

Study Assignment

David Berman Case Study

1. How do you value companies in the retail sector? What is David Berman's approach?
2. What is your assessment of the strategy for John B. River?
3. Does John B. River have excess inventory? If so, then how much? You can also use numbers from the financial statements in the David_Berman_Simplified_Model.xls spreadsheet to come up with your estimate.
4. If you feel the JBR has excess inventory, then propose an inventory write-off and examine the impact in the spreadsheet David_Berman_Simplified_Model.xls. Enter the value in the worksheet 'Key Assumptions'.
5. What is your recommendation for John B. River: buy, sell short, or do nothing? Why?