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Phase III

**Executive summary**

The stocks of JB Hunt are traded at NASDAQ and quiet period policy is used for maintaining compliance with the regulation of FD. The earnings are recorded in quarter-end financial reports. The sales revenue for the year 2018 is accounted as $8.61 billion compared to previous year's $7.19 billion. The financial performance of the company is satisfactory because a consistent increase in revenue and profits is observed. The company enjoys a strong position in making investments in new projects. It is also investing in technology for enhancing the quality of product and services. In short-perspective JB Hunt has interesting fundamentals. The transport service accounts for 4.57 percent of market share in the USA. The purchase price of trade recorded on February, 28 was $125.66 (Markets, 2019).

High visibility into group activities is the apparent strength of JB Hunt. The analysts determined that the future revenues covering the equity have remained the same. The dispersed estimates reveal highly predictable sales of the company in the future. The sales recorded in the last year are above the company's expectations. The company's earnings depict that it holds the capacity of expanding the business to other states and countries. Strong cash flow is adequate for providing resources for the expansion of new projects. The future recommendations suggest increasing market share and positioning in the US portfolio. The assessment of the mergers and acquisition also indicates the success of the company. The effective distribution and supply chain networks have also boosted financial gains. The profitability ratios and net contribution of the company are satisfactory.

**Financial projection**

* Product positioning map
* Evaluation of strategies

The strategy JB Hunt stresses on four main operating segments, dedicated contracted, intermodal and integrated capacity solutions. Company’s strategy of investing in projects that use enhanced technology include CarrierWatch for tracking, Landstar system, and Swift Transportation is attainable. The generation of over $1 billion is favorable for the new projects. Improvements are also realized in the trucking segments that predict chances of future growth and profitability. Improving operations is directly linked to reduced costs and increased scope of generating revenues (TAYLOR & MEINERT, 2000). The new design focuses on improving the quality of the product by adopting innovative methods of production.

* Implementation

The implementation of JB Hunt's strategy depends on the financial position of the company. As the company has sales reached to 8.61 billion in 2018 indicating an increase from the previous year, the company can finance new projects.

* Specific results

A strong financial position of the company leads to increased market share through segmentation and return on equity.

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| --- | --- | --- | --- |
| **Financial indicators**  | **2016** | **2017** | **2018** |
| Sales/ revenue  | $6.56 billion | $7.19 billion | $8.61 billion |
| Gross income  | 874 million | 818.48 million | 926.28 million  |
| Net income  | 432.09 million | 686.26 million | 489.59 million |
| EBIDTA | 1.09 billion | 1.02 billion  | 1.12 billion |

**Visual of ending road map**

The financial ratios used for evaluating the performance of the company include current ratio, quick ratio, debt-to-equity and return on equity.

|  |  |  |
| --- | --- | --- |
| Financial ratios | Formula  | Values  |
| Current ratio | 1,502,981/ 1,352,348 | 1.11 |
| Quick ratio  | 1,502,981- 0.51/ 1,352,348 | 1.11 |
| Debt-to-equity  | 489.59/ 2101,384 | 0.2 |
| Return on equity. | 1,352,348/ 2101,384 | 0.64 |

The current ration (1.11) depicts that the company holds a limited capacity of paying back its short-term obligations. The company can pay back its debts having a value of 1.11. The value between 1-1.5 is not satisfactory indicating that the company needs to improve its ability to pay back debts. Quick ration reveals the state of short-term liquidity of the firm. It is used for estimating short-term debts that are most liquid. The value of 1.11 depicts that the comp may have a limited capacity of meeting its obligations. The debt-to-equity ratio explains the financial leverage of the firm by estimating total liability against stakeholders’ equity. The ratio is an important measure for estimating the degree of the company's financing its operations through debts. The debt-to-equity ratio is 0.2 indicating that stakeholders are financing the company's operations. Return on equity determines the net income returned on the equity of stakeholders. This reveals the number of profits generated by JB Hunt. The value of ROE is 0.64 that indicates that the firm is generating profits from stakeholders investment. The analysis of the financial ratios depicts that it will benefit the company's strategy. The company has a capacity of investing in a new project.

**Strategy evaluation**

Balanced scorecard

The balanced scorecard is used for assessing the financial performance of the company. Financial measures reflect the company's strategy, implementation, and contribution to the bottom-line. The financial goals focus on revenue growth, profitability, and stakeholders value. It emphasizes on success, survival, and prosperity. Cash flow is used for determining the success and financial stability of the company (Kaplan & Norton, 1992).

Financial objectives

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| --- | --- | --- |
| Goals  | Measures/ recommendations  | Target  |
| Survival  | Improving cash flow  | 3% |
| Success  | Increase in quarterly sales and improved operating income.  | 5% |
| Prosperity  | Increasing return on equity and market share.  | 4% |

Non-financial objectives

|  |  |  |
| --- | --- | --- |
| Goals  | Measures/ recommendations  | Target  |
| Technological capability | Improving manufacturing by adopting efficient methods of production.  | 5% |
| Manufacturing excellence  | Reducing the cycle time of production. Minimizing unit cost yield.  | 2% |
| Design productivity | Improving engineering efficiency. | 3% |
| New product  | Adopting schedule vs. plan  | 2% |

Conclusion

The comparison of the current strategy of improving organizational productivity is also identified by the company's own strategy. However, the proposed strategy emphasizes on improving employee-employer relationships such as by creating a buddy system. It also recommends the adoption of enhanced technology that is also part of the company's original strategy such as JB Hunt 360. The enhancement of technology emphasizes on building online systems.

References

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