sheet for the company. Using these models the second day will focus on a discussion and evaluation of the various action plans you would recommend for this company. You can work in teams to develop the model. I plan to ask some of you to email me your models before class on Monday. If you send me a model, please indicate all the members of your team.

1. Using the data in the case develop a spreadsheet model that has three major components--a weekly cash flow statement, a weekly income statement and a weekly balance sheet. This model should start on October 1, 1999 and end on December 31, 1999. For the base case, which is all that is required for the first class please use these assumptions plus any others you think are necessary.

- a. No Swatch Business (make sure your model can incorporate this product line, but assume for day one that this business is not pursued.)
- b. No discount sales for Other merchandise
- c. No Inventory Adjustment Sales for Rolex
- d. No Special Promotions
- e. Newspaper will be paid 3 months late for advertising expenditures
- f. The minimum Other product inventory described on page 6 of the case will be maintained
- g. Trade Accounts Payable will not exceed \$100,000 during the forecast period
- h. The revolver loan will be at its maximum value of \$265,000 and any additional cash will be supplied by the overdraft mechanism. (The case indicates that the bank will not allow this to happen, but for purpose of model building you should ignore this case fact).

2. Make sure the three statements link correctly. Also remember that some of the assumptions in the base case will be relaxed in tomorrow's analysis, so design your models so they can incorporate these changes.

3. At the end of the first day we will develop a set of actions plans to be evaluated using this model for the second day's discussion.

10:05AM Tue, Jan 23, Aldrich Hall 012

## TOPIC

### ASSIGNMENT

Propose a way to make the Swatch deal work with internally generated funds. Use the spreadsheet models developed for yesterday's class to show how your proposal will impact the financial statements for the company. Make sure you have enough collateral to support your borrowing in the revolver.

You should consider the options discussed in class or create one of your own. Some of the options to consider are to stretch payables, conduct a Rolex trade-in sale, do some Rolex inventory balancing or have other price-off sales. You may want to consider cutting expenses. Make sure you consider the penalties for having excess payables or too low inventories mentioned in the case.

There is a base case spreadsheet model posted if you are not sure your model is working correctly compare it with this spreadsheet. If you would like specific feedback on your model please email it to me for review.

10:05AM Mon, Jan 29, Aldrich Hall 012

## TOPIC

### MATERIALS

 Hoosier Hose Company UVA-F-0975  
*EC Weeks 3 on Packet*

 [Hoosier Hose Exhibits](#)


### ASSIGNMENT

1. Assume you are Mr. Oates and Mr. Garfield has asked you to give him a more detailed analysis of what your cash needs will be between March 1, 1991 and September 30, 1991. Using the data in the case, prepare this analysis.

10:05AM Tue, Jan 30, Aldrich Hall 012

## TOPIC

## MATERIALS

 Hoosier Hose Company (UVA-F-0975)  
*EC Weeks 3 on Packet*

 [Hoosier Hose Exhibits](#)

## ASSIGNMENT

1. Assume you are Mr. Oates and you prepared the analysis in the spreadsheet posted on the Course Platform after class on Tuesday January 31, 2006. What specific actions would you be prepared to take in order to obtain the additional \$1.5 million in borrowing capacity
2. Be prepared to role play a negotiation between Mr. Garfield the loan officer at Booth National Bank and Mr. Oates.

**End of Triage**

**Crisis**

10:05AM Mon, Feb 5, Aldrich Hall 012

**TOPIC****MATERIALS**

Masters Novelty Company (UVA-F-0956)

*EC Weeks 3 on Packet*



What Every Investor Should Know about Lenders and the Turnaround Process (803097)

*EC Weeks 3 on Packet*



[Masters Novelty Exhibits](#)

**ASSIGNMENT**

Masters Novelty Company Assignment Questions

1. What is the maximum additional cash Masters will need between now and March 29, 1991?

You should view the case from five different points of view:

- (a) Mr. Jones, loan officer for St. Andrews
- (b) Workout officer at Turnberry Bank
- (c) Mr. Samuel Snead, incoming CEO of Masters
- (d) The officer at Midwestern Insurance who is responsible for the \$7 million loan.
- (e) The Shannon Overseas Investment Bank representatives in NYC.

Be prepared to present the situation facing each of these people in January of 1991.

2. Read the article and then suggest a plan of action for Mr. Snead.

10:05AM Tue, Feb 6, Aldrich Hall 012

## TOPIC

## MATERIALS

 Fleet Managed Assets Division (A) (804098)  
EC Weeks 3 on Packet

 [Fleet \(A\) Exhibits](#)

 Managing a Return to Financial Health (803101)  
EC Weeks 3 on Packet

## ASSIGNMENT

Read the article and understand the concept of the Z-score as a predictor of bankruptcy. You can skim the part of the article describing how James K. Lafleur utilized the Z-score as a management tool. (For those interested in more detail on models that predict Financial Distress I would recommend Chapter 1 in Edward Altman's book *Bankruptcy, Credit Risk, and High Yield Junk Bonds*. Blackwell 2002.)

Calculate the Z-score for Polaroid at the end of 1997, 1998, 1999 and 2000. You will need the following data in addition to that provided in the case.

	1997	1998	1999	2000
# of shares outstanding in millions	45.1	44.2	44.3	45.1
Closing stock price, Dec 31	\$45	\$19	\$20	\$8


What plan of action would you recommend for Paul Kennedy on October 10, 2001? How would you implement this plan?

10:05AM Wed, Feb 7, Aldrich Hall 012

## TOPIC

## MATERIALS

 Dragonfly Corporation (393118)  
*EC Weeks 3 on Packet*

 Insolvency: A Legal Guide (1-803-099)  
*EC Weeks 3 on Packet*

 [Dragonfly Exhibits](#)


## ASSIGNMENT


1. Read both the case and the note on insolvency
2. What are the most important problems facing Janet and Michael Thompson?
3. What options do they have for resolving these problems?
4. Assume Janet Thompson is your sister and that you, your parents and Janet and Michael are the members of Dragonfly's Board of Directors. What recommendations would you make to the board?
5. What should Janet and Michael do?

10:05AM Mon, Feb 12, Aldrich Hall 012


## TOPIC

## MATERIALS

 Newport Creamery (A) (803130)  
*EC Weeks 3 on Packet*

 What Is Chapter 11? (803100)  
*EC Weeks 3 on Packet*

 [Newport Creamery Exhibits](#)

 ["New Bankruptcy Law Amendments: A Creeping Repeal of Chapter 11" Skadden, Arps, Slate, Meagher & Flom LLP, March 22, 2005 Richard B. Levin, Alesia Ranney-Marinelli](#)

## ASSIGNMENT

This is a very long case. However most of the length is in the exhibits and appendices. Many of these exhibits represent the type of information available to professionals who are trying to figure out what to do in a very short time period in a crisis situation. You may not have time to read all of this information carefully, but that may also be true in a real situation.

1. What recommendation should Lee Goldberg make in his report to the Court?
2. What evidence supports these recommendations?

The Note "What is Chapter 11?" provides some legal background on the nature of Chapter 11. I would encourage you to read the first 14 pages and then skim the rest. This background will be helpful in future cases. The link to the New Bankruptcy Law Amendments article is courtesy of Skadden Arps. They asked me to remind you this was written before the law was signed and there may have been some minor changes. They also provided the following reference for a later and much more detailed article. "The Creeping Repeal of Chapter 11: The Significant Business Provisions of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005" by Richard Levin and Alesia Ranney-Marinelli in American Bankruptcy Law Journal, Volume 79, Issue 3, 2005

## End of Crisis

**Stabilizing the Situation**

10:05AM Tue, Feb 13, Aldrich Hall 012

**TOPIC****MATERIALS**

Peter Jepsen (898057)



[Peter Jepsen Exhibits](#)


**ASSIGNMENT**

Forecast the financial performance of Hagan Hardware for the twelve months ending March 31, 1996.

1. In your opinion, will the company violate any of the bank covenants?
2. What recommendations would you make to Peter Jepsen based on this analysis?
3. What plan of action would you recommend for dealing with Steven Armstrong?
4. What agenda should Peter Jepsen have for the January 1996 Board of Director's meeting?
5. What action plan should Jepsen present to the Board?

10:05AM Tue, Feb 20, Aldrich Hall 012

**TOPIC****MATERIALS**

 [Explo Leisure Products \(399053\)](#)  
*EC Weeks 3 on Packet*

 [Explo Leisure Products Exhibits](#)

 [The New-Boy Network, by Malcolm Gladwell](#)

**ASSIGNMENT**

1. Why are Tim Trowac & Dave Rahall having so many problems?
2. What are the most important tasks facing them in November 1997?
3. What actions should they take? Be specific.

**End of Stabilizing the Situation**

10:05AM Wed, Feb 21, Aldrich Hall 012

**TOPIC**

To Be Announced

10:05AM Mon, Mar 5, Aldrich Hall 012

**TOPIC**

To Be Announced


10:05AM Tue, Mar 6, Aldrich Hall 012

**TOPIC**

**Stabilizing the Situation**

10:05AM Mon, Mar 12, Aldrich Hall 012

**TOPIC****MATERIALS**

 Lyric Dinner Theater (A) (386056)  
*EC Weeks 3 on Packet*

 [Lyric Dinner Theater Exhibits](#)

 [Zero Defect Hiring by Pierre Mornell. Inc. Magazine March 01, 1998](#)

Pierre Mornell has written a very useful book on recruiting and hiring. It is entitled "Hiring Smart" published by Ten Speed Press. This article is a summary of some of the points in the book.

**ASSIGNMENT**

1. Do you think Deborah made a good career decision to take the job of general manager at Lyric?
2. Can this business be profitable? If not, why not? If yes, what needs to be done to achieve profitability?
3. What specific actions should Deborah take?

10:05AM Tue, Mar 13, Aldrich Hall 012

**TOPIC****MATERIALS**

 Ironwood Golf Corporation (SB-137)  
*EC Weeks 3 on Packet*

**ASSIGNMENT**


This is your first day in charge. Step by step, what are you going to do?

10:05AM Wed, Mar 14, Aldrich Hall 012

**TOPIC**

Chuck's Wagon Inc. (A)

**MATERIALS**

 Chuck's Wagon Inc. (A) (N9-805-100)  
*EC Weeks 3 on Packet*


 [Chuck's Wagon \(A\) Exhibits](#)

**ASSIGNMENT**

1. What should Steve Jones do?
2. Why?

10:05AM Mon, Mar 26, Aldrich Hall 012

**TOPIC****MATERIALS**

 Irving Tanning (804082)  
*EC Weeks 3 on Packet*

 [Irving Tanning Exhibits](#)


**ASSIGNMENT**

1. Evaluate the original Management Buyout of Irving in 1997.
2. What caused Irving to file for Chapter 11 in 2001?
3. Evaluate the actions taken by management and various investors to get the company out of Chapter 11.
4. In 2003 what major strategic options are realistic for Irving Tanning?
5. What criteria would you use to evaluate these options?
6. What recommendations should David Middleton make to the board about the strategy for this company?

10:05AM Tue, Mar 27, Aldrich Hall 012

## TOPIC

### MATERIALS

 Cable Data Systems (803132)  
*EC Weeks 3 on Packet*

 [Cable Data Systems exhibits](#)

 [Fixed and Variable Cost Analysis](#)

### ASSIGNMENT

1. Evaluate Michael Miller's performance in bringing together PCI and SCC to form the new company CDS. What could he have done better? What do you see as his biggest challenges after the deal is finalized?
2. How well has Miller dealt with the problems facing CDC his first year? What should he do now? Be specific.

10:05AM Wed, Mar 28, Aldrich Hall 012

## TOPIC

### MATERIALS

 Union Corrugating Company (A) (803065)  
*EC Weeks 3 on Packet*

### ASSIGNMENT

1. Do you think Lauri Union made a wise decision to join Union Corrugating Company (UCC) after graduation from HBS? Why or why not?
2. Evaluate her first six months on the job. What did she do well? What poorly? What should she have done that she did not do?
3. What steps can she take to improve the way she and Ron Coates work together?
4. How can she develop the loyalty and active support of the experienced managers such as Coates?
5. What should Lauri Union's priorities be in the next six months?

## End of Stabilizing the Situation

10:05AM Mon, Apr 2, Aldrich Hall 012

**TOPIC**

To Be Announced

**Planning the Future**

10:05AM Tue, Apr 3, Aldrich Hall 012

**TOPIC**

My Software

**MATERIALS**

MySoftware Company (A) (699121)

*Spangler distribution*

**ASSIGNMENT**

1. After less than 6 months on the job, how is Gregory Slayton doing with the turnaround of MySoftware? What is it about his background that will help or hinder this process?
- 2.
3. How should he approach the growth decision? What process should he use to make the decision regarding the four options?
- 4.
5. Which option(s) would you recommend that Slayton and MySoftware choose and what is your action plan for implementing your choice?
- 6.

10:05AM Wed, Apr 4, Aldrich Hall 012

## TOPIC

Raiser Senior Services

## MATERIALS



Raiser Senior Services-The Stratford (A) (603013)

*Spangler distribution*



[Stratford photos](#)



[Exhibit 9](#)



[Exhibit 10](#)



[Exhibit 11](#)



[Exhibit 12](#)


## ASSIGNMENT

1. What is unique about delivering services in a senior care business? What needs to be considered when you have "high end" customers? How do you define quality in this type of business?
2. How does The Stratford make money? What are the primary expenses?
3. What do you recommend Raiser and her team do to improve the financial performance at the Stratford?

10:05AM Tue, Apr 10, Aldrich Hall 012

## TOPIC

## MATERIALS

 International Steel Group (N2-802-163)  
*EC Weeks 3 on Packet*

 [International Steel Group Exhibits](#)

 [A Retired Steelworker Struggles](#)

This link must be opened in Internet Explorer.


## ASSIGNMENT

1. How attractive is the future for American Integrated steel producing companies?
2. What unique opportunities does ISG have in 2002?
3. What specific actions would you recommend to Wilbur Ross and Rodney Mott in April 2002?

10:05AM Wed, Apr 11, Aldrich Hall 012

## TOPIC

## MATERIALS

 Jamie Dimon and Bank One (A) (804107)  
*EC Weeks 3 on Packet*

 [Jamie Dimon and Bank One Exhibits](#)

## ASSIGNMENT

1. How would you evaluate the actions taken by Jamie Dimon since becoming CEO of Bank One?
  - A. What is he trying to accomplish in addition to learning about the situation at Bank One?
  - B. As an observer what signals would you tell Dimon he is sending to the organization?
  - C. How do you think you would have reacted if you had been a senior manager in Bank One when Jamie Dimon was selected as CEO by the Board of Directors? What choices would you have had at that time?
2. What are the most important problems facing Jamie Dimon in the summer of 2000?
3. What plan of action would you recommend?
4. How should he spend his time in the next 6 months?

## End of Planning the Future

10:05AM Tue, Apr 17, Aldrich Hall 012

## TOPIC

To Be Announced


**Planning the Future**

10:05AM Wed, Apr 18, Aldrich Hall 012

**TOPIC**

America Latina Logistica

**MATERIALS**

 America Latina Logistica (804139)  
*EC Weeks 3 on Packet*

 [America Latina Logistica Exhibits](#)

 [valuation calculations](#)

**ASSIGNMENT**


1. Evaluate ALL's financial performance from 1997-2000. What conclusions do you draw from this analysis?
2. What are the best decisions and actions taken by Alex Behring and his colleagues to date?
3. What should they have done differently?
4. Do you think ALL should get into the Integrated Logistics Solutions Business? If yes, should they acquire Delara Transportes?

10:05AM Mon, Apr 23, Aldrich Hall 012

**TOPIC**

Hexcel

**MATERIALS**

 Hexcel Turnaround -- 2001 (A) (806099)  
*Spangler distribution*

 [Hexcel Case Exhibits](#)

**ASSIGNMENT**

1. What plan of action would you recommend for David Berges?
2. What advice do you have for him on how to implement this plan?
3. What, if any, effect will your plan have on Hexcel's ability to obtain support from the company's current and future creditors?


**End of Planning the Future****Summary**

10:05AM Tue, Apr 24, Aldrich Hall 012

**TOPIC**

Wrapup & Summary Overview of Course

**MATERIALS**

 Turnaround Management Every Day (HBR 87514)  
*EC Weeks 3 on Packet*

**ASSIGNMENT**

Please fill out the poll (above). This will give you a chance to review all the cases used in the course.

**COURSE EVALUATIONS TODAY**

Please have your laptop in class. Evaluations will be done at the end of class.

**End of Summary**