

Mti Cash Budgeting In Times Of Sharp Business Downturn

MTI: Cash Budgeting in Times of a Sharp Business Downturn

Daniel Mullan
Shannon Rocheleau
Noelle Sykora
Kevin Thomas
Stephen Steinbacher

Agenda:

Executive Summary
Background & MTI
Financial Statement of Cash
Flow Analysis
Recommendations
Conclusion

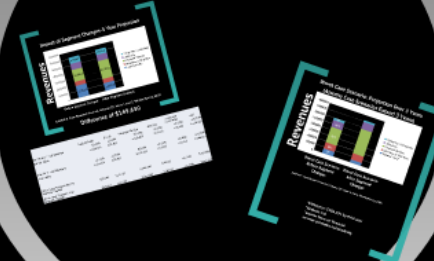
Financial Decision by CFO

Recommendations
Conclusion

Recommendations

Over 1 year, MTI plan a
working at current
level to ensure services
are provided.
Additional \$100,000
invest in capital
equipment, but under
current conditions.
Over 1 year, MTI plan a
working at current
level to ensure services
are provided.
Additional \$100,000
invest in capital
equipment, but under
current conditions.

Analysis of Recommendations



Employees Dismissed:

National Field Manager
National Field Analyst
Assistant Manager-Accounting
Consumer Goods Project Analyst
\$383,940 savings
over 3 years

Impact of Executive Pay Reduction and Employee Cuts Over 3 Year Period

Category	Year 1	Year 2	Year 3	Total
Executive Pay	\$100,000	\$100,000	\$100,000	\$300,000
Employee Cuts	\$100,000	\$100,000	\$100,000	\$300,000
Total Savings	\$200,000	\$200,000	\$200,000	\$600,000

2 Year total savings: \$283,940
Total savings with executive pay decrease plus dismissed: \$472,273

Exhibit 5, Case Research Journal, Volume 20, Issue 1 and 2, Winter/Summer 2008

20% Pay Reduction of Top Executives With Shareholder Incentive

Saves a total of \$88,333
over 3 year period
Profit sharing after 3 years

Conclusion

By 2013 year is looking a total of
\$472,273 in reduced saving
After 3 years - looking ahead \$400,000
after required changes - \$127,580 in
reduced saving - \$127,580 each year
Including front costs
Expanding \$100,000 over 3 year period
Additional \$100,000 over 3 year period
Overall reducing risk by expanding financial
with industry and increasing size of available
resources

TheCasesolutions.com

MTI: Cash Budgeting in Times of a Sharp Business Downturn

Daniel Mullan
Shannon Rocheleau
Noelle Sykora
Kevin Thomas
Stephen Steinbacher

Agenda:

Background of MTI
Potential Decisions of CEO
Recommendations
Analysis
Conclusion

Major Segments of MTI

National Field Services
Business to Business Companies
Financial Service Companies
Telecommunications Companies
Consumer Companies

MTI is a leading provider of financial services to businesses and individuals. MTI is a leading provider of financial services to businesses and individuals. MTI is a leading provider of financial services to businesses and individuals.

Potential Decisions by CEO

Decrease executive pay by 10-20%

Possible layoffs

Possible paying rent

CEO Decision: Layoffs, Payroll, Rent, etc. (MTI is a leading provider of financial services to businesses and individuals.)

Recommendations

Overstate marketing for Financial Services Section
Over 3 years, \$50,000 in marketing directed towards Financial Services

Additional \$50,000 towards projects (expensive, but better payoff)

Decrease size of National Field Studies and Consumer Companies based on availability to market

Over 3 year period: National Field Studies reduced by 11% of total revenue

Consumer Companies reduced by about 2.50% over 3 years

Expand financial industry segment due to long-term growth potential, low availability to major events, and current reputation nationally in segment

Will increase in portion of total revenue by 14% over 3 years

30% increase in top executive portion of shares

CEO reduction of share percentage by 9.5%

Profit sharing after 3 years

Dismiss employees based on short-term, long-term analysis of performance and value by CEO

Make video conference for initial client meetings to reduce travel expense

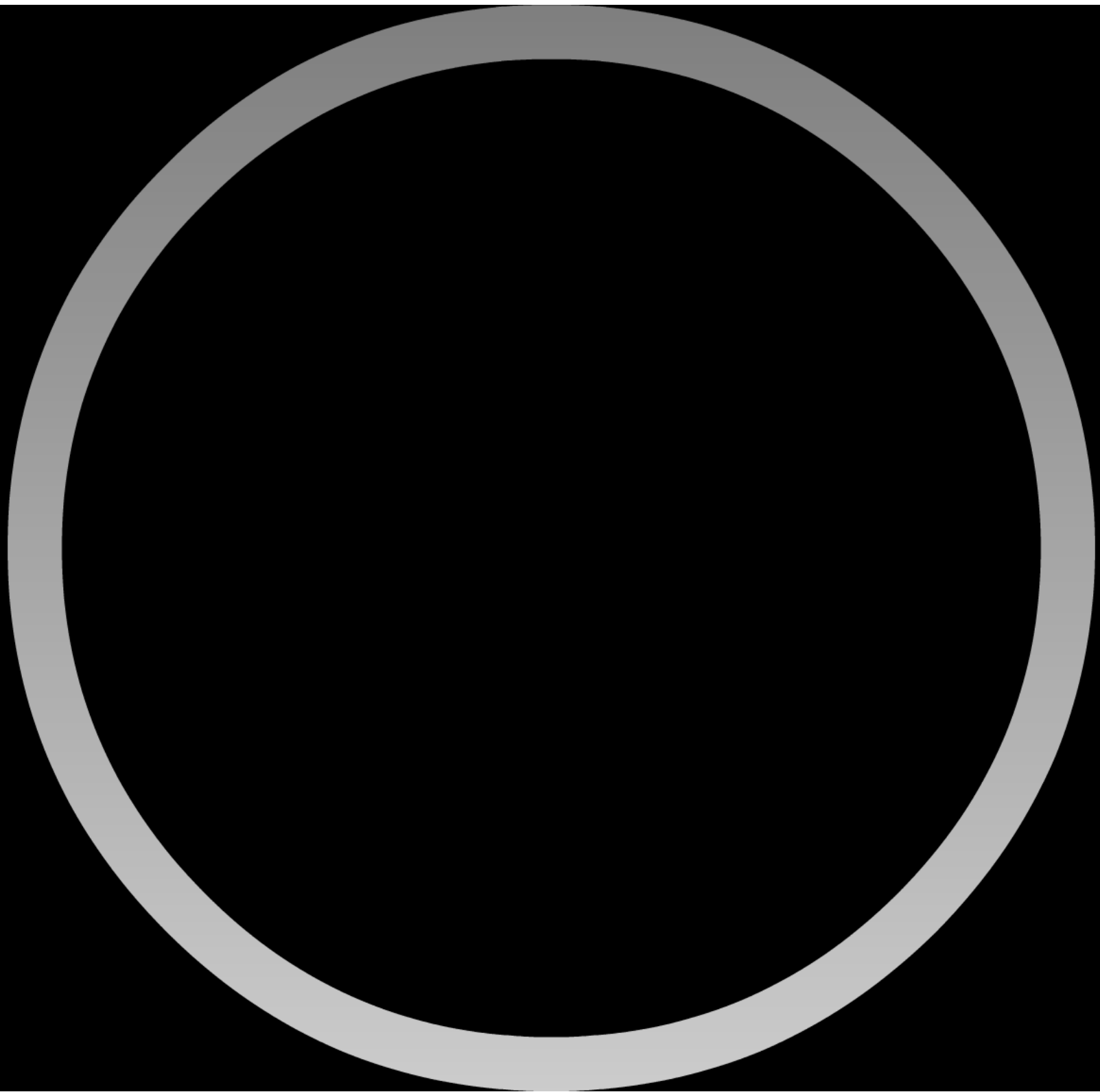
Employees Dismissed:

National Field Manager
National Field Analyst
Assistant Manager-Accounting
Consumer Goods Project Analyst

\$383,940 savings

Agenda:

Background of MT1
Potential Decisions of CEO
Recommendations
Analysis
Conclusion



Background

Setting: Post 9/11

**Bill Young: CEO and President of MTI
(a marketing research company)**

**69% of the company owned by Young &
remainder owned by top executives**

Company has small reserve of cash

Case Research Journal, Volume 29, Issue 1 and 2, Winter/Spring 2009

Natural
event

From
to sur
with t
about

Ethical
consum

Case