

BBBY Company Business Analysis

Business Analysis Project 1

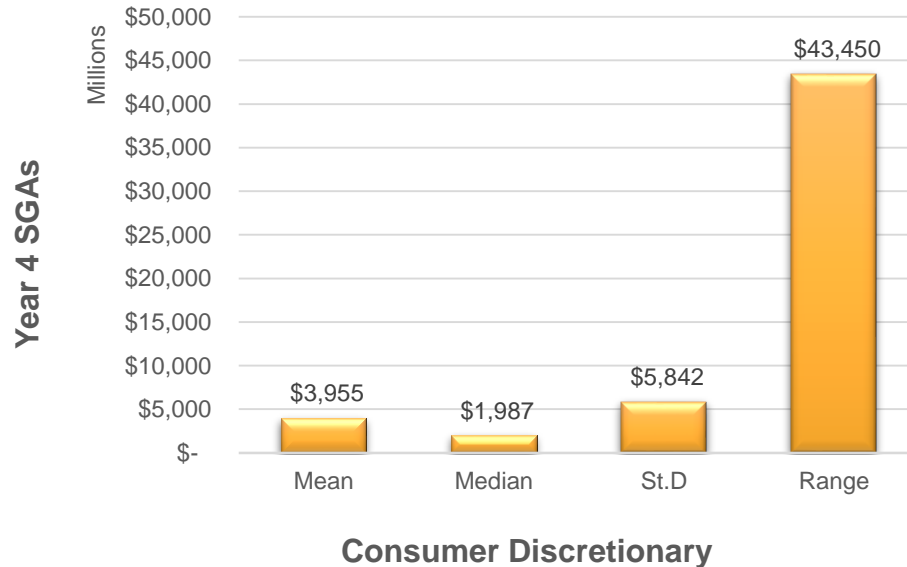
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Research Question

1. Do fixed cost is high in specialty stores and BBBY ? How to improve BBBY EBIT in future?

One Year SGAs for Consumer Discretionary Sector

Year 4 SGAs for Consumer Discretionary



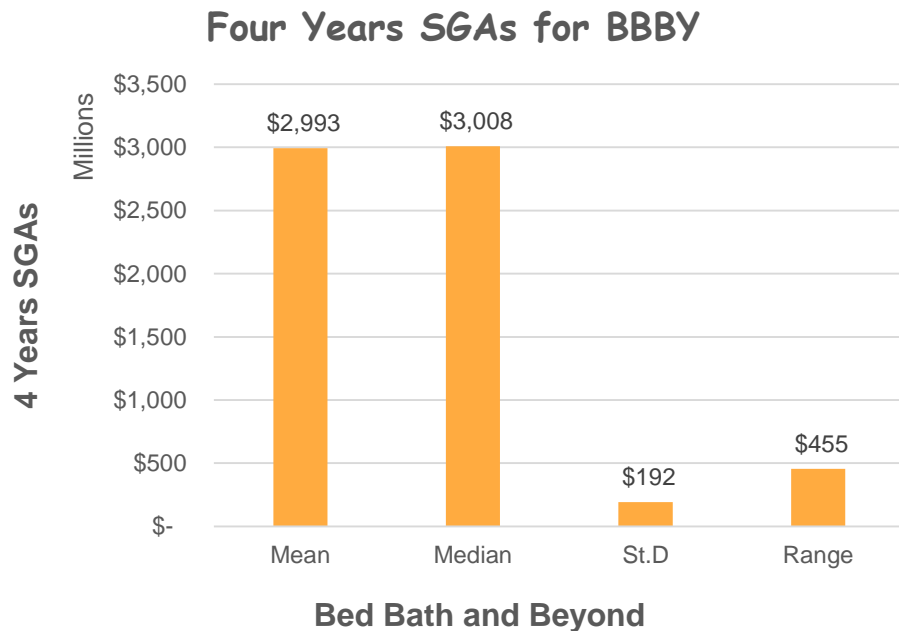
- Mean is higher than Median.
- It indicated (positive) skewedness of data to the right.
- It implies increase of average data above the median and towards the high cost.
- High Standard Deviation, which implies high variability in Consumer Discretionary and more risk investment for this sector.

One Year SGAs for Speciality Stores



- Mean is smaller than Median.
- It indicated (negative) skewedness of data to the left.
- It implies decreases of average data below the median and towards the low cost, relatively.
- High Standard Deviation implies high variability in Specialty Stores and more risk investment for this sector, relatively.
- The specialty Stores mean (1239 M) is less than the Customer Discretionary (3955 M). It seems Specialty stores has less SGA comparing to Customer Discretionary.

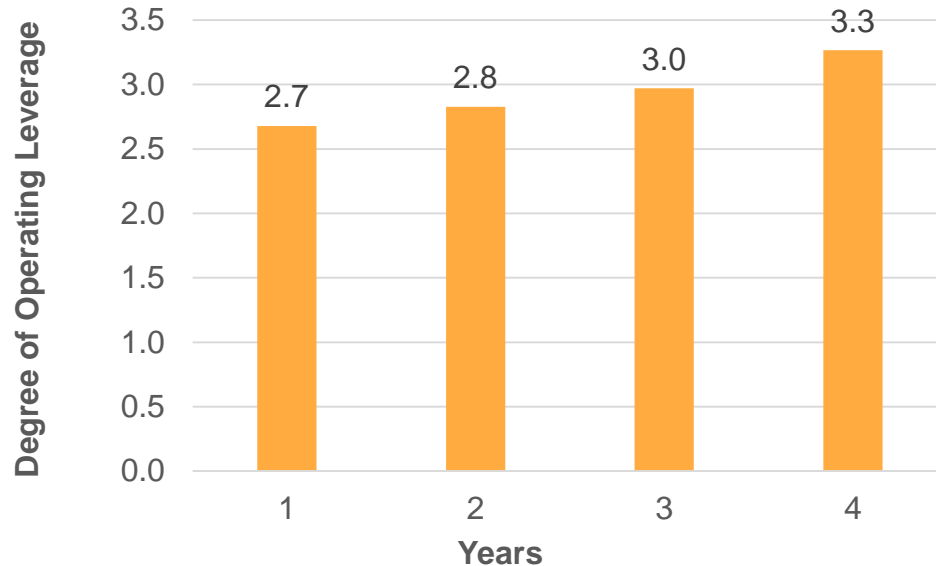
Four Years SGAs for BBBY



- Mean is smaller than Median
- It indicated (negative) skewedness of data to the left.
- It implies data average is below the median and towards the low cost.
- Low Standard Deviation, which implies low variability in BBBY and less risk investment for this company.
- The BBBY mean (2993 M) is higher than the Specialty stores (1239 M). It seems BBBY has more SGA comparing to Specialty stores.

BBBY Degree of Operating Leverage

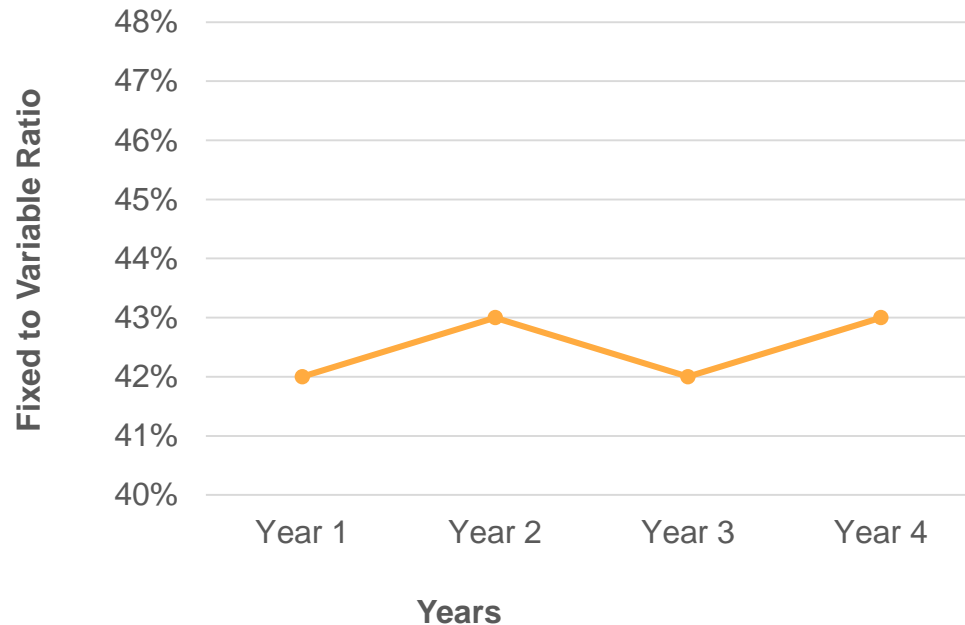
BBBY Degree of Operating Leverage



- As can be seen from the Bar graph, the degree of operating leverage is gradually increasing over the time from year 1 to year 4, which implies a high fixed cost (SGAs). The EBIT can have volatility in respect to percentage of sales.

BBBY Company Analysis

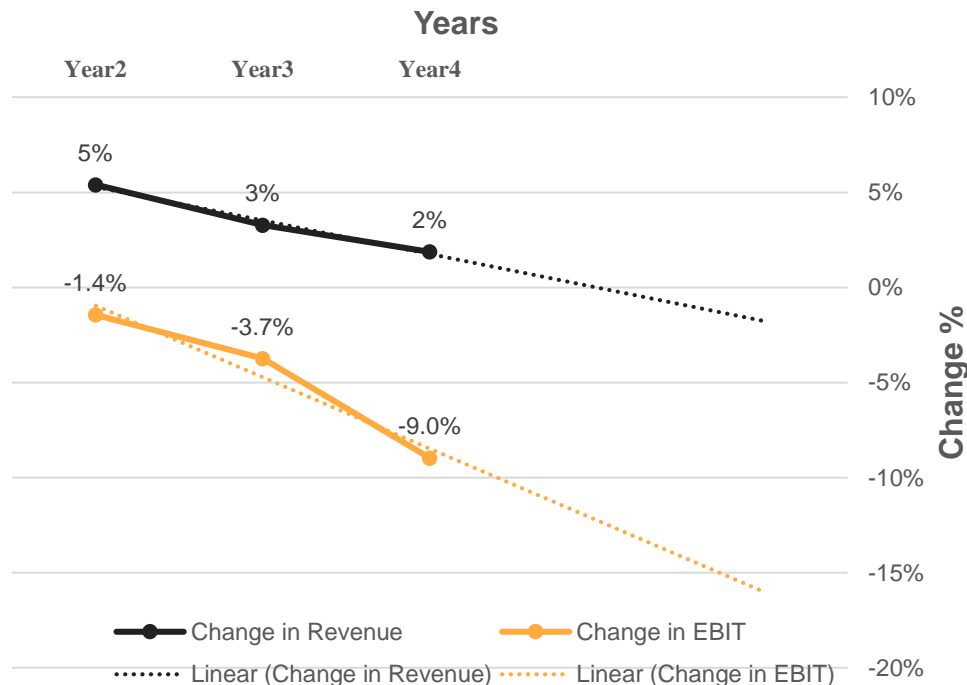
BBBY Fixed to Variable cost ratio



- As can be seen from Line trend, the fixed to variable cost ration is fluctuate from 42% to 43% from year 1 up to year 4, which still implies a high fixed cost (SGAs) that is 43% of total cost and negatively contribute in company operating income.

BBBY Change in Revenue & EBIT%

Yearly change in BBBY Revenue & EBIT %



- As can be seen from the line trend, the Change in Revenue is going downward from 5% for year 2 to 3% in year 3 up to 2% for the year 4. Similarly, the change in EBIT is going downward too from -1% in year 2 to -4% in year 3 up to -9% on year 4.
- The line forecast showed a below zero drop in revenue, and below -15% drop in EBIT in future if the company keep its base scenario.

Recommendation for BBBY

- BBBY company should decrease their SGAs costs in order to improve their EBIT.
- BBBY company might need to rethink in closes some of its stores and go for E-commerce if they want to be competitive and stay on business.
- BBBY company might need to relocate some of their sales employees to its new warehouse and logistic department.
- Go global (out of the USA) to a new emerging market.
- Reserve some of its saved budget from closing stores and apply it for R&D in order to improve its E-commerce presence such as:
 - Build a supply chain blockchain application in collaboration with Mail office or Mail Carrier.
 - Machine Learning data analysis platform to win with each opportunity wave.