Mission / Purpose

Mission Purpose: [Preview Formatting]
Mission The mission of the Culverhouse School of Accountancy is to maintain high quality undergraduate, masters, and doctoral programs that attract top students and prepare them for accounting-related careers. Consistent with the mission of the Culverhouse College of Commerce & Business Administration, we will achieve our goals by creating and disseminating accounting knowledge, and committing to foster the understanding and practice of accounting through research, professional service, and outreach activities. Vision We will continuously strive to improve the quality of our research, teaching, and service through • our commitment to continuing professional development and learning • the ability of our programs to help student develop the skills and knowledge needed to succeed in a constantly changing economic environment • our contributions to the leadership of national academic and professional organizations • the strength of our personal commitments to community and other service Values All of our actions are guided by • a sense of responsibility to our students, other faculty members, the professional accounting community, and citizens of Alabama • a commitment to ethical behavior and professionalism • respect for all those with whom we interact

Student Learning Outcomes, with Any Associations and Related Measures, Targets, Findings, and Action Plans

SLO 1: Problem Solving
Graduates will have problem-solving skills.

Related Measures

M 1: Exam questions in AC 311
Exam questions in AC 311 collected from 165 students in 5 sections during Spring 2012.
Source of Evidence: Academic direct measure of learning - other
Target:
70% meet or exceed expectations

Related Action Plans (by Established cycle, then alpha):
For full information, see the Details of Action Plans section of this report.

Curriculum review and tutoring
Established in Cycle: 2011-2012
The faculty who teach financial accounting (AC 210, AC 310, AC 311) are currently reviewing the series of courses to assure 1) a...

M 2: Exam questions in AC 361
Exam questions in AC 361 collected from 65 students in 3 section during Fall 2011 and 114 students during Fall 2012.
Source of Evidence: Academic direct measure of learning - other
Target:
70% meet or exceed expectations

Related Action Plans (by Established cycle, then alpha):
For full information, see the Details of Action Plans section of this report.

Collect additional data
Established in Cycle: 2011-2012
Student performance met this target last time it was collected, so the results on this measure during Fall 2011 may not by typi...

M 11: Exam questions in AC 361
Collected data from 303 students in the Fall 2013 and Spring 2014 semesters.
Source of Evidence: Academic direct measure of learning - other
Target:
70% will meet expectations

Finding (2013-2014) - Target: Met
76% meet expectations; 24% fail to meet expectations

SLO 2: Technical Accounting Expertise
Graduates will have technical accounting expertise.

Related Measures

M 3: Exam questions in AC 389
Exam questions in AC 389 collected from 78 students in 2 section in Fall 2011.
Source of Evidence: Academic direct measure of learning - other
Target:
70% meet or exceed expectations

M 4: Exam questions in AC 456
Exam questions in AC 456 collected from 96 students in 2 sections in Spring 2012
Source of Evidence: Academic direct measure of learning - other
Target: 70% meet or exceed expectations

SLO 3: Accounting Communication
Graduates will be able to conduct and communicate the results of professional accounting research and analysis.

Related Measures

M 5: Out-of-class Assignment in AC 371
Out-of-class assignment in AC 371 collected from 32 students in 1 section in Fall 2011.
Source of Evidence: Written assignment(s), usually scored by a rubric
Target: 70% meet or exceed expectations

Related Action Plans (by Established cycle, then alpha):
For full information, see the Details of Action Plans section of this report.

Add one more measure
Established in Cycle: 2011-2012
In the next data collection cycle, we will add another measure of communication ability from either AC 432 or AC 471.

M 6: Out-of-class Assignment in AC 432
Research client and industry information and prepare professional letter or memo.
Source of Evidence: Written assignment(s), usually scored by a rubric

SLO 4: Business Technology
Graduates will have business technology skills.

Related Measures

M 7: Out-of-class Assignment in AC 389
Out-of-class individual assignment collected from 73 students in 2 section during Fall 2011.
Source of Evidence: Project, either individual or group
Target: 70% meet or exceed expectations

M 8: Out-of-class Assignment in AC 456
Out-of-class individual assignment in AC 456 collected from 90 students in 2 sections in Spring 2012.
Source of Evidence: Project, either individual or group
Target: 70% meet or exceed expectations

M 12: Out-of-class Assignment in AC 389
Out-of-class individual assignment collected from 65 students in 2 sections during Fall 2013.
Source of Evidence: Project, either individual or group
Target: 70% will meet expectations
Finding (2013-2014) - Target: Met
71% meet expectations

SLO 5: Manage Ethical Dilemmas
Graduates will understand ethics and have the skills needed to manage ethical dilemmas.

Related Measures

M 9: Exam questions in AC 432
Exam questions in AC 432 collected from 101 students in 4 sections during Fall 2011.
Source of Evidence: Academic direct measure of learning - other
Target: 70% meet or exceed expectations

Related Action Plans (by Established cycle, then alpha):
For full information, see the Details of Action Plans section of this report.

Add one more measure
Established in Cycle: 2011-2012
In the next data collection cycle, we will select one additional measure to assess this learning goal. The AC 371 course coordin...

M 10: Out-of-class Assignment in AC 371
Students determine the proper course of action when a client wants to take a questionable tax position.
Source of Evidence: Written assignment(s), usually scored by a rubric

Details of Action Plans for This Cycle (by Established cycle, then alpha)

Add one more measure
In the next data collection cycle, we will add another measure of communication ability from either AC 432 or AC 471.
Established in Cycle: 2011-2012
Implementation Status: Planned
Priority: High

Relationships (Measure | Outcome/Objective):
  Measure: Out-of-class Assignment in AC 371 | Outcome/Objective: Accounting Communication

Add one more measure
In the next data collection cycle, we will select one additional measure to assess this learning goal. The AC 371 course coordinator, Susan Jurney, will begin to assure ethics is assessed in all sections of AC 371.

Established in Cycle: 2011-2012
Implementation Status: Planned
Priority: High

Relationships (Measure | Outcome/Objective):
  Measure: Exam questions in AC 432 | Outcome/Objective: Manage Ethical Dilemmas

Implementation Description: Assure all sections of AC 371 include an assessment of ethics-related learning.
Projected Completion Date: 12/2012
Responsible Person/Group: Course coordinator for AC 371 (Susan Jurney)

Collect additional data
Student performance met this target last time it was collected, so the results on this measure during Fall 2011 may not by typical of students. We will examine student performance on these exam questions in Fall 2012 to determine whether action to improve student performance is necessary. Faculty will consider lowering the target or using different measures if results are the same next year.

Established in Cycle: 2011-2012
Implementation Status: Planned
Priority: Medium

Relationships (Measure | Outcome/Objective):
  Measure: Exam questions in AC 361 | Outcome/Objective: Problem Solving

Implementation Description: Collect more data.
Projected Completion Date: 10/2012
Responsible Person/Group: Coordinator of AC 361 (Bob Kee)

Curriculum review and tutoring
The faculty who teach financial accounting (AC 210, AC 310, AC 311) are currently reviewing the series of courses to assure 1) all necessary topics are adequately addressed somewhere in the curriculum and 2) critical and difficult material is introduced in one course and covered in more depth in another.

In addition, the AC 310 course has begun to utilize tutors to assist students with homework and out-of-class assignments.

Established in Cycle: 2011-2012
Implementation Status: In-Progress
Priority: High

Relationships (Measure | Outcome/Objective):
  Measure: Exam questions in AC 311 | Outcome/Objective: Problem Solving

Implementation Description: Review the series of financial accounting courses; hire graduate assistants to hold formal office hours for tutoring.
Projected Completion Date: 12/2012
Responsible Person/Group: Course coordinators in AC 210, AC 310 and AC 311 (Lisa McKinney, Peter Johnson, Tom Fitzgibbons).

Analysis Questions and Analysis Answers

For Academic Programs
Informed by your assessment activities related to student learning, what changes have you made in your degree program in the last three to five years? Describe the changes (e.g., curriculum revision, new courses, faculty development), the general results that prompted the changes (e.g., student performance on an assessment measure), and any impact on student learning that you might attribute to these changes.

In our undergraduate accounting program, we set a goal that graduates will be able to conduct and communicate the results of professional accounting research and analysis. We assess that skill, in part, in the Introduction to Taxation (AC 371) course. Students are required to prepare an individual tax return for a hypothetical taxpayer based on information provided, and write a short document (either a memo to the file or a letter to the client) discussing tax issues or tax planning opportunities. Faculty noted that students performed well on identifying the relevant tax issues, but struggled with the written communication. After discussing the errors noted in the memos and letters, the undergraduate program committee faculty, along with the course coordinator, decided to provide students a grading rubric in advance of the written assignment, so that students could see the components of a satisfactory outline. The number of students who failed to meet expectations fell from 19% to 6%, and a majority of students exceeded expectations, compared to fewer than 30% earlier.
Mission / Purpose

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Goals

G 1: Problem Solving
Please delete!

G 2: Technical Accounting Expertise
Please delete!

G 3: Communication
Please delete!

G 4: Business Technology
Please delete!

G 5: Ethics
Please delete!

Student Learning Outcomes, with Any Associations and Related Measures, Targets, Findings, and Action Plans

SLO 1: Problem Solving
Graduates will have problem-solving skills.

Related Measures

M 1: Exam questions in AC 311
Exam questions in AC 311 collected from 165 students in 5 sections during Spring 2012.
Source of Evidence: Academic direct measure of learning - other

Target:
70% meet or exceed expectations

Finding (2011-2012) - Target: Not Met
55% meet expectations, 45% fail to meet expectations

Related Action Plans (by Established cycle, then alpha):
For full information, see the Details of Action Plans section of this report.

Curriculum review and tutoring
Established in Cycle: 2011-2012
The faculty who teach financial accounting (AC 210, AC 310, AC 311) are currently reviewing the series of courses to assure 1) a...

M 2: Exam questions in AC 361
Exam questions in AC 361 collected from 65 students in 3 section during Fall 2011.
Source of Evidence: Academic direct measure of learning - other

Target:
70% meet or exceed expectations

Finding (2011-2012) - Target: Not Met
62% meet expectations; 38% fail to meet expectations

Related Action Plans (by Established cycle, then alpha):
For full information, see the Details of Action Plans section of this report.

Collect additional data
Established in Cycle: 2011-2012
Student performance met this target last time it was collected, so the results on this measure during Fall 2011 may not by typic...
SLO 2: Technical Accounting Expertise
Graduates will have technical accounting expertise.

Related Measures

M 3: Exam questions in AC 389
Exam questions in AC 389 collected from 78 students in 2 section in Fall 2011.
Source of Evidence: Academic direct measure of learning - other
Target: 70% meet or exceed expectations
Finding (2011-2012) - Target: Met
88% meet expectations, 12% fail to meet expectations

M 4: Exam questions in AC 456
Exam questions in AC 456 collected from 96 students in 2 sections in Spring 2012
Source of Evidence: Academic direct measure of learning - other
Target: 70% meet or exceed expectations
Finding (2011-2012) - Target: Met
78% meet expectations, 22% fail to meet expectations

SLO 3: Accounting Communication
Graduates will be able to conduct and communicate the results of professional accounting research and analysis.

Related Measures

M 5: Out-of-class Assignment in AC 371
Out-of-class assignment in AC 371 collected from 32 students in 1 section in Fall 2011.
Source of Evidence: Written assignment(s), usually scored by a rubric
Target: 70% meet or exceed expectations
Finding (2011-2012) - Target: Met
28% exceed expectations + 53% meet expectations = 81% meet or exceed expectations; 19% fail to meet expectations
Related Action Plans (by Established cycle, then alpha):
For full information, see the Details of Action Plans section of this report.
Add one more measure
Established in Cycle: 2011-2012
In the next data collection cycle, we will add another measure of communication ability from either AC 432 or AC 471.

SLO 4: Business Technology
Graduates will have business technology skills.

Related Measures

M 6: Out-of-class Assignment in AC 389
Out-of-class individual assignment collected from 73 students in 2 section during Fall 2011.
Source of Evidence: Project, either individual or group
Target: 70% meet or exceed expectations
Finding (2011-2012) - Target: Met
81% meet expectations; 19% fail to meet expectations

M 7: Out-of-class Assignment in AC 456
Out-of-class individual assignment in AC 456 collected from 90 students in 2 sections in Spring 2012.
Source of Evidence: Project, either individual or group
Target: 70% meet or exceed expectations
Finding (2011-2012) - Target: Met
99% meet expectations, 1% fail to meet expectations

SLO 5: Manage Ethical Dilemmas
Graduates will understand ethics and have the skills needed to manage ethical dilemmas.

Related Measures

M 8: Exam questions in AC 432
Exam questions in AC 432 collected from 101 students in 4 sections during Fall 2011.
Source of Evidence: Academic direct measure of learning - other
Target: 70% meet or exceed expectations
Finding (2011-2012) - Target: Met
69% meet expectations; 31% fail to meet expectations
Related Action Plans (by Established cycle, then alpha):
For full information, see the Details of Action Plans section of this report.
Add one more measure
Established in Cycle: 2011-2012
In the next data collection cycle, we will select one additional measure to assess this learning goal. The AC 371 course coordin...

Details of Action Plans for This Cycle (by Established cycle, then alpha)

Add one more measure
In the next data collection cycle, we will add another measure of communication ability from either AC 432 or AC 471.
Established in Cycle: 2011-2012
Implementation Status: Planned
Priority: High
Relationships (Measure | Outcome/Objective):
Measure: Out-of-class Assignment in AC 371 | Outcome/Objective: Accounting Communication

Add one more measure
In the next data collection cycle, we will select one additional measure to assess this learning goal. The AC 371 course coordinator, Susan Jurney, will begin to assure ethics is assessed in all sections of AC 371.
Established in Cycle: 2011-2012
Implementation Status: Planned
Priority: High
Relationships (Measure | Outcome/Objective):
Measure: Exam questions in AC 432 | Outcome/Objective: Manage Ethical Dilemmas
Implementation Description: Assure all sections of AC 371 include an assessment of ethics-related learning.
Projected Completion Date: 12/2012
Responsible Person/Group: Course coordinator for AC 371 (Susan Jurney)

Collect additional data
Student performance met this target last time it was collected, so the results on this measure during Fall 2011 may not by typical of students. We will examine student performance on these exam questions in Fall 2012 to determine whether action to improve student performance is necessary. Faculty will consider lowering the target or using different measures if results are the same next year.
Established in Cycle: 2011-2012
Implementation Status: Planned
Priority: Medium
Relationships (Measure | Outcome/Objective):
Measure: Exam questions in AC 361 | Outcome/Objective: Problem Solving
Implementation Description: Collect more data.
Projected Completion Date: 10/2012
Responsible Person/Group: Coordinator of AC 361 (Bob Kee)

Curriculum review and tutoring
The faculty who teach financial accounting (AC 210, AC 310, AC 311) are currently reviewing the series of courses to assure 1) all necessary topics are adequately addressed somewhere in the curriculum and 2) critical and difficult material is introduced in one course and covered in more depth in another.

In addition, the AC 310 course has begun to utilize tutors to assist students with homework and out-of-class assignments.
Established in Cycle: 2011-2012
Implementation Status: In-Progress
Priority: High
Relationships (Measure | Outcome/Objective):
Measure: Exam questions in AC 311 | Outcome/Objective: Problem Solving
Implementation Description: Review the series of financial accounting courses; hire graduate assistants to hold formal office hours for tutoring.
Projected Completion Date: 12/2012
Responsible Person/Group: Course coordinators in AC 210, AC 310 and AC 311 (Lisa McKinney, Peter Johnson, Tom Fitzgibbons).
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Student Learning Outcomes, with Any Associations and Related Measures, Targets, Findings, and Action Plans

SLO 1: Problem Solving
Graduates will have problem-solving skills.

Related Measures

M 1: Exam questions in AC 311
Exam questions in AC 311 collected from 165 students in 5 sections during Spring 2012.
Source of Evidence: Academic direct measure of learning - other
Target:
70% meet or exceed expectations
Finding (2012-2013) - Target: Not Reported This Cycle
No data collected.
Related Action Plans (by Established cycle, then alpha):
For full information, see the Details of Action Plans section of this report.
Curriculum review and tutoring
Established in Cycle: 2011-2012
The faculty who teach financial accounting (AC 210, AC 310, AC 311) are currently reviewing the series of courses to assure 1) a...

M 2: Exam questions in AC 361
Exam questions in AC 361 collected from 65 students in 3 section during Fall 2011 and 114 students during Fall 2012.
Source of Evidence: Academic direct measure of learning - other
Target:
70% meet or exceed expectations
Finding (2012-2013) - Target: Met
69% met expectations; 31% fail to meet expectations.
Related Action Plans (by Established cycle, then alpha):
For full information, see the Details of Action Plans section of this report.
Collect additional data
Established in Cycle: 2011-2012
Student performance met this target last time it was collected, so the results on this measure during Fall 2011 may not be typic...

SLO 2: Technical Accounting Expertise
Graduates will have technical accounting expertise.

Related Measures

M 3: Exam questions in AC 389
Exam questions in AC 389 collected from 78 students in 2 section in Fall 2011.
Source of Evidence: Academic direct measure of learning - other
Target:
70% meet or exceed expectations
Finding (2012-2013) - Target: Not Reported This Cycle
No data collected.

M 4: Exam questions in AC 456
Exam questions in AC 456 collected from 96 students in 2 sections in Spring 2012
Source of Evidence: Academic direct measure of learning - other

**Target:**
70% meet or exceed expectations

**Finding (2012-2013) - Target: Not Reported This Cycle**
No data collected.

**SLO 3: Accounting Communication**
Graduates will be able to conduct and communicate the results of professional accounting research and analysis.

**Related Measures**

**M 5: Out-of-class Assignment in AC 371**
Out-of-class assignment in AC 371 collected from 32 students in 1 section in Fall 2011.
Source of Evidence: Written assignment(s), usually scored by a rubric

**Target:**
70% meet or exceed expectations

**Finding (2012-2013) - Target: Not Reported This Cycle**
No data collected.

**Related Action Plans (by Established cycle, then alpha):**
For full information, see the Details of Action Plans section of this report.

**Add one more measure**

Established in Cycle: 2011-2012
In the next data collection cycle, we will add another measure of communication ability from either AC 432 or AC 471.

**M 6: Out-of-class Assignment in AC 432**
Research client and industry information and prepare professional letter or memo.
Source of Evidence: Written assignment(s), usually scored by a rubric

**SLO 4: Business Technology**
Graduates will have business technology skills.

**Related Measures**

**M 7: Out-of-class Assignment in AC 389**
Out-of-class individual assignment collected from 73 students in 2 section during Fall 2011.
Source of Evidence: Project, either individual or group

**Target:**
70% meet or exceed expectations

**Finding (2012-2013) - Target: Not Reported This Cycle**
No data collected.

**M 8: Out-of-class Assignment in AC 456**
Out-of-class individual assignment in AC 456 collected from 90 students in 2 sections in Spring 2012.
Source of Evidence: Project, either individual or group

**Target:**
70% meet or exceed expectations

**Finding (2012-2013) - Target: Not Reported This Cycle**
No data collected.

**SLO 5: Manage Ethical Dilemmas**
Graduates will understand ethics and have the skills needed to manage ethical dilemmas.

**Related Measures**

**M 9: Exam questions in AC 432**
Exam questions in AC 432 collected from 101 students in 4 sections during Fall 2011.
Source of Evidence: Academic direct measure of learning - other

**Target:**
70% meet or exceed expectations

**Finding (2012-2013) - Target: Not Reported This Cycle**
No data collected.

**Related Action Plans (by Established cycle, then alpha):**
For full information, see the Details of Action Plans section of this report.

**Add one more measure**

Established in Cycle: 2011-2012
In the next data collection cycle, we will select one additional measure to assess this learning goal. The AC 371 course coordin...

**M 10: Out-of-class Assignment in AC 371**
Students determine the proper course of action when a client wants to take a questionable tax position.
Source of Evidence: Written assignment(s), usually scored by a rubric

**Details of Action Plans for This Cycle (by Established cycle, then alpha)**
In the next data collection cycle, we will add another measure of communication ability from either AC 432 or AC 471.

Established in Cycle: 2011-2012
Implementation Status: Planned
Priority: High

Relationships (Measure | Outcome/Objective):
Measure: Out-of-class Assignment in AC 371 | Outcome/Objective: Accounting Communication

Add one more measure
In the next data collection cycle, we will select one additional measure to assess this learning goal. The AC 371 course coordinator, Susan Jurney, will begin to assure ethics is assessed in all sections of AC 371.

Established in Cycle: 2011-2012
Implementation Status: Planned
Priority: High

Relationships (Measure | Outcome/Objective):
Measure: Exam questions in AC 432 | Outcome/Objective: Manage Ethical Dilemmas
Implementation Description: Assure all sections of AC 371 include an assessment of ethics-related learning.
Projected Completion Date: 12/2012
Responsible Person/Group: Course coordinator for AC 371 (Susan Jurney)

Collect additional data
Student performance met this target last time it was collected, so the results on this measure during Fall 2011 may not be typical of students. We will examine student performance on these exam questions in Fall 2012 to determine whether action to improve student performance is necessary. Faculty will consider lowering the target or using different measures if results are the same next year.

Established in Cycle: 2011-2012
Implementation Status: Planned
Priority: Medium

Relationships (Measure | Outcome/Objective):
Measure: Exam questions in AC 361 | Outcome/Objective: Problem Solving
Implementation Description: Collect more data.
Projected Completion Date: 10/2012
Responsible Person/Group: Coordinator of AC 361 (Bob Kee)

Curriculum review and tutoring
The faculty who teach financial accounting (AC 210, AC 310, AC 311) are currently reviewing the series of courses to assure 1) all necessary topics are adequately addressed somewhere in the curriculum and 2) critical and difficult material is introduced in one course and covered in more depth in another.

In addition, the AC 310 course has begun to utilize tutors to assist students with homework and out-of-class assignments.

Established in Cycle: 2011-2012
Implementation Status: In-Progress
Priority: High

Relationships (Measure | Outcome/Objective):
Measure: Exam questions in AC 311 | Outcome/Objective: Problem Solving
Implementation Description: Review the series of financial accounting courses; hire graduate assistants to hold formal office hours for tutoring.
Projected Completion Date: 12/2012
Responsible Person/Group: Course coordinators in AC 210, AC 310 and AC 311 (Lisa McKinney, Peter Johnson, Tom Fitzgibbons).
What should you do first?
Read this handout carefully as it describes the scenario to which you must respond.

Who are you?
You are a senior consultant at Prestige Consulting. Senior consultants serve as team leaders on consulting projects. For several months, you have been working with a team of six junior consultants to complete a project.

What's the other relevant background for this case?
The work your team has completed has involved a variety of research, planning, analysis, writing, and speaking activities. One of your team members, Chloe Spade, is now eligible for a promotion to senior consultant. Based on three assessments of her performance by her teammates over the course of this project, you have calculated statistics for Chloe's team leadership skills (Table 1).

What are you supposed to do?
Your boss, Harold Kumar, has asked you to recommend whether or not Chloe should be promoted. Because teams handle all consulting projects at Prestige, team leadership skills are highly valued. Mr. Kumar will use your report as background for his upcoming performance review meeting with Chloe. Mr. Kumar feels strongly that performance reviews should be honest and developmental. In other words, he feels they should provide a clear picture of an employee's strengths and weaknesses to provide a basis for future improvement.

As with any recommendation, your advice about Chloe's promotion will be persuasive only if you clearly state her strengths and weaknesses.

In sum, as defined in GBA 300, your recommendation should demonstrate an ability to deliver a professional quality business document.

How do you complete the assignment?
Within the time period set by your instructor, based on the available data, you must plan and draft a recommendation to promote (or not promote) Ms. Spade.

Table 1. Summary of Performance Evaluations for Chloe Spade (15 total; 3 periods)

<table>
<thead>
<tr>
<th>Assessment Categories</th>
<th>Specific Behaviors</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contributing</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Offers ideas, suggestions, etc.</td>
<td>Mean: 2.83 Range: 2-3</td>
</tr>
<tr>
<td></td>
<td>Attends all meetings</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Meets all deadlines</td>
<td></td>
</tr>
<tr>
<td><strong>Listening</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Lets other members talk</td>
<td>Mean: 1.96 Range: 0-3</td>
</tr>
<tr>
<td></td>
<td>Limits discussion to main point of meeting</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Summarizes or clarifies other members' ideas</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Resists telling other members what to think</td>
<td></td>
</tr>
<tr>
<td><strong>Facilitating</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Group Problem-Solving</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Asks questions to organize discussion</td>
<td>Mean: 2.18 Range: 0-3</td>
</tr>
<tr>
<td></td>
<td>Defines questions in order to stay on topic</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Selects criteria for evaluating suggested ideas</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Encourages suggestion of alternative solutions</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Discards all but the best solution</td>
<td></td>
</tr>
<tr>
<td><strong>Overall</strong></td>
<td></td>
<td>Mean: 2.42 Mode: 2</td>
</tr>
</tbody>
</table>

Scale:
3 = The member has performed very well in this area.
2 = The member has performed OK in this area.
1 = The member has not performed very well in this area.
0 = The member has performed poorly in this area.
As you sit in the lobby of the executive suite at J.C. Penney’s headquarters in Plano, Texas, you reflect on the whirlwind process that brought you here. After searching most of your senior year and feeling the pressure to find a job, you said to yourself, “Perhaps I’m aiming too high, and should just try to get my foot in the door somewhere. Eventually, they’ll recognize my brilliance and I’ll be promoted.” It was with these thoughts in mind that you applied to J.C. Penney at the University mall in Tuscaloosa just one short week ago, thinking to yourself, “ Heck, selling merchandise at a department store and running a cash register has got to be better than moving back home.”

However, you were pleasantly surprised when you received a call directly from the office of Daniel Walker, Chief Talent Officer at J.C. Penney. After a few initial questions, Walker’s people invited you to interview at Penny’s corporate headquarters!

Your meetings throughout the day appeared to have gone well, and you think to yourself, “Perhaps I’ll get lucky and receive an offer for an entry-level management trainee position or something!” You are now waiting to meet with Mr. Walker directly when a woman approaches and says, “Hello, you must be the student from the University of Alabama?” You exchange greetings and she informs you that there has been a change of plans. “Mr. Mike Ullman, our new CEO, has asked to meet with you. “Great,” you exclaim, and follow her to the big corner office.

“Hello, nice to meet you,” states Mr. Ullman. “The pleasure is all mine,” you respond. After some small talk about Alabama football, Mr. Ullman surprises you by stating, “Let me cut to the chase and tell you why you are here. One of our executives was at the national championship game back in January and remembered hearing someone mention that Alabama has a top-notch strategy class there, GBA 490 or something. So, I asked our talent office to find me a young hotshot from there for us to interview.”

“Basically, we’re currently losing a lot of retail store market share to competitors such as Kohl’s, Dillard’s, Target, Macy’s, etc.; you name it, they’re all beating us! We are also not sure if we should continue with the everyday low pricing and mini-shop approaches of our former CEO, or return to high mark-ups and then run gimmick mark-down sales like our competitors. In short, we could use a fresh perspective on these issues from someone who understands current trends among younger generations and their implications.

Frankly, I’m a little nervous…when I left J.C. Penney two years ago I expected my replacement, Ron Johnson, would take the company to new, higher levels. Unfortunately, that didn’t happen, so I’m back with even greater challenges and less room for error. I have a meeting first thing tomorrow morning with the board of directors and I desperately need some strategic options and a strong recommendation for them. If you can help me with this, we will offer you an executive-level position with a six-figure starting salary! How does that sound?” You are speechless. Mr. Ullman says, “Great! Take this packet of assorted background information on our major issues, financials, and competitors. It should have everything you need to analyze to prepare a report. Do a thorough analysis of this information to come up with viable options and a solid recommendation for how best to improve J.C. Penney’s performance. You have until 10:00 PM tonight to get your report to me, or my offer expires.”

**DIRECTIONS:** Prepare a report to Mr. Ullman analyzing J.C. Penney’s external and internal environments, strategic options, and offering a recommendation. Your report should contain detailed external and internal analysis, including assessments of opportunities, threats, strengths, and weaknesses, possible strategic options, and a logical, well-reasoned recommendation(s). At a minimum, the following analysis should be completed: identify major issues/driving forces, analysis of the external environment (Macro/Industry/Competitive Environments), industry analysis/five forces analysis, competitor analysis, SWOT, and performance analysis (strategic and
financial). Make sure to include thorough support from your analyses to justify and support your recommendation(s). Good luck!
In January of 2012, Ron Johnson, the new C.E.O. of J. C. Penney, gave a speech unveiling his ambitious strategy for reinventing the hoary old retailer. It was a much anticipated event. Penney was directionless and barely profitable, and Johnson was a retail superstar. He had helped make Target hip, pioneering partnerships with big-name designers like Michael Graves, and had then moved to Apple, where he orchestrated the creation of the Apple Store. Johnson’s presentation did not disappoint. He made it clear that he wasn’t going to just stabilize Penney; he was going to revolutionize it. Coupons and sales, which had become ubiquitous, were going to be replaced by what he called “fair and square pricing.” The stores themselves would be radically redesigned, becoming curated showcases of mini shops, arranged by brand. J. C. Penney, Johnson said, would become “America’s favorite store.”

Fourteen months later, J. C. Penney is America’s favorite cautionary tale. Customers have abandoned the store en masse: over the past year, revenues have fallen by twenty-five per cent, and Penney lost almost a billion dollars, half a billion of it in the final quarter alone. The company’s stock price, which jumped twenty-four per cent after Johnson announced his plans, has since fallen almost sixty per cent. Twenty-one thousand employees have lost their jobs. And Johnson has become the target of unrelenting criticism. “There is nothing good to say about what he’s done,” Mark Cohen, a former C.E.O. of Sears Canada, who is now a professor at Columbia, told me. “Penney had been run into a ditch when he took it over. But, rather than getting it back on the road, he’s essentially set it on fire.” Johnson is scrapping his pricing strategy but is sticking by the mini-shop concept: last week, Joe Fresh boutiques debuted in stores across the country. Meanwhile, rumors of Johnson’s imminent departure are everywhere, and last year’s pronouncement is starting to look like the business equivalent of George Bush’s “Mission Accomplished” speech.
The biggest problem with Johnson’s strategy is simple: he misread what Penney’s customers wanted. Doing away with constant markdowns was, on the face of it, sensible: instead of starting with a high price and quickly marking it down, start with a lower price. But Johnson failed to see how attached customers were to markdowns. “In most of the retail universe, price is the most powerful motivator,” Cohen said. “This game of cat and mouse with regular, ever-changing discounts is illogical, but it’s one that lots of consumers like to play. Johnson just ignored all that.”

The way Penney implemented its plan also hurt. For one thing, Johnson didn’t test his pricing strategy—perhaps because of his experience at Apple, where market research has always been anathema. In addition, he rolled it out before the stores had been remodelled or filled with new merchandise. This drove old customers away without giving new ones a reason to come in. Offering pain and no gain is no way to remake a company. “Anytime you’re trying to change the way you do things, small wins are important,” Michael Roberto, a management professor at Bryant University, told me. “Small wins help you build support both internally and externally, and they make it easier for people to buy in.”

Given Johnson’s track record, plenty of people are shocked by what’s happened. Yet hiring him was always a huge gamble. As Cohen put it, “He had never been a C.E.O., never mounted or managed a turnaround, had limited fashion-apparel experience, and had no experience in the middle-market space.” Johnson’s champions assumed that, because he had done great work elsewhere, he would do great work at Penney. But the circumstances at Johnson’s previous companies were radically different from those at Penney. Target was a thriving company that had already positioned itself as a trend-aware, fashionable store, so Johnson had plenty of support in the effort to make it cooler. And, while the Apple Store is a brilliant retail concept, its success was surely helped by the fact that it has been home to three of the best-selling consumer products ever.

At Target and at Apple, Johnson was running with the wind, not against it. At Penney, he’s trying to do something very different: remake a company’s DNA. Penney’s board no doubt believed that Johnson’s record guaranteed that he’d succeed. But this perception probably reflects what psychologists call “the fundamental attribution error”—our tendency to ignore context and attribute an individual’s success or failure solely to inherent qualities. (People who watch one basketball player shoot free throws in a poorly lighted gym and another shoot in a well-lighted gym attribute the latter’s greater success to ability rather than to conditions.) Skill is important, but so is context: being great at selling cheap fashion or cool technology products doesn’t mean you’ll be great at turning around a middle-market retailer.

Of course, this cuts both ways. Right now, Johnson looks like a complete fool. But turnarounds are hard to pull off, especially in retail. One study found that efforts at merely getting a money-losing retailer back to profitability succeed only thirty per cent of the time. Radically remaking a major company, as Johnson is trying to do, is even harder. So, if Johnson isn’t as good as he looked
at Apple, he’s probably not as bad as he looks at Penney. Indeed, his biggest mistake may simply have been taking the job in the first place. He’s become a living example of one of Warren Buffett’s keenest observations: “When a manager with a reputation for brilliance tackles a business with a reputation for poor fundamental economics, it is the reputation of the business that remains intact.” ♦

ILLUSTRATION: CHRISTOPH NIEMANN

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At Penney, Need for Stability and New Path

By KAREN TALLEY

Now that Ron Johnson is out of the picture, Myron "Mike" Ullman will have to decide what parts of Mr. Johnson’s JCP to keep and how much of his traditional J.C. Penney Co. to revive.

The mini boutiques with which Mr. Johnson planned to pepper Penney are likely out the door, analysts say. And reestablishing relationships with vendors is probably a priority.

Investor concern remains high: In early trading Tuesday, Penney stock was down about 10%.

Mr. Ullman is likely to take a close look at the company’s biggest transformation project: its home department. The multi-million dollar project includes bringing in fresh merchandise and new stagings.

Mr. Ullman’s stamp isn’t likely to be too heavy handed at the start.

"One thing they can't do is swing the pendulum back to the way things were under Mr. Ullman because that wasn't working either," said Kathy Gersch, co-founder of Kotter International, a leadership consulting firm. "As a management team, they have to take a look at who their customer is and what they want and move in that direction. And that can't be Ron Johnson's or Mr. Ullman's."

"Perhaps Mr. Ullman can take the best ideas from Mr. Johnson's regime, such as the specialty shops—but where will
return the company to its former glory,” said Carol Levenson, director of research at Gimme Credit, a corporate bond research firm.

There are also personnel issues that will have to be dealt with. For instance, there has been no word of the fate of Chief Financial Officer Kenneth Hannah, who Mr. Johnson brought in, or other of his top management hires that remain.

Mr. Ullman "is coming in, but he's not coming back to the same leadership team he had when he left," given Mr. Johnson having brought in his own people, said Ms. Gersch. "Mike Ullman needs to pull that team together because they have a short period to get things back in order."

Mr. Ullman has to first bring stability to J.C. Penney and then get it moving forward.

The changing of the guard "raises near-term risk as the company has to develop yet another strategy to restore revenue growth and profitability," said Wayne Hood, retail analyst at BMO Capital Markets. "Additionally, the move is likely to create uncertainty among JCP's suppliers as the company's strategy further evolves."

Mr. Hood expects pressure on the stock given no clear picture of sales and earnings, as well as liquidity constraints given Penney has been spending so much money on its transformation. The stock may also be pressured by Bill Ackman's Pershing Square Capital Management and Vornado Realty Trust pulling out, analysts say. The two groups were the champions of bringing in Mr. Johnson just under a year-and-a-half ago. Mr. Johnson replaced Mr. Ullman, who had been chief executive since 2004.

Write to Karen Talley at karen.talley@dowjones.com
March 18, 2013, 1:05 PM ET

J.C. Penney’s Options: Joe Fresh or Plan B

By Tom Gara

It was a big weekend for J.C. Penney: the launch of mini-stores by fashion brand Joe Fresh in more than 650 of its stores. Joe Fresh is the biggest step yet in J.C. Penney’s store-within-store concept, the central pillar of the company’s attempt at reinventing itself into a new kind of retailer.

What is Joe Fresh all about? Think of it as affordable style, a sort of Canadian version of H&M. Here’s an ad from J.C. Penney for their new Joe Fresh stores, advertising $19 jeans and $16 cardigans – and looking pretty good for that price point:

If Joe Fresh doesn’t work, there are even more reasons to believe the whole reinvention might be destined for failure — the transition from old stores to new was always going to be messy and expensive, and sales have plunged in the interim. It’s hard enough convincing investors to stay on board during the transition, but if the light at the end of the tunnel starts to dim, the company is in even more trouble.

In more colorful language: “If Joe Fresh doesn’t work, this could be the worst idee of March since Brutus greeted Caesar on the floor of the Senate.” That’s from Maxim analyst Rick Snyder, speaking to Bloomberg.

So how was Joe Fresh looking on its first weekend in the wild?

Analysts from Oppenheimer visited J.C. Penney stores in New York and New Jersey to get a feel for things. “Overall we were impressed with what we found,” they wrote in a note this morning (PDF). “Shop-in-shops are open and airy and brightly lit. Merchandise looks compelling and well-priced. Traffic is difficult to measure, but customers do seem to be reacting positively to the Joe Fresh launch. Any significant consumer adoption is likely to take time”

Oppenheimer’s analysts say they see the long term potential of the turnaround strategy, but are still worried about the short term: the company is still physically tearing up its stores to remodel them into the new style store-within-store layouts, and it will keep burning cash and losing sales in the meantime. The long term picture only works if the company can make it through a series of unpleasant short term challenges.

What if it can’t make it to the other side? ISI released a research note today outlining a possible “Plan B” for the company (PDF): spin off its 300 best-located stores into a new real estate company that rents them out to commercial tenants, and keep operating the remaining 800 stores as regular J.C. Penney stores.

Getting commercial tenants into its stores could mean big dollars, because the company’s huge real estate portfolio means it pays next to nothing for its space, relative to other retail brands, ISI wrote:
Spun into a new company, J.C. Penney's 300 best stores could pull in $1.2 billion a year in rental income, ISI estimates, valuing it at a conservative $10.8 billion – more than three times what the market is currently valuing all of JCP at.

“We think JCP’s most valuable asset is its low-cost real estate, and we believe there are many premium brands that would potentially be interested in subleasing space,” ISI wrote, “as long as the store was no longer called ‘JC Penney’, and the brands could control the inventory, personnel, checkout, merchandising, shopping experience, and fixturing. JCP would effectively collect a risk-free, high margin, steady stream of rental income, while simultaneously eliminating fashion and inventory risk.”

J.C. Penney stock is up 8% today.

See also:
J.C. Penney's Real Money Maker: Retail, or Real Estate? – Corporate Intelligence
J.C. Penney's Rally No Vote of Confidence – MarketBeat
Board Patience Wears Thin at Penney – WSJ
Sector Update

JCP Time for Plan B?

Given the mounting controversy surrounding JC Penney and the potential ramifications across the sector of whether CEO Ron Johnson's transformational strategies succeed or fail, we are updating our views from our original "JCP Ripple Effect" note published February 7, 2012. While the company seems to be headed toward serious financial and liquidity issues should sales continue to shrink at a 20-30% run rate, and the market is increasingly pricing in just such a scenario, investors may be overlooking an intriguing alternate outcome. In our opinion, the company still has the call option to isolate its top ~300 locations and transform them into a low-risk, highly profitable REIT-like entity, which could drastically change the way the market values JCP. The company's average occupancy cost of $4 per square foot (and profit of <$0 per foot) is far below the average surrounding rents in its top mall locations (we estimate ~$70 per foot). And our 'cocktail napkin' math indicates that JCP's top 300 stores (out of the 1,100 total) could conservatively generate ~$1.2 billion of sublet rental income, resulting in a $10.8 billion enterprise valuation (or ~$40 per share) assuming a conservative cap rate of 10%.

Isolating Top 300 locations for Sublet & Removing JCP Nameplate a Potentially Powerful Scenario. How to unlock the substantial underlying real estate value of top mall anchors is a question that has perplexed investors and industry participants alike for years. In this note, we suggest that JCP may ultimately decide to maximize shareholder value by transforming its top ~300 locations into a premium REIT entity under a new nameplate and converting the layout in order to sublet its space to premium brands and retailers while continuing to operate the remaining 800 locations under JCP’s traditional discount-driven department store model. We think JCP’s most valuable asset is its low-cost real estate, and we believe there are many premium brands (see slide 4 for a list) that would potentially be interested in subleasing space within the best locations at $40 per square foot (a nice discount vs. the $70-80+ they would normally pay for a standalone store) as long as the store was no longer called ‘JC Penney’, and the brands could control the inventory, personnel, checkout, merchandising, shopping experience, and fixturing. JCP would effectively collect a risk-free, high margin, steady stream of rental income, while simultaneously eliminating fashion and inventory risk. We estimate that JCP’s top 300 locations represent ~30 million square feet of prime retail real estate could generate ~$1.2 billion in annual rental income. Even after backing out 35% operating expenses (reimbursed by the tenant at 110%) and 4% of rental income for property management costs (both REIT industry standards) and another $4 per square foot for the rent JCP pays to its landlords, we estimate JCP could generate ~$1.1 billion in net operating income. Capitalizing this income at a conservative cap rate of 10% (vs. premium REITs that command a ~7-8% cap rate), we think this piece of JCP’s business could be valued at over $10.8 billion, or ~$40 per share, even assuming that this new REIT entity absorbs all of JCP’s $3 billion in debt.

Continued on next page...
What is the rest of JCP worth? We also suggest that the remaining 800 locations continue to operate under the JC Penney name as a more traditional department store, though updated for many of the brand shops the company has already begun adding, many of which are more befitting of the JC Penney market position. Assuming sales per square foot at these stores can eventually improve to $100 (up from <$100 today, but still down from peak SSF of ~$130 in 2006) and operating margin recovers to 3% (from negative double-digits today), we estimate that this business could generate nearly $8 billion in sales and $240 million in operating profit. This implies an EPS contribution of ~70c, which when applying an appropriate 6x P/E multiple, represents a value of another $6 per share.

Brands would likely embrace. We think the Asian concession-style self operated shop-in-shop format we are suggesting would appeal to many of the brands we cover, especially those that have only limited full-price own-retail exposure. A completely re-imagined JC Penney under a new name could offer the brands a unique opportunity to completely control the merchandising, inventory management, sales & service environment at below market rents in top-traffic malls (and without having to deal with the often challenging buying organizations of department stores). Many of these traditional wholesale brands’ current own retail exposure is limited to premium outlet malls, which interestingly are also characterized by the high customer traffic but more reasonable rental costs that we think the transformed JCP would offer.
Plenty of Brands to Go After

Brands and retailers we think would be willing to sublet concession space in the company’s top 300 locations (under a different name plate) at an average of ~$40 per square foot.
Company Profiles

Macy’s:

Macy's, Inc., together with its subsidiaries, operates stores and Internet Websites in the United States. It operates Macy's and Bloomingdale's stores and Websites that sell a range of merchandise, including apparel and accessories for men, women, and children; cosmetics; home furnishings; and other consumer goods in 45 states, the District of Columbia, Guam, and Puerto Rico. The company also operates Bloomingdale’s Outlet stores that offer a range of apparel and accessories, including women's ready-to-wear, fashion accessories, jewelry, handbags, and intimate apparel, as well as men's, children's, and women's shoes. As of March 21, 2013, it operated approximately 840 stores under the names of Macy’s and Bloomingdale's; and 12 Bloomingdale’s Outlet stores, as well as macys.com and bloomingdales.com Websites. The company was formerly known as Federated Department Stores, Inc. and changed its name to Macy’s, Inc. in June 2007. Macy’s, Inc. was founded in 1830 and is headquartered in Cincinnati, Ohio.

J. C. Penney

J. C. Penney Company, Inc., through its subsidiary, J. C. Penney Corporation, Inc., operates department stores. The company sells family apparel and footwear, accessories, fine and fashion jewelry, beauty products, and home furnishings. It also provides various services, such as styling salon, optical, portrait photography, and custom decorating. As of February 2, 2013, it operated 1,104 department stores in 49 states and Puerto Rico. The company also sells its products through its Internet Website, jcp.com. The company was founded in 1902 and is based in Plano, Texas.

Kohl’s

Kohl’s Corporation operates department stores in the United States. Its stores offer private, exclusive, and national branded apparel, footwear, and accessories for women, men, and children; soft home products, such as sheets and pillows; and housewares targeted to middle-income customers. As of February 2, 2013, it operated 1,146 stores in 49 states. The company also provides on-line shopping through its Website Kohls.com. Kohl’s Corporation was founded in 1962 and is headquartered in Menomonee Falls, Wisconsin.

Target

Target Corporation operates general merchandise stores in the United States. The company offers household essentials, including pharmacy, beauty, personal care, baby care, cleaning, and paper products; hardlines comprising music, movies, books, computer software, sporting goods, and toys, as well as electronics that consist of video game hardware and software; apparel and accessories, such as apparel for women, men, boys, girls, toddlers, infants, and newborns, as well as intimate apparel, jewelry, accessories, and shoes. It also provides food and pet supplies, including dry grocery, dairy, frozen food, beverages, candy, snacks, deli, bakery, meat, produce,
and pet supplies; and home furnishings and décor, such as furniture, lighting, kitchenware, small appliances, home décor, bed and bath, home improvement, automotive, and seasonal merchandise comprising patio furniture and holiday décor. In addition, it offers in-store amenities. As of February 2, 2013, it had 1,778 stores in 49 states and the District of Columbia. The company distributes its merchandise through a network of distribution centers, as well as third parties and direct shipping from vendors. Further, it provides general merchandise through its Website, Target.com; and branded proprietary Target Debit Card. Target Corporation was founded in 1902 and is headquartered in Minneapolis, Minnesota.

Sears

Sears Holdings Corporation operates as a specialty retailer in the United States and Canada. The company’s Kmart segment operates stores that sell merchandise under Jaclyn Smith and Joe Boxer labels; and Sears brand products, such as Kenmore, Craftsman, and DieHard. This segment’s stores provide consumer electronics, seasonal merchandise, outdoor living, toys, lawn and garden equipment, food and consumables, and apparel; and operate in-store pharmacies. The company’s Sears Domestic segment operates stores that sell merchandise under the Kenmore, Craftsman, DieHard, Lands’ End, Covington, Apostrophe, and Canyon River Blues brand names. Its stores provide appliances, consumer electronics, tools, sporting goods, outdoor living, lawn and garden equipment, home fashion products, apparel, footwear, jewelry, accessories, health and beauty products, pantry goods, household products, and toys, as well as automotive services and products. This segment also provides soft luggage; appliances and services to commercial customers in single-family residential construction/remodel, property management, multi-family new construction, and government/military sectors; premium appliance and plumbing fixtures to architects, designers, and new construction or remodeling customers; parts and repair services for appliances, lawn and garden equipment, consumer electronics, floor care products, and heating and cooling systems; and home improvement services. Sears Holdings Corporation’s Sears Canada segment engages in the retail of apparel and other softlines. The company operates approximately 2,019 full-line and 54 specialty retail stores in the United States; 475 full-line and specialty retail stores, as well as 1,512 catalog pick-up locations, 9 home services showrooms, and 101 travel offices in Canada; and kmart.com and sears.com Websites. Sears Holdings Corporation was founded in 1899 and is based in Hoffman Estates, Illinois.
### 2012 Key Numbers

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<tr>
<th></th>
<th>J. C. Penney Company</th>
<th>Kohl’s</th>
<th>Macy’s</th>
<th>Target Corporation</th>
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<tr>
<td><strong>Annual Sales</strong></td>
<td>$12.99B</td>
<td>$19.28B</td>
<td>$27.69B</td>
<td>$73.30B</td>
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<td><strong>Employees</strong></td>
<td>159,000</td>
<td>142,000</td>
<td>171,000</td>
<td>365,000</td>
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<td><strong>Market Cap</strong></td>
<td>$4.46B</td>
<td>$10.65B</td>
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### 2012 Profitability

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<th>J. C. Penney Company</th>
<th>Kohl’s</th>
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<th>Target Corporation</th>
<th>Industry Median</th>
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<tr>
<td><strong>Gross Profit Margin</strong></td>
<td>31.31%</td>
<td>36.26%</td>
<td>40.40%</td>
<td>30.38%</td>
<td>33.53%</td>
<td>34.80%</td>
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<tr>
<td><strong>Pre-Tax Profit Margin</strong></td>
<td>(11.83%)</td>
<td>8.10%</td>
<td>7.45%</td>
<td>6.29%</td>
<td>2.78%</td>
<td>10.10%</td>
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<td><strong>Net Profit Margin</strong></td>
<td>(7.59%)</td>
<td>5.11%</td>
<td>4.76%</td>
<td>4.09%</td>
<td>0.12%</td>
<td>6.58%</td>
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<tr>
<td><strong>Return on Equity</strong></td>
<td>(27.43%)</td>
<td>15.71%</td>
<td>21.91%</td>
<td>18.52%</td>
<td>0.56%</td>
<td>10.58%</td>
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<td><strong>Return on Assets</strong></td>
<td>(9.29%)</td>
<td>7.04%</td>
<td>5.88%</td>
<td>6.33%</td>
<td>0.17%</td>
<td>1.95%</td>
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<td><strong>Return on Invested Cap</strong></td>
<td>(17.04%)</td>
<td>9.24%</td>
<td>7.29%</td>
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### 2012 Valuation

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<tr>
<td><strong>Price/Sales Ratio</strong></td>
<td>0.26</td>
<td>0.57</td>
<td>0.64</td>
<td>0.62</td>
<td>0.41</td>
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<td><strong>Price/Earnings Ratio</strong></td>
<td>(3.36)</td>
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<td><strong>Price/Book Ratio</strong></td>
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<td>2.97</td>
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<td>1.99</td>
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<td><strong>Price/Cash Flow Ratio</strong></td>
<td>(333.33)</td>
<td>8.64</td>
<td>7.32</td>
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<td>9.69</td>
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### 2012 Operations

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<tr>
<td><strong>Days of Sales Outstanding</strong></td>
<td>--</td>
<td>--</td>
<td>5.25</td>
<td>14.76</td>
<td>18.15</td>
<td>44.47</td>
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<td><strong>Inventory Turnover</strong></td>
<td>3.39</td>
<td>3.54</td>
<td>3.19</td>
<td>6.45</td>
<td>2.74</td>
<td>6.99</td>
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<td><strong>Days Cost of Goods Sold in Inventory</strong></td>
<td>107.57</td>
<td>103.17</td>
<td>114.51</td>
<td>56.58</td>
<td>133.44</td>
<td>52.25</td>
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<td><strong>Asset Turnover</strong></td>
<td>1.22</td>
<td>1.38</td>
<td>1.24</td>
<td>1.55</td>
<td>1.40</td>
<td>0.30</td>
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<td>----------------</td>
</tr>
<tr>
<td><strong>Net Receivables Turnover Flow</strong></td>
<td>--</td>
<td>--</td>
<td>69.49</td>
<td>24.73</td>
<td>20.11</td>
<td>8.21</td>
</tr>
<tr>
<td><strong>Effective Tax Rate</strong></td>
<td>--</td>
<td></td>
<td></td>
<td>36.84%</td>
<td>36.18%</td>
<td>94.60%</td>
</tr>
</tbody>
</table>

**2012 Financial**

<table>
<thead>
<tr>
<th></th>
<th>J. C. Penney Company</th>
<th>Kohl's</th>
<th>Macy's</th>
<th>Target Corporation</th>
<th>Industry Median</th>
<th>Market Median1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Ratio</strong></td>
<td>1.43</td>
<td>1.86</td>
<td>1.40</td>
<td>1.17</td>
<td>1.40</td>
<td>1.44</td>
</tr>
<tr>
<td><strong>Quick Ratio</strong></td>
<td>0.38</td>
<td>0.21</td>
<td>0.51</td>
<td>0.06</td>
<td>2.00</td>
<td>4.92</td>
</tr>
<tr>
<td><strong>Leverage Ratio</strong></td>
<td>3.08</td>
<td>2.30</td>
<td>3.72</td>
<td>2.91</td>
<td>3.60</td>
<td>5.56</td>
</tr>
<tr>
<td><strong>Total Debt/Equity</strong></td>
<td>0.94</td>
<td>0.75</td>
<td>1.31</td>
<td>1.07</td>
<td>1.00</td>
<td>0.93</td>
</tr>
<tr>
<td><strong>Interest Coverage</strong></td>
<td>(5.80)</td>
<td>--</td>
<td>5.40</td>
<td>7.05</td>
<td>3.04</td>
<td>6.51</td>
</tr>
</tbody>
</table>

**2012 Per Share Data**

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue Per Share</strong></td>
<td>$59.24</td>
<td>$81.35</td>
<td>$65.72</td>
<td>$110.51</td>
<td>$21.37</td>
<td>--</td>
</tr>
<tr>
<td><strong>Dividend Per Share</strong></td>
<td>$0.20</td>
<td>$1.28</td>
<td>--</td>
<td>$1.32</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Cash Flow Per Share</strong></td>
<td>($0.05)</td>
<td>$5.34</td>
<td>$5.72</td>
<td>$8.03</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Working Capital Per Share</strong></td>
<td>$5.01</td>
<td>$9.84</td>
<td>$6.36</td>
<td>$3.67</td>
<td>$8.74</td>
<td>$1.94</td>
</tr>
<tr>
<td><strong>Long-Term Debt Per Share</strong></td>
<td>$13.45</td>
<td>$20.04</td>
<td>$16.84</td>
<td>$22.85</td>
<td>$1.40</td>
<td>$0.04</td>
</tr>
<tr>
<td><strong>Book Value Per Share</strong></td>
<td>$14.43</td>
<td>$27.24</td>
<td>$14.07</td>
<td>$25.82</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Total Assets Per Share</strong></td>
<td>$44.51</td>
<td>$62.63</td>
<td>$55.90</td>
<td>$75.09</td>
<td>$59.68</td>
<td>$43.38</td>
</tr>
</tbody>
</table>

**2012 Growth**

<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>12-Month Revenue Growth</strong></td>
<td>(24.77%)</td>
<td>2.53%</td>
<td>5.61%</td>
<td>4.92%</td>
<td>(0.84%)</td>
<td>(3.83%)</td>
</tr>
<tr>
<td><strong>12-Month Net Income Growth</strong></td>
<td>--</td>
<td>(15.51%)</td>
<td>48.29%</td>
<td>2.39%</td>
<td>(95.41%)</td>
<td>(11.71%)</td>
</tr>
<tr>
<td><strong>12-Month EPS Growth</strong></td>
<td>--</td>
<td>(3.02%)</td>
<td>47.47%</td>
<td>5.61%</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>12-Month Dividend Growth</strong></td>
<td>(75.00%)</td>
<td>28.00%</td>
<td>75.00%</td>
<td>20.00%</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>36-Month Revenue Growth</strong></td>
<td>(9.56%)</td>
<td>3.92%</td>
<td>1.99%</td>
<td>3.90%</td>
<td>1.45%</td>
<td>7.10%</td>
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<tr>
<td><strong>36-Month Net Income Growth</strong></td>
<td>--</td>
<td>(0.17%)</td>
<td>--</td>
<td>6.42%</td>
<td>1.47%</td>
<td>17.35%</td>
</tr>
<tr>
<td><strong>36-Month EPS Growth</strong></td>
<td>--</td>
<td>8.89%</td>
<td>--</td>
<td>11.06%</td>
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<tr>
<td><strong>36-Month Dividend Growth</strong></td>
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1 Public companies trading on the New York Stock Exchange, the American Stock Exchange, and the NASDAQ National Market.

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Copyright ©2013 Hoover's, Inc. All Rights Reserved.
To: Harold Kumar, Senior Consultant Officer, Prestige Consulting
From: [Name], Senior Consultant, Prestige Consulting
Date: 04/02/2013
Subject: Recommendation of Chloe Spade

I do not recommend Chloe Spade for the senior consultant position at Prestige Consulting.

The following data provides the basis for my recommendation:

**Strengths**
- Contribution Mean of 2.83 represents very good overall sector performance
- Contribution Range of 2-3 represents OK to good performance in all areas
- Listening Range of 0-3 represents very good performance in at least one area
- Problem-Solving Range of 0-3 represents very good performance in at least one area

**Weaknesses**
- Listening Mean of 1.96 represents performance below an OK level
- Listening Range of 0-3 represents unacceptable performance in at least one area
- Problem-Solving Mean of 2.18 represents performance just above an OK level
- Problem-Solving Range of 0-3 represents unacceptable performance in at least one area

Chloe Spade’s level of work is below the senior consultant level. Ms. Spade’s performances in listening and in facilitating group problem-solving are lower than they should be. As a senior consultant, I know from experience that contribution is less important than listening and facilitating group problem-solving in a senior consultant position therefore Ms. Spade’s high contribution score would suggest that she remain in a junior consultant role. Until Ms. Spade’s ranges in each category improve to acceptable levels of 2-3, I cannot recommend her for a senior consultant position.

If you have any questions or concerns, please contact me at [Email Address] or [Contact Information]
<table>
<thead>
<tr>
<th>Learning Goal: Definition</th>
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<td>Decision Making &amp; Evaluation: Students will make and recognize justifiable business decisions.</td>
<td>Conclusions</td>
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<td>3</td>
</tr>
<tr>
<td>Written Communication: Students will construct written messages that are professionally and strategically appropriate for a variety of business contexts.</td>
<td>Organization</td>
<td>Inefficient for reader. Conclusions or decisions hard to find. Logical connections unclear. Inadequate chunking of information.</td>
<td>Conclusions or decisions appear in first few sentences. Some appropriate chunking of information. Bottom line of sections or paragraphs not always clear.</td>
<td>Efficient for reader. Conclusions or decisions for entire assignment and for individual sections/paragraphs easy to find. Small chunks of information with clear logical connections.</td>
</tr>
<tr>
<td>Verbal Expression</td>
<td>Academic, impersonal (e.g., lots of passive and hedges, long &amp; complex sentences, no names or personal pronouns) or unprofessional (e.g., lots of slang or sloppiness).</td>
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Please record any comments related to this student's performance.
To: Harold Kumar  
From:  
Date: 04/2/2013  
Re: Recommending Chloe Spade to become a senior consultant

Chloe Spade’s performance review indicates for a promotion to senior consultant, given her quality of work.

Skill sets
Listening
• Clarifies other people ideas
• Keeps meeting on topic
• Allows people to express their views

Contributing
• Offers good insight
• In attendance to all meetings
• Work is done on time

Facilitating group problem solving
• Organizes discussion through question
• Encourages suggestions, to find the best solution

This overall look of Chloe Spade’s performance, was gathered from three different assessments, done by some of her teammates. The scaling was done from 0-3, 0 being poor performance, and 3 doing the best possible. The overall mean given, was a 2.42, and the mode was a 2.

The best way to know about an employee’s quality of work is not to ask that persons superior, but to ask the co-workers. As a consulting firm we must work well with different types of personality’s, given her scoring, she does this job well.

Please feel free to reach me with any concerns: (123)-445-6643, or [email]@gmail.com. [email], Prestige Consulting
Rate the student’s performance on each of the following traits. Mark the cell containing the descriptor that most closely applies to this paper. Granted, not every situation will fit perfectly within a particular rating category and some degree of personal interpretation may be necessary. If you have comments about this paper, please add them at the end of this form.

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<td></td>
<td>Cross-Disciplinary Integration</td>
<td>Does not interrelate perspectives across functional areas (accounting, finance, management, marketing, etc.).</td>
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<td>Addresses several functional areas to qualify analysis. Fully integrated ideas and perspectives. Analogies may be used effectively.</td>
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<tr>
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<td>Opportunity Identification</td>
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</tr>
</tbody>
</table>

-1-
### Learning Goal: Definition

#### Decision Making & Evaluation: Students will make and recognize justifiable business decisions.

<table>
<thead>
<tr>
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#### Learning Goal: Definition

#### Written Communication: Students will construct written messages that are professionally and strategically appropriate for a variety of business contexts.

<table>
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Please record any comments related to this student’s performance.
Mr. Ullman,

I would like to thank you for this opportunity to show some strategic options and make some recommendations to your Board of Directors. With my analysis of J.C. Penny, I plan to fulfill your need.

In the following report I have used knowledge from the University of Alabama to analyze the internal and external environment, assess opportunities, threats, strengths and weaknesses and seek out logical recommendations.

I am available for any questions or concerns at any given time.

Thank you,
* Recommendations

* Tools
  - Industry Analysis
    - Dominant Economic Features
    - 5 Forces Model
    - Drivers of Change
    - Strategic group map
  - Competitor/company analysis
    - Key success factors
    - Competitive Strength Index
    - SWOT analysis
    - Financials
  - Analysis of Strategic
  - Analysis of Strategic Environment
    * Red Ocean vs Blue Ocean
Recommendations

1. Establish a real estate company with the 300 best located stores.

The opportunity to utilize this strength is very important. An approx. $1.2 billion a year rental income would increase the value of this company tremendously. With the low current cost this is not a very large risk you you to take. JC Penny will not have the risk of the stores inventory or success.

As you who gets to sublet this valuable space, there will most likely be many contenders. High end stores such as Burberry, Gucci and Swatch are options. The sections of the store should be granted to the highest bidder. Make sure to include some type of beverage and snack company.

Under a new nameplate the recent negative talk will not be linked and the companies should succeed and continue to rent.
2. Start the repair of the JC Penny Brand appeal by clearing up uncertainty, adding a new target market, and getting the management team back on board.

Reestablishing relationships with vendors and investors is a priority for success. With stock down, we know that the investors are in year. Manage the uncertainty by keeping all plans and goals open to all. Admitting that times are hard doesn't mean that you lose. Losing will be when we give up.

THE NEW TARGET MARKET!! Appealing to the young people is crucial. With the economy struggling, young people out of college or looking for low paying jobs need somewhere to shop. They feel they are getting the best deal. They are the kings and queens on social media and all 13,000 of their Twitter followers will know when they are shopping at Penneys. It doesn't take much to appeal to them. Celebrity endorsements, sales and a new appearance will have them in the door.
Mr. Wiman will also have to work to get the management team back on board. They will all have to look at why they were once successful, who the customer is, and what they want.

3. Rewards/Point System established in remaining 800 stores.

Markdowns was a huge success for JC Penny before. Marking prices low at the start will still have customers waiting for the "sale". A rewards system is meant to increase customer loyalty and satisfaction by allowing them unique opportunities. Young people love this and it will bring in the long-time customer back.

The key will be offering the reward for a certain period of time. If it's not used it will be wasted. This has worked very well for stores such as Victoria's Secret,
Saks, and Gap. This will get customers back in the door quickly and increase revenue.

The extra funds that recommendation one will bring will only help to put two and three into place.
Industry Analysis

Dominant Economic Features

1. Number of Rivals
   - There are 4-5 department store industry rivalries. JCPenney, Macy's, Kohl's, Dillard's and Sears all cater to the same customer and social class.

2. Number of Buyers
   - The customer and buyer holds the key to success in the competitive market. There are a large amount of customers and many options for them to chose from.

3. Degree of Product Differentiation
   - Not a lot of difference in products among industry. The industry caters to the same needs but with different brands (suppliers).

* high mark-ups and then run gimmick mark-downs.

73.
27.
20.
$13.

JC Penny
Kohls
Macy's
Target

Annual Sales 2013

TAKE AWAY
The department store industry is large and very complex; it can be successful with the right strategic plan.
1. **Competition among rivals:** HIGH

   Competition is very high in this industry. All competitors are selling the same products with little differentiation. The shopping/buying experience is the same at each place in this industry. If one doesn't serve the need of the buyer, there are plenty of other options. Target is killing the other rivals with its "hip" look and convenience of some stores offering grocery, pharmacy, and electronics.

2. **Bargaining power of suppliers:** MODERATE

   This industry is supplied by mostly brands that do not have their own retailer. With that being said, suppliers do need the department stores. But this
is a moderate amount of power because they do have many companies to bargain with. They want a department store that is succeeding, offering them good advertisement and the best pricing.

3. Bargaining power of buyers: HIGH
   Buyers / customers have many opportunities to fill their need of this product. They do not have to shop at one particular store. With the rivalry being high, the customer has more opportunity to borrow.

4. Threat of substitutes: MODERATE
   Substitution of the product line is possible but usually not sought out for other reasons. Outlet malls would offer the product line and maybe even cheaper prices. However, they are less frequently located and usually outside individuals stores that are more inconvenient. High end department stores are not much of a threat to substitute for this target market. They are catering to only the upper class. Online shopping could be a threat to the industry because of so many supplier options at the customers right hand. Places such as Zappos.com and Pipeline.com offer a variety of apparel, shoes and accessories for discount prices.
5. **Barriers to Entry: HIGH**

Entering into the major department store industry could have many obstacles. With the economy being unstable there is a risk you succeed. Even if you can receive the funds to begin, starting up a relationship with suppliers would take time and money. Customer loyalty is also concerning. Many customers get a feel for "their store" and don't want to stray.

Too challenging to enter a market with already high competition, but if already in the market you can succeed by pleasing the supplier and buyer.

**Drivers of Change**

1. **Technology**
   - Increase in technology can cause customers to seek more online shopping and hurt retail stores.

2. **Economic Conditions**
   - With a middle class target market, the condition of the economy greatly affects sales.

3. **Store Location**
   - Location is very important. Store should be located where target market (middle class) can shop conveniently.

4. **Product Differentiation**
   - With little differentiation in the industry, a new product can put one company on top.

5. **Customer Appeal**
   - Knowing the customer's what they want
Economic conditions and customer appeal are huge drivers of change for the department store industry.

4. Strategic Group Map

Price/Sales Ratio

- Macy's: 0.5
- JCP: 0.2
- Target: 0.2
Competitor/Company Analysis

1. Key Success Factors

1. Customer Loyalty/Customer Appeal
   - Get the loyal customers back with altering to their liking. New looks should increase curiosity.

2. Pricing Methods
   - BIG SALES. We know what the customers want and that is how to get them back and bring in new.

3. Quality brands/Relationship with Suppliers
   - Maintain good relationships with suppliers so they are not lost to a rivalry. Quality brands will keep image high.

4. Marketing/Advertising
   - Celebrity Endorsements & social media are key to hitting the young adult market who are in the price point.

5. Store Location
   - Location needs to be convenient to target market.
   - Middle class areas, smaller college towns.

6. Business Start-up

   This success factor is you the company as a whole. The opportunity for increased funds is crucial to JC Penny succeeding.

TAKING ADVANTAGE

The key to success for JC Penney is to increase funds with real estate start up and increase marketing and advertising to get their target.
<table>
<thead>
<tr>
<th>Customer Loyalty/ Appeal</th>
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<tbody>
<tr>
<td>0.3</td>
<td>0.2</td>
<td>0.2</td>
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</tr>
<tr>
<td>&quot;Big sale&quot; pricing method</td>
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<td>0.2</td>
<td>0.15</td>
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</tr>
<tr>
<td></td>
<td>1.0</td>
<td>0.7</td>
<td>0.9</td>
<td>0.45</td>
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From this chart you can see that when referring to the key success factors in the industry, J.C. Penney is far behind the competition. Each company has the opportunity for a 1.0, their strength score was determined by their ranking in each factor based on its importance.

Take Away: J.C. Penney is not putting enough strength into the success factors that are most important and they are getting left behind.
**Swot Analysis**

**Strengths**
- Low rental costs
- Until recently, positive history & reputation
- Positive relationship with suppliers

The low rental costs are unique and keeping JC Penney at a place where they have options. At an average rent cost at $4 they are saving a ton of money compared to other retailers paying $50-130. JC Penney is a well-known company with loyal customers and until recently a "bargain" "sale" location. Suppliers have continued to stay loyal to JC Penney and that relationship is very beneficial.

**Weaknesses**
- Company leadership
- Stock price decline
- Recent uncertainty by investors

Seeing a new CEO come in and knowing he has a big job on his hands can put the company managers in fear. Fear of the company failing and even losing an agreement.
to all get on the same page and support each other. Stock price was down 10% in early April. With the remain high uncertainty feel from investors stock is dropping. This is not only scaring the investors, board and employees but it is also seen by the customers.

Opportunities
- Rental Company
- “Young Adult” appeal

The incredible opportunity for a real estate business by the top 300 store locations is incredibly appealing. With an approximate $1.2 billion a year in rental income values this business at a $10.8 billion market. A “young adult” appeal will only increase sales. JC Penney does not have to change its product but simply advertise to their eye by using celebrities and social media.
Threats:
- The Rivalries
- TARGET's "the get it all in one stop shop"

Rivalry is high in this market because of the little product differentiation. Stores such as Target are greatly succeeding because of their "extra" offers. Some Target locations offer full grocery. These are appealing to the middle class mom because everything can be done in one stop.

Trend:
Within the strengths and opportunities, JCPenney has they can succeed and ever rule the threats and weaknesses.

4. FINANCIALS

Gross Profit Margin \( \rightarrow 31.31\% \)
Operate Profit Margin \( \rightarrow \frac{\text{Rev} - \text{OpEx}}{\text{Rev}} \rightarrow 11.83\% \)
Return on Equity \( \rightarrow (27.43\%) \)
Debt to Equity \( \rightarrow (34.58\%) \) \( \rightarrow 0.94 \)
Stockholders Equity \( \rightarrow 13.45 \)
Analysis of Strategic Environment
Best Corporate price

Analysis of Strategic Environment
Red vs. Blue Ocean
Rate the student's performance on each of the following traits. Mark the cell containing the descriptor that most closely applies to this paper. Granted, not every situation will fit perfectly within a particular rating category and some degree of personal interpretation may be necessary. If you have comments about this paper, please add them at the end of this form.

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### Learning Goal: Definition

**Decision Making & Evaluation:**

Students will make and recognize justifiable business decisions.

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### Learning Goal: Definition

**Written Communication:** Students will construct written messages that are professionally and strategically appropriate for a variety of business contexts.

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<td>None of the issues identified at left.</td>
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Please record any comments related to this student’s performance.

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-2-
Dear Mr. Ullman,

I first would like to thank you for the opportunity and I truly enjoyed reviewing the documentation I received concerning the ins and outs of JC Penny and the challenges and opportunities that the company faces. The retail industry today is having to constantly change to keep up with the new trends as well as the internet retail experience where consumers can get anything they want delivered to their homes instead of the traditional shopping experience. Although there are very serious challenges that lay ahead of JC Penny there is not one that cannot be overcome. If JC Penny’s management team designs and implements the correct strategy they can gain market share and once again be a leader in the retail industry. The strategy is going to require some drastic moves but I truly believe in the end it will be a winner for both JC Penny and its shareholders.

JC Penny faces fierce competition and this has to be one of the main focuses on how to regain market share. The competitive forces that face JC Penny’s comes from every angle buyers have the opportunity to pick from several retailers that offer similar if not the exact products, since the economy is in a recession several competing companies are slashing prices and running great specials, and the internet gives the consumer a great price without even leaving their home. These forces are directly impacting JC Penny’s bottom line and the management team has to develop strategies to counter the competition.

JC Penny does have some strengths that will work to their advantage and I think the most important is it is a household name. Consumers are very familiar with JC Penny and they know what they can get and the price range from shopping at a JC Penny store. This can be a two edged sword because even though they are a household name and consumers are familiar there
brand has lost recognition over the past decade. This diminishing brand name does cause concern but can be turned around with the correct planning and implementation of a new strategy. More strengths that benefit JC Penny is due to its long existence it has secured great locations for very cheap rental rates. JC Penny pays as much as 80-90 percent less in rent rates per square foot than its competitors and this is a huge advantage.

The management team does have to overcome several weaknesses that plague JC Penny and the main concern is the rapid drop in market share and the reduction in sales revenue. The brand name of JC Penny does not have the punch it use to, it’s not the hip place for the younger generation to buy their clothes like it was in the 80’s and early 90’s. In the past mainly early 90’s and earlier consumers didn’t have the options that they do today so it was very common for families to go to JC Penny’s and great clothes, shoes, cologne, perfume, etc for a great price and experience. Beginning in the mid 90’s you had companies like Old Navy and other competitors coming into the market that where hip and it was affordable to larger consumer base then JC Penny was focusing on and they took off by storm leaving companies like JC Penny in the dust. Another major weakness that faces JC Penny is its lack of leadership, changing of the CEO within his first two years, laying off of over 21,000 employees, this is leaving a bad impression with the remaining associates and it is also leading to a reduction in sales revenue. Without leadership and the constant laying off current employees are thinking “am I next” or “is the company fixing to go under”, this gives them no incentive to work hard and giving the consumer a great shopping experience and great customer service. The lack of providing the consumers these experiences stops the consumers from shopping at JC Penny and it is a trickledown effect from there. In fact this type of performance brings with it customer complaints and bad publicity and this all negatively affects the bottom line for JC Penny.
The good news is that there are plenty of opportunities that JC Penny can take advantage of that will turn the company around. The first being the new CEO that is eager and wanting to save the company and is willing to take drastic measures to do so. Also the board is willing to take drastic measures as well to save the company. JC Penny due to its long existence can spin off its 300 top locations and bring in additional revenue via subleasing the space. This additional revenue could finance the remaining company locations remodel and makeover. Another opportunity is the addition of new hip lines of products that could carry in their stores to attract a new crown and a new image/type of consumer while at the same time offering its traditional brands and lines to satisfy its traditional client base.

The main threat facing JC Penny is time and money. Does JC Penny have the time left in the company’s coffers to survive the time it takes to revamp the company? Has JC Penny waited too long to develop a new strategy to save itself? Are consumers going to buy in to the new JC Penny? These are all very serious questions that must be answered and truly is the biggest threat that faces JC Penny. I am not saying that the competitors are not a serious threat because they are but if JC Penny can’t survive until its remake is finalized then they are out of business, if they run out of money to finance the remodel they are out of business and I believe this is the most serious threat that faces the company.

JC Penny needs to develop a new competitive strategy that is going to save the company and I think they should do it by taking a few of the competitive strategies and molding them together. JC Penny should be a niche supplier of low cost/high quality hip products. Due to the recession and lowering wage of the middle class price will always be important. If JC Penny can develop a strategy to give a great product and a low price they can develop a niche to supply the middle class and gain market share.
After reviewing all of the information I have developed some recommendations that I feel will help JC Penny overcome the obstacles they face and become a thriving retailer once again. The first recommendation is also suggested by many analyst and finance experts. This recommendation is of course to lease out to third parties the top 300 locations that JC Penny is currently operating. The revenue generated from the lease revenue, which will be $40 - $50 net per square foot will generate enough cash to keep JC Penny a float and finance the remodel. I do think JC Penny needs to revamp its image and begin a new branding campaign; JC Penny has to have a new image to the younger consumer to drive sales for that market. I would also recommend in the remaining 800 stores third party sub lease some of the retail space to generate even more revenue. JC Penny locations are so large JC Penny could still operate its location but the sub lease to other non-competing high line retailers will bring extra revenue but at the same time bring foot traffic and consumers into JC Penny that otherwise would not be entering the store. All of this would be a positive upside for JC Penny. JC Penny also has to bring a new hip line to the forefront and the Joe Fresh line could be the answer but JC Penny is going to have to market the line properly and run several promotions. The new line could literally live or die because of the marketing campaign and it is going to be very critical to find the right avenue to take. I recommend hiring an outside high profile advertising agency to develop and create the marketing and advertising campaign for the Joe Fresh line. The Joe Fresh line is very critical to JC Penny and does not need to solely lie within the internal marketing department.

I hope these thoughts and recommendations have been found useful and I look forward to working directly with your team on implementing these new ideas and strategies and revamping the image and bringing back the sales and market share to JC Penny.
It has been an honor and a privilege to have the opportunity to work on this program and have someone of your caliber look at my ideas and recommendations.

Respectfully,
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# BBA 490

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Please record any comments related to this student's performance.
Guide to Assessing Undergraduate Student Learning
Culverhouse College of Commerce & Business Administration
University of Alabama

(Adapted from rubrics developed by California State University, Chico, and Washington State University.)

Paper ID: ______________ (Please identify this paper by noting the code that appears on the top of the first page, e.g., GBA490 SP09-XXX).

Please rate the paper on each of the following traits. Mark the cell containing the descriptor that most closely applies to this paper. Granted, not every situation will fit perfectly within a particular rating category and some degree of personal interpretation may be necessary. If you have comments about this paper, please add them at the end of this form.

<table>
<thead>
<tr>
<th>Learning Goal: Definition</th>
<th>Traits</th>
<th>Does not meet expectations</th>
<th>Meets expectations</th>
<th>Exceeds expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Systems Thinking: Students will think holistically about business issues and recognize interrelations between and among business system components.</td>
<td>Contextualization</td>
<td>Does not address relevant contextual issues (e.g., legal, ethical, personal perspectives). Deals only with a single perspective and fails to recognize other possible perspectives, especially those held by others.</td>
<td>Begins to relate alternative views to qualify analysis. Rough integration of multiple viewpoints and comparison of ideas or perspectives. Ideas are investigated, if in a limited way, and integrated, if unevenly.</td>
<td>Addresses additional diverse perspectives drawn from outside information to qualify analysis. Fully integrated ideas and perspectives from variety of sources. Analogies may be used effectively. Integrates own and others’ ideas through a complex process of judgment and justification.</td>
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<td>Problem &amp; Opportunity Recognition: Students will diagnose business problems and recognize business opportunities.</td>
<td>Problem Identification</td>
<td>Does not attempt to or fails to identify and summarize the problem accurately.</td>
<td>Summary of problem is mostly accurate but some aspects are incorrect or confused; nuances and critical details are absent or glossed over.</td>
<td>Clearly identifies and summarizes main problem, question or issue. Identifies secondary or implicit issues.</td>
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<td>Opportunity Identification</td>
<td>Does not attempt to or fails to identify and summarize the opportunity accurately.</td>
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<td>Logical Reasoning &amp; Analysis: Students will dissect business issues using logic.</td>
<td>Critical Thinking</td>
<td>Repeats information provided without question or dismisses evidence without adequate justification. Does not distinguish among fact, opinion, and value judgments. Selects or uses data inappropriately. No evidence of search, selection or data source evaluation skills.</td>
<td>Selects and uses qualified evidence. Discerns fact from opinion and may recognize bias; though attribution is spotty, inappropriate, or exaggerated. Selects adequate information or data for analysis, though little evidence of more than routine exploration. Demonstrates adequate skill in searching, selecting, and evaluating data.</td>
<td>Examines the evidence and source of evidence; questions its accuracy, precision, relevance, completeness. Clearly defines need for information or data in relation to assignment. Evidence of data search, selection, and source evaluation skills; notable identification of uniquely salient resources.</td>
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<td>Qualitative/Quantitative Analysis</td>
<td>Conducts quantitative or qualitative analysis that is inappropriate, inaccurate, and superficial (or nonexistent). Analysis doesn’t help clarify the issues or facilitate decision-making.</td>
<td>Conducts quantitative or qualitative analysis that is appropriate and accurate, but rather superficial. Analysis has limited ability to help clarify the issues and facilitate decision-making.</td>
<td>Conducts quantitative or qualitative analysis that is appropriate, accurate, and thorough. Analysis is used to clarify the issues and facilitate decision-making.</td>
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<td>Learning Goal: Definition</td>
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<td>2</td>
<td>3</td>
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<td>Decision Making &amp; Evaluation: Students will make and recognize justifiable business decisions.</td>
<td>Conclusions</td>
<td>Fails to identify conclusions of the issue or the key relationships between the other elements of the problem. Doesn’t propose solution to problem.</td>
<td>Proposes solution to problem(s) that is somewhat related to previous dimensions noted in rubric.</td>
<td>Identifies and discusses conclusions considering assumptions, data, and evidence. Proposes solution to problem(s) based on previous dimensions noted in rubric.</td>
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<td>Implications/Consequences</td>
<td>Fails to identify implications and consequences of the issue. Mistakes correlations with cause. Considers knowledge as absolute when confirmed by one or another authority.</td>
<td>Confuses correlations with cause. Considers knowledge as relative collection of opinions and perspectives, but makes little attempt to compare or evaluate.</td>
<td>Identifies and discusses implications and consequences. Recognizes limitations of correlations or association and qualifies implications of assertions accordingly. Views knowledge as the best available evidence within the given context, even in the face of uncertainty and ambiguity.</td>
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<td>Written Communication: Students will construct oral and written messages that are professionally and strategically appropriate for a variety of business contexts.</td>
<td>Organization</td>
<td>Inefficient for reader. Conclusions or decisions hard to find. Logical connections unclear. Inadequate chunking of information.</td>
<td>Conclusions or decisions appear in first few sentences. Some inappropriate chunking of information. Bottom line of sections or paragraphs not always clear.</td>
<td>Efficient for reader. Conclusions or decisions for entire assignment and for individual sections/paragraphs easy to find. Small chunks of information with clear logical connections.</td>
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<td>Verbal Expression</td>
<td>Academic, impersonal (e.g., lots of passive and hedges, long &amp; complex sentences, no names or personal pronouns) or unprofessional (e.g., lots of slang or sloppiness).</td>
<td>Limited passive, hedges, long/complex sentences, etc.</td>
<td>Business, conversational, powerful (e.g., short sentences, imperatives, active voice, names, personal pronouns, contractions, and hedges only sensitive information).</td>
</tr>
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<td>Visual Impression</td>
<td>Unattractive, unprofessional. Inadequate layout, white space or font choices for information. Visual aids are unclear or not integrated into document.</td>
<td>Adequate. Some good use of layout, white space, etc. Visual aids are relevant to content.</td>
<td>Attractive, professional. Layout, white space and font choices greatly enhance purpose and content of document. Visual aids integrated into document with labels and captions.</td>
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Systems Thinking
• EC 110/111 students consider the operations of the economy, analyze how individuals and firms act within an economic system and discover how the economy affects both consumers and producers in a market setting.
• LGS 200 students learn to understand the parameters of the law through the study of business ethics and corporate governance.
• AC 210 students learn to think about the role of accounting regulation in general and Sarbanes-Oxley in particular as they relate to business, society, and the accounting profession.
• OM 300 students will be able to explain how Operations Management addresses the design, operation, and continuous improvement of the business processes that produce and deliver products and services.
• MKT 300 students learn to think about the role of marketing within an organization and how it relates to all other functional areas. In addition, students learn about the role marketing plays in our society as a whole.
• MGT 300 students learn how organizational subsystems must work together in a planned and organized fashion in order to operate effectively.
• FI 302 students learn that the financial system is the mechanism by which households, businesses, and governments transfer and accumulate wealth in accordance with well-known financial principles.
• MGT 395 students learn to think about the quality of workplace messages as the holistic result of the systems represented within a workplace rhetorical context: the writer’s or speaker’s purpose, the writer’s or speaker’s relationship with the audience, and the audience’s knowledge of and reaction to the message.
• GBA 490 students demonstrate the ability to develop a strategic plan by analyzing the enterprise and its relation to the industry and the broader socio-economic setting in which the enterprise competes.

Problem & Opportunity Recognition
• EC 110/111 students address problems that focus on economic issues and policy questions; the primary focus is on identifying problems and learning how to reason through the weighing of costs and benefits.
• LGS 200 students study different problems that occur in business and what steps they can take in advance to prevent these problems, specifically students understand how businesses can be liable for the tort of negligence in almost any workplace setting.
• AC 210 students identify and explain elementary problems in financial statements to potential investors.
• After successful completion of ST 260, students will be able to think statistically and view decision-making problems from a quantitative perspective.
• OM 300 students identify factors that are relevant to improving product and process design, demand forecasting, inventory management, quality control, supply chain management, transportation management, and total quality management. The students then employ appropriate solution techniques for controlling these factors.
• MKT 300 students learn how to identify elementary marketing problems and opportunities, as well as tactics organizations can use to respond to them.
• MGT 300 students review and reconfirm the traditional problem solving process and also learn more competitive processes as well as the ethical challenges that attend to each of these processes.
• FI 302 students study financial problems and use financial formulas to find answers consistent with underlying intrinsic relationships.
• MGT 395 students identify personal ethical dilemmas encountered while completing a team project.
• GBA 490 students learn to employ a strategic methodology to identify exogenous threats and opportunities through a series of case discussions/analyses.

Logical Reasoning & Analysis

• EC 110/111 students solve a range of problems in which the development of the chain of reasoning is a necessary element; this approach is a central part of the understanding of economic behavior and the tradeoffs involved in the choices.
• LGS 200 students study case law relevant to business settings, and develop an understanding of how the courts use of logical reasoning and rationale influences the outcome of a particular case.
• AC 210 students use financial information to explain elementary business operating strategies.
• After successful completion of ST 260, students will have developed statistical thinking skills that will allow them to use graphical and numerical tools for extracting and summarizing information from data and then make effective business decisions supported by the data.
• OM 300 students analyze various operations and supply chain problems and provide recommendations with logical justifications to solve those problems.
• MKT 300 students use elementary marketing information to justify organizational strategies.
• MGT 300 students use systems thinking tools to understand how each management process contributes to the efficiency and effectiveness of the organization.
• FI 302 students solve algebraic multi-step problems using data from financial statements or setups and deduce and interpret the results.
• MGT 395 students analyze the logic of arguments in workplace documents and develop logical arguments for their own written and spoken messages.
• GBA 490 students learn and demonstrate proficiency in using a series of internal and competitive analysis tools.

**Decision Making & Evaluation**

• EC 110/111 students learn how economic factors can be used as a basis for the making of decisions in a constrained environment; students focus on making choices based upon the weighing of costs and benefits.
• LGS 200 students study written statutory law and case law, which is key to their realistic worldview, and understand how the business decision making process sometimes determines success or failure.
• AC 210 students recommend elementary business decisions based on financial computations.
• After successful completion of ST 260, students will understand the importance of data collection and data analysis for making and supporting business decisions. They will also understand the consequences of the two type of decision errors that can be made.
• OM 300 students evaluate alternative strategies for solving operational problems and recommend an appropriate choice from among those alternatives.
• MGT 300 students learn to judge the appropriateness of various decision making activities against the backdrop of the current context of a business.
• FI 302 students analyze wealth management scenarios and translate the output into verbal or written action plans.
• MGT 395 students use ethical decision-making procedures to evaluate alternative actions and determine the best alternative.
• GBA 490 students learn and practice decision making skills through employing the strategic decision making process of strategy formulation, implementation, and strategic control in the context of case studies and a live business simulation.

**Oral & Written Communication**

• After successful completion of ST 260, students will know how to present and interpret information from data in graphical and numerical summaries in a clear and unbiased way. Students will also be able to assess technical presentations made by others and to know when to be skeptical of data results communicated by others.
• FI 302 students prepare and submit a written report addressing topics pertinent to a 4-week financial market portfolio management simulation.
• MGT 395 students use their understanding of different workplace rhetorical contexts to plan and implement a strategy for a message’s medium/genre, development, organization, style/tone, visual impression, and mechanics.
• GBA 490 students demonstrate oral and written proficiency through case analysis and discussion.