1. Would you describe this heart hospital as successful? Explain why.

* Yes. NH has reached its goals of becoming an affordable and quality option for the lower classes of India’s society.
* It is highly efficient. Performing 8 times the amount of OHS and Catheterization procedures as the average hospital in India.
* It continues to grow. Dr. Shetty has a plan to continue to push the amounts of surgeries and beds they fulfill each year.

1. If successful, what were the elements that made it successful? If not yet successful, what else should NH be doing?

* It brings in paying customers, because it offers excellent quality health care, and uses the surplus from those customers to make it more affordable for the patients that cannot afford this level of care.
* Strategic dealing with suppliers. They order in bulk, don’t enter long-term contracts, and rent from the suppliers to keep costs low.
* Use technology to lower costs. Cheaper digital X-rays and comprehensive management software for the hospitals.

1. Is the insurance scheme successful? Explain why. What are the challenges going forward?

* Yes. It is now giving lower income families the opportunity to receive treatment for non-life threating incidents, which they didn’t do before because it wasn’t a necessity. By 2005 the scheme had aided a quarter of the 10 Million members.
* They mentioned the challenge of having people use fraudulent cards to reap the benefits of the system. In addition, the demand for healthcare could outweigh the supply of the hospitals. If too many of the members need treatment and the hospitals can’t provide it, then prices will increase on the insurance policy and the overall goal of NH would fail.

1. How would you advise Dr. Shetty regarding the three lines of business - the heart hospital, the Health City, and the insurance scheme for the poor? Which should he pursue? Which, if any, should he drop? Is there anything else he should be doing?

* All three of Dr. Shetty’s lines of business show signs of success. His heart hospital continues to provide quality health care to poorer patients. His insurance scheme provides poor Indians the opportunity to receive treatment that was unobtainable before. Health City has dramatically cut the costs of major surgeries like brain and spinal. For these reasons it appears that Dr. Shetty should continue to develop and pursue all three of hid lines of business.
* It seems that Dr. Shetty is already doing more than enough for India health care. He’s provided quality hospitals, affordable health care, a health city that lowers costs of major surgeries, has provided telemedicine, and focuses on increasing the training of doctors and nurses. Dr. Shetty should focus on keeping these already existing elements highly effective, instead of trying to continue to expand to other parts of medical fails. The most likely circumstance that NH would fail, is if Dr. Shetty neglects NH’s logistics while focusing on new ways to provide medical services.

Zest Tea

1. Zest Tea provides value to consumers by offering a product that provides that caffeinated benefits of Coffee but without the negative side effects. They have helped bridge the gap between tea drinkers and coffee drinkers, with their product that takes the benefits of each individual product and places it into their own product which they protect with trade secrets. The Zest Tea Team is implementing differentiation to capture their target market. Their product is more expensive than coffee and tea but offers premium benefits that attracts buyers.

2. Zest Tea once to become a billion dollar brand long term. In order to do this, they would have to become a RTD company which prepares its drinks beforehand. Therefore, the products will become pre-made in cans and bottles. A challenge that would come from this is that their shipping and packaging costs would increase which would shrink their high margins.

3. So far Zest Tea started in 2015 with $157,500 in revenues with $189,600 in expenses, which is not terrible for their first year. The second year showed an increase to $380,000 with expenses also increasing to $463,500. The third year saw another large leap to $1,592,800 but expenses also moved to $1,855,500. It is expected for a company to start off with losses in its first years because of the expenses used in advertising. I anticipate that they will soon earn profits because of their high margins of 43%-60%, and thy expect to continue to decrease the Cost Of Goods Sold.

4. The founders should continue to grow into new retail stores but focus on doing what they started out as which is online purchases. Once they master distribution and gain more buying customers that will have earned enough profits to where they can supply Zest Tea into retail stores. I am in support of Zest Tea’s push to send samples to customers, because once people have tried it they have a high repurchase rate of 50%, but they should make sure the samples they send are focused into their initial target market to insure success.

Wii Encore Case Study

* 1. With each generation came newer technological advancements which allowed for different companies to launch a more successful gaming console. One company would be the leader one generation but due to innovative technology another company would overtake them. Another reason could be how a company already the market leader may not have much motivation to continue to adapt and improve to stay the leader. Other companies will attempt to create new products in order to become the market leader. Sony was an exception because they attracted an older generation. They believed that you could continue to play video games after the age of 16 which allowed for them to obtain a larger and more sustainable target market.
  2. When Nintendo Launched the Wii, it was not prepared for the immediate success. It couldn’t meet the demand and had for a year and had only 15 games that cold be played. After the successful release of the Wii Microsoft and Sony quickly released equivalent products that captured Wii’s customers. In addition, the creation of mobile games also stole the “casual gamers” from Nintendo. In order to combat the competition, Nintendo should have released new features to Wii rather than wait for it to be overtaken by Sony and Microsoft. One way to do this would be to rerelease the Wii with newer features or to create games that held a different aspect. In order to combat the power of substitutes Nintendo could have also improved the technology of their DS’s, these mobile games could be more appealing than phone games and still provide the mobile aspect. In addition, Nintendo could have created multiplayer games that allow users to play on their console online with their friends while they are at their home.
  3. Microsoft and Sony showed negative margins. They can absorb this because they are larger and more diversified firms that can absorb theses costs. The reason they are in the market for gaming consoles is to create network effects. Once network effects are established their current products can begin to show profitability and be able to synchronize with the Sony television or Microsoft Computer. Microsoft does this in order to stay powerful with PC gaming and development. They feared they could lose control over computers, which gives them motivation to become relevant in the console gaming area.

Santander and Abbey HBR Case

1. How would you characterize Santander’s domestic and/or international strategy prior to its bid for Abbey?

-Santander has shown signs of being highly aggressive internationally and domestically. Domestically it attempts to create innovative strategies to increase its market share, such as lowering the switching costs for customers. Domestically, it also has acquired two other banks. Internationally it has acquired 13 banks in Latin American countries. These aggressive moves have helped Santander go from being the 5th biggest bank in Spain to the biggest bank in Spain and 15th biggest in the world.

1. Where, in the Santander Financial Statements (P&L, Balance Sheet or Cash Flow), does it suggest they can afford the Abbey acquisition?  What are they gaining?

-Santander stated that in order to acquire Abbey they would issue 1.5 million new shares of stock, which would amount to 23.6%. These actions would fall under the balance sheet. From this acquisition, Santander is expecting to gain an increase in revenues and decrease costs. While playing on each other’s strengths, they are projected to save 450 million euros in expenses the first 3 years. Santander also believed it could improve Abbey’s operations and sell products to their existing customers. By 2007, they are expected to have gained 220 million in revenue through synergy.

1. As you know, an M&A is supposed to create value for the stockholders through synergies of scope, economies of scale, etc.. Once this acquisition is complete, where will that ‘value’ show up in the financial statements?

-On the income statement investors can view their Return on Equity to help them determine how much equity is coming from profits.

1. Are the NPVs of Santander Performance Improvements justified by the potential costs to implement?  For instance, Is the 17% premium Santander is paying really justified?

-Santander is spending excessive amounts of capital to acquire Abbey, which is a dying bank. There is obviously very high risk acquiring this bank especially considering that this is international. Judging by the elevated risk and large capital involved a 17% premium is quite high to purchase a bank that is decreasing in value.

1. What recommendations would you make to Emilio Botin to manage the acquisition?

-During acquisitions it is imperative for leadership to focus on implementing the company culture on the new employees. It should be clear what is expected out of the employees and there should be limited uncertainty about their importance to the company. This will help the employee motivation and job satisfaction which will decrease turnover. Botin should also put heavy focus on making sure the companies are both pursuing short term revenues in order to keep shareholders satisfies in this crucial time. Finally, Botin should focus on what each company does well, before attempting to repair Abbey. In order for everything to go successful, it is important that the new companies find some common ground first.

Kraft and Unilever

Companies enter mergers and acquisitions for several reasons. First, they do so to limit competition. Competing to lower prices is costly for both companies involved. Secondly, they can diversify. Acquisitions are easy ways to add multiple revenue streams to lower the risk of one business model failing. Thirdly, companies can maximize efficiency and lower costs by playing off each other’s strengths. Lastly, it can help newer and smaller companies grow. Small companies often can’t maximize market share due to the fact that they can’t maximize efficiency through the value chain.

There are a few reasons why a company such as Unilever wouldn’t want to merge with Kraft. First, they could believe that they are already large enough and they can continue to grow without losing control of their company in a merger. They are one of the largest companies and entering a merger no matter the price would take away their control. Another reason could be that they already sell similar products and that this would result in sales cannibalism. A final reason could be that they feared if they grew too large it would lead to a decrease in production and quality.