

Name: Alvin Kuai

College/School: Arts and Sciences

Year: 2015

Financial Data

4/21/2013 Price:	\$50.72	Profit Margin:	10.05%
52 Week Range:	\$28.28 - \$53.99	ROA:	7.89%
Market Cap:	\$1.02B	Volume:	376,270
Beta:	1.48	Average Volume:	1.087M
P/E:	23.75	Dividend & Yield:	N/A

**Misperception**

SodaStream (SODA) is a very exciting company. The company's central product, the SODA Fountain Jet, **magically transforms** ordinary tap water into delicious soda. The slick machine looks **absolutely beautiful** and provides its users with **value filled benefits**: the soda-making process is **fun and easy**; the self-made sodas **taste like their bottled counterparts**; frequent soda drinkers **save money** on future soda purchases; and, SODA's soda makers are new and cannot be found anywhere else. For these reasons, the company's revenues have been growing at **intense rates**. With core product strength and healthy financials, SODA appears to be such a great investment. The **previous description illustrates the huge facade** many investors have fallen prey to. A closer look at the company, past the veneer, reveals **competitive product weakness and a stagnant \$1.02 market**.

Key Points**Valuation**

Comparisons with Competitors: Although it is strange to begin stock analysis with valuation, it is important to capture the high level of **bullishness** of the market feels towards SODA.

- SODA, which incorporated just three years ago, has amassed a considerable market cap of \$1.02 billion. To put this number in perspective, Dr. Pepper, the **third largest soda company** in the United States, has a market cap of only \$9.79 billion, relatively **close** to SODA's. Additionally, both Coke and Dr. Pepper trade at **lower prices**, \$42.66 and \$48.07 respectively, than SODA.
- In terms of P/E ratios, the **market values SODA much more highly than other longstanding soda companies**. SODA's P/E even surpasses that of the highly shorted Green Mountain Coffee Roasters. Appendix I illustrates a more detailed P/E ratio comparison.
- Because the high market capitalization and P/E ratio of SODA **surpasses** those of traditional soda companies, SODA's **share price can only be sustained if SODA truly provides more value to consumers than traditional soda companies**. In order to get a sense of SODA's worth to consumers, the company's product should be scrutinized.

Fundamental Product Issues

A Huge Hassle: SODA has made the soda-making process very basic; however, just because the process is basic, does not mean it is not **tedious**. Appendix I outlines the entire soda making process; **read over Appendix II before continuing**.

- It takes even an experienced soda maker roughly **two minutes** to make a soda, as opposed to simply popping open a can of Coke which takes **less than a second**. The soda making process is fun at first, but the **long wait time gets annoying**, especially for consumers who are eager to get their soda fix. Professional product reviewer David Bell says it best: "The first couple of times [SODA is] kind of interesting, but after **that it just gets repetitive, and you wish you had a bottle of Coke** that you could just pull out and start drinking **without the hassle** of making it."
- Also, note in steps three, five, and six, the soda can **potentially explode**. SODA is infamously known to cause messes, especially if a user attempts to rush the long process: an Amazon customer remarked, "I've had two tanks explode... it's a **pretty large blast**."
- It is **difficult to get the soda to taste quite right**. Too little or too much carbonation or soda syrup can ruin the beverage. When putting in the wrong amount of syrup, Mother Nature Network's Product Reviewer Shea Gunther described the soda as having a "**chemically cloying flavor**."
- The **Co2 cylinder and soda syrups** that come with the fountain jet pose **other inconveniences** in that they are hard to replace. A consumer will not be able to find SODA products in an average grocery store. Instead, SODA only offers new carbonator cylinders and soda syrups at various Bed, Bath, and Beyonds, Best Buys, JC Penneys, and other stores that are not considered grocery stores. This poses a problem for SODA because consumers usually buy soda **along with their weekly groceries**. However, SODA users must make an **entirely separate trip** to Best Buy in order to re-stock their soda supplies.

No Value Proposition: One of the most **glaringly incorrect misperceptions of SODA is frequent soda drinkers will save money** by buying the product. A simple comparison of the per liter cost of soda relative to other soda brands demonstrates the **falsity of the company's value proposition**.

- SODA maintains a **high per-liter cost**. The product contains both fixed- the fountain jet- and variable- Co2 cylinder and the soda syrups-costs. Even **neglecting fixed costs, SODA's variable costs per liter still outweigh competitor costs**. The Co2 cylinder has the capacity to make 60L of soda. New Co2 cylinders can be bought for \$36 or refilled for \$16. For the purposes of **conservative cost estimation**, \$16 will be the assumed cost for the cylinder and thus \$0.27 per liter. The average price of soda syrup stands at approximately \$7.5 per bottle, which makes 12L of soda, or \$0.625 per liter. Thus, **total variable cost per liter is \$0.895**.
- The following prices are based off of Safeway and Giant pricing. 2L brand name colas such as Coke and Pepsi cost around \$1.67, or **\$0.835** per liter. However, generic brand colas are **even cheaper** ranging from **\$0.50** or **\$0.645** per liter. Other soda flavors have lesser per liter fees as well: Canada Dry ginger ale **\$0.645**, Fanta **\$0.495**, Sunkist **\$0.645**, A&W Root Beer **\$0.645**, and Sprite **\$0.835**. All these prices are less than the \$0.895 per liter cost of SODA products. Remember, the SODA cost calculations **do not even include the fixed costs of the fountain jet**.
- Thus, keeping in mind that SODA's variable costs surpass the total cost of its competitors, Zane Jones of Green Gear Product reviews has stated, "**no matter how much you drink using the SodaStream you'll never recoup your initial investment**." The high variable costs of the product leave SODA consumers in a precarious **catch-22**: only consumers who drink a lot of soda would be willing to buy SODA's product; however, **those who drink the most soda** using end up **losing the most money**.
- There is still more to be said about the different models of fountain jets: the **subtle differences** in form and function **fail to justify the large price differences between models**. Higher end models produce sodas with the **same amount of time, taste, variable costs, and product life as the low end models**. The characteristics of the models that actually do differ provide **trivial benefits** to the consumer. Take for example, the cheapest \$80 model, Fountain Jet, and the most expensive \$200 model, the Penguin. Although the price difference is a whopping \$120, the Penguin varies from the Fountain Jet in merely two ways: the Penguin comes with two glass closures and is designed to look like a Penguin. The market price for glass closures lies at \$10 per closure. Thus, a consumer is **effectively paying \$100 for his or her SODA product to look like a penguin, an unreasonable investment** by most people's metrics.

Unsustainable Growth, Lessons in History: Many investors argue SODA brings **consumer loyalty**, and the product is **not a fad**. However, these investors have slipped into the misperception that SODA is new company with a new product. In reality, **soda makers have been around since the very early 20th century**.

- SODA's roots can be traced back to 1903 as a subsidiary under W&A Gilbey Ltd. Back then, SODA operated only in the UK, and its fountain jet was known by the less polished name of "apparatus of aerating liquids." In the 1920s, the company produced its first syrups and home carbonation machines. At this point, SODA still operated as a **quaint small business** which had not gained much prominence. However, this changed during the 1970s and 1980s, when SODA, launched a sizable marketing campaign, which included the clever jingle "get busy with the fizzy," and gained huge popularity in the UK. Unfortunately, popularity waned considerably by the 1990s.
- The history of SODA elicits several questions **bullish SODA investors do not want to answer**. If SODA truly provides more value to consumers than traditional soda companies, why does the company **still lag** far behind traditional soda companies in terms of sales after existing for so long? If SODA is really not a fad and does gain customer loyalty why do sales exhibit **short bursts of extreme growth-instead of consistent steady growth**? More importantly, why is the product

only gaining prominence now after 100 years of being on the market?

- A good portion of the latter question can be answered by looking at the company's **marketing, which drives much of its profit growth**. Notice, the 1970s period of flourishing in the UK market **resulted from SODA's advertising campaigns**. In recent times, the company has once again been **rebuffing its marketing expenditures** which have in part caused the **resurgence of the company: sales and marketing costs have risen over 266%** for the years 2008-2012. Appendix III outlines in more detail the company's sales and marketing spending patterns.
- Truth be told, **SODA markets exceptionally well**. In this way, SODA deserves comparison with Apple: both companies sell **eye-catching and elegant products** and utilize extremely **clever advertising**. Still, **at the end of the day, marketing can only do so much**. Apple gives its customers a very tangible value proposition in making technology that is approachable and appealing with superior design and usability. On the other hand, **SODA's products add little value**; the product is expensive and a hassle to maintain. Therefore, without fundamental product strength the company's **marketing-driven growth is unsustainable**.

Unoriginal Product: SODA is not the only option for consumers who want to make their own soda. **Soda siphons and other soda makers have been around for years**. In fact, SODA's product is one of the **most expensive soda makers**. On Amazon, the cheapest soda siphons can be bought for roughly \$40- a \$40 difference with SODA's low-end models- while the most expensive siphons cost around \$90- a \$110 difference with SODA's high end models. Consumers can also find many **different makers of soda syrups offering cheaper syrups** than SODA.

Making soda sounds fun. Sadly, the fun quickly dies out, and consumers wish to go back to drinking regular soda.

Carbonated Beverage Industry

Consistently Declining Soda Industry: Since 2000, the carbonated soft drink (CSD) industry has been in **steady decline** while soda alternatives- juice, coffees, teas, and sports drinks- have **stolen market share from leading CSD producers**.

- According to *Beverage-Digest*, total sales volume rates have **fallen faster** in the past three years: **-0.5%** in 2010, **-1%** in 2011, and **-1.2%** in 2012, which exhibited a **26 year low** for total sales volume. However, *Beverage-Digest* includes fast-growing energy drinks in the CSD category; energy drinks excluded, 2012 CSD growth lies at approximately **-1.7%**.
- **Per capita soda consumption is also on the decline**. Eight-ounce servings per capita fell from **728** in 2010 to **714** in 2011 and finally to **701** in 2012. From its 1998 peak, **per-capita consumption has dropped approximately 16%**.
- Daily per capita **bottled water consumption has risen** well over 100% since 2001 while daily per capita **non-carbonated soft drink consumption reached a new high** of over 0.5 servings in 2012.

Highly Saturated Soda Market: Stealing market share from companies like Coke and Pepsi is extremely hard to do.

- Soda **brand name loyalty is very strong**. Coke and Pepsi have, for many years, successfully **integrated their bottled sodas into the lives of their customers**. Charlotte Beers, the CEO of Ogilvy and Mather, once remarked, "I had my first kiss while I had a bottle of Coke in my hand. **Coca-Cola isn't about taste; it's about my life.**"
- In addition, **SODA is not going to reach any soda drinkers that Coke, Pepsi, and Dr. Pepper Snapple Group have not**. Coke and Pepsi's market caps are 189.75B and 101.31B respectively, and their products are sold from the bright lights of New York City to the modest farmlands of Tingtou, China.
- Within the total CSD market, SODA can only capture a portion of the revenues because SODA's product is **only desirable in certain contexts**. For example, traditional soda companies make a lot of money from customers who want to grab a drink **on-the-go**. These customers may be on road trips, coming back from work, or walking from one place to another; in any case, these customers are in motion while drinking their sodas. **SODA will never be able to capture the market of on-the-go drinkers**. Imagine the ridiculousness of someone hurrying to work, pulling out a SODA fountain jet in the middle of the street, and starting to make their own soda.
- Remember, SODA only attracts people who would be interested in making their own soda in the first place. **Many consumers simply see the soda making process as a burden**.

Geographic Profit Segmentation: The aggregate revenues and net income displayed on SODA's income statement paint a picture of financial success. Conversely, **a look at segmented revenues by geography tells a different story**.

- SODA's **success in Europe hides its losses elsewhere**. In 2011, revenues in Western Europe stood at an impressive \$44.862 million while sales in America **merely reached \$409,000**. The year before that, the company documented a \$27.124 million profit in Western Europe; but, SODA actually **lost nearly \$5.5 million in the Americas**.
- One of the reasons why Europe grants SODA so much income is because of the **high levels of carbonated water consumption in Europe**. Many SODA consumers utilize the machine to make seltzer; they do not use or buy soda syrups. Unfortunately for SODA, **seltzer water is not that popular in the Americas**.
- The limited profitability of the Americas poses a huge problem for SODA, especially since the **SODA has increasingly devoted more and more resources to the Americas**. From the period 2010-2012, the Americas' share of total SODA revenue has increased from **19.6% to 36.1%** while Europe's share has fallen from **62.1% to 46.9%**. The **unprofitability of the Americas is becoming a bigger part of the company**.

How It Plays Out

- SODA continues to **thrive off of momentum in the next two years** in the Americas market. Marketing costs keep increasing and level off. Clever advertising promotes sales to **new customers**.
- Profits and revenues in the **European market start to slowly decline**, and marketing expenditures also decline after one to two years.
- **Customers realize the inconvenience and the costliness of SODA products**. Some consumers continue to refill Co2 canisters for seltzer water. Many soda drinkers stop drinking SODA's soda.
- Soda syrup sales drop.
- All the while, the **CSD market continues a slow and steady decline**. Any increases in total volume will be temporary.
- Lack of customer loyalty reduces revenues and profits in the Americas and Europe. **The share price begins a decline**.

Risks / What Signs Would Indicate We Are Wrong?

Increasing Co2 Refills and Soda Syrup Sales: Co2 refills and soda syrup sales indicate whether customers are actually choosing to reuse their fountain jets after the initial purchase. Unfortunately this memo could not gather Co2 and syrup data because Co2 refill rates and syrup sales are **unreleased private information**. The inclusion of these statistics would give a **fuller picture of customer loyalty**.

The Green Movement: SODA exhibits **much more environmentally conscious behavior** than its competitors. All of SODA's materials are re-usable. The green movement has found support from a wide variety of sources including sovereign governments, international governing bodies, NGOs, non-profits, the scientific community, and grassroots movements. A wave of **green support could boost SODA's sales** significantly. However, **such a wave of environmental support seems unlikely**, especially in the face of a struggling world economy.

Fighting Obesity: For years, government officials, American officials especially, have used national and state legislation to limit child sugary drink consumption. Relative to other soft drinks, **SODA's sodas contain much less calories**. Obesity concerns may possibly increase SODA's sales. But insofar, government regulation of sugary drinks has **only hurt the overall CSD market without benefitting any specific CSD producers**.

Signposts / Follow-Up

- Look at **segmented geographic revenues and net profits**
- Get a sense of Co2 refills and soda syrup sales through **VAR pertaining to SODA's retail outlets**
- Keep track of the green and health trends in Western Europe, the United States, Asia Pacific, and CEMEA.
- Stay alert for any **visual advertising** produced by SODA. YouTube is the most useful tool for this.
- Examine bottled soda and syrup costs

Description

Headquartered in Airport City Israel, SodaStream International Ltd. designs, produces, and markets home beverage carbonation systems which transform water into carbonated water. Exchangeable, refillable food-grade carbon-dioxide cylinders, reusable plastic or glass soda bottles, and approximately 150 flavor syrups comprise the beverage carbonation system. The company sells its product through 60,000 retail stores in 45 countries.

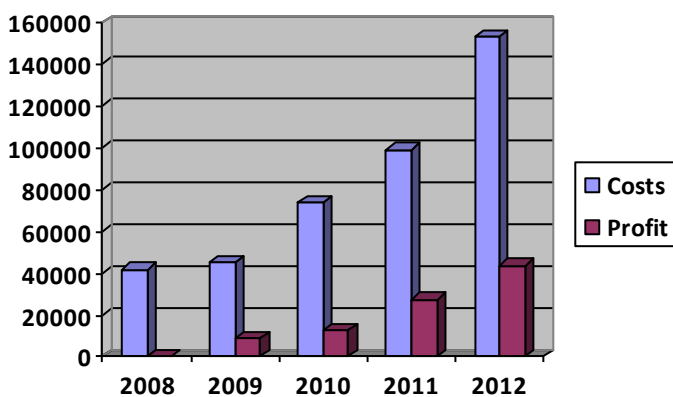
Appendix I: P/E Ratio Comparison

Company	P/E Ratio
PepsiCo	20.71
The Coca-Cola Company	22.03
SodaStream International	24.27
Dr. Pepper Snapple Group	16.09
National Beverage Corp	14.22
Cott Corporation	21.14
Green Mountain Coffee Roasters	23.76
Tsit Wing International	15.00
Monster Beverage Corporation	30.51
SkyPeople Fruit Juice	3.17
Jay shree Tea	13.14
Eldorado Artesian Springs	6.45
Leading Brands	13.51

Appendix II: The Soda Making Process

1. Put a large Co2 canister into a fountain jet.
2. Fill up a custom-made bottle with tap water, and attach the bottle to the fountain jet.
3. Manually carbonate the water in short bursts; the water is now carbonated. Be careful, carbonating the soda too much will cause **the soda and/or plastic bottle to explode**.
4. Detach the bottle from the fountain jet, and carefully measure the amount of soda syrup needed.
5. Pour the syrup into the carbonated water. Be careful, pouring the syrup too quickly will cause the **soda and/or plastic bottle to explode**.
6. Shake the bottle to mix the syrup. Be careful, shaking the bottle too quickly will cause the **soda and/or plastic bottle to explode**.
7. Taste the soda. If the soda is not carbonated properly, **repeat process** from step 2. If the soda is not flavored properly, **repeat process** from step 4.

Appendix III: Sales and Marketing Expenditures (in thousands)



Year	Expenditure Amount (in thousands)	Profit
2008	\$41,752	\$688
2009	\$45,006	\$9,252
2010	\$74,020	\$12,620
2011	\$99,170	\$27,485
2012	\$153,009	\$43,860

Appendix IV: Fair Value Price Target

EPS	\$2.09
5 Year Growth Rate	10%
Terminal Growth Rate	2%
Years of Terminal Growth	10 years
Discount Rate	8
Tangible Book Value	11.39
Growth Value	\$11.05
Terminal Value	\$16.96
Fair Value Price	\$28

Appendix V: Revenue Percentage Segmentation

	2010	2011	2012
The Americas	19.6%	29.0%	36.1%
Western Europe	62.1%	53.0%	46.9%
Asia-Pacific	6.2%	7.3%	9.7%
CEMEA	12.1%	10.7%	7.3%

Appendix VI: Sales and Income Segmentation (in thousands)

	The Americas	Western Europe	Asia Pacific	CEMEA
Year Ended December 31, 2010				
Revenue	\$40,945	\$129,369	\$12,847	\$25,253
Income Before Income Tax	(\$5,414)	\$27,124	\$2,871	\$3,049
Year Ended December 31, 2011				
Revenue	\$83,894	\$153,174	\$21,010	\$30,875
Income Before Income Tax	\$409	\$44,862	\$4,894	\$6,586
Year Ended December 31, 2012				
Revenue	\$157,705	\$204,332	\$42,367	\$31,912
Income Before Income Tax	\$8,565	\$49,196	\$11,085	\$4,225

Appendix VII: The Penguin Price: (\$200)



Appendix VII: VAR Contacts

I. Professional Product Reviews

Contact Information	Commentary
<p>Zane Jones Green Gear Product Reviews Founder J.P. Morgan Chase Officer ask@greengear.info</p>	<ul style="list-style-type: none"> - The soda syrup cups are like "mini washing detergent containers." - The lower-end model is "\$79.99, which is a significant amount of money, not everybody's going to be willing to pay that." - "The average American drinks 55 gallons of pop each year" - "It's important to note that no matter how much you drink using the SodaStream you'll never recoup your initial investment." - "We're going to go ahead and give this a rating of two out of five gears...obviously there isn't a value proposition. - Sodastream is "not for everybody"
<p>David Bell iBX Media Founder Musi Founder db@thedavidbell.com</p>	<ul style="list-style-type: none"> - "The one thing that I enjoy about the SodaStream, better than buying a two liter of Coke, is that it's better than recycling. You're not throwing out a lot of plastic bottles harming the environment." - "It takes some time to make the soda" - "The first couple of times [Sodastream is] kind of interesting but after that it just gets repetitive, and you wish you had a bottle of Coke that you could just pull out and start drinking without the hassle of making it."
<p>Mark Kennedy BuyMeAniPhone Reviews Editor and Reviewer Nexedzero@yahoo.com</p>	<ul style="list-style-type: none"> - There is really no "difference in the models. They all basically do the same thing, hold the Co2 cartridge." The difference in models is holding a 120 liter cartridge versus only holding a 60 liter cartridge. - The soda syrup cups look like "laundry detergent... measuring [cups]."
<p>Laura Sesana Washington Times Columnist lasesana@gmail.com</p>	<ul style="list-style-type: none"> - "Since you have to measure the syrup yourself and add it to the bottle after you carbonate the water, it may take a few times to get it to taste like 'real' Coca-Cola or Fanta." - "You cannot walk down to any local grocery store or deli and get a carbonator- like you can a bottle of soda."
<p>Shea Gunther Mother Nature Network Eco-Entrepreneur sheagunther@gmail.com</p>	<ul style="list-style-type: none"> - "The [SodaStream] soda syrups are not" tasty. - The taste engineers at SodaStream "decided to use the artificial sweetener in the entire line of syrups" which "along with all the other artificial sweeteners, taste terrible." - The syrups have a "chemically cloying flavor." - "It's really easy to make your own syrups"

II. Competitors and Sales Outlets

Contact Information	Commentary
<p>Sarah Mastrorocco Pepsi Company Finance Manager and Global Operations smastrorocco@yahoo.com</p>	<ul style="list-style-type: none"> - "I would be careful writing that Soda Stream has superior marketing vs Coke/Pepsi. Both Coke and Pepsi have been awarded for innovative marketing as well." - "[The] key to a successful new product Is repeat sales not trial. Trial is important but not sustainable- repeat customers (buying refills is key)." - Does SodaStream actually compete with companies such as Coke and Pepsi? "When I think about competition I don't just think about when/where it competes. ie : the consumer occasion." - "I recommend studying how Keuring K-Cup phenomenon has disrupted the coffee market." - "Though Kraft's Mio is not a CSD... this may be another good example to compare/contrast to SodaStream."
<p>Mathew Malament Coca-Cola Company Manager of Commercial Execution malament@gmail.com</p>	<ul style="list-style-type: none"> - "I would guess that Sodastream sees themselves as competing with Coke, and in a sense they're both vying for share of consumption." - "They are a very niche player targeting a specific usage occasion that coke doesn't focus on as much." - "Coke has not made any strategic adjustments to address Sodastream."

<p>Melissa Mikolajczak Fuze Beverages Regional Vice President mmikola@me.com</p>	<ul style="list-style-type: none"> - SodaStream is a “brilliant concept in this day of beverage variety and healthy alternatives” - “I believe it can be a successful niche market much like the one cup coffee makers” - Coke’s soda machine, “the Freestyle Fountain... offers something like 120+ flavors... meeting consumer’s demand for variety.”
<p>Michael York Coca-Cola Company Sports and Entertainment Marketer busterwahoo@gmail.com</p>	<ul style="list-style-type: none"> - "Also, I actually own a SodaStream and think it is a great product. I use it to make tonics, sparkling waters, etc..." - "But if I want a Coke, only a Coke will do..." - "I am not aware of efforts by Coca-Cola to compete against SodaStream."
<p>Dan Wise 7-Eleven Franchise Owner Zlander2@aol.com</p>	<ul style="list-style-type: none"> - "Making soda at home might be novel, but [customers] will soon grow weary of it, especially when you consider that the per capital consumption is over 45 gallons annually." - It is not "easy to obtain and store the syrups." - " Trust me, tap water varies tremendously in taste and quality." - "Carbonated soft drinks have not grown in total volume in years. Water, isotonics, energy drinks, coffee drinks, and teas have all grown while CSD's have declined." - "Outside of Western Europe, the U.S. and a few Pacific rim countries this product is unaffordable." - "In most emerging markets soda is still sold as a single unit in a returnable glass bottles to minimize the cost per serving." - "Coke and Pepsi are rolling out fountain machines that allow the consumer to blend any of 100 flavor combinations." - His final word on SodaStream: "Benevolent under dogs always tug at the heart strings but that is not the same as tugging at the purse strings."

Appendix VIII: Blue Shift Ideas VAR Summary

Blue Shift Ideas analyzes companies by engaging in VAR. The report gathers the opinions of various store outlets that sell SODA products, US consumers, European consumers, and industry experts.

1) U.S. RETAIL STORES

4 of 8 sources said sales of SODA machines and consumable products were growing, and the other 4 said sales were steady. None said the product was on the decline or that customers were losing interest. In fact, awareness is growing through word of mouth, increased advertising and in-store demonstrations. Carbonator sales and exchanges are consistent at BBBY stores and will become available at KSS stores as early as this fall. SodaStream was prominently displayed in BBBY stores visited by Blueshift, while it occupied a smaller area in KSS and BBY. **Two KSS stores have had to replace stock more frequently, reported growing syrup sales, and soon may sell carbonator refills.**

3) EUROPEAN RETAIL STORES

Our 5 sources said Europe’s SODA machine and consumable sales are steady but not impressive. A Swedish source said sales were lower this year after a massive advertising push in 2010, and a German source said the trend was over entirely. The United Kingdom’s SODA relaunch has been backed by strong advertising, but significant sales have not yet followed. **Carbonator and refill sales were consistent for all sources, while syrup sales were a bit hit-and-miss.**

Ideas for the Club

I think one of the best ways to get MII members engaged is to create a **work-your-way-up promotional system**. In all honesty, the incentive to become an associate or join an associate team is null when you could directly just run for manager. Thus, I think each winter election, there should be a number of management positions reserved for top-performing associates. These top-performing associates would be judged on the quality of their research, ability to motivate and engage their team, and other metrics that signal club fostering. And, a certain amount of future associates should be chosen from associate teams, as recommended by the associates that lead those teams. The extra incentive of moving up the ladder would encourage more people to be associates and associate team members. Additionally, the analysis and work put together by associate teams would be of top quality because everyone is engaged in friendly competition with each other to, once again, move up the ladder.

Another improvement idea pertains to **writing articles in the Cavalier Daily**. I have read some past articles written by Harrison Freund which were excellent. These articles could pertain to investment philosophies, business analysis, economic policy opinion columns, and anything else dealing with business and economics. I think members would be really excited to write articles because their research and ideas would have an opportunity to be presented outside the MII community. Also, MII would also promote itself to the UVA community and attract new members.