

ACC 609 – SPRING 2021

BUSINESS ANALYSIS CHALLENGE – PART A

LEARNING OUTCOME

To apply the first three steps of the Business Analysis Framework (see below) to a public company and conclude on its performance considering:

- 1) Company performance over the last three (3) fiscal years.
- 2) Company performance compared to the performance of one (1) competitor.

REQUIREMENT

Part A of the business analysis challenge can be completed individually or in pairs. The expectation will be higher for students that work in pairs, specifically when evaluating industry and market overview & performance analysis vs. competitor.

Part A must incorporate the first three steps of the BAF:

- 1) Understand industry & market environment, company overview, and company's strategic position.
- 2) Assess quality of financial statements & standardize financial statements for company.
- 3) Analyze standardized financial statements (vs. last 3 years & vs. competitor performance).

RULES

- 1) You cannot choose Jamieson Wellness, Blackmores Group or AirBnB.
- 2) Companies MUST be PUBLIC companies that FOLLOW IFRS.
- 3) You can work individually or in pairs for Part A. If you work in pairs, students will choose two companies in the same industry. You can work with an individual in either section of ACC 609.
- 4) If you choose the same company for ACC 609 and ACC 684, you CANNOT work in pairs and must complete part A individually.
- 5) Every student must choose a different company than their peers, first come, first serve. Link to sign-up sheet [here](#) (see Business Analysis Challenge – ALL).
- 6) You must select your company by Saturday May 22nd @ 5PM

Note: While you may collaborate for parts of step 1) and 2) as noted above, **each student must complete a separate report.**

SPECIFICATIONS: DEADLINES, FORMAT, AND SUBMISSION

The main text should be on 8.5" x 11" paper with 1" margins and a font size no smaller than 11 point. There is no prescribed format for referencing. You must, however, reference your sources and provide a bibliography. The important aspect is that you identify and provide references for all quotes and material used in the preparation of your reports.

Submit Part A of the challenge before **Sunday, June 13th at 11:59PM** into the appropriate UW LEARN drop-box. A late penalty of 5% will be applied starting at 12:00AM on June 14th and for every subsequent 24-hour period.

The deliverable for **Part A** should be ONE PDF document that includes:

- Understand industry & market environment, company overview, and company's strategic position.
 - Industry and market overview, competitive landscape (key competitors), company overview (including company value chain), company strategy (including value proposition), and business model overview.
 - Ensure you conclude as necessary: how is the company positioned in the industry? What is their strategy to accomplish their mission/vision? Does it have a competitive advantage? Why or why not? If yes, is it sustainable? If not, what can they do to achieve one?
- Assess quality of financial statements & standardize financial statements for company, including:
 - Identify key (principal) accounting policies.
 - Assess accounting flexibility.
 - Evaluate accounting strategy.
 - Evaluate quality of disclosure.
 - Identify potential red flags.
 - Prepare standardized financial statements for the past 4 years based on your analysis.
 - Ensure you conclude, as necessary.
- Analyze standardized financial statements (vs. last 3 years & vs. competitor performance)
 - The financial analysis should include:
 - ROE & ROA decomposition
 - Relevant ratios/KPIs to answer the questions:
 - Is the business growing? What is driving revenue growth/reductions? Connect the impact of different revenue streams to operational revenue drivers.
 - Is it profitable? What is driving profitability? Connect profitability to key business model components: profit drivers to big numbers to business model.
 - Is it financing growth/operations effectively? Connect key ratios to understand the strength of the balance sheet.
 - Conclusions: how has the company performed over the last 3 years? How has it performed compared to one (1) competitor?

Note: To compare performance against competitor, you will have to standardize competitor's financial statements as well.

The Part A submission should be a 10 page (single-spaced) [maximum] memo summarizing your findings, with exhibits forming the remaining pages (to a maximum of 20 pages). Your submission should:

- Include the list of references used to complete **Part A**.
- Be assembled into ONE logical, electronic PDF submission that includes any relevant analysis you performed in spreadsheets as appendices. Remember, it should read as one document and formatting of appendices matters as well.
- PLEASE ALSO submit your excel analysis as a separate file.
- Submit a copy of the company's financial statements as a separate file.
- Label the files so the content is easily identifiable.

The 20-page limit does not include the header page or the bibliography.

ASSESSMENT METHOD

Part A represent 30% of your course grade. Its content will be assessed using a final version of the draft rubric.

DRAFT RUBRIC

Part A component	Evaluation Criteria
Understanding of industry & market environment, company overview, and company's strategic position	<ul style="list-style-type: none">- Complete, including industry, market, company overview & strategic position.- Thorough and accurate analysis that is easy to follow and understand.- Concludes appropriately
Assessment of quality of financial statements & standardize financial statements for company	<ul style="list-style-type: none">- Complete, including all steps.- Thorough and accurate analysis that is easy to follow and understand.- Concludes appropriately
Analyze standardized financial statements (vs. last 3 years & vs. competitor performance)	<ul style="list-style-type: none">- Complete, including answers to all three questions and performance analysis vs. last 3 years and vs. one competitor.- Appropriate ratios / KPIs are selected and thoroughly analyzed.- Key insights are clear, concise with appropriate explanations of root causes of performance.- Concludes appropriately
Communication, structure, and formatting	<ul style="list-style-type: none">- Structured analysis that is easy to follow / read.- Communicates in a way that is concise and understandable.- Format meets Part A specifications and is consistent throughout entire document

TURNITIN POLICY

Turnitin will be used for Part A as set out in the course syllabus.