

## **Study Assignment**

### ***David Berman***

Be prepared to discuss the following questions in class. Draw on information in the case, other readings, your relevant experience, and any assumptions you consider reasonable.

1. How do you value companies in the retail sector? Why might inventory be a leading indicator of a retailer's profits?
2. What is your assessment of the strategy for John B. River?
3. Should Berman expect an inventory write-off at John B. River? If so, how much? And how did you arrive at that estimate?
4. Examine the impact of your projected inventory write-off in the spreadsheet *DavidBerman\_Toy\_Model.xls*. Enter the value in cell B20 in the worksheet "Key Assumptions". Also, examine the impact of a \$10 or \$20 million write-off.
5. What is your recommendation to David Berman regarding John B. River: buy, sell short, or do nothing? Why?