

	ROIC vs WACC	Competitive Position	Does growth have value?	Industry	Valuation Metric	Comment
1	ROIC < WACC	Disadvantage	No	Competitive pressures will continue to mount	< Liquidation value or EPV	Close down as quickly as possible
		Neither A or D	No	In decline or excess capacity	< Liquidation value or EPV	Remove capacity from industry
		Advantage	No	Bad management	< Replacement value or EPV	Fire management as quickly as possible
2	ROIC = WACC	Disadvantage	No	Competitive pressures will continue to mount	< Liquidation value or EPV	Move quickly before ROIC < WACC
		Neither A or D	No	Steady state if industry is healthy	< Replacement value or EPV	
		Advantage	No, not with ROIC = WACC	Bad management	< Replacement value or EPV	Fire management as quickly as possible
3	ROIC > WACC	Disadvantage	No, will accelerate disadvantage	Competitive pressures will continue to mount	< Liquidation value or EPV	Move quickly before ROIC < WACC
		Neither A or D	No, may accelerate disadvantage	Competitive pressures may continue to mount	< Replacement value or EPV	Move quickly before ROIC = WACC
		Advantage	Yes, but only within franchise	Must match challengers	EPV, DCF	Growth has value, but be careful
1	ROIC < WACC	Disadvantage	No	Competitive pressures will continue to mount	< Liquidation value or EPV	Close down as quickly as possible
	ROIC = WACC	Disadvantage	No	Competitive pressures will continue to mount	< Liquidation value or EPV	Move quickly before ROIC < WACC
	ROIC > WACC	Disadvantage	No, will accelerate disadvantage	Competitive pressures will continue to mount	< Liquidation value or EPV	Move quickly before ROIC < WACC
2	ROIC < WACC	Neither A or D	No	In decline or excess capacity	< Liquidation value or EPV	Remove capacity from industry
	ROIC = WACC	Neither A or D	No	Steady state if industry is healthy	< Replacement value or EPV	
	ROIC > WACC	Neither A or D	No, may accelerate disadvantage	Competitive pressures may continue to mount	< Replacement value or EPV	Move quickly before ROIC = WACC
3	ROIC < WACC	Advantage	No	Bad management	< Replacement value or EPV	Fire management as quickly as possible
	ROIC = WACC	Advantage	No, not with ROIC = WACC	Bad management	< Replacement value or EPV	Fire management as quickly as possible
	ROIC > WACC	Advantage	Yes, but only within franchise	Must match challengers	EPV, DCF	Growth has value, but be careful