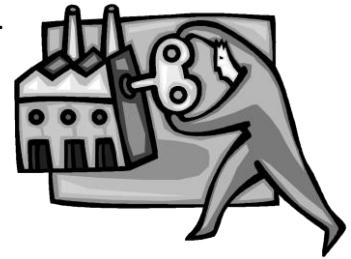


You have been hired by a local entrepreneur, Willy Wuzzup, as a consultant. Read the following information that he has provided to you about his business, Wuzzup Widgets, and write: (1) a **THOUGHTFUL, COMPLETE** analysis of his current situation, as well as (2) **VERY SPECIFIC** set of recommendations about what he can do to improve his financial situation. Your report should be at least 200 words and should include several of the vocabulary words that we have discussed so far this quarter.



Your letter should be typed (in business letter format), spell-checked, proof-read, and professional. Use as many specific examples as possible, and make use of **ALL** the numbers provided in the case. **ANALYZE** these numbers. They are there for a reason.

This is an **INDEPENDENT** project. I want to read **YOUR** thoughts, not what you copied from someone else. Please **DO** feel free to be a little creative with this project, though.

A review of Wuzzup Widget's income statement for the preceding six months reveals the following factors that relate to the financial performance of the company:

- A. Product sales overall are stable (not going up or down) but an older product had a sales decline of 12% from the same time period a year ago, hiding small sales increases of all other products.
- B. The cost of sales for the three-month period has declined by 5%, but the company's inventory is currently slightly lower than average due to several slow shipments from suppliers that have limited production. The lower production has not yet affected filling sales orders but could in the future if production doesn't return to normal.
- C. Operating expenses have increased by 4%. Most of the increase resulted from higher utility prices due to a severe winter and a company-wide payroll increase of 2% that went into effect at the beginning of the six-month period.
- D. Income for the period is up 4%. It is affected by the fact that a large loan had been paid off at the end of the last financial period so interest expenses are down over 50% for the six months. The owner expects that additional financing (more loans) will be needed for an expansion of production in the next six months.

*Hint: Be thinking about which of these factors are **TEMPORARY** problems and which are **ONGOING** problems. Which ones are currently causing concern and which ones may cause trouble in the future.*