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Case Study

Crocs, Inc.: Managing Corporate Resources (Strategic Perspectives)

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ABSTRACT

The role of the strategic management process in organizations is to produce the best strategic plan that an organization can adopt based on its individual qualities and market position to achieve a superior competitive position in the market. The purpose of this study is to evaluate how the strategic management process can be utilized by Crocs, Inc. (Crocs) to gain and maintain a long-run competitive position in the footwear industry. This analysis considers and applies the three stages of the strategic management process, strategy formulation, strategy implementation, and strategy evaluation, to Crocs, utilizing Crocs' current company data and strategic position and applying strategic management process tools. Analysis results feature a recommended vision and mission statement for Crocs, the best strategies for Crocs to pursue, how Crocs can progress toward achieving such strategies (through certain policies, risk considerations, and financial projections), and how the company can successfully evaluate and adapt strategies if necessary. This analysis implies how Crocs may best utilize the strategic management process to achieve success as a company in the footwear industry.

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Introduction

Crocs, Inc. (Crocs) is a company that focuses on everyday footwear and accessories. Founded in 2002 in Boulder, CO, by Lyndon Hanson, Scott Seamus, and George Boedecker, Crocs started with the purpose of filling a market niche. Originally, Crocs focused on catering to sailors and gardeners with its clog-like shoes made from a closed-cell resin, "Croslite," that provides grip, eliminates odor, and is easy to wash. (Droege & Dong, 2009). Crocs' founders' goal was to provide a shoe that was both functional and durable while still being comfortable (Droege & Dong, 2009). Since Crocs' origination, the company has morphed into a global brand that manufactures and sells shoes, accessories, and clothing to all people seeking a sustainable and comfortable lifestyle (Lim, 2018). Today, Crocs has over 350 retail locations, 13 company-operated e-commerce sites, sells shoes in over 90 countries (Crocs, 2021a). An overall strategic evaluation of Crocs will provide insight into how the company currently participates in the strategic management process regarding its company identity, market positions, and company objectives. Considerations of Crocs' current strategic management process will allow for recommendations to improve Crocs' overall strategy, allowing the company to gain and maintain a long-run competitive advantage in the footwear industry.

Vision, Mission, Objectives, and Strategies

Crocs' current vision and mission statement, objectives, and strategies indicate its current goals, direction, and purpose. According to David and David (2017), a company's vision statement should denote what that company strives to become, while its mission statement denotes who the company is as an organization. Crocs' vision statement, which can be found on its website, is "Everyone comfortable in their own shoes" (Crocs, 2021b, para. 1). The company's current mission statement is, "At Crocs, we take our fun as seriously as we take our collective mission to make the world's most delightfully comfortable shoes" (Comparably, 2021, para. 1). Both statements reveal that Crocs is characterized by producing comfortable shoes but are generally vague, suggesting that they can be modified to better suit the company and provide more direction.

Crocs has recently been focused on increasing its brand awareness, engaging in product development, and saving money by closing store locations and transitioning to all third-party distributors. Crocs' current objectives include strengthening its brand globally, developing innovative and relevant products, and enhancing its digital marketing presence

(Crocs, 2021a). One strategy that Crocs is currently pursuing is market penetration. The company is seeking to expand its market share in China, increasing its brand awareness through celebrity collaborations with the famous Chinese actress Yang Mi (Crocs, 2021c). According to Meyersohn (2018), Crocs has also been pursuing a product development strategy, as it has been focused on modifying its current products to make them more relevant to today's consumers. As discussed by Crocs (2021c), its product development strategy specifically has involved: Increasing product prices, creating a more favorable product mix, and establishing fewer promotions and discounts. In the following analysis, strategies that Crocs should pursue in the future will be recommended.

Vision and Mission Statement Recommendations

A company's vision and mission statement are critical for establishing a direction for a company to create a foundation for the entire strategic management process. Sull, Sull, and Yoder (2019) support that a company's vision statement should be bold and vivid, representing what the company strives to become in the future. Although Crocs' current vision statement is vivid, it is recommended that the vision statement should be altered to the following: "Everyone comfortable in their own shoes, anywhere." By adding the word "anywhere," the vision statement implies a future for Crocs that still emphasizes comfort but also and capitalizes on fulfilling the unique needs of people wherever in the world they might be, opening the doors for global and product expansion.

Crocs' current mission statement is very brief and should be modified to define more robustly what the company does and who it serves. David and David (2017) note that an effective mission statement should be written from a customer perspective and address the following nine components: Customers, products, markets, technology, survival/growth/profitability, philosophy, self-concept, public image, and employees.

Below, a mission statement has been created for Crocs based on David and David's (2017) recommendations:

We are committed to providing all children, women, men, and people with comfortable, sustainable, and innovative shoes made from our patented Croslite technology. Our customizable and flexible products allow for ample personalization and exploration anywhere in the world. We are determined to

continue our international expansion, benefiting our shareholders by saving on production costs while maintaining a fun and ethical company culture for employees. We strive to benefit our community and environment by using no packaging and recycling used shoes.

Crocs' more robust mission statement recommendation establishes a clearer sense of who the company is, giving more direction and a sense of purpose to its employees, shareholders, and customers. Crocs recommended vision and mission statement are the basis for successful strategic management.

Strategy Formulation: Input, Matching, and Decision Stage

Now that Crocs' current mission and vision statement and current objectives/strategies have been reviewed, the next steps in the strategic management process evaluate Crocs' internal and external position and develop and choose a strategy to pursue. David and David (2017) present a general strategy-formulation framework that can be used for any company, which involves three stages: the input, the matching, and the decision stage. This three-stage framework will be applied to Crocs to ultimately reveal its best strategies to maintain a sustained competitive advantage in the footwear market given its current market position.

The Input Stage

The first stage of Crocs' strategy-formulation analytical framework is the input stage. The input stage identifies and evaluates important information about Crocs' current internal and external market position and its position relevant to its major competitors. As recommended by David and David (2017), this stage of the strategy formulation process involves creating an Internal Factor Evaluation (IFE) Matrix, an External Factor Evaluation (EFE) Matrix, and a Competitive Profile Matrix (CPM) for Crocs. All three of these matrices feature important information about Crocs' current market position that can be used to discover what strategies will be the best option for Crocs to achieve a sustained competitive advantage in the footwear market.

Crocs' Internal Factor Evaluation (IFE) Matrix

One tool used to examine a firm's current internal market position is the IFE Matrix. According to Ibrahim, Nurrochmat, and Maulana (2019), the IFE Matrix is used to identify, classify, and rank a company's notable internal strengths and weaknesses. The steps of

creating an IFE Matrix include listing a firm's key internal factors (both weaknesses and strengths), assigning a weight to each factor, and assigning a rating to each factor (David & David, 2017). After each factor is assigned a weight and rating, each factor's weight is multiplied by its rating to determine a weighted score (David & David, 2017). An IFE Matrix has been created for Crocs and is featured in Appendix A.

Crocs' IFE Matrix reveals that some of its most relevant strengths are that the company saw a revenue increase of 12% in 2020, an e-commerce growth of over 58% in 2020, and the company's International Operations account for 59.3% of its total revenue (Crocs, 2021b). Crocs' most relevant weaknesses include that it has unpenetrated the Chinese market (the second largest footwear market) and that its largest third-party manufacturer accounts for 46% of its inventory production (Crocs, 2021a, Garcia, 2021). Such findings suggest that Crocs is currently in a strong and growing financial position and can increase its dominance in the footwear industry by capitalizing on its international presence and working toward infiltrating the Chinese shoe market.

Crocs' External Factor Evaluation (EFE) Matrix

Like the IFE Matrix, the EFE Matrix is a tool used to determine a firm's current external market position. Ibrahim, Nurrochmat, and Maulana (2019) discuss that the EFE Matrix is used to identify, classify, and rank notable external threats and opportunities to a company. The EFE Matrix has identical construction steps to the IFE Matrix, differing only in listing the company's external threats and opportunities instead of its internal strengths and weaknesses. An EFE has been created for Crocs and can be seen in Appendix B.

Observing Crocs' EFE matrix reveals that the most relevant external opportunities for Crocs' are that Gen Z (ages 7-22) and Millennial (ages 23-38) consumers have increased time dedicated to household activities, and 62% have increased time spent on social media (Petro, 2020). Further, 71% of American adults worked remotely at the end of 2020. Prevalent threats to Crocs include the currently high unemployment rate in the U.S. and that there is high competition in the international footwear industry, where brand giants such as Nike, Adidas, and Puma all compete (Bureau of Labor Statistics, 2021, MarketLine, 2020). These findings suggest that Crocs can capitalize on its product appeal to those seeking comfortable

loungewear by targeting Millennial and Gen Z consumers through relevant advertising. The company should also focus on its international presence, such as in China, finding a way to differentiate itself from footwear giants such as Nike.

Crocs' Competitive Profile Matrix (CPM)

A CPM is one tool that can be used to determine how well a company compares to its major competitor(s). The first step in creating a CPM is to list critical success factors (CSFs) that are essential to businesses in the industry under question, which are assigned a weight of importance, with the constrictor that all critical success factors sum to one (Jaksic, Ivanjko, and Njavro, 2015). The company under analysis and its competitor(s) are then rated on a scale from one-four indicating how well each company performs on each CSF (Jaksic et al., 2015). For each company, their respective CSF ratings are multiplied by the CSF's weights to generate a score, indicating how well each company handles the relevant CSFs. (Jaksic et al., 2015). Lastly, Jaksic et al. (2015) discuss these scores are summed to determine a total score for each company, representing how the companies compare to each other overall.

One of Crocs' major competitors in the footwear industry is Skechers U.S.A., Inc. (Skechers) which has a similar market share and company price profile to Crocs (CSI Market, 2021). To determine how Crocs compares against Skechers regarding relevant footwear industry CSFs, a CPM has been created and can be seen in Appendix C. The CPM reveals that Crocs has a greater total score of 2.79 than Skechers' total score of 2.39, indicating that Crocs currently has a competitive edge over Skechers in the footwear industry. On a more specific level, the CPM indicates that Crocs has a better management and financial position than Skechers but has a lower market share.

The Matching Stage

Following the strategy formulation framework's input stage, the matching stage involves formulating potential strategies that Crocs can pursue. According to David and David (2017), possible company strategies are developed during the matching stage by utilizing certain matching tools that use its current market position to provide viable strategic options. The three tools of a Strategic Position and Action Evaluation (SPACE) Matrix, Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, and the Grand Strategy Matrix will be used to complete the matching stage of strategy formulation for Crocs by generating alternative strategies that Crocs can pursue. These three tools will help generate both specific strategies

and the best type of strategy for Crocs to pursue.

Crocs' Strengths - Weaknesses-Opportunities-Threats (SWOT) Matrix

The first matching stage tool used to generate feasible strategies that Crocs can pursue is the SWOT Matrix. According to Verboncu and Condurache (2016), the SWOT Matrix's foundation is the internal strengths and weaknesses and external opportunities that a firm currently has. Once these four components have been identified for a company, elements from the components are matched to create four types of strategies: WT (weakness-threat) strategies, WO (weakness-opportunity) strategies, SO (strength-opportunity) strategies, and ST (strength-threat) strategies. (David & David, 2017). A SWOT Matrix has been created and can be found in Appendix D. The matrix reveals a total of 12 specific SO, ST, WT, and WO strategies that Crocs can pursue.

Crocs' Strategic Position and Action Evaluation (SPACE) Matrix

The second matching stage tool used to generate alternate strategies for Crocs is the SPACE Matrix. According to Gurbuz (2013), the SPACE Matrix is used to determine a company's current strategic position within a market and accordingly provides the course of action a company should pursue. Four dimensions are used to create a SPACE Matrix, two internal dimensions, Competitive Position (CP) and Financial Position (FP), and two external dimensions, Stability Position (SP) and Industry Position (IP), to determine a company's current strategic standing (David & David, 2017). These four dimensions are ranked on a scale of either 1 to 7 (FP and IP) or -1 to -7 (CP and SP), representing how well the company fares for each dimension (Gurbuz, 2013).

After being ranked, Gurbuz (2013) notes the averages of each dimension are calculated, the CP and IP averages are added together for an x-coordinate, and the FP and SP values are added for a y-coordinate. This coordinate is then graphed to demonstrate the firm's position.

A SPACE Matrix has been created for Crocs and is featured in Appendix E. The corresponding graphical representation of Crocs' current strategic position can be seen in Figure 1.

Crocs' current strategic position shows that Crocs has an aggressive profile. Since the company has managed to achieve a very strong financial position over the past year, and the shoe industry is stable, it should engage in market penetration/development or product development (David & David, 2017).

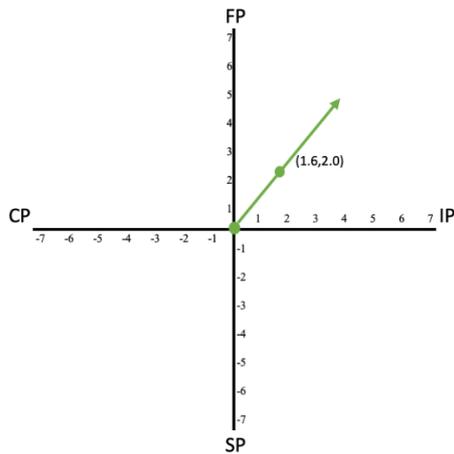


Fig 1: Graphical Representation of Crocs' Current Strategic Position

Note. This graph was created based on the average values obtained from Crocs' SPACE Matrix in Appendix E. The plotted point (1.6, 2.0) was found by adding the CP and IP averages (the x-coordinate, and by adding the FP and SP value averages (the y-coordinate). The vector starting at the origin and going through the point (1.6, 2.0) represents that Crocs is in the aggressive strategy quadrant.

Based on this information, viable strategy recommendations for Crocs include opening new stores in countries and cities with a high demand for sustainable footwear (market development), improving its current line of core products to make them more relevant and customizable (product development), or increasing market share in China by developing new celebrity and local marketing collaborations (market penetration).

Crocs' Grand Strategy Matrix

The third and final matching stage tool used for Crocs is the Grand Strategy Matrix. Like the SPACE Matrix, the Grand Strategy Matrix determines what types of strategies a company should pursue by designating it to one of four quadrants. Unlike the SPACE Matrix, though, the Grand Strategy Matrix is based on two dimensions: the vertical dimension being the company's relative competitive position and the horizontal dimension being the company's market's overall growth (David & David, 2017). If an industry's annual growth in sales is over 5%, it is categorized by rapid market growth, and if it is less than the industry, it is considered to have weak market growth (David & David, 2017). The company's competitive position is either considered weak or strong based on its current performance. Once these two dimensions for a company have been decided, it places the company in one of four quadrants in the Grand Strategy Matrix, featuring what types of strategy will be most advantageous.

Featured in Appendix F, a Grand Strategy Matrix has been created for Crocs. Based on data provided by Chouhan, Vig, and Desmukh (2020), the footwear industry currently has an annual growth of sales of 5.5%, which means that Crocs is in an industry of rapid market growth and is in one of the top two quadrants of the Grand Strategy Matrix. Secondly, based on Crocs' IFE and EFE results, Crocs currently has a strong market position in the footwear industry. These two factors place Crocs in the top right Grand Strategy Matrix quadrant, suggesting that Crocs should adopt a market development, market penetration, product development, integration, or related diversification strategy. Crocs' Grand Strategy Matrix's results reinforce the strategies produced for Crocs by the SPACE Matrix.

The Decision Stage

The final stage in Crocs' strategy formulation framework (the decision stage) is choosing the best strategy/strategies that Crocs can pursue based on the information generated from the matching stage. This stage involves completing a Quantitative Strategic Planning Matrix (QSPM), which is used to objectively decide on the best strategy option Crocs can pursue by ranking its feasible strategy options (David et al., 2017). Considering the collective results from the three tools used in Crocs' matching stage, Crocs' viable strategy options have been narrowed down to three strategies that can be compared within the QSPM. These strategies are one, expanding Crocs' e-commerce presence in China through online marketplaces; two, increasing marketing expenditures and social media presence; and three, directing spending to sandal product lines to enhance product customizability.

Crocs' Quantitative Strategic Planning Matrix (QSPM)

The goal of the QSPM is to objectively choose between strategies selected from the matching stage. After selecting strategies to compare, a QSPM is constructed by listing those strategies at the top of the matrix, and listing all of the company's strengths, weaknesses, opportunities, and threats and their weights from its IFE and EFE Matrices on the left side of the Matrix (David et al., 2017). An attractiveness score (AS) of 1-4 is then assigned to each strength, weakness, opportunity, and threat for each strategy, demonstrating if that strategy is highly attractive, relevant to that factor (4), reasonably attractive (3), somewhat attractive (2), or not attractive at all (1) (David

et al., 2017). After each strategy has been assigned an AS for each factor, each factor's weight is multiplied by the AS to generate a total attractiveness score (TAS) (David et al., 2017). Lastly, all TAS are added for each strategy to reveal its overall attractiveness.

Using the three strategies for Crocs as discussed prior and Crocs' IFE and EFE Matrices, a QSPM has been generated for Crocs and can be seen in Appendix G. Crocs' first recommended strategy, expanding Crocs' e-commerce presence in China through online marketplaces, has a total score of 4.12. Recommended strategy two, increasing marketing expenditures and social media presence, has a total score of 3.68. Crocs' third recommended strategy, directing spending to sandal product lines to enhance product customizability, scored a total of 3.48. These results indicate that strategy one is the most attractive option for Crocs to pursue, strategy two the second most, and strategy three the least most.

Strategy Implementation

Following the strategic management process's strategic formulation phase, the second stage, strategy implementation, is undertaken. Strategy implementation includes a plethora of activities, ranging from devising employees and establishing annual objectives to preparing budgets and creating the company's strategy's best organizational structure (David & David, 2017). Essentially, strategy implementation is the step in which means are taken to complete the strategy(s) chosen during strategy formulation. For Crocs, a consideration of its recommended strategies will be used to create fitting financial projections, annual goals, and policy recommendations, highlighting how the company may participate in the strategy implementation phase and any associated risks that it may face.

Strategy and Long-term Objectives Recommendations

Given Crocs' impressive financial performance in 2020 and the results from Crocs' QSPM, it is recommended that the company should pursue two strategies. The first is expanding its e-commerce presence in China through online marketplaces to increase its market share in the country. The second is that Crocs should increase its marketing expenditures and social media presence to target Millennial and Gen Z. In 2019, Crocs had \$83.2 million in marketing expenses (Sabanoglu, 2021). Based on this figure, Crocs should spend \$108.2 million in marketing expenses, which would be an increased cost of \$25.0 million. Additionally, it

is predicted that Crocs' expansion of its e-commerce business in China through online marketplaces will cost approximately \$50 million. By engaging in these strategies, Crocs should successfully increase its market share in China and win over a greater population of Millennial and Gen Z consumers, allowing for the company to embrace global diversity and more innovative marketing techniques. Projected financial statements for Crocs based on these recommendations will provide a more thorough view of how they can benefit the company.

Projected Financial Statement with Assumptions

One critical component of the strategy implementation phase is considering concepts related to company finance and accounting. Colorado State University Global (CSUG) (2021) states that "Evaluating the payoff of investments and securing the capital to fund investments are the core of finance in business" (para. 3), emphasizing the need for accurate financial projections based on reasonable assumptions. David and David's (2017) proposed financial projection format and process will be used to generate financial projections for Crocs. The first step to creating Crocs' financial projections is using past and current financial data from Crocs' (2020a) Form 10K to establish a baseline for future financial projections. Given the unique circumstances surrounding 2020, Crocs' financial data from 2019 and 2020 has been featured and considered in Crocs' projected financial statements.

With a financial statement foundation for Crocs, its financial projections for the next three years (2021-2023) can be created under assumptions aligning with recommended strategies. It is assumed that Crocs will pursue two strategies: one, expanding its e-commerce presence in China through online marketplaces to increase its market share in the country, and two, increasing marketing expenditures and social media presence to target Millennial and Gen Z. As stated prior it is recommended that Crocs spend an \$108.2 million in marketing expenses and \$50 million in e-commerce expansion in Chinese marketplaces to achieve its long-term goals. Based on Crocs 2019 and 2020 financial data and the above strategic assumptions, Crocs' predicted financial statements for the next three years have been calculated and are shown in

Appendix H.

Within Appendix H, financial data for Crocs such as the company's sales, cost of goods sold,

taxes, net income, earnings before interest and taxes (EBIT), earnings before taxes (EBT), and other relevant variables are featured for the years 2019-2023. After evaluating Crocs' previous financial variables and using the assumptions presented prior, it is suggested that Crocs' sales will increase by 20% yearly from 2021-2023. Using data from 2019 and 2020, Crocs' selling and administrative and other operating costs, interest, and other income are calculated for 2021-2023 using the percent of sales method, which assumes future variables will share the same ratio as Crocs' current data (David & David, 2017). It is important to note that while the percentage of sales method was used to calculate a baseline for Crocs' future cost of goods sold variable, this percentage is assumed to decrease by an additional 3% yearly. This additional decrease is designed to reflect a decreasing trend in Crocs' cost of goods sold to sales ratio spurred by Crocs' (2021a) transition to only third-party manufacturers in 2018.

Crocs' future taxes were similarly calculated as a percent of EBT, as recommended by David and David (2017). Notably, however, Crocs' tax data from 2017-2020 was used to calculate this percentage instead of just data from 2019 and 2020. The inclusion of extra data to form Crocs' tax rate for future projections is because Crocs has had a large fluctuation in recent tax figures and realized tax benefits in 2019 and 2020. As stated in the company's 2020 Form 10K, "Our effective tax rate has varied dramatically in recent years due to the intra-entity intellectual property rights transfer, differences in our profitability level and relative operating earnings across multiple jurisdictions and by changes in the valuation allowance" (Crocs, 2021a, p. 31). Due to this fluctuation, Crocs' average tax percent of EBT from 2017 to 2020 (19.03%) is used for future projections. After completing Crocs' projected financial statements, it is predicted that the company will reach a net income of approximately \$236,900,000 in 2023 if the company adopts the proposed strategies.

Annual Goal and Policy Recommendations

For Crocs' proposed strategies to be successful, they must be accompanied by clear policies and realistic annual objectives. David and David (2017) define annual objectives as "desired milestones an organization needs to achieve to ensure successful strategy implementation" (p. 208). Policies are the means an organization uses to encourage and support work toward annual goals, ranging from specific guidelines and procedures to rules and administrative

practices (David & David, 2017). In addition to the functional purpose of annual objectives and policies, the company must appropriately embody crocs' overall commitment to sustainability, ethics, and innovation to promote a positive company image and company culture. Dhanesh (2020) emphasizes that it has become more important than ever for companies to address not just economic responsibilities but ethical, environmental, and social responsibilities as well. For Crocs' recommended strategies, a suggestion of possible annual objectives that will promote a successful implementation of said strategies and how certain policies can enhance the process will be considered.

Crocs' first recommended strategy is to expand its markets share in China by increasing its e-commerce presence and investing in local online marketplaces. Some annual goals for Crocs to achieve this goal may include hiring an additional 30 software developers and hiring 15 additional systems analysts in its Asian division (Crocs, 2021a). Crocs should also aim to increase its percentage of e-commerce sales from 18.5% in 2019 to 22.1% in 2021 and expand its Asian division revenues from 5% in 2019 to 12% by 2021 (Crocs, 2021a). Some proposed examples of policies that Crocs can use to promote these annual goals are Human Resource (HR) recruiting from technology-focused universities and offering annual-goal-based bonuses. All Crocs employees should also adhere to strict e-commerce policies, such as specific shipping, returns, privacy, and terms of service policies.

Crocs' second recommended strategy is to increase its marketing expenditures and social media presence to target Millennial and Gen Z consumers. An example of an annual objective that Crocs can adopt to successfully implement this strategy is growing its current Instagram following from 1million to 2 million followers by 2022 by hiring one or more Instagram consultants (Instagram, 2021). Crocs should also require each of its business segments to contribute 2% to fund marketing expenses, to ensure the company has sufficient advertising funding (Crocs, 2021a). Corresponding policies Crocs can adopt may be increasing Crocs' America's warehouse inventory by 10% (to ensure increased demand is met promptly) and promoting company employees based on performance rather than seniority (to ensure all and young voices especially are represented). Additionally, regardless of any strategy Crocs chooses to pursue, the company should have strict rules and policies that prevent sexual harassment, discrimination, insider trading, complemented by an ethics training program

(David & David, 2017), which will allow Crocs to harvest a safe, and fun company culture.

Strategy Implementation Risks

During the strategy implementation phase, there are many risks that Crocs may incur. Cultural, operational, systems, and financial risks all pose potential threats and uncertainties to the company that must be considered and planned for (David & David, 2017). As Radomska (2014) states, given that “risk may constitute an unpredictable threat to the survival of the organization, it is necessary to take actions mitigating the impact of many types of risk on the development of the organization and to use the risk to generate benefits” (p. 33). For Crocs, one area of risk is its third-party manufacturing operations. Crocs (2021a) reports in its Form 10K that failure for its third-party manufacturers to comply with labor, environmental, and trade laws and regulations could harm the brand's reputation and import privileges.

Given Crocs' strong international presence and desire to increase market share globally (in China particularly), Crocs faces additional risks associated with international operation. Ozkan (2020) discusses that when operating in international markets, company's may face “adverse environmental conditions associated with the political system, economic conditions and cultural distance in a host country” (p. 8). Much of Crocs' financial success depends on its ability to provide diverse customers with appealing products and consumer's ability to pay for such products. Crocs also faces the financial risk of adverse fluctuations in foreign exchange rates (Ozkan, 2020). Crocs (2021a) describes in its Form 10K that its financial and business results are dependent upon the status of a large variety of global currencies, such as the Euro, Japanese Yen, Chinese Yuan, Russian Ruble, and South Korean Won.

Strategy Evaluation

An overview of strategic formulation and strategic implementation as it applies to Crocs has led to the strategic management process's final stage, strategy evaluation. Strategy evaluation involves deciphering how well a company's implemented strategies have performed and is an essential part of the strategic management process. A successful strategic evaluation system will allow Crocs to effectively handle risk by identifying environmental factor changes and ensuring that it makes satisfactory progress towards its goals and objectives (David & David 2017). Effective strategy evaluation also serves as an important

form of strategic control. It ensures that short-term objectives are aligned with overall strategic goals by communicating and updating strategic expectations (Panggabean & Jermias, 2020). Given that this analysis focuses on generating and endorsing strategies that Crocs can theoretically pursue, a recommendation of a strategy evaluation framework that Crocs can potentially utilize will be provided.

Strategy Review, Evaluation, and Improvement Process Suggestions

David and David (2017) propose a strategy-evaluation framework that consists of three basic steps. These steps include examining the variables that form a platform for a company's current strategies, comparing how well the company's actual performance meets planned performance in achieving objectives, and taking corrective actions when necessary (David & David, 2017). Following these steps and tailoring them to the company's needs will allow Crocs to examine any changes that may affect current strategies, evaluate organizational performance, and identify if the company needs to make amendments to better achieve strategic objectives.

The first step of the proposed strategy-evaluation framework involves reevaluating Crocs' fundamental internal and external factors. This reevaluation process is done by revising Crocs IFE and EFE Matrices to reflect any changes in external/internal factors if necessary and comparing any changes to the original matrices (David & David, 2017). Suppose there are no changes in Crocs' IFE and EFE drastic enough that warrant corrective action, then Crocs organizational performance must be evaluated. The Balanced Scorecard (BSC) tool is one option to evaluate Crocs' organizational performance.

The BSC uses various performance perspectives to evaluate if Crocs' has satisfactorily been progressing towards its goals (Nazari-Shirkouhi et al., 2020). The four performance perspectives in a BSC are financial, customer, Internal Personal Process, and Knowledge/Learning (Kassaneh & Workalemahu, 2018). For each of these performance perspectives, relevant company objectives are listed (Kassaneh & Workalemahu, 2018). Once all of Crocs' four perspective objectives have been listed out, the BSC is completed by listing performance measures and targets for each objective (Segarra et al., 2016). A sample BSC template created for Crocs is featured in Appendix I.

Following Crocs' BSC's completion, if Crocs'

organizational performance (as detailed in its BSC) demonstrates that it has successfully reached its planned objectives' progress, no corrective action is necessary. However, suppose it is determined that Croc's actual progress toward achieving its strategic objectives is insufficient. In that case, corrective action must be taken to Crocs on track for achieving its long-term goals (David & David, 2017). Some of the corrective actions that Crocs can take include altering the firm's structure, revising objectives, altering strategies, and redistributing company resources (David & David, 2017). Even though company change may be daunting, Crocs must address any concerns with its strategic plan and promptly take corrective actions to maintain a competitive advantage in the footwear industry.

Conclusion

As a company, Crocs currently has a mission to expand worldwide and offer a variety of consumers its unique, innovative, and comfortable shoes. Engaging in Crocs' strategic management process has provided useful insights into how the company can gain and maintain a long-run competitive advantage in the footwear industry. An initial evaluation of Crocs' current company position produced a recommended company mission and vision statement to create a clearer sense of purpose and directions for the company. Crocs strategy formulation phase evaluated Crocs' overall market position and how it compared to its major competition, generated feasible strategies for the company to pursue, and narrowed down the best strategic options for Crocs. Crocs' strategy implementation phase provided strategic recommendations, financial projections, risk considerations, and annual objective/policy recommendations for the company. Crocs' strategy evaluation considerations supply how the company can engage in strategy review, evaluation, and improvement processes.

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Appendix A - A sample Internal Factor Evaluation (IFE) Matrix created for Crocs, Inc.

IFE Matrix for Crocs, Inc.				
	Strengths	Weight	Rating	Weighted Score
1.	International Operations account for 59.3% total revenue	0.09	4	0.36
2.	E-commerce percent of revenue increased to 25.9% during 2020	0.06	3	0.18
3.	Wide international presence- Crocs sold in over 90 countries	0.07	3	0.21
4.	Increase of 12% for 2020 revenue, above 7% sales forecast	0.11	4	0.44
5.	Sold 18.9 million pairs of shoes fourth-quarter 2020, up 37.7% year-over-year	0.09	4	0.36
6.	Average selling price fourth-quarter 2020 increased 13.7% to \$21.63	0.06	3	0.18
7.	2020 e-commerce growth +58%	0.08	4	0.32
8.	Crocs shares more than doubled over past year, up 127%	0.05	3	0.15
9.	Exclusive product collaborations with celebrities such as Post Malone	0.03	3	0.09
10.	Crocs stock price has risen to 76.72	0.04	3	0.12
Weaknesses				
1.	Wholesale channel accounted for 50% revenue during 2020	0.04	2	0.08
2.	Sole dependence on third-party manufacturers	0.1	1	0.1
3.	Largest third-party manufacturer accounts for 46% inventory production	0.08	1	0.08
4.	Poor customer service record- ranks sixth among competitors	0.03	2	0.06
5.	Underpenetrated Chinese market sales, with approximately 5% 2019 sales in China	0.07	2	0.14
TOTALS		1		2.87

Rating Key
1 = Major Weakness
2 = Minor Weakness
3 = Minor Strength
4 = Major Strength

Appendix B - A sample External Factor Evaluation (EFE) Matrix created for Crocs, Inc.

EFE Matrix for Crocs, Inc.				
	Opportunities	Weight	Rating	Weighted Score
1.	2021 retail sales growth estimated between 6.5%-8.2%	0.07	3	0.21
2.	71% of American adults working remotely at end 2020	0.11	4	0.44
3.	54% American adults report wanting to work from home when pandemic ends	0.06	3	0.18
4.	Gen Z and Millennial consumers are have increased time dedicated to household activities	0.08	4	0.32
5.	62% Gen X and millennial consumers have increased time spend on social media	0.07	4	0.28
6.	Sandals accounted for 18% of footwear sales in 2020	0.05	2	0.1
7.	China's per capita disposable income saw real increase of 2.1% in 2020	0.07	1	0.07
8.	Social megatrend of personalization and individualism	0.06	3	0.18
	Threats			
1.	Unemployment rate down 0.4 percent point to 6.3% January 2021	0.08	4	0.32
2.	U.S. footwear imports fell by 27.5% in value year-over-year first 8 months 2020	0.07	3	0.21
3.	Counterfeit goods market and intellectual property protection laws	0.03	2	0.06
4.	For the fiscal year ending in 2020, Nike Inc.'s Greater China revenue increased 11% on a currency neutral basis	0.05	2	0.1
5.	Threat of import tariffs- 10% on Chinese-made footwear	0.05	1	0.05
6.	High competition in international footwear industry, Nike Adidas, Puma	0.09	3	0.27
7.	Quickly evolving fashion trends	0.06	2	0.12
	TOTALS	1		2.91

Rating Key
1 = Poor Response
2 = Average Response
3 = Above-Average Response
4 = Superior Response

Appendix C - A sample Competitive Profile Matrix (CPM) created for Crocs, Inc.

CPM for Crocs, Inc.					
	Crocs			Skechers	
Critical Success Factors	Weight	Rating	Score	Rating	Score
Advertising	0.17	3	0.51	2	0.34
Product Quality	0.13	2	0.26	2	0.26
Financial Position	0.19	4	0.76	3	0.57
Management	0.11	4	0.44	2	0.22
Price Competitiveness	0.11	2	0.22	2	0.22
Customer Loyalty	0.09	2	0.18	3	0.27
Global Expansion	0.11	3	0.33	3	0.33
Market Share	0.09	1	0.09	2	0.18
Total	1		2.79		2.39

Rating Key
1 = Major Weakness
2 = Minor Weakness
3 = Minor Strength
4 = Major Strength

Appendix D - A sample Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix created for Crocs, Inc.

SWOT Matrix for Crocs, Inc.		
Strengths	Weaknesses	
<ol style="list-style-type: none"> 1. International Operations account for 59% total revenue 2. E-commerce percent of revenue increased to 25.9% during 2020 3. Wide international presence- Crocs sold in over 90 countries 4. Increase of 12% for 2020 revenue, above 7% sales forecast 5. Sold 18.9 million pairs of shoes fourth-quarter 2020, up 37.7% year-over-year 6. Average selling price fourth-quarter 2020 increased 13.7% to \$21.63 7. 2020 e-commerce growth +58% 8. Crocs shares more than doubled over past year, up 127% 9. Exclusive product collaborations with celebrities such as Post Malone 10. Crocs stock price has risen to 76.72 	<ol style="list-style-type: none"> 1. Wholesale channel accounted for 50% revenue during 2020 2. Sole dependence on third-party manufacturers 3. Largest third-party manufacturer accounts for 46% inventory production 4. Poor customer service record- ranks sixth among competitors 5. Underpenetrated Chinese market sales, with approximately 5% 2019 sales in China 	
Opportunities	SO Strategies	WO Strategies
<ol style="list-style-type: none"> 1. 2021 retail sales growth estimated between 6.5%-8.2% 2. 71% of American adults working remotely at end 2020 3. 54% American adults report wanting to work from home when pandemic ends 4. Gen Z and Millennial consumers are have increased time dedicated to household activities 5. 62% Gen Z and Millennial consumers have increased time spend on social media 6. Sandals accounted for 18% of footwear sales in 2020 7. China's per capita disposable income saw real increases of 2.1% in 2020 8. Social megatrend of personalization and individualism 	<ol style="list-style-type: none"> 1. Direct spending to product sandal line to make personalizable (S4, O6,O8) 2. Increase Instagram and Facebook advertising to target Millennial and Gen Z consumers (S2, S7, O4, O5) 3. Reduce promotions and discounts to improve quality of revenue and image of products (S4, O1) 4. Invest in increased Jibbitz selection available for shoes, which emphasize individualization (S10, O8) 	<ol style="list-style-type: none"> 1. Develop local-for-local marketing campaigns in key Chinese cities (W5, O7) 2. Expand U.S. E-commerce distribution capacity (W1, O1, O3)
Threats	ST Strategies	WT Strategies
<ol style="list-style-type: none"> 1. Unemployment rate down 0.4 percent point to 6.3% January 2021 2. U.S. footwear imports fell by 27.5% in value year-over-year first 8 months 2020 3. Counterfeit goods market and intellectual property protection laws 4. For the fiscal year ending in 2020, Nike Inc.'s Greater China revenue increased 11% on a currency neutral basis 5. Threat of import tariffs- 10% on Chinese-made footwear 6. High competition in international footwear industry, Nike Adidas, Puma 7. Quickly evolving fashion trends 	<ol style="list-style-type: none"> 1. Seek new collaboration line, such with Luke Combs or another celebrity to improve brand image (S9, T7) 2. Increase spending on product advertising in other countries to enhance brand's uniqueness (S3, T3, T6) 3. Pursue continued collaboration with Yan Mi to engage Chinese consumers (S9, T4) 4. Moderate price increase in products such as the classic clog (O10, T6) 	<ol style="list-style-type: none"> 1. Hire new customer services representatives and invest in new training (W4, T6) 2. Expand online e-commerce business in China through marketplaces such as JD, Tmall, and VIP (W1, W5, T1, T2, T5)

Appendix E - A sample Strategic Position and Action Evaluation (SPACE) Matrix created for Crocs, Inc.

SPACE Matrix for Crocs, Inc.			
Internal Strategic Position	Value	External Strategic Position	Value
<i>Financial Position (FP)</i>	1 to 7	<i>Industry Position (IP)</i>	1 to 7
Earnings per share	6	Profit potential	6
Return on investment	7	Financial stability	4
Price earnings ratio	5	Ease of entry into market	4
Leverage	3	Growth Potential	6
Cash flow	7	Productivity	3
Average Value	5.6	Average Value	4.6
<i>Competitive Position (CP)</i>	(-1) to (-7)	<i>Stability Position (SP)</i>	(-1) to (-7)
Market share	-5	Rate of inflation	-4
Customer loyalty	-3	Price range of competing products	-3
Product quality	-2	Competitive pressure	-5
Product life cycle	-1	Barriers to entry into market	-4
Technological know-how	-1	Demand variability	-2
Control over suppliers and distributors	-6		
Average Value	-3	Average Value	-3.6

X Coordinate	Y Coordinate
(CP + IP)	(FP + SP)
1.6	2

Appendix F - A sample Grand Strategy Matrix created for Crocs, Inc.



Appendix G - A sample Quantitative Strategic Planning Matrix (QSPM) for Crocs, Inc.

QSPM for Crocs, Inc.							
Key Factors	Weight	Strategic Alternatives					
		1. Expanding e-commerce presence in China through online marketplaces		2. Increase marketing expenditures and social media presence		3. Direct spending to sandal product lines to make more customizable	
		AS	TAS	AS	TAS	AS	TAS
Opportunities							
1. 2021 retail sales growth estimated between 6.5%-8.2%	0.07	3	0.21	3	0.21	2	0.14
2. 71% of American adults working remotely at end 2020	0.11	2	0.22	3	0.33	1	0.11
3. 54% American adults report wanting to work from home when pandemic ends	0.06	1	0.06	2	0.12	1	0.06
4. Gen Z and Millennial consumers are have increased time dedicated to household activities	0.08	2	0.16	4	0.32	3	0.24
5. 62% Gen Z and Millennial consumers have increased time spent on social media	0.07	1	0.07	4	0.28	4	0.28
6. Sandals accounted for 18% of footwear sales in 2020	0.05	2	0.1	1	0.05	4	0.2
7. China's per capita disposable income saw real increases of 2.1% in 2020	0.07	4	0.28	1	0.07	1	0.07
8. Social megatrend of personalization and individualism	0.06	2	0.12	3	0.18	4	0.24
Threats							
1. Unemployment rate down 0.4 percent point to 6.3% January 2021	0.08	3	0.24	1	0.08	1	0.08
2. U.S. footwear imports fell by 27.5% in value year-over-year first 8 months 2020	0.07	4	0.28	1	0.07	1	0.07
3. Counterfeit goods market and intellectual property protection laws	0.03	0	0	0	0	0	0
4. For the fiscal year ending in 2020, Nike Inc.'s Greater China revenue increased 11% on a currency neutral basis	0.05	2	0.1	2	0.1	1	0.05
5. Threat of import tariffs- 10% on Chinese-made footwear	0.05	3	0.15	1	0.05	1	0.05
6. High competition in international footwear industry, Nike Adidas, Puma	0.09	1	0.09	3	0.27	2	0.18
7. Quickly evolving fashion trends	0.06	1	0.06	2	0.12	4	0.24
Total	1.00						
Strengths							
1. International Operations account for 59% total revenue	0.09	2	0.18	1	0.09	1	0.09
2. E-commerce percent of revenue increased to 25.9% during 2020	0.06	4	0.24	2	0.12	2	0.12
3. Wide international presence- Crocs sold in over 90 countries	0.07	0	0	0	0	0	0
4. Increase of 12% for 2020 revenue, above 7% sales forecast	0.11	3	0.33	2	0.22	3	0.33
5. Sold 18.9 million pairs of shoes fourth-quarter 2020, up 37.7% year-over-year	0.09	2	0.18	2	0.18	3	0.27
6. Average selling price fourth-quarter 2020 increased 13.7% to \$21.63	0.06	3	0.18	4	0.24	3	0.18
7. 2020 e-commerce growth +58%	0.08	4	0.32	3	0.24	2	0.16
8. Crocs shares more than doubled over past year, up 127%	0.05	2	0.1	2	0.1	3	0.15
9. Exclusive product collaborations with celebrities such as Post Malone	0.03	3	0.09	3	0.09	2	0.06
10. Crocs stock price has risen to 76.72	0.04	0	0	0	0	0	0
Weaknesses							
1. Wholesale channel accounted for 50% revenue during 2020	0.04	2	0.08	2	0.08	1	0.04
2. Sole dependence on third-party manufacturers	0.1	0	0	0	0	0	0
3. Largest third-party manufacturer accounts for 46% inventory production	0.08	0	0	0	0	0	0
4. Poor customer service record- ranks sixth among competitors	0.03	0	0	0	0	0	0
5. Underpenetrated Chinese market sales, with approximately 5% 2019 sales in China	0.07	4	0.28	1	0.07	1	0.07
Total	1.00		4.12		3.68		3.48

Attractiveness Score (AS)
1 = Not attractive
2 = Somewhat attractive
3 = Reasonably attractive
4 = Highly attractive
0 = Irrelevant
Total Attractiveness Score (TAS)
TAS = Weight*AS

Appendix H - A sample 3-year Financial Projection Statement for Crocs, Inc.

Crocs' Projected Financial Statements (in thousands)							
	Previous Year 2019	Actual Year 2020	Projected 2021	Projected 2022	Projected 2023	Percent Increase	Notes
Sales	\$ 1,230,593.00	\$ 1,385,951.00	\$ 1,663,141.20	\$ 1,995,769.44	\$ 2,394,923.33	20.00%	Current marketrends & company performance
Cost of Goods Sold	\$ 613,537.00	\$ 636,003.00	\$ 798,557.25	\$ 958,268.70	\$ 1,149,922.44	49.50%	% sales after increase e-commerce China, & 3%/year decrease
Gross Profit	\$ 617,056.00	\$ 749,948.00	\$ 864,583.95	\$ 1,037,500.74	\$ 1,245,000.89		
Selling & Administrative	\$ 488,407.00	\$ 514,753.00	\$ 638,891.79	\$ 766,670.15	\$ 920,004.18	38.41%	Average % of sales from 2019 and 2020
Other Operating	\$ -	\$ 21,071.00	\$ 12,642.60	\$ 15,171.12	\$ 18,205.34	0.76%	Average % of sales from 2019 and 2020
EBIT	\$ 128,649.00	\$ 214,124.00	\$ 213,049.56	\$ 255,659.47	\$ 306,791.37		
Interest	\$ 8,035.00	\$ 6,527.00	\$ 9,345.83	\$ 11,215.00	\$ 13,458.00	0.56%	Average % of sales from 2019 and 2020
Other Income	\$ 601.00	\$ 215.00	\$ 535.12	\$ 642.15	\$ 770.58	0.03%	Average % of sales from 2019 and 2020
EBT	\$ 119,322.00	\$ 206,979.00	\$ 203,168.60	\$ 243,802.32	\$ 292,562.79		
Taxes	\$ (175.00)	\$ (105,882.00)	\$ 38,662.99	\$ 46,395.58	\$ 55,674.70	19.03%	Average % of EBT from 2017-2020
Net Income	\$ 119,497.00	\$ 312,861.00	\$ 164,505.62	\$ 197,406.74	\$ 236,888.09		
Dividends	\$ -	\$ -	\$ -	\$ -	\$ -		
Retained Earnings	\$ 119,497.00	\$ 312,861.00	\$ 164,505.62	\$ 197,406.74	\$ 236,888.09		NE = NI-Dividens = NI

Appendix I - A Balanced Scorecard (BSC) template for Crocs, Inc.

Balanced Scorecard for Crocs, Inc.			
Perspective	Objectives	Measures	Targets
Financial	a. Example: Increase Revenue	Net Profit, Cost of Goods Sold	Increase 20% by 2022
	b.		
	c...		
Customer	a.		
	b.		
	c...		
Internal Process	a.		
	b.		
	c...		
Knowledge and Learning	a.		
	b.		
	c...		