

I. EXECUTIVE SUMMARY SAMPLE

1. Current Situation

Sports Authority currently stands as the largest full line sporting goods retailer in the United States. The company leads the industry with sales of \$1.5 billion in 2000. In the year 2000, net earnings reached \$25.4 million, a move in the positive direction from the previous two years in which the company experienced a net loss. Although the company has the highest amount of sales in the industry, Sports Authority is currently faced with intense competition. Sports Authority currently holds a 3.3% market share within the industry, while the top five sporting goods retailers hold a total of 10% market share. The most substantial competition to be noted comes from Dick's Sporting Goods, which currently holds a 2% market share. The company's breakdown of product category includes: 51% in equipment sales; 27% sales in the footwear category; and 22% sales in the apparel category. Over the past year, Sports Authority has experienced relatively flat sales. This is primarily due to the decision to close 25 poorly performing stores. In addition, sales were offset by the increase in trend items, such as scooters and ab-rollers.

The Sports Authority has a strong focus on customer service. The company employs the "Get Out And Play" slogan to a wide range of consumers, from the sports enthusiast to the leisure athlete; both the young and the more mature. The company's current plan is aimed at providing a stable financial environment where the result is net gain. Sports Authority's business is categorized by low margins, due to lower prices, and higher turnover when compared with the rest of the industry.

Sports Authority currently faces a few problems related to the existing strategies, as well as industry related issues. The company faces high fixed costs primarily due to occupancy and labor costs. As a result, the company has an incentive to sell large amounts of merchandise to cover these costs, while still maintaining a profitable gross margin. Personnel turnover is a frequent occurrence, due to the nature of the business.

Due to net losses experienced in 1998 and 1999, the company has decided to refurbish 67% its existing stores as opposed to expanding in order to create a positive shopping environment for its customers. These renovations are aimed at reinforcing the company's position as the "authority on athletics", while also increasing sales and market share.