

The analysis of Gap Inc indicated that there were to experience growth during the first few years, but at the maturity stage there will be a decrease. In addition, the potential of having a more share price, gap Inc is a good tool against competitors because it shows a higher share price which is an advantage of investors against your competitor and also its ability to manage its debt with evidence of improvement this gives hope to the investor on the future of the company to do well.

In terms of business relation is not the best because it gives unattainable growth with the assumption that its market price will reach the anticipated value which attracts more investors, in real sense this is not attainable. In the sector where one has many players Gap Inc has some weakness because, it will show that the cash flow with large amount of the company turnover will be supported by debts.

This method has a lot of assumption which is unattainable in business ideal situation. For, instance a constant growth which was not attained in 2002 where the company registered a loss, because the approach does not fact in market fluctuation and are based on current estimates are based on information in prior period. The method when used by investors to evaluate returns on equity they can comprehend the limitation accompanied by this kind of analysis.

The analysis of Competitors includes evaluating their number and size of direct competitors detailing with the same product, after the launch of Gap Online shopping it had a negative draw back on company stock price decrease which showed that the Gap Inc had poor market efficiency for the short term a tool which can be utility by competitors, but for long term it has good rewarding in terms of improved sale. The clothing and other related products unlike other products online shopping was not the approach but later thing gets to normality as customers get used to it.

The weakness of Gap Inc can be seen as weak company research on terms of creditors analysis because Standard & Poor's who were the creditors lowered its long term corporate credit rating on The Gap Inc. to junk status of BB+ from BBB+ and lowered its short term corporate credit rating to B from AA, which was attributed to weak economy translating to poor retail purchasing power.

One of Gap, Inc.'s weaknesses is the Inventory Turnover. Since it is lower than industry and S&P 500, this means that Gap Inc products are not selling at the industry's pace. According to the analysis there was no probability on improvement in terms of credit measure this research caused the market trading decline with few points after Valentines Day went from approximately to 13.31 to 12.33.

The industry is greatly affected by the appointment of management whereby stock price were affected following the news headline. Because it was thought that the new management could take some time to adapt to the new organization. This was not the case because lowering of the stock price was only affected for several days and as was evident down trend and return a major increase up to 16.53.

The Gap, Inc capital share indicates that the company relies on debts to finance its budget compared to its competitors which consisted of 63% Debt and 37% Equity while the industry has 28% debt and 72%. This means that Gap Inc is not a good investment choice for investors. Because, before the company registered a loss in 2002 the capital structure was fairly constant, this model has limitations of inclusivity of financial distress cost, taxes and agency cost when finding the market value of the company.