

Investment Decisions II
GBA 7221 - Devaney
New Heritage Doll Company

Case Instructions and Grading Rubric

This is an individual assignment and no intra-team discussions are expected to occur. Your work must be your own.

Read the entire New Heritage Doll Company case. The case is in the Spring Course Package. From the information given:

1. Use the operating projections and other assumptions provided for each project to compute the net present value (NPV), internal rate of return (IRR), payback period, 5 year cumulative EBITDA, and profitability index for each using the template provided.

Write a brief report (2 – 3 pages 1.5 spacing not including title, contents, exhibits) that answers the following questions:

2. Which project creates more value? Why?
3. How do the IRR, payback period, 5 year cumulative EBITDA, and profitability index compare to NPV as tools for evaluating projects? When and how would you use each?
4. If Harris is forced to recommend one project over the other, which should she recommend? Why?
5. Elizabeth Holtz, brand manager for the Heirloom Dolls division planned to use existing IT staff to develop the web-based software tools and order entry system required for the Design Your Own Doll Project. These costs were not included in the initial outlays or forecast presented as the development personnel Holtz needed were considered “corporate” resources. Do you agree or disagree? If these costs were included would it change your answer to question 4?

The entire case should be written up via a business report format. Place all your answers in a word document and submit your word document to Moodle using the assignment submission procedure below. You may include one supplemental excel workbook with your document submission.

Assignment Submission Procedure: the completed assignment should be prepared as a Word document titled NewHeritageDoll_LastnameFirstinitial. The supplemental spreadsheet should have the same file name designation.

Points are allocated as follows:

- Item 1: 50
- Item 2: 10
- Item 3: 10
- Item 4: 10
- Item 5: 10

Final 10 points will be based on the overall case content, clarity, completeness, literacy, grammar, spelling, punctuation, and document design. All points will be allocated using the following criteria:

Excellent	Good	Adequate	Deficient
Professional	EMBA level +	Graduate level	
100%	90%	80%	70% or below

Links

[Business Report Format](#)