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***"Who would you rather work for? Google, or Nike?"***
Presentation Guide and Research Appendices

**Statement of Purpose:**

Our team set out to compare two seemingly unlike organizations—Nike and Google—with the intention of identifying which of the two we would prefer to work for. A purely objective approach would frame the question simply as, "Which company is best?" while a subjective one would ask more personally, "Which employer would you prefer?"

It is our objective here to merge the two, utilizing objective data to evaluate performance against subjectively established criteria. After familiarizing ourselves with the basic structure, composition, and business model of each corporation, we delved deeper into four categories which our team agreed would best facilitate a decision between these organizations. These categories were: employment of and resources available to develop human capital; profitability; social and environmental impact and sustainability efforts; and innovation.

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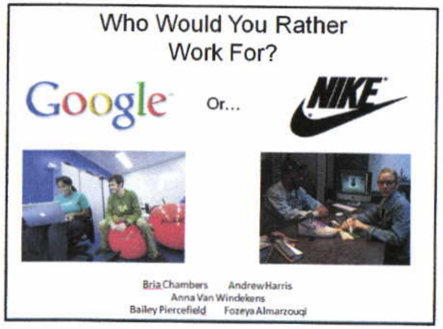
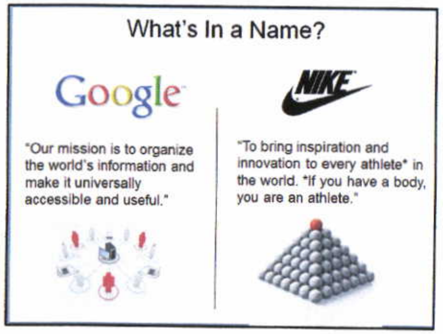
1.) Title Slide:




Our team consisted of Fozeya Al Marzooqi, Bailey Piercefield, Andrew Harris, Anna Van Windekens, and Bria Chambers.

We are weighing potential employment with Google or Nike.

2.) Mission




- "Google's mission is to organize the world's information and make it universally accessible and useful."[i]
- Google creates value by connecting people with organized information.

- Nike's mission: "To bring inspiration and innovation to every athlete* in the world. (*If you have a body, you are an athlete)."[ii]
- Nike creates value by helping athletes reach the pinnacle of their potential.

3.) Google Basic Data


Google Basics[iii]:

- Founded in 1998 by Larry Page and Sergey Brin
- Headquarters located in Mountainview, CA (near San Jose)
- Affiliated brands & important mergers/acquisitions:
    - Motorola Mobility (2011), Zagat (2011), DoubleClick (2007), You Tube (2006), Android (2005), Applied Semantics (2003): led to AdSense; Where2 (2004): led to Google Maps, Picasa (2004)[iv]
- Approximately 33,000 (full-time) employees around the world, with more than 85 offices in more than 40 countries
- Worth $226 billion[v]
- 2011 Revenue: 46 % from U.S. market
- Sector: Technology, Industry: Internet Information Providers
- Top Competitors: AOL Inc. (AOL), MSN (privately held), Yahoo! Inc. (YHOO)[vi]

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4.) Nike Basic Data


Nike basics[vii]:

- Founded in 1968 by Bill Bowerman and Phil Knight
- Headquarters located in Beaverton, OR (near Portland)
- Affiliated brands & important mergers/acquisitions:
    - Cole Hann, Converse, Hurley, Jordan Brand, Nike Golf, Umbro[viii]
- Approximately 38,000 employees around the world with offices in more than 160 countries
- Worth $46 billion (approximately 1/5 of Google)[ix]
- 2011 revenue: 43 % from U.S. market
- Sector: Consumer Goods, Industry: Textile – Apparel, Footwear & Accessories
- Top Competitors: adidas AG (addyy), New Balance Athletic Shoe, Inc., PUMA SE[x]

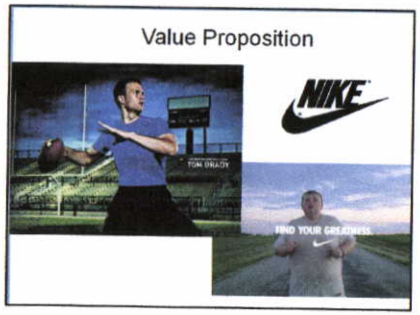
5.) Google Value Proposition


What does Google do that sets it apart?

"We do search"

- Google's value is found in providing **unmatched service** to its customers. Google serves the customer by making the search engine simple, easy to use, and fast. By using actual consumer Internet behavior, Google can create **smarter searches**. This behavior monitoring allows Google to sell **advertising targeted to each user**, which in turn attracts numerous advertisers.
- Google's value also has an intangible element, characterized by their well-known, somewhat eccentric, company culture. Google inspires creativity and outlandish goals. By always asking, "what if?" Google is at the forefront of innovation. [xi]

6.) Nike Value Proposition




What does Nike do that sets it apart?

"Part of the Club"

- Nike's value is found **in its products and its brand**. By making superior products, Nike believes that that best athletes in the world will want to use its products, which in turn makes the products more attractive to the mass market. By wearing Nike, I proclaim myself an athlete. I am in the club. The Nike Swoosh is my badge of acceptance and I wear it with pride. Champions wear this badge. Champions wear Nike.
- To this end, Nike sponsors multiple individual professional athletes as well as entire professional sports teams. Nike also sponsors multiple amateur teams at the college level. For the mass market, Nike provides a range of products to suit the athletic needs of any one at any stage of athleticism. These products range from running shoes to athletic apparel, to equipment tailored to specific sports. [xii]

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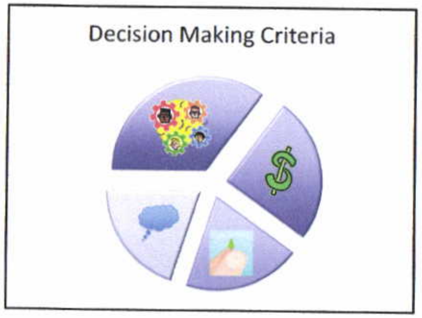
| 7.) Decision Making<br> | • In addition to establishing this basic information about each corporation, we developed a series of decision making categories in which to cache and evaluate all of the data we collected.[1] Based on our shared priorities, these categories, in priority order, were:<br>***(Click to animate)****<br>○ Employment of, and resources devoted to the development of, human capital<br>***(Click to animate)****<br>○ Profitability<br>***(Click to animate)****<br>○ Social and environmental impact<br>***(Click to animate)****<br>○ Development<br>• As shown here, each category was prioritized and assigned a weight in our overall decision. We'll discuss the weighting process further later in the presentation. |

[1] Decision making rubric can be found in Appendix D.

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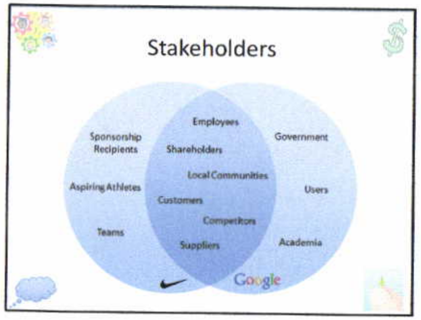
8.) Stakeholders: Risk vs. Opportunity




- As two large corporations that compete in the international market, Google and Nike share a number of stakeholders. However, their impacts are different, as the **risks and opportunities** presented to Nike or Google, respectively, are different.

  ***(Click to animate)***

  - Employees:
    - For Google, employees are essential to creation of their value proposition. Being led by and continuously recruiting some of the most talented technical minds available ensures that Google retains the competitive edge in an ever-changing technological industry.[xiii] This is evident on their focus on hiring "ability over experience."[xiv] The employees of Google are encouraged to be innovative, creative, and forward thinking. We'll see more of the impact of Google's recruitment practices later in the presentation.
    - For Nike, creative and innovative talent is also important and highly valued, although without the necessary degree of technical expertise seen at Google. Nike seeks "passionate" and "curious" employees and believes in challenging them in the way they challenge their customers—to be their absolute best.[xv]

    ***(Click to animate)***

  - Shareholders:
    - Both corporations are publicly traded, and therefore bear a responsibility to their shareholders for growth.

    ***(Click to animate)***

  - Local Communities:
    - For Google, community is not only important within their organization, but also externally, within the communities in which their offices and data centers reside. Not only does Google bring the community in, incorporating local culture into their office spaces[xvi], they also invest themselves into the community through various extensive volunteer, environmental, and social action projects.
    - With manufacturing partners around the world, Nike's responsibility to local communities is more indirect, however, they have a tangible impact upon employment in these areas.

    ***(Click to animate)***

  - Customers: Here we are referring to the traditional concept of customers—those who provide payment in exchange for goods or services.
    - For Nike, traditional customers are the name of the game. Providing the athletes who purchase their products with innovation, inspiration, and positive customer service support is crucial to Nike's performance.[xvii]

    ***(Click to animate)***

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- For Google, these customers primarily include advertisers. As we will see in a moment, advertising generates a monumental share of Google's revenue. As such, advertisers and potential advertisers are major stakeholders for the company. While the unique combination of data collection and its resulting targeted advertisement capability gives Google significant advantage over competitors, this heavy reliance on advertising alone poses a potential risk for them.[xviii]

***(Click to animate)***

- Competitors:
    - Google recognizes that their competitors are literally "only a click away," and therefore continually aspires to be the best, fastest, and easiest to use in the business. [vii] The easy accessibility of substitutes means that Google must continue to improve upon their value proposition—offering the most innovative products and solutions.
    - For Nike, competition is all about providing a better product, or, a better and more appealing product image.

***(Click to animate)***

- Suppliers:
    - Suppliers have only recently become significantly important to Google, with the popularity of the Android platform and the acquisition of Motorola. In most other aspects of production, Google is its own primary supplier—offering the platforms in which users and advertisers can interact easily and efficiently.
    - For Nike, however, suppliers are a paramount stakeholder. Having started from a business model that distributed and sold athletic products (shoes, initially) that were manufactured almost entirely by outside (international) partners,[xix] Nike has long borne a burden of accountability to their supply partners, and to their customers for the quality of goods which they do not, themselves, manufacture. This disconnect is an opportunity to keep costs low, however, as seen in the past, presents a risk, should the business practices of those partners come into question (ie: use of child labor, sweatshops, etc.).

- Each company also bears responsibility to several unique stakeholders, based on their business model, and the industry in which they compete.

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- Google: [xx]
    - Government:
        - Due to their size and the nature of their data collection methods, Google has significant interest for the U.S. Government. User privacy and data security are key risks for Google.

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***(Click to animate)***

- Users:
  - The majority of Google's "customers" are millions of non-paying users of their various products and services. However, this wide user base is one of the paramount attractions for paying advertisers, and Google therefore bears a similar responsibility to users that they would to a traditional paying customer.

***(Click to animate)***

- Academia:
  - With their scholarship and grant projects, as well as services like GoogleScholar, an academic search engine, Google also has the academic community as a stakeholder. This presents a significant opportunity for them, as they also have access to the best and brightest—possible future employees.

- Nike:

***(Click to animate)***

- Sponsorship Recipients
  - Nike adds value by sponsoring some of the greatest athletes in sports today. As a result, they bear a responsibility to, and accountability for athletes that wear their brand.

***(Click to animate)***

- Aspiring Athletes
  - Because of this collaboration with great athletes, Nike also bears a responsibility to aspiring athletes. These young men and women strive to be the personalities who embody the Nike brand.

***(Click to animate)***

- Professional, Collegiate, and Amateur Teams
  - Just as they do with individual athletes, Nike sponsors and/or is the chosen brand of many professional, collegiate, and amateur sports teams. They bear a similar responsibility to these stakeholders that they do to their spokesmen in individual sports.

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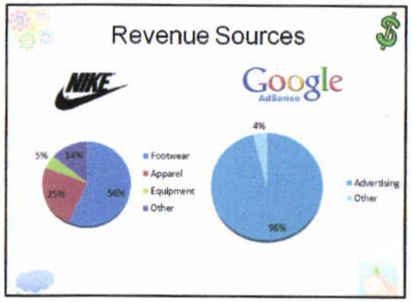
9.) Revenue Sources




Nike[xxi]:

- Approximately 60% of Nike revenues come from their footwear, but a significant amount is also generated from apparel and equipment sales as well.
- The “Other” category, composing 14% of revenues, includes: Global Brand Divisions[2], Corporate[3], and other businesses[4].
- As we mentioned earlier, Nike accepts greater risk by having products produced overseas as a main revenue source. For example, Nike states in their financial report that ***“Our products are subject to risks associated with overseas sourcing, manufacturing, and financing.”***[xxii]
- On the other hand, Google does not have to worry about inventory or rely heavily on global distribution facilities to make revenue.

Google[xxiii]:

- Advertising revenues made up 96% of Google’s revenues in 2010 and 2011.
- They derive most of their additional revenues from enterprise products, as well as display advertising management services to advertisers, ad agencies, and publishers.
- Google AdWords is their auction-based advertising program that enables advertisers to place text-based and display ads on their websites and Google Network Members’ websites.
- Most AdWords customers pay on a cost-per-click basis, which means that an advertiser pays Google only when a user clicks on one of its ads.
- Recent acquisition of Motorola has changed the pie. According to Google’s investor relations, Motorola revenues were $1.25 billion ($843 million from the mobile segment and $407 million from the home segment), or, 10% of consolidated revenues in the second quarter of 2012.[xxiv]

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[2] Global Brand Divisions primarily represent NIKE Brand licensing businesses that are not part of a geographic operating segment.

[3] Corporate revenues primarily consist of intercompany revenue eliminations and foreign currency revenue-related hedge gains and losses generated by entities within the NIKE Brand geographic operating segments and certain Other Businesses through our centrally managed foreign exchange risk management program.

[4] Other businesses represent activities of Cole Haan, Converse, Hurley, NIKE Golf and Umbro.

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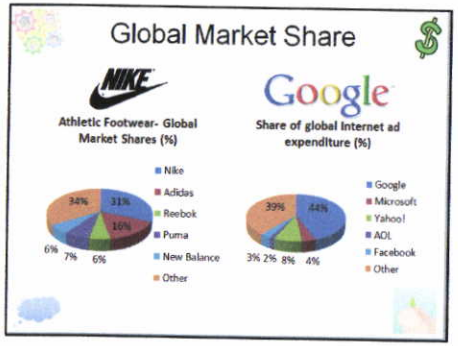
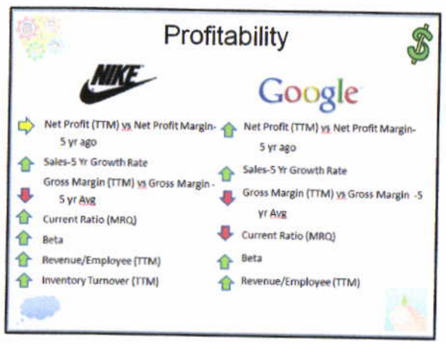
10.) Global Market Share




- We choose footwear for Nike and advertising for Google because each category made up the largest percentage of its revenue sources.
    - Nike: This graph portrays that Nike has 31% of the world's market share for athletic footwear.[xxv]
    - Google: This graph shows that Google makes up 44% of the global internet ad expenditure.[xxvi]

11.) Profitability




- **Remember—our task here is to identify the company with the brightest future, so they can continue to employ us, promote us, and provide us with a top quality work experience.**
- Our approach to evaluating the profitability of Nike and Google included 3 main steps:
    1) Choosing which financial metrics were most important
    2) Collecting data on each company
    3) Comparing each company against its industry (Nike against its Textile – Apparel, Footwear & Accessories industry including adidas, New Balance, Puma and Google against its Internet Information Providers industry including AOL, MSN, Yahoo!)
- Green arrow = means the company is performing better than the industry (for top 3 metrics, also means that it is performing better than the industry AND better during the TTM than when compared to its own 5 yr avg)
- Yellow arrow = means the company is performing the same as the industry (for top 3 metrics, also means that it may not be performing the same in all aspects—I'll give an example for Nike in a moment)
- Red arrow = means the company is performing worse than the industry (for top 3 metrics, also means it is performing worse during the TTM than when compared to its own 5 yr avg)
- Our slide illustrates the financial analysis we completed for several important metrics, but I will focus on only the most telling financials (the top 3).
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- Why did we choose these top 3 (Net Profit, Sales, and Gross Margin)? Because they compare past performance to current performance, which helps us predict future performance. In other words, the top 3 metrics illustrate TRENDS.

- 1st metric: Net Profit (TTM) vs. Net Profit (5 yrs): Net profit margin **measures how much out of every dollar of sales a company actually keeps in earnings. Net profit margin gives us an idea of a company's control over its expenses.**

Google's green: Google's green all the way. Their 5 yr avg (25.7) is much higher than the industry's (18), in addition to their TTM being slightly higher (26) than their own 5 yr avg (25.7). Their TTM (26) is also higher than the industry's TTM (24).

Nike's yellow: While Nike's 5 yr avg (9.5) is better than the industry's (9.1), its net profit TTM (9), is worse than its own 5 yr avg. (9.5). (We should note that its TTM profit (9) is equivalent to the industry's (9).)

- 2nd metric: Sales (5 yr growth rate): Sales growth rate indicates **how quickly a company's sales have been growing**. The 5 yr rate represents "growth on growth", or a trend over time.

Google's green: Google's green here too. Its 5 yr sales growth rate is 21.5 while the industry lags at 16.8.

Nike's green: Nike's green as well, but its 5 yr sales growth rate stands at 6.8 % (its industry is at 5.1 %). (To put these numbers into context, Duke Energy (utility company) has a 5 year sales growth rate of 2.05 %.)[xxvii]

- 3rd metric: Gross Margin (TTM) vs. Gross Margin (5 yrs): Gross Margin **relates revenue and direct costs associated with producing the goods/services sold**. The higher the percentage, the more money is leftover to pay FIXED costs (general & administrative). Gross Margin varies drastically from industry to industry.
- It makes sense that a manufacturing company, which produces physical items, would incur more direct associated costs in the production of those items, than a software company, which doesn't produce the same quantity of physical items, and thus, doesn't have as high direct associated costs.

Google's red: Google's red here. Google's 5 yr avg (68.7) is higher than the industry's (67.6), but we see a current negative trend in that its TTM is slightly lower (68.2) than its own 5 year avg (68.7) AND is lower than the industry's TTM (70.2).

Nike's red: Nike is also red. Nike's 5 yr avg (46.8) is below the industry's 5 yr avg (49.3). Nike's TTM (45.1) is also below its OWN 5 yr avg (46.8).

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| | When Gross Margin goes down, either 1) the source of income is going down or 2) the cost of creating the income is going up, 3) or both.<br><br>To summarize the top 3 financials:<br><br>We can see the following trends:<br><br>Sales are UP for both companies<br>Gross margin is DOWN for both companies<br>Net profit is FLAT for Nike and INCREASING for Google.<br><br>We could hypothesize that even while there is LESS MONEY left over to pay fixed costs, which indicates its costing more to produce the good/service itself, (shown in the decline of GROSS MARGIN for both companies), Google must be doing something right, as they are performing better than their industry and their own past performance in turning a profit (shown in the increase of NET PROFIT).<br><br>Net Profit depends on variable costs, like the cost of goods sold (COGS), fixed costs like general and administrative expenses, research and development, and interest, taxes and depreciation.[xxviii] While Gross Margin decreasing for both companies tells us that the COGS could be increasing, it appears that Google must be doing a better job with covering FIXED COSTS. This could explain how Google has a declining Gross Margin but an ever-increasing Net Profit. |

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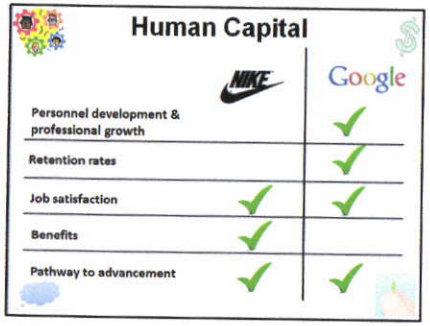
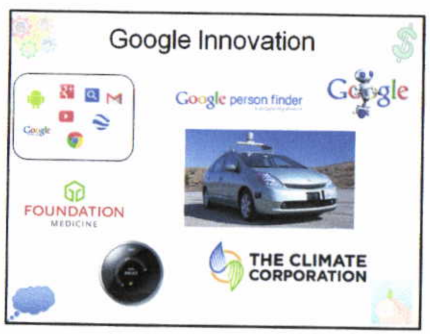
12.) Human Capital




- What is Human Capital? For our context, we defined it as the knowledge, skills, and experience that one will have the opportunity to acquire when working for a company.
- While Human Capital is our single most weighted decision making criterion (at 35 % percent of the total), it is also the most subjective.
- As a group, we came up with our Human Capital categories (listed on the slide) first, and then through research found numerical data to assess these categories as objectively as possible.
- This chart is based on the CareerBliss.com website, which collects reviews by current and past employees. CareerBliss focuses on the often more intangible, but crucial, aspects of what it is like to work at a company, advertising themselves as "...the number one place to find out what job seekers and professionals are saying about their companies and job."[xxix]
- CareerBliss has been cited by CNNMoney, Forbes, The Huffington Post, and Business Insider as a credible source of career information.
- Human capital proved to be a tight competition between Google and Nike, with Google outscoring Nike in 2 categories (Personnel development & professional growth AND retention rates) and Nike outscoring Google in 1 category (Benefits). The two companies tied in the other 2 categories (job satisfaction AND pathway to advancement).

13.) Google Innovation




Google Innovation

- Google desires to be at the forefront of new products of the future. The company already has a stake in the Internet information industry. However, Google is not satisfied. Yes, Google already has many innovative products like Gmail, Google Chrome, Google Maps, Google Plus, Google Earth, Google AdWords, and the Android , and has embarked upon important acquisitions of companies like YouTube.[xxx] These innovative products have made life easier for Internet and cellular users.
- Google has established Google Labs, responsible for developing new products, to lead the continuing charge to innovate. New products range from home automation (Android @ Home), robot maids, driverless cars, space elevators, clean energy (Google.org), new drugs (iPierian), climate change insurance for farmers (The Climate Corporation), smart thermostats (NEST), and cancer treatment (Foundation Medicine).[xxxi]
- Google also continues to develop its People Finder program which helps reconnect family and friends immediately after people are separated after a crisis like an earthquake or hurricane.[xxxii]

**Slide** | **Script / Notes**

14.) Nike Innovation


Nike Innovation

- Nike focuses almost singularly on athletic performance. Nike is always renovating their signature Nike Brand athletic shoe. Recently, with an innovative material called Flywire, Nike has been able to make these signature shoes even more lightweight.[xxxiii]
- Additionally, technologies such as Nike Plus have revolutionized recreational running. A simple chip inserted into a shoe can help runners track their distances and times. The technology allows for runners to even track their progress on the computer with graphs and other visuals.[xxxiv] Nike Plus is now being expanded to include other sports and products, like the Nike+ Fuelband which monitors movement, sports nutrition, and overall health performance.[xxxv]
- Nike Pro Combat apparel, another innovative product line, is tailored to specific athletic specifications. Vents located on the back of a Pro Combat shirt keep an athlete cool as it allows the heat to leave the athlete's body.[xxxvi]
- Nike specifically tailors its apparel to different sports. Take football for example. Pads *built into* shirts and compression shorts have ousted big, bulky pad inserts. These built-in pads allow the athlete to move more effectively. Nike even customizes football jerseys for individual football teams, like our Vanderbilt Commodores.

15.) Nike Example

Nike Innovation in Action!

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16.) Social Impact


- Social impact was our final evaluation criteria. Both Google and Nike embody social responsibility, but they approach their projects in unique ways. We will look at both companies' charitable initiatives as well as their environmental impacts and sustainability projects.
  - Nike: Charitable Initiatives
    - Nike's primary charitable project is the Nike Foundation. Through their foundation, Nike sponsors The Girl Effect campaign. Its purpose is to improve the lives of underprivileged, adolescent girls in the developing world. Interestingly, when Nike Foundation was started in 2004, they approached the decision about which project to support as they would have a business venture: what project would bring about the highest returns in investment?[xxxvii]
    - In their efforts to support adolescent girls around the world, the Nike Foundation collaborates with various other international organizations such as: the UN Foundation, the U.K. Department for International Development (DFID), the Coalition for Adolescent Girls, International Center for Research on Women, Population Council, and the World Bank.
  - Google: Charitable Initiatives
    - While Nike approaches charitable projects by analyzing how best their monetary investment can be put to use, Google looks to use its own organic capabilities and expertise. The priorities of the Google Gives Back Project demonstrate this. In 2011, the program gave more than $100 million to various organizations around the world, to support projects in four key causes:
      - Science, technology, engineering and math (STEM) education
        - Academic Giving also includes the Google Research Awards program, and the Google Scholarship program, which provides financial support for research and Google mentorship to PhD candidates.
      - Girls' education in the developing world
      - Empowerment through technology (i.e: Google for Nonprofits)
      - Fighting human trafficking and modern-day slavery especially in the developing world.[xxxviii]
    - In addition to company-wide efforts, Google provides numerous opportunities for its employees to be active in their communities. These include:
      - Google offices and data centers around the world provide support and resources within their local communities.
      - The annual GoogleServe program, a daylong project every June during which employees leave work to volunteer for the day.

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- Lastly, the Dollars for Doers program donates $50 for every 5 hours of volunteer work done by a "Googler" at a non-profit of their choice. In 2011, the program resulted in 18,500 hours of volunteered time.

- Nike: Environmental Initiatives
  - Nike has turned a great deal of focus to its environmental impact and the sustainable production of its products in recent years. These efforts earned them a number 9 ranking on Corporate Responsibility Magazine's "100 Best Corporate Citizens 2012" List.[xxxix] It also has received the highest possible score by ClimateCounts.org for companies addressing issues of sustainability and climate change.[xl]
  - Nike is also highly recognized for initiatives supporting sustainability and sustainable products.[xli] For example, they received the Commitment to Quality Award from the American Carbon Registry, for "incorporating sustainability into product design and reducing overall environment footprint."[xlii]
- Google: Environmental Initiatives
  - Google's environmental initiatives fall under the umbrella of Google Green. The program adopts green initiatives in both corporate operations and Google products that ensure the smallest possible footprint for the corporation all while enabling users to also improve their environmental impact.[xliii]
    - For example, Google Maps provides options for bike/walk routes, as well as the shortest driving routes to minimize carbon emissions.
    - Google Finance, includes tools to evaluate how other companies are addressing climate change, by publishing Carbon Disclosure Ratings.
      - Google rates an 89/100, and Nike a 40/100.

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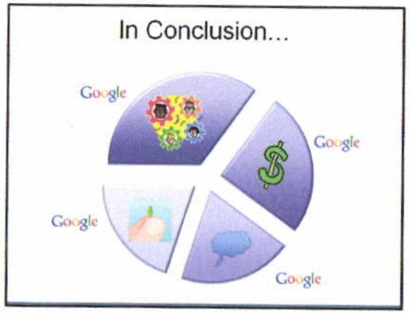
17.) Selection / Summation




- Using a points-based rubric and the information we have outlined here, we evaluated each company's performance in our four categories.

  ***(Click to animate)****
  - Based on our evaluation of Human Capital related performance,

    ***(Click to animate)****
    - We selected Nike as the better performer,

  ***(Click to animate)****
  - In terms of profitability,

    ***(Click to animate)****
    - Google was the better of the two

  ***(Click to animate)****
  - In Social Impact,

    ***(Click to animate)****
    - Google again performed best.

  ***(Click to animate)****
  - Lastly, the more innovative of the two,

    ***(Click to animate)****
    - Was Google.
- Thus, as the superior performer in 65% of the standards examined, we chose to work for Google.

18.) Discussion Slide


- If time permits, open the floor to questions and/or discussion points.

## Works Cited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## Glossary of Terms Used

**Beta**[1]- A measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. Beta is used in the capital asset pricing model (CAPM), a model that calculates the expected return of an asset based on its beta and expected market returns.

...you can think of beta as the tendency of a security's returns to respond to swings in the market. A beta of 1 indicates that the security's price will move with the market. A beta of less than 1 means that the security will be less volatile than the market. A beta of greater than 1 indicates that the security's price will be more volatile than the market. For example, if a stock's beta is 1.2, it's theoretically 20% more volatile than the market.

Many utilities stocks have a beta of less than 1. Conversely, most high-tech Nasdaq-based stocks have a beta of greater than 1, offering the **possibility of a higher rate of return, but also posing more risk.**

**Current Ratio**[2]- A liquidity ratio that measures a company's ability to pay short-term obligations.

**Current Ratio (MRQ or Most Recent Quarter)**[3]: This is the ratio of Total Current Assets for the most recent quarter divided by Total Current Liabilities for the same period.

**Gross Margin (TTM)**[4]-A company's total sales revenue minus its cost of goods sold, divided by the total sales revenue, expressed as a percentage. The gross margin represents the percent of total sales revenue that the company retains after incurring the direct costs associated with producing the goods and services sold by a company. The higher the percentage, the more the company retains on each dollar of sales to service its other costs and obligations.

$$\text{Gross Margin (\%)} = \frac{\text{Revenue - Cost of Goods Sold}}{\text{Revenue}}$$

For example, if a company's gross margin for the most recent quarter was 35%, it would retain $0.35 from each dollar of revenue generated, to be put towards paying off selling, general and administrative expenses, interest expenses and distributions to shareholders. **The levels of gross margin can vary drastically from one industry to another depending on the business. For example, software companies will generally have a much higher gross margin than a manufacturing firm.**

**Gross Margin (5 yr Avg)**: an avg. of the gross margin from the last 5 years

[1] http://www.investopedia.com/terms/b/beta.asp#axzz26jfxb1iA
[2] http://www.investopedia.com/terms/c/currentratio.asp
[3] http://www.edwards.com/investorrelations/pages/glossary.aspx
[4] http://www.investopedia.com/terms/g/grossmargin.asp#axzz26jfxb1iA

**Inventory Turnover** (TTM)[5]: A ratio showing how many times a company's inventory is sold and replaced over a period.

Generally calculated as:

$$= \frac{\textbf{Sales}}{\textbf{Inventory}}$$

However, it may also be calculated as:

$$= \frac{\textbf{Cost of Goods Sold}}{\textbf{Average Inventory}}$$

This ratio should be compared against industry averages. A low turnover implies poor sales and, therefore, excess inventory. A high ratio implies either strong sales or ineffective buying.

High inventory levels are unhealthy because they represent an investment with a rate of return of zero. It also opens the company up to trouble should prices begin to fall.

**Net Income** (Trailing Twelve Months)[6]: **A company's total earnings (or profit).** Net income is calculated by taking revenues and adjusting for the cost of doing business, depreciation, interest, taxes and other expenses. This number is found on a company's income statement and is an important measure of how profitable the company is over a period of time. The measure is also used to calculate earnings per share.

Often referred to as "the bottom line" since net income is listed at the bottom of the income statement

**Net Margin**[7]- The ratio of net profits to revenues for a company or business segment - typically expressed as a percentage – that shows how much of each dollar earned by the company is translated into profits.

**Net Profit Margin** (5 yr ago)[8]: A ratio of profitability calculated as net income divided by revenues, or net profits divided by sales. **It measures how much out of every dollar of sales a company actually keeps in earnings.**

Profit margin is very useful when comparing companies in similar industries. A higher profit margin indicates a more profitable company that has better control over its costs compared to its competitors. Profit margin is displayed as a percentage; a 20\% profit margin, for example, means the company has a net income of $0.20 for each dollar of sales.

Looking at the earnings of a company often doesn't tell the entire story. Increased earnings are good, but an increase does not mean that the profit margin of a company is improving. For instance, if a company has costs that have increased at a greater rate than sales, it leads to a lower profit margin. This is an indication that costs need to be under better control.

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[5] http://www.investopedia.com/terms/i/inventoryturnover.asp#ixzz26jQTqRxn
[6] http://www.investopedia.com/terms/n/netincome.asp#ixzz26jGZ2Fmv
[7] http://www.investopedia.com/terms/g/grossmargin.asp#axzz26jfxb1iA
[8] http://www.investopedia.com/terms/p/profitmargin.asp#ixzz26jHIbsCw

**Revenue/Employee** (TTM)[9]: An important ratio that looks at a company's sales in relation to the number of employees they have. It is calculated as:

$$= \frac{\text{Revenue}}{\text{\# of Employees}}$$

This ratio is most useful when compared against other companies in the same industry. Ideally, a company wants the highest revenue per employee possible, as it denotes higher **productivity**.

**Sales** (5 Yr Growth Rate)[10]: Rate at which sales grows over a period of years, taking into account the effect of annual compounding.

This is sometimes called "growth on growth" because it measures periodic growth of a value that is itself growing periodically.

**This measurement is commonly used to show how quickly sales have been growing. Investment analysts often look at five-year periods to discern a trend. A specific company's rate of growth is often then compared with that of competitors or with the industry as a whole.**

For example, Company A had a revenue CAGR of 8.5% over the past five years. One of its direct competitors has grown by 9.4% and two others have seen slower growth. The industry as a whole has seen revenues grow by 7.3% per year, compounded annually. On this basis one would conclude that Company A is doing well and in fact might be gaining market share. Of course, other factors need to be looked at, such as debt and the outlook for the industry.

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[9] http://www.investopedia.com/terms/r/revenueperemployee.asp#ixzz26jPh5CLc
[10] http://www.wikinvest.com/wiki/Compounded_annual_growth_rate_-_CAGR

# Financial Comparisons

## Nike

http://www.thestreet.com/quote/NKE/details/ratio-comparison.html

### Ratio Comparisons

Compared to: Industry S&P 500 Industry

| | Company | Industry | S&P 500 | | |
|---|---|---|---|---|---|
| **Valuation Ratios** | | | | | |
| Beta | 0.86 | 1.03 | 0.98 | | *>1 means less stable than market |
| **Growth Rates (%)** | | | | | |
| Sales - 5 Yr Growth Rate (%) | 6.75 | 5.11 | 1.79 | | *Compare current results to LT trend |
| **Financial Strength** | | | | | |
| Current Ratio (MRQ) | 3 | 2.9 | 1.6 | | *1 is minimum (compare to peers)/higher is better |
| **Profitability Ratios (%)** | | | | | |
| Gross Margin (TTM) | 45.1 | 49.4 | 46.9 | vs. | *higher is better (compare to peers & past results) (Nike's gross margin for TTM decreased from the 5 yr avg & was lower than the industry average. Futhermore, the industry slightly increased its TTM gross margin compared to its gross margin 5 yr avg.) |
| Gross Margin - 5 Yr Avg | 46.8 | 49.3 | 47.7 | | |
| **Management Effectiveness (%)** | | | | | |
| Net Profit Margin (TTM) | 9% | 9% | 9% | vs. | *higher is better (compare to peers & past results) (Nike's net profit for TTM decreased from the 5 yr avg but the current net profit is the same as the industry at 9%) |
| Net Profit Margin - 5 Yr Avg | 9.5 | 9.1 | 7 | | |
| **Efficiency** | | | | | |
| Revenue/Employee (TTM) | 548,364.00 | 428,229.00 | 449,376.00 | | *higher is better (compare to peers) |
| Inventory Turnover (TTM) | 4.4 | 4 | 8.3 | | *higher is usually better (compare to peers)- A high ratio implies either strong sales or ineffective buying. (Compared to its industry- Nike's inventory turnover was better) |

Key:

- better than industry or S&P 500
- worse than industry or S&P 500
- roughly the same compared to industry or S&P 500

Appendix B

## Financial Comparisons

# Google

http://www.thestreet.com/quote/GOOG/details/ratio-comparison.html

### Ratio Comparisons

Compared to: Industry | S&P 500 | Industry

| | Company | Industry | S&P 500 | | |
|---|---|---|---|---|---|
| **Valuation Ratios** | | | | | |
| Beta | 1.09 | 1.13 | 0.98 | | *>1 means less stable than market |
| **Growth Rates (%)** | | | | | |
| Sales - 5 Yr Growth Rate (%) | 21.5 | 16.81 | 1.79 | | *Compare current results to LT trend |
| **Financial Strength** | | | | | |
| Current Ratio (MRQ) | 3.8 | 5 | 1.6 | | *1 is minimum (compare to peers)/higher is better |
| **Profitability Ratios (%)** | | | | | |
| Gross Margin (TTM) | 68.2 | 70.2 | 46.9 | vs. | *higher is better (compare to peers & past results)<br>(Google's gross margin for the TTM decreased from their gross margin 5 yr avgerage. Futhermore, Google did worse than its industry. The industry gross margin for the TTM increased form the gross margin 5 yr avg.) |
| Gross Margin - 5 Yr Avg | 68.7 | 67.6 | 47.7 | | |
| **Management Effectiveness (%)** | | | | | |
| Net Profit Margin (TTM) | 26% | 24% | 9% | vs. | *higher is better (compare to peers & past results)<br>(Google's net profit for the TTM increased from their Net Profit 5 yr avg. Also, Google's current Net Profit for the TTM is greater than its industry.) |
| Net Profit Margin - 5 Yr Avg | 25.7 | 18 | 7 | | |
| **Efficiency** | | | | | |
| Revenue/Employee (TTM) | 1,329,411.00 | 4,683.00 | 449,376.00 | | *higher is better (compare to peers) |

Key:

- better than industry or S&P 500
- worse than industry or S&P 500
- roughly the same compared to industry or S&P 500

Appendix C

## Human Capital Appendix

### Compilation of Nike and Google CareerBliss.com reviews

Our group's metrics

CareerBliss's metrics

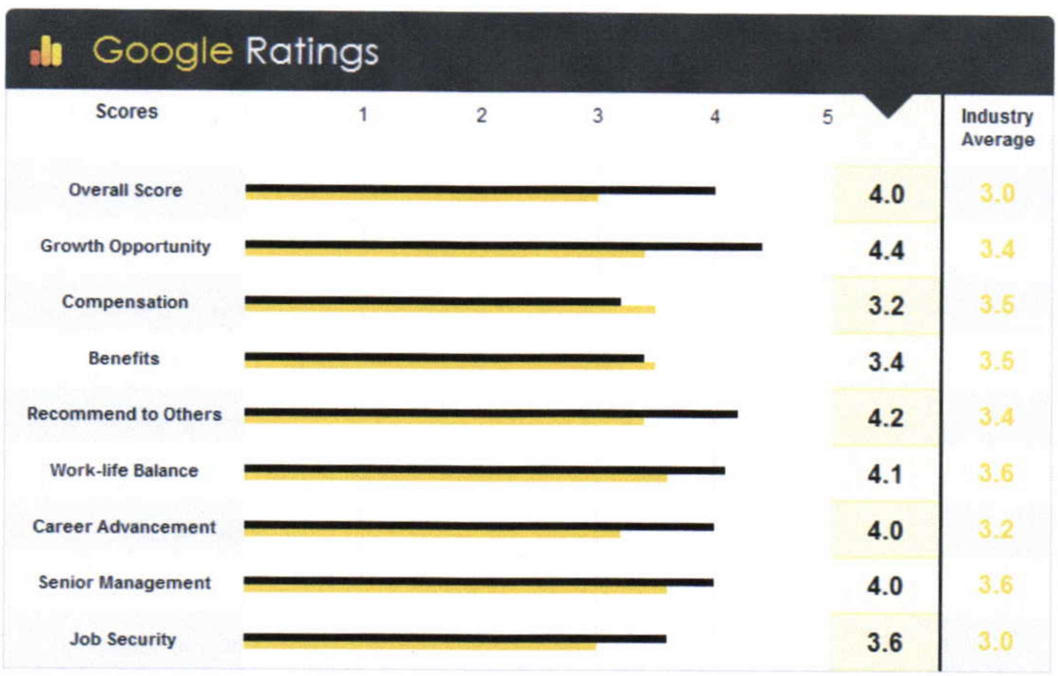
| | Nike (based on 52 reviews by current & past employees) | Google (based on 69 reviews by current & past employees) | Winner |
|---|---|---|---|
| Overall score | 4.1 | 4.0 | Nike (.1) |
| Growth opportunity (Personnel development and professional growth) | 4.1 | 4.4 | Google (.3) |
| Compensation | 3.8 | 3.2 | Nike (.6) |
| Benefits (Benefits) | 4.1 | 3.4 | Nike (.7) |
| Recommended to Others (Job satisfaction) | 4.2 | 4.2 | Tied |
| Work-life Balance | 4.3 | 4.1 | Nike (.2) |
| Career Advancement (Pathway to advancement) | 4.0 | 4.0 | Tied |
| Senior Management | 4.2 | 4.0 | Nike (.2) |
| Job Security | 3.7 | 3.6 | Nike (.1) |
| NOT INCLUDED IN CAREERBLISS'S SURVEYS: RETENTION | 7 % voluntary turnover & 5 % job growth in 2006[xi] | No voluntary turnover rates located (but rumored to be very low) & 33 % job growth in 2011[xii] | Google |
| | | Based on OUR metrics | Nike = 1 win<br>Google = 2 wins<br>Tie = 2 categories<br>**Google wins (not by much!)** |

[xi] http://money.cnn.com/magazines/fortune/bestcompanies/snapshots/945.html

[xii] http://money.cnn.com/magazines/fortune/best-companies/2012/snapshots/1.html

Appendix C


(http://www.careerbliss.com/company-reviews/nike-reviews-508865/)




(http://www.careerbliss.com/company-reviews/google-reviews-854334/)

Appendix D

| CATEGORY *(WEIGHT)* | 4 | 3 | 2 | 1 |
|---|---|---|---|---|
| Human Capital (35%) | Heavy emphasis on personnel development and professional growth. Path to advancement is clearly defined. High retention rates and job satisfaction among employees. Benefits exceed industry standards. | Organization has definable training and development plan, although results are not always clearly defined. Organization is capable of attracting talent. Retention rates meet or exceed industry standard. Benefits are competitive. | Organization offers some professional training, although follow-through and ultimate development is marginal. Talent is ineffectually leveraged, and retention trails industry standards. Benefits meet industry standard. | Little professional training or development. Retention rates low, employee satisfaction well behind industry. Organization struggles to recruit talent. Benefits offered are non-competitive and significantly trail industry standard. |
| Profitability *(25%)* | Organization leads industry in profitability and bears recognition across market for performance. Significant growth projections. Major market share. | Organization exceeds industry standards of profitability; moderate growth projections; competitive market share. | Organization meets market standard for profitability; stable growth; non-competitive market share. | Organization is not currently profitable by market standards; little growth anticipated; declining market share. |
| Social Impact *(20%)* | Organization has broad-reaching and well defined social initiatives. Provide both internal and external opportunities for employee involvement. Heavy emphasis on responsible environmental and social practices. Industry leader in corporate responsibility. | Large scale charitable initiatives with specific focus areas. Organization advocates employee involvement. Organization evaluates impact of operations on community, environment and areas of organizational interest. | Some charitable initiatives with emphasis on organizational competencies. Organization offers opportunities for employee involvement. Minor emphasis on social/environmental impact. | Little to no charitable endeavors. Any charitable initiatives are small in scale and/or lack focus. Environmental and social impact assessments weak or non-existent. |
| Innovation *(20%)* | Clear vision. Innovation in multiple sectors. Design plans for the future. Areas of the Organization specifically designed for innovation. | Vision is defined but not followed. Nearsighted design. Active innovation. Organization sectors designed specifically for innovation. | Unclear vision. Innovation is sporadic, only coming about every year or so. No real design "plan" for the future. | No innovation. Stubborn. Believes its value is in its tradition. |

## Appendix D

| | Nike | | | |
|---|---|---|---|---|
| | Human Capital | Profitability | Social Impact | Innovation |
| Anna | 3 | 3 | 3 | 3 |
| Andrew | 3 | 4 | 3 | 3 |
| Bailey | 4 | 3 | 3 | 3 |
| Bria | 3 | 3 | 3 | 3 |
| Fozeya | 4 | 4 | 3 | 4 |
| Group Avg | 3.4 | 3.4 | 3 | 3.2 |
| Weighted | 1.19 | 0.85 | 0.6 | 0.64 |
| **Total Score** | **3.35** | | | |
| | **Google** | | | |
| | Human Capital | Profitability | Social Impact | Innovation |
| Anna | 4 | 4 | 4 | 4 |
| Andrew | 3 | 4 | 4 | 4 |
| Bailey | 3 | 4 | 4 | 4 |
| Bria | 4 | 4 | 4 | 4 |
| Fozeya | 4 | 4 | 4 | 4 |
| Group Avg | 3.6 | 4 | 4 | 4 |
| Weighted | 1.26 | 1 | 0.8 | 0.8 |
| **Total Score** | **3.72** | | | |