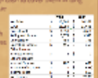
Strong Tie Ltd.
(JM)^2+T

Marissa Reisenauer, Mitchell Sanders,
Tonita Britt, Jack Howell, Eric Chun

Summary

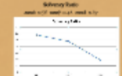
The Cash Problem

- Lots of payments, not enough cash to cover them in long term if current trends continue
- Decrease selling and administrative expenses
- Would create increase in cash
- Excessive Capital Expenditures
  2007: $4,283,000
  2008: $5,370,000



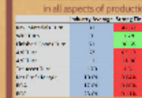
Strong-Tie's Solvency

- The ability of a company to meet its long-term financial obligations
- Ensuring interest payments to debt holders and preventing bankruptcy depends mainly on a company's ability to sustain earnings



Asset Management

- Inefficient at turning over assets
- Reflected in total asset turnover ratio and ROA
- Automation should make Strong Tie more efficient in all aspects of production



Our Recommendations

- Cut back on health care and benefits expenditures
- Decrease selling and administrative spending
- Fix raw materials turnover ratio-increase in efficiency
  - Use automation correctly
- Temporary cut in daughters salaries
  - Adds cash back to company to pay for expenditures and pay off debts
- Cut in sister Katherine's preferred dividends income as well
- Factor Accounts Receivable-$2,854,000

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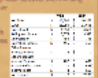

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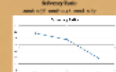
Interest Coverage Ratio

Solvency Ratio



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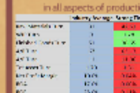

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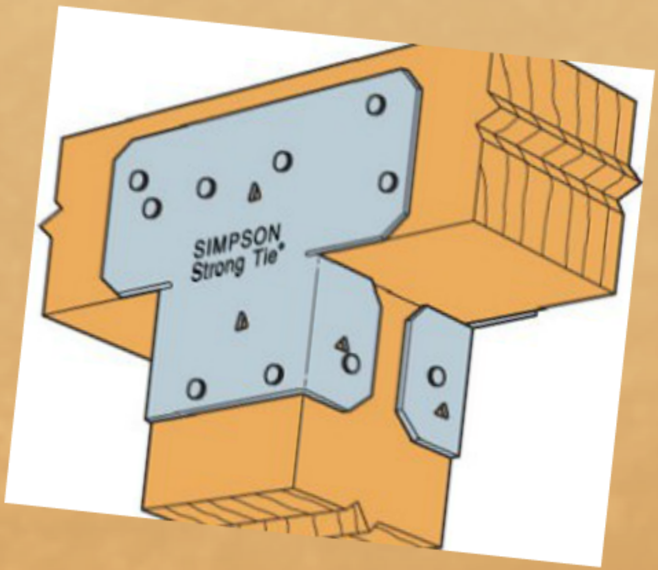
Summary

- Winnipeg, Manitoba, Canada
- Family-owned corporation
- Investing heavily in factory automation
- Decreasing market share
- Construction industry decline



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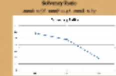

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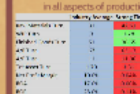

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