**10-K Integration Project – Analyst Preparation Assignment**

**Applied Strategy Incorporated**

This project is designed to improve your skills as a strategy analyst. You will select and analyze a publicly-traded company of interest to you and also of benefit to your team with future client work. Your interest can be driven by your future career plans, your current work, or just something completely different to expose you to something new. The benefit to the team is something that you will work through with your team leader.

Publicly traded companies file disclosures with the SEC, and you will need to access these disclosures as part of your research. To insure that we don’t have overlap in the companies selected, please request permission from your team leader for approval of your company – do not begin your work until you have been given approval. Your report will become part of our company library that will be shared will all the other employees in the firm – so of course you will do your best work.

The analysis process that you should follow for the project:

* After you and your team leader agree on the company you select to analyze, go to the website <http://www.sec.gov/edgar/searchedgar/companysearch.html> and find their latest 10-K (annual report to the SEC). Just enter the company name or ticker symbol and click on “find companies.” In many cases, multiple options will pop up. For instance, if you are looking for Nike, you may find Nike Securities as well as Nike Inc. Click on the specific firm you want. Scroll down the list of filings to the most recent 10-K. Make sure it’s from the past year. Click on “documents.” Select the “Form 10-K” document by clicking on the .htm file in the Document column. Note – you may also find the 10-K document you need on the website of the company that you are analyzing, typically under Investor Relations.
* Within the 10-K, you will find a section near the front of the document called “Business.” It’s usually the first major section of the 10-K. Start your reading at this section, continuing through all of Part I of the 10-K. (Part I includes the Business section, but also additional sections with titles like “Risk Factors.” In all, Part I will usually be about 10-20 pages.)
* From this section, select one statement that best represents each of the following concepts from the training material we have covered in our meetings or your readings (you’ll end up with 15 total concepts):
  + Each of the PESTEL Forces:
    1. Political
    2. Economic
    3. Sociocultural
    4. Technological
    5. Environmental
    6. Legal
  + Each of Porter’s Five Forces:
    1. Current competitors (and intensity of rivalry among them)
    2. Threat of new entrants (and entry/exit barriers more generally)
    3. Suppliers (and their bargaining power)
    4. Buyers (and their bargaining power)
    5. Threat of substitute products/services (and their influence on the company)
  + Each dimension of the SWOT areas of analysis:
    1. Strengths 14. Opportunities
    2. Weaknesses 15. Threats
* For each of these 15 concepts please do the following to carefully delineate the answers to your research (a client appreciates it when they read a report that is easy to follow and understand): a) clearly number and label each concept, one through 15, b) reproduce (copy) the statement from the 10-K that you think best represents it and note it using a bold font so it’s clear that it is the source statement for your work. Choose one statement, not two or three. If it is part of a long passage, excerpt the portion that you need – don’t copy the entire long passage, and indicate the page number from the 10-K that you took the passage from, and c) fully explain why you feel it is important to understanding the competitive position of the company. You should allocate at least one full paragraph for part c). Note – if you feel that one of the concepts has little impact on the company, be clear and state that as well – don’t feel compelled to find something positive about all of the concepts – let the facts lead you, don’t assume a conclusion.

Caution One: One of the most difficult concepts for a new analyst to grasp is that of supporting claims or statements made in their analysis. In short, you are analyzing only the passage from the 10-K for the section you are working on. If you make a statement about something that is not in the 10-K passage and it’s not a generally known fact, you need to cite the appropriate source for your statement. For instance, if you are working on part 4, and you want to draw on a fact found in the part 2 passage from the 10-K, you still need to cite the part 2 portion of the 10-K and page number of the 10-K in your part 4 work. If you draw on an outside reference you need to properly cite the reference (MLA or APA style).

Caution Two: In general, do not make broad statements, or generalizations that are not supported by the section of the 10-K you are currently analyzing unless you cite an outside source. That is, you should rarely use the terms *never, always, forever,* *perfectly,* or similar terms. If you state that something is *more* or *less* than something, you need to support this statement with a citation. Be precise with your analysis.

It is your job as the analyst to do the hard work of analyzing the 10-K for the client. If you introduce your opinion into the analysis without substantiation you are doing the client a disservice. As a result, you may receive a pay reduction.

* Part 16A: Overall Strategy - Select one or two closely related statements from the 10-K that best identifies the company's chosen business level competitive strategy (e.g., low cost leader, differentiation, or integration). You do not necessarily have to agree with the strategy, or think it is a superior one, but you should be able to find evidence in the 10-K of the company’s strategy. Copy this statement using the method noted above, and then a) provide your assessment of the competitive strategy it represents, and b) fully describe how it supports the competitive position of the company. You should allocate several paragraphs for this assessment and discussion – this is the key to your analysis. Be sure to support your claim using either the value drivers (differentiation) or cost drivers (low cost leader) identified in your text. You may also look for clues to the company’s business level strategy by analyzing their value chain. After a client reads this part of your report, the client should feel as though they have a very good understanding of the company’s strategy.
* Part 16B: Conclude your analysis by writing two paragraphs comparing and contrasting the company’s view of itself and the view of the company presented in a major business periodical of your choice (e.g., *The Wall Street Journal, Business Week, Fortune*, etc.). Begin this part by identifying the article(s) that you use for the section. Provide your SBU manager with a complete copy of the article from the business press you are using for comparison (and a complete reference for that article in Part 16B). In the first paragraph, clearly state the business level strategy the article describes your company using. Support your statement. In the second paragraph, compare and contrast the company’s view of itself and the article’s view. This paragraph should represent your own insights drawn from thinking carefully about the company’s statements and those made by the publication(s) you chose for contrast. Draw upon the most appropriate concepts that we have discussed in our meetings, or that you have uncovered in your reading for our meetings, or that you have learned from previous training events (classes) or your own experiences. The client wants to hear your voice coming through in the analysis – don’t simply repeat the words of the articles or the 10-K – understand and own the material. At the conclusion of your project you should be able to meet with the client who is interested in the company, and without any notes have an in-depth conversation with the client about all 16 points in this analysis.

Report Format:

Follow the standard for Applied Strategy Incorporated: 1 inch margins, 12 point font, double-spaced analysis (but use single space for the 10-K passages). Use a clear heading for each concept. Begin with the quoted statement from the 10-K, then provide your analysis. Use the grading rubric as a cover page and include the identifying information at the top of the form (name, team name, manager’s name, etc.) Attach your reference article at the end of your write-up.

Check with your lab instructor for specifics on how to submit the assignment (e.g. hard copy or webcourses).

**10-K Integration Payroll Calculator   
(Individual)**

**Student Name:**

**Team Name:**

**Team Leader Name:**

**10-K Company Name:**

**Section Number:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Section** | **Section Outcomes** | | | **Your**  **Pay/Compensation** |
| Selection from 10-K matches the force and is correctly labeled.  **Possible Pay/**  **Compensation**  **2 points** | Analyst correctly shows how the quote supports the force and explains the impact on the firm.  **Possible Pay/**  **Compensation**  **3 points** | |
| 1.Political Forces |  |  | |  |
| 2.Economic Forces |  |  | |  |
| 3.Sociocultural Forces |  |  | |  |
| 4.Technological Forces |  |  | |  |
| 5.Legal Forces |  |  | |  |
| 6.Environmental Forces |  |  | |  |
| 7.Intensity of Rivalry |  |  | |  |
| 8.Threat of New Entrants |  |  | |  |
| 9.Power of Suppliers |  |  | |  |
| 10.Power of Buyers |  |  | |  |
| 11.Threat of Substitutes |  |  | |  |
| 12.Strengths |  |  | |  |
| 13.Weaknesses |  |  | |  |
| 14.Oportunities |  |  | |  |
| 15.Threats |  |  | |  |
| 16A:  Strategy Identification | Selection from the 10-K explains the strategy for the firm  **Possible Pay/**  **Compensation**  **5 points** | Analyst correctly shows how 10-K passage supports the strategy  **Possible Pay/**  **Compensation**  **5 points** | Analyst correctly identifies the firm’s strategy based on 10-K selection  **Possible Pay/**  **Compensation**  **5 points** |  |
|  |  |  |  |
| 16B:  Contrasting View | Article selected addresses the strategy of the firm  **Possible Pay/**  **Compensation**  **5 points** | Analyst correctly explains the contrast between 10-K strategy passage (company’s view of its own strategy) and the article  **Possible Pay/**  **Compensation**  **5 points** | |  |
|  |  | |  |
| Deductions in compensation due to errors or inaccuracies | | | |  |
|  | **TOTAL** | | |  |

**Notes:**