Case Assignment 1: Grosvenor Group Limited

The overall objective of this case is to discern what is special about the derivative transaction the company is considering purchasing, how purchasing that derivative may benefit the company, and what is the place of this derivative in the company's overall strategy. What is the source of value from this derivative?

These are some questions I think it is useful to discuss in the course of arriving at an answer.

1. How does Grosvenor Group Limited make money? What are its sources of competitive advantage?
2. What are the risk factors determining the Grosvenor Group's success or failure in a given year?
3. Why has the company diversified internationally?
4. How do the different management groups contribute to Grosvenor's profitability? How does the holding company management add value? How does each operating company management add value?
5. Is the company able to get all of the value out of management at both levels? What constraints might prevent the company from getting full value out of both?
6. What are the reasons for the company shifting out of Britain and Ireland and into the Americas?
7. What is the problem that the derivatives transaction is designed to address? Suppose the derivative transaction were not available. What would the company do instead? How does the availability of the derivative transaction change the situation?
8. Does the proposed derivatives transaction replicate the effect of the company reallocating capital from Britain and Ireland and into the Americas?
9. Do you expect transactions like this one to become a regular part of Grosvenor's business?