One of the most important things to look at when analyzing an organization is the performance of upper management and the other mover and shakers of that organization. For example, assertaining whether or not they have the right vision to overcome the downsides of business, are they able to adapt and think on their feet, or are they unwilling to change. One way to learn about management’s strengths is to look at their Strengths, Weaknesses, Opportunities, and Threats (SWOT) Analysis. However, if one is looking for a number value the return on investment (ROI) ratio, the Return on Assets (ROA) ratio, and the operating profit margin ratio are good tools for determining the effectiveness of management.

The ROI for Time Warner for 2007 was and for 2006 was and the ROI for Disney for the year of 2007 were and for 2006 were

The above ratios were used to compare and contrast Time Warner and Walt Disney. First, the Return on Investment (ROI) ratio was employed. The basic ROI formula requires a determination of the investment center ROI, which is the investment center operating profit divided by the investment center average assets. Once the investment center operating profit has been determined the formula is then divided into the profit margin and asset turnover ratios (Albecht, Stice, Stice, & Swain, Pg. 965, 2007).

Next, the Return on Assets (ROA) ratio was analyzed. To compute the ROA for both Time Warner and Walt Disney is determined by multiplying the net profit margin by the asset turnover. The result for Time Warner for the years of 2006 and 2007, respectively was (add results) and for Walt Disney for 2006 was and 2007

The operating profit margin ratio is another tool used to measure organizational managements’ efficiency as it compares the quality of a company’s operations to its competitors. The organization offering a higher operating margin than the industry average often has lower fixed costs and a stronger gross margin, which gives management flexibility and it is the flexibility that provides the safety net during difficult economic environments. To determine the operating profit margin the operating expenses are subtracted from the gross profits and the result is the operating profit margin. Time Warner’s operating profit margin for the years of 2006 and 2007, respectively were \_\_\_\_\_\_\_\_\_\_\_ and Walt Disney’s operating profit margin was \_\_\_\_\_\_\_\_\_ for the year of 2006 and \_\_\_\_\_\_\_\_ for 2007. It was clear when comparing the two years of each organization surfaced as the leader in management efficiency.