E.D. Smith and Sons. Ltd.
Teaching Note [1]

Overview

E.D. Smith and Sons (EDS) is a Canadian manufacturer of grocery products; in particular jams, pie filling, tomato-based products, and specialty sauces. The company is a significant player in Canada. Its competitive environment was altered significantly with the signing of the Free Trade Agreement between Canada and the United States in 1988. Following that Agreement, the company made numerous changes to help it compete in the North American market. Now (EDS has been asked to make a major expansion into the United States.

Use of the Case

The case deals with strategy formulation. Students need to evaluate the environment the company competes in and the how the company has chosen to use its resources.

Analysis of the environment is based on Porter's industry analysis. However, it is complicated by two factors. First, the industry is open to foreign competition. In this case, the Free Trade Agreement has expanded the industry's market from largely Canadian market to a North American one. Second, the companies manufacturing grocery products can be divided into two primary strategic groups, national brand and controlled label manufacturers, both pursuing the same food consumer through the same customer, the food retailer. Third, the manufacturing and retailing industries are interlinked. What happens in one has an impact on the other. These complications mean that the case is best taught after students appreciate simpler competitive situations.

Analysis of resources calls for a detailed examination of the various functional dimensions of a business and how they have been fit together to support the business's strategy. The case allows consideration of how capabilities have been built but these improvements are not great enough to give the company a competitive advantage.

Objectives of the Case

1. **A change in the scope of a business must be complemented by a change in the resources so that they fit with the new scope.**

   With the opening of borders, EDS has chosen to reposition itself by emphasizing the controlled label business at the expense of its national brand business. To be able to pursue this change in emphasis, the company modified its activities so that they produce the attributes required to satisfy the new customers. The company appears to be doing the right things to accomplish this.

2. **Industry analysis involves an appreciation for all aspects that have a bearing on the competitive situation facing a company. This is not always an easy task**
   Often analysis of an industry focuses on the business's current scope. But when a business changes its scope, as EDS has done, a more sophisticated analysis of the industry is required. This can be a demanding task. In the case, we see the branded food products business has two principal strategic groups and that EDS is moving between them.

[1] This note was prepared by Kenneth F. Harling, Wilfrid Laurier University, Waterloo, Ontario. (© 98/7)

Definition of grocery products manufacturing industry described in the case is further complicated by the expansion of geographic market boundaries due to changes in trade policy. This means a second major force is altering competitive forces in the industry.

3 . **Knowing when to expand is not an easy decision for a medium-sized company. Adding capacity in the form of a new plant is is a relatively big move that can pose both market and financial risk for the company.**

The question of whether EDS is ready to go to the US would be easier to answer if the performance of the business had been strong. Currently performance of EDS is weak because it is in the process of changing its scope from nationally branded products to controlled label products. The new plant would allow it to quicken the pace of that shift. But the weak performance and the risk exposure (market, management, operations, finance) raises questions about the appropriateness of the expansion at this time.

Preparation Questions

1. What attributes are the supermarkets, the customers of the grocery product manufacturers, looking for? Are these the same as consumer, those who buy groceries in supermarkets, want?

2. How have the operations of E. D. Smith and Sons, Ltd. changed over the last 5 years? Were these changes justifiable?

3. How good is the company's performance in light of these changes?

4. Analyze the grocery products manufacturing industry. How does the company's performance relate to its position in the industry?

5. Should the company be going into the United States now?

Analysis of the Case

HINT: Teaching the case involves what seems to some students to be two completely separate components; in the case the company and in the appendix the industry. This focuses students on analyzing each aspect in detail but students need to recognize that the two pieces of analysis have to be brought together—no company operates in a vacuum. The instructor has to make sure that this happens. The goal of the following structure to the class discussion is aimed at pulling the two together.

What attributes are the supermarkets, the customers of the grocery product manufacturers, looking for? Are these the same as consumer, those who buy groceries in supermarkets, want?

The industry material states that customers of grocery products manufacturers are interested in products having three attributes (uniqueness, quality, and value) marketed under a brand with a strong image and coming from a company that provides good service.

Customers appear to have a growing interest in price though it is hard to assess how important this is relative to other attributes. The answer seems to be that a lot depends on the exact nature of the product. They seems to be willing to buy higher priced and quality items if it gives them restaurant quality type meals.

How have the operations of E. D. Smith and Sons, Ltd. changed over the last 5 years? Were these changes justifiable?

Key to assessing the changes that EDS has made is recognizing how they contribute to letting the company better satisfy customer and consumer preferences. By examining the various things EDS has done in terms of satisfying these attributes, we seen that all the changes made within the company have been focused on improving performance and not simply chasing management fads. We now examine the changes that were made in EDS and how they contributed to serving customer and consumer interests. These changes are highlighted in Exhibit 1 of this note.

EDS has uniquenesses that set it apart from the competition. To start with, EDS is a privately owned Canadian company-a rarity in its product markets. The company has maintained this status, thus providing a continuing appeal to a segment of the food retailers and food consumers. EDS has also worked to bolster the uniqueness of its actual product offerings by adding technical staff, allowing the company to formulate innovative products for its customers.

Producing qualitv has always been important to the company. As a result EDS had always held the image of being a manufacturer of quality products. By moving from its own definition of quality to that of meeting the customer's product specifications, EDS has better met what the customer wanted. One can argue persuasively that this improved quality, at least from the customer's perspective. At the same time the company had its own quality standards that it maintained for the goods it produced under its own brands. To better meet quality standards, the company trained all employees in problem solving so that they were better aware of problems and, through empowerment, were able to move to resolve them. Actual changes in production also facilitated the production of quality. The company started buying partially processed agricultural products that met its quality specifications. It also improved the quality produced by its cooking process by installing new equipment that produced better flavor and color and by automating process controls.

EDS increased the value of its product offering by lowering costs at the same time it was improving quality. Various costs were lowered:

Input costs were lowered by buying more agricultural products outside Ontario and only buying what the company needed.

Operating costs were lowered by specializing the plant around fewer product lines, by going to year-round operations, by replacing workers with automation, and by adopting cooking technology that produced higher yields.

Marketing costs were lowered by eliminating formal marketing research, reducing the sales force, and producing more controlled label in place of national brand products.

Finance costs were lowered by reducing the inventory due to the elimination of seasonal production and by reducing debt through the proceeds of the sale of businesses.

Distribution and administration costs were reduced by outsourcing aspects of both of these activities.

EDS worked to maintain its strength of brand image. With its national brands, it spent money on marketing activities to maintain its position. It also acquired additional brands to hold its market share of branded goods following the sale of several of its other branded lines. The company also increased production of controlled label products, products that carried the customer's own brand. In this way it recognized the significance of brands but left it up to the customer to make sure the brand on the product had a market position.

EDS's service to customers was developed through its developing its ability to respond faster to customer needs. This came from more technical staff, allowing it to formulate and get new products into production faster, faster cycle times within the plant, and faster communications with customers because of the move to electronic ordering and confirmation of orders.

The impact on these changes in functional activities of the value proposition EDS offers are presented in TN Exhibit 1. From this exhibit we can see that every functional aspect of the business was affected by the changes and in a positive way.

How good is the company's performance in light of these changes?

On the surface, performance seems to be improving. EDS's sales performance initially fell from $100 million in 1987 to $60 million in 1990 and since then has picked up to $76M in 1992 (Case Exhibit 6). The return on capital employed has also risen to industry levels. When one compares the profitability of EDS against the two principle types of competitors in the industry, however, EDS's performance is poor. It earned only 2% on sales compared with 6.6% NBMs and 5% by CLMS.

This allows you to present an enigma. EDS looks like a company that is doing everything that good management does. In the past five years it has downsized around a core, built competencies, empowered workers, and the made the company lean. Yet performance is weak. Obviously something else needs to be considered. Here we switch to looking at the context within which the company operates for an explanation of why even doing the "right things" does not always work.

Analyzing the grocery products manufacturing industry.

This analysis uses the data in the appendix of the case. When the case is covered over two days, this analysis can be done first then the analysis of the company's activities second.

The industry is best understood by separating the analysis into a competitive and a financial perspective. The competitive analysis addresses the complexities of competition and the strategic alternatives available to a grocery products manufacturer. The financial analysis then provides a succinct summary of the prices, costs and profits of the strategic alternatives open to the business.

Competitive Analysis

The grocery products industry can be analyzed in terms of competitive forces but the analysis is more complex than a traditional Porter five-forces analysis of an industry. The players of note in this analysis are the suppliers, the manufacturers, the customer and the consumer. Appendix Exhibit 1 of the case show how they fit together. The single-headed arrows indicate flow of product through the channels while the double-headed arrows indicate competitive rivalry at various stages in the channels. B means bulk, CL means controlled label, and NB means national brand,

The suppliers: The grocery products industry has numerous suppliers. Looking at those supplying the Canadian industry, Ontario farmers are paid 15% more than US farmers for their produce. Both Canadian and US manufacturers can pay the world price for sugar if the products are sold in Canada but US manufacturers have to pay higher prices if their products are sold in the U.S. Manufacturers paid similar prices for packaging and food processing equipment. Larger manufacturers tended to get packaging at lower cost. This played into the hands of US manufacturers as they tended to be larger.

The manufacturers: Within manufacturing, companies had to decide whether they were going to sell product in bulk, as packaged goods under controlled labels, or as packaged goods under national brands. Companies tended to specialize either in controlled labels and bulk product, or in national brands because a different perspective was required by each approach. The controlled label manufacturer competed on the basis of meeting customer specifications at low cost. Costs were kept down by passing the job of marketing the product on to the customers. These manufacturers simply made the products. National brand manufacturers, on the other hand, competed for the consumer by making spending significantly more money marketing their products. A key to success was developing and maintaining national brands that held significant market shares.

Canadian manufacturers of controlled labels and national brands competed with each other for retailer space. They also had to compete with products coming from the United States. The competitive threat from U.S. manufacturers increased markedly following the Free Trade Agreement. As the barriers to their entry were lowered, they became more interested in the Canadian market and Canadian customers became more interested in them. They had the advantage that they were larger operations, possibly *capturing* greater economies of scale and able to pay less for their inputs, the

The customers: The principle customers of manufacturers were retailers. They were interested in earning as much as they could from the products they carried. The large retailers held a significant share of the market (case Appendix Exhibit 4). They were continually rebalancing their use of national brands and controlled labels, seeking to maximize their earning. National brands were attractive to them because the consumer awareness developed by their manufacturers meant that consumers were looking for them. But this also meant that the retailer had less bargaining power because the manufacturer knew the retailer felt it was necessary to carry the product because consumers wanted it. This meant that the retailer would earn less from the product so the retailer only carried one or two national brands that had high market shares. To strengthen its bargaining power with manufacturers, and to develop customer loyalty toward the retailer, the retailer carried controlled labels.

Food services were also customers of grocery product manufacturers. They bought ingredients in bulk, buying on the basis of price and technical standards. The consumer of their products typically was unaware who manufactured the product.

The consumers: The consumers could either buy meals from food services or buy food products from supermarkets from which they could make their own meals. Controlled label and national brand products on retail shelves competed for the consumer's attention. As consumer interest in price continued to grow, the share of controlled labeled products that supermarkets offered was likely to increase since these products sold on price.

Financial Analysis

An appreciation for the different strategies of the two types of manufacturers can be gained by comparing the profit and loss statements found in case Appendix Exhibit 2. A simple comparison of these statements involves taking the statements as presented in the case. From this comparison, we can see:

- NBMs receive higher revenues than CLMs(125% versus 105%)

- NBMs give considerably higher discounts and allowances than CLMs (25% versus *5%)*

- NBMs and CLMs appear to achieve the same net revenue (100%).

- NBMs appear to have much lower costs of goods sold (66.8% versus 74.5%)

- NBMs spend considerably more on marketing than CLMs (12.8%3 versus 3.0%)

- NBMs have a slightly higher net margin before tax than CLMs (6.6.% versus5.0%)

A hint that the simple approach may be misleading is that Lew Smith says that EDS's direct costs of making goods is below the industry's. This does not square with the percentage approach to analysis.

Analysis based on percentages is a misleading, however, since it is based on data that have been "normalized' based on Net Revenue. This is a subtle point but one that is worthwhile for students to learn.
As we look at unit costs.

A more thorough analysis will recognize that national brand and controlled label companies are selling their products to customers at different net prices. This means that one needs to take the statements which have been normalized in terms prices and costs per unit of product. Only in this way can one appreciate the actual cost differences of the two strategies.

A comparison of the renormalized statements shows that, for one unit of product:

- the NBM receives even higher relative revenues per unit of product than the simple analysis suggested (136.5 rather than 105.0),

- the NBM gives more of this away in discounts and allowances than the simple analysis suggested (27.3 versus 5.0) but retains enough to earn more than the CLM for the same unit of product (109.2 versus 100.0),

- the N-BM's and CLM's costs of manufacturing goods are actually very similar (73 versus 74.5). This is markedly different than the simple analysis and suggests that economies of scale are not as significant as the simple analysis based on percentages suggests.

- the NBM's marketing costs are even higher than simple analysis suggests (14 rather than 12.8%)

- the NBM has a higher net profit margin than the simple analysis suggests (7.2 versus 6.6%)

The overall conclusion of this analysis is that the NBM's heavy expenditures on marketing pays off in profits. The NBM product sells for more than the CLM. This is in large part due to advertising to consumers which has created the "demand-pull"—retailers feels they have to carry the product because customers want it. The margin that the NBM earns is eroded by the discounts and allowances it gives to the retailer as well as the cost of its marketing. But effective marketing is able to raise the price above these costs so that the NBM makes a higher profit than the CLM.

How does E. D. Smith and Sons' performance relate to its position in the industry?

The results of the following analysis suggest that EDS has been caught in a classic situation—what M. E. Porter's has called "stuck in the middle." At present it appears to be trying to resolve this problem by moving further to CLM but the consequences on financial performance are readily evident.

EDS's performance cannot be compared directly with the NBM and CLM profit and loss statements of "pure players" because it is pursuing both the national brand and controlled label businesses, a mixed strategy. One can create an "ideal" yardstick of comparison, however, by simply combining the profit and loss statements of the two in the same proportion as EDS's business is split between national brands (40%) and controlled labels (60%). This is called "EDS proj." in TN Exhibit 2 of this note.

Comparison of the synthesized profit and loss against EDS's actual profit and loss can be done using either the simple approach or using renormalized figures. The results from a simple analysis suggests that EDS :

- is selling at a higher price than the ideal (117.3 % versus 113.4%)
- gives higher discounts than the ideal (17.3% versus 13.4%)
- has cost of goods sold is slightly higher than the ideal (72.4% versus 71.3%)
- has overhead is higher than the ideal (24.5% versus 22. 1 %)
- has profit is less than half the ideal (2% versus 5.7%)

Results of analysis of the renormalized figures show:

- list price is less than the ideal (115.0 versus 117.6)
- EDS is providing higher discounts and allowances than the ideal (17.0 versus 13.9)
- EDS's costs of goods sold is less than the ideal (27.0 versus 29.8)
- that EDS's net profit is less, in keeping with the simple results

The implication of the renormalized numbers is that EDS has been selling branded products at list prices below those of competitors and at the same time giving higher discounts and allowances than competitors. This has resulted in a lower net price per unit of product than competitors have received. Compared to the ideal, the company has offset some of this with lower costs of goods due to its efficiency (71.0 versus 73.9) and by spending less on marketing (6.0 versus 7.4).

The results of the analysis suggest that the company has been "stuck in the middle."

While the Canadian market was protected, it was reasonably successful in the role of an NBM, given its long history, but it was in trouble even before free trade given the crisis in 1986. With free trade with the United States, it now faces North American competitors and will have trouble competing on price with them because it is so much smaller. It also faces the problem of lack of consumer awareness of its brands in the United States.

The changes EDS is making appear to be repositioning the company to recognize these new realities. It has focused on a more limited range of products, probably the more profitable products and this should also help its economics. It has been growing the controlled label business, thus avoiding direct competition with the large national brand manufacturers. Furthermore, it is forming alliances with customers. This makes sense in light of its apparent difficulty marketing products effectively against other national brand manufacturers. Finally, EDS is rationalizing its activities so that it provides the attributes that the customers it has chosen to focus on want.

Should the company be going into the United States now?

EDS would appear to benefit from having operations in the United States but this creates market, financial, and organizational risks. Before looking at these, the present situation should be considered.

The operations of EDS have been improved considerably over the last five years as EDS has maintained its national brands while growing its controlled label business. The success, not yet evident in profitability, is suggested by the low costs of goods sold and the rapidly increasing sales. Of particular note is EDS's connection with Loblaw. EDS's success in producing premium quality products for Loblaw's "President's Choice" label has shown that EDS has developed competencies that, in total, have made it one of the most capable manufacturers to serve the growing segment of the market that is interested in quality products.

The problem with the Canadian market is that its size is limited and that it has formed what is seen by other retailers as an alliance with Loblaw. The small number of retailers and Loblaw coverage across Canada limits EDS's ability to pursue further business in Canada with the capability it has developed. It also threatens the company in the longer run in that success with Loblaw makes EDS more dependent on Loblaw, thus weakening EDS's bargaining power. A further concern is that EDS's licenses for HP and Lea & Perrins may be lost to someone capable of North American manufacture given that free trade is now in place.

Expansion into the US would open up additional market opportunities for EDS. Both Loblaw and Wal-Mart provide significant market opportunities as they would like EDS to supply them with product in the US. Additional customers are likely available because EDS will be a recognized success in the business and there are more retailers in the US so the "alliance" problem is lessened. Moreover, diversification of customers would reduce the market risk facing the company. Operations in the US would also strengthen EDS's chances when licenses for HP and Lea & Perrins come up for renewal. On the other hand, the move would expose the company to market risk because it has little experience in the US market.

At present, Lew Smith is talking about buying a plant that has a 2 million case capacity. Given that EDS now has revenues of $76M on 3.98M cases, the new plant will have the capacity to generate $38M in sales. Using the industry's net fixed assets turnover of 8 times, the assets needed would have a value of $4.75M. Using the industry's working capital turnover rate of 12 times, the working capital needed would have a value of S3.2M. The working capital requirements seems appropriate given that EDS's 17 days of accounts receivable would give a value of S1.8M on sales of $38M. From these numbers, the total money invested would be approximately $8M (S4.75M + $3.2M). This figure does not seem out of line given that EDS is now turning its assets four times a years, suggesting that total assets supporting sales of $38M would be $9.5M.

The ability of the company to earn a reasonable return on such an investment is an interesting question. With the present two percent return on sales before taxes, it would only earn $750,000/year, giving it a return of around 9% on the US assets. This is optimistic in the short run because sales will not immediately equal plant capacity. On the other hand, EDS needs the additional volume to help spread its overheads, which are relatively high compared with competitors. The company cannot cut them because they appear to be associated with the way the company now conducts it business. The only way to reduce their impact is to spread them over greater volume.

he new plant also raises organizational questions. The company appears to have a lean management team and so not a lot of extra people to lead the development of the US operation. This means that the startup of the US plant using EDS's approach will be a challenge. Furthermore, the organizational structure will have to be reconsidered as it is now functional and has not had to reflect geographic dimensions to date.

What Happened

In the fall of 1992, EDS bought a plant in Behalia, Mississippi, 40 miles south of Memphis, Tennessee at a cost in line with the analysis suggested above.

The price paid for the plant was much less than the financial analysis in the case but, by the time new equipment was installed, was in line with the analysis presented in the note.

EDS got started looking for the plant by having a broker search for a property but he was unable to find anything that was satisfactory. Then while at a trade fair, Lew was approached by a Canadian business man who owned the Behalia plant and was interested in selling it. Following negotiations, EDS agreed to buy the plant.

Arguments in favor of the purchase are as follow:

1. the plant's proximity to Memphis, a major transportation hub for materials going east and west across the US, meant that it was well located to serve the US market.

2. the plant, though only operating at half capacity, was one of the largest contract packers of mouth wash in the US. It also did considerable business contract packing maple syrup. Because the plant already had

business, it would be operating from the moment of purchase and this would reduce the pressure on getting the EDS business installed in the plant.

3. the price was reasonable given the state of the plant and the equipment in it. Much of the equipment was 30-40 years old and was worn though still operational. By the time the equipment had been upgraded to meet requirements, EDS paid a price in line with the analysis suggested above.

4. buying a plant that was already built let EDS move faster on the US opportunity than if it built a greenfield plant.

The challenges came when EDS started to prepare the plant for its business.

1. The new equipment was installed and running in 6 months.

2. The plant lacked a cold storage facility for holding fruit to make jams. Consequently these were stored in Memphis and shipped to Behalia just in time for processing. It took some time to find out exactly when to ship the fruit so that it was only partially thawed and hence ready for processing when it arrived at Behalia.

3. Workers were low cost but lacked even simply job skills. This meant that EDS had to train them. And by the time the plant needed them, many who had been trained had already moved on to other jobs.

4. a large number of managers were sent from Winona to Behalia to help set up operations. The town itself was offered little in the way of suitable accommodation while they were there so they ended up staying in Memphis and commuting to the plant.

5. The company found that it had not appreciated the full differences between the US and Canadian markets. What it found was that US retailers wanted "knock-offs" of the successful national brands, not unique products. This meant that the portfolio of recipes that the company already had were of little value. Research had to quickly develop recipes that produced products which mimicked the national brands in the US. Recognition of this problem was delayed because the person hired to do the marketing job proved to be incompetent.

6. Wal-Mart decided to have its own program rather than contract with Loblaw so EDS did not get the Wal-Mart business.

Overall, the Behalia plant has proven successful, but it took several years longer than anticipated before it was running well.

Exhibit 1
The Impact of Changes in Various Activities at E.D. Smith and Sons

Desired Attribute	Actions Taken to Generate the Attribute in the Value Proposition	R&D	Procure.	Manuf.	Mktg.	Distrib.	Fin.	Admin.
Uniqueness	1. more innovative formulations by adding staff	1						
	2. promotion of Canadian and family ownership				2			
Quality	3. buy partial processed product that meets specifications		3					
	4. manufacture to customer defined quality standards			4				
	5. improved process control through automation			5				
	6. problem solving by employees (e.g. the recipe problem)			6				
	7. flavour and colour improved through new cooking methods			7				
Cost Reduced	8. operations more efficient due to year round ops, less complex layout, more specialized ops.			8				
	9. lower cost inputs from outside Ontario and only bought as needed		9					
	10. lower marketing costs by cutting marketing research, sales force, and shift to CL business				10			
	11. lower distribution cost by outsourcing					11		
	12. lower finance costs since less inventory and some businesses sold						12	
	13. lower administrative costs through outsourcing							13
Image	14. CL image is up to the customer				14			
	15. national brands have been maintained through promotion and buying up brands				15			
Service	16. R&D responds faster to customer requests because more staff	16						
	17. manuf. Responds faster because shorter production cycles and more frequent production			17				
		PRIMARY ACTIVITIES					SECONDARY ACTIVITIES	

Teaching Note Exhibit 2

Comparison of Profit and Loss Statements for the Industry and E.D. Smith and Sons

Comparison assuming equal net revenues

	NBM		CBM		EDS Actual		EDS Proj	
	- -in percent -							
Revenue		125.0		105.0		117.3		113.4
Dis & Allow		25.0		5.0		17.3		13.4
Net Revenue		100.0		100.0		100.0		100.0
COGS								
Labour	8.2		9.5		7.1		9.0	
Materials	28.4		32.5		30.6		30.8	
Packaging	25.6		27.0		28.6		26.4	
Other	4.6		5,5		6.1		5.1	
Total		66.8		74.5		72.4		71.3
Gross Margin		33.2		25.5		27.6		28.7
Freight	4.6		6.0		6.1		5.4	
Marketing	12.8		3.0		6.1		7.1	
Res. & Devel.	0.9		0.5		1.0		0.7	
Admin.	5.5		8.0		8.2		6.9	
Deprec.	1.8		2,0		3.1		1.9	
Total		25.6		19.5		24.5		22.1
Net Margin		7.5		6.0		3.1		6.6
Interest		0.9		1		1		1
Net Margin B.T.		6.6		5.0		2.0		5.7

Comparison recognizing the differences in total revenues

	NBM		CBM		EDS Actual		EDS Proj	
	- -in "real" money -							
Revenue		136.5		105.0		115.0		117.6
Dis & Allow		27.3		5.0		17.0		13.9
Net Revenue		109.2		100.0		98.0		103.7
COGS								
Labour	9.0		9.5		7.0		9.3	
Materials	31.0		32.5		30.0		31.9	
Packaging	28.0		27.0		28.0		27.4	
Other	5.0		5.5		6.0		5.3	
Total		73.0		74.5		71.0		73.9
Gross Margin		36.2		25.5		27.0		29.8
Freight	5.0		6.0		6.0		5.6	
Marketing	14.0		3.0		6.0		7.4	
Res. & Devel.	1.0		0.5		1.0		0.7	
Admin.	6.0		8.0		8.0		7.2	
Deprec.	2.0		2		3.0		2.0	
Total		28.0		19.5		24.0		22.9
Net Margin		8.2		6.0		3.0		6.9
Interest		1.0		1.0		1.0		1.0
Net Margin B.T.		7.2		5.0		2.0		5.9