

Big Andrew Inc.

COMM200 Final Paper

Company Evaluation and Key Learnings Report

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Introduction

Big Andrew Inc. has spent the past seven years building itself a name, reputation, and customer base in the sensor market. During this time it has emerged as the producer of the best-selling product in both the low-tech and high-tech market segments, and has shown strong profitability with nearly \$72 million in cumulative profit, including over \$20 million in 2026. It also leads the industry in revenue and stock price, the latter of which closed at \$72.60 on December 31st, 2026. Despite these indicators of corporate success, there are still many aspects of performance and profitability where the company can improve.

SWOT: Strengths and Weaknesses

Throughout the simulation, Big Andrew Inc. has done an excellent job of managing its cash position. Firstly, the company has never required an emergency loan. It has balanced its expenses, revenues, and financing every year in order to maintain a safe and somewhat liquid cash position. This is not to say a cautious or conservative approach was taken: the company took out several extensive early loans in order to market itself and build its production capacity. Early profits were then reinvested into further plant improvements and TQM investments, improving the company's operating margins, most notably by reducing materials, labour, and administration costs. To conclude, the company was very good at overseeing and managing its finances throughout the simulation.

Big Andrew Inc. is also the most profitable of all companies competing in the sensor market, accounting for 22.23% of the industry's sales revenue. It consistently leads the industry in profits every year and its stock currently trades at \$72.60, with a corresponding market cap of \$172 million. The next highest valued company in the industry, Digby, trades at \$50.38 and has a market cap of \$110 million.

Inventory management and sales forecasting were also strengths for the company, particularly late in the simulation. The company ended the final round with 3,534,000 combined unit sales and 470,000 leftover units, or 13.3% of that year's total unit sales. That figure is down from 15.3% inventory that was left from the previous year, despite price changes going into the final year of simulation which could have affected the accuracy of that year's sales forecast. [1]

However, while inventory management was a strength late in the simulation, the company struggled with it in early rounds. Ace, the company's product positioned to serve the high-tech market

segment, ran out of stock in its first three years of availability as production capacity struggled to meet consumer demand for the product. [2] [3] [4] Its low-tech counterpart, Able, also stocked out two years in a row early on due to poor sales forecasting. [5] [2]

Price awareness has also been a weakness for the company. Until two years ago, Ace was sold at a unit price of \$44.00 and Able was sold at \$34.00 per unit. [6] While these prices were within the interval desired by consumers, they were noticeably higher than most products in their respective segments and thus were not very competitive. These prices were then lowered twice, ultimately to \$41.00 for Ace and \$32.00 for Able during the past year. This resulted in sales increases of 87,000 Able units and 246,000 Ace units after multiple years of stagnant sales numbers for both products. It can only be speculated how many sales were lost in prior years as a result of not lowering these prices sooner.

A more current weakness for the company is its marketing efficiency. While Big Andrew Inc. is a titan of marketing with industry-leading customer awareness and accessibility figures, it spent \$7.4 million on promotion and sales in 2026. Of this, the company spent \$2.2 million on each product's sales budget. No other company had a sales budget of more than \$1.25 million for a given product. Though a significant portion of the company's competitive advantage is reliant on its marketing efforts, it may be possible to achieve similar results in customer awareness and accessibility using a lower budget.

Opportunities and Threats

Although the Able product is positioned to be sold to the low-tech market segment, 231,000 of these units were sold to high-tech customers in 2026. For comparison, 1,772,000 Able units were sold to low-tech customers that year. This means 11.5% of Able sales went to the high-tech market. It appears that there is a segment of high-tech consumers looking for a cheaper alternative, even going as far as buying low-tech products instead, presumably due to the cost of high-tech products.

Further market analysis shows three products which could be described as positioned in between the low- and high-tech segments: Best, Cent, and Dust. These products all have performance specifications ranging between 9.8 and 10.8, too low to be targeting the desired 12.3 high-tech performance but too high to be catering specifically to the low-tech segment with a desired

performance of 8.3. Furthermore, all three of these products were revised within the last year so it is not likely that these could be former high-tech products whose R&D efforts were cut back. They are also all priced between \$32.40 and \$34.50, whereas other products more obviously geared toward the low-tech market (except Able) are priced below \$29.00 and all high-tech products command at least \$40.00.

Sales figures for these products are promising as well: for the year 2026, Best sold 724,000 units (its entire inventory), Cent sold 899,000 units, and Dust sold 1,283,000. This comprises a total demand of 2.906 million units of these “mid-range” products. Of the 724,000 Best units sold, 206,000 were to low-tech customers and 518,000 were to the high-tech market. Cent shows an even more balanced 496,000-404,000 low-tech-high-tech split and Dust respectively sold at a 637,000-646,000 split.

The Foundation FastTrack report indicates a total industry demand of 9,822,000 low-tech units and 7,740,000 high-tech units, but these numbers do not account for the 1,339,000 low-tech sales and 1,568,000 high-tech sales that might be more accurately attributed to this possible middle segment. Accounting for these, the mid-range sales total of 2.906 million is better compared against a total low-tech sensor demand of 8.483 million units and a high-tech market size of 6.172 million units. In this light, the mid-range segment is almost half the size of the high-tech segment, which is not an insignificant market. Using their unit price and sales figures, Best, Cent, and Dust generated \$24,978,000, \$29,667,000, and \$41,569,200 in respective sales revenue, resulting in the total mid-range sensor market being valued at \$96,214,200.

In a level playing field, a fourth player in this market could expect to make more than \$24 million in annual revenue, not accounting for future growth. This likely justifies the costs of designing a new product to compete in this market, which are analyzed later in this report. However, the danger with implementing this product would be that customer buying criteria are not outlined for this unofficial segment the way they are for the low-tech and high-tech segments. There is no segment center, drift rate, growth rate, or ideal age, position, reliability, or price given. The only information available relates to the specifications and success of competing products. This risk only compounds those associated with market penetration where competitors have already established their products. Also present is the threat of new entrants as more competitors may follow suit and introduce products to this segment.

Another potential market opportunity has been demonstrated by Ferris, which has positioned two products to compete in the high-tech market segment and is not competing in the low-tech segment. Its two products, Fast and Feast, have similar specifications (rated within 0.5 of each other) and share a price of \$41.00. Their specifications are also similar to Ace's, although Ace is the slightly better product in terms of performance and size, matching the segment's ideal position, and consequently has sold more units than either of these products every year since 2021.

But despite trailing Ace, which sold 1,531,000 units last year, Fast and Feast sold 1,219,000 and 1,127,000 units respectively, resulting in Ferris supplying more than 30% of high-tech sensors to the market. Big Andrew Inc. for comparison holds a 22.8% market share in the high-tech segment. Erie is running a similar strategy in the low-tech segment with its Eat and East products, which are positioned similarly to each other and priced identically, just like Ferris's high-tech sensors.

Furthermore, with Ferris having withdrawn from the low-tech market segment and Erie not currently offering any high-tech products, there are now only five companies competing in either market segment. This means Able's 18.0% low-tech and Ace's 19.8% high-tech market share are less than they would be in a level playing field (although Big Andrew Inc.'s role in the high-tech market is supplemented by Able's 3.0% market share in that segment). Big Andrew Inc. is also threatened by a shrinking market share: its overall market share has decreased every year since 2022, failing to keep pace with industry growth. This is most likely the result of poor pricing in previous rounds. Indeed, Able's price remains in line with apparent mid-range sensors despite having low-tech specifications.

Big Andrew Inc. still captures more than 20% of total industry unit sales, and remains the producer of the top-selling product in both categories. Sales have stagnated in the past but have never shrunk. There is clear room for improvement in these figures though, starting with competitive pricing.

Strategy review

Big Andrew Inc. released a memo at the beginning of the simulation outlining the strategy it intended to adhere to in its decisions. [7] This strategy involved early marketing and R&D spending to differentiate its products from the competition and leveraging its early revenue into plant improvements to better its profit margins. This strategy proved incredibly successful. Despite a lack of competitive pricing,

customer awareness and accessibility drove both Ace and Able to lead their respective market segments in sales. Promotion and sales budgets were scaled back in the middle rounds to pay for production increases, but only after the brand had already been established among the customer base. Later improvements to the company's pricing models resulted in significant leaps in sales volumes.

These pricing models could even be improved further, particularly for Able, the company's low-tech offering. Products with similar (even better) performance specifications can be found for as much as \$4.50 less – and yet Able continues to lead its market segment. This is a reflection of the competitive advantage the company has gathered from its marketing efforts, with Able leading this particular competing product, Daze, in customer accessibility by 9%. In addition, low-tech customers value an older, established product with better reliability – although not as much as they value a good price. Able's competitive advantage lies in how it has positioned these quantities, with a current age of 3.05 and an MTBF of 20000 which are near perfection as far as the low-tech customer is concerned.

Ace's competitive advantage, meanwhile, lies with its frequent revisions which keep the product's specifications perfectly in line with the high-tech segment's ideal position. The frequency of these updates is also credited with keeping the product's perceived age low. It also has the best MTBF within the customer's desired range, and the highest of any product on the market. In addition, it is now priced competitively with similar products. Matching the \$41.00 competing price should suffice to continue to draw customers to the product, as it bests every other product in all other criteria. If Able were priced at approximately \$27.00, then the same could likely be said of it as well – this segment is quantifiably more price elastic, its customers placing a 41% importance on product price. For comparison, price holds a mere 25% importance in the minds of high-tech customers.

Going forward, if the simulation were to continue, Able would have to be repriced at \$27.00 to better compete with other low-tech products. Given its current status, leading a price elastic segment in sales despite its excessive price, this should at least maintain its position atop the low-tech sensor market. Further reducing Ace's price could draw more sales in theory, but it is already priced quite competitively and remains the superior product. It is unlikely that further price reductions beyond \$41.00 would bring about any significant competitive advantage not already held by Ace.

Utilizing the retained earnings brought about by sales generated by better price modelling, the company should invest in production capacity to ensure that it can handle these added sales. It should also continue to invest in automation and TQM in order to better its profit margins. Using last year's labour and material costs, pricing Able at \$27.00 would decrease the gross profit margin on the product from 44.8% to 34.6%. This is still in line with many other products in the industry, but profit expectations for other companies are not as high as for Big Andrew Inc. as is reflected in the stock market summary.

The R&D cost associated with developing a competitive mid-range product is projected to be approximately \$1.38 million. An order of 250,000 production units (capable of producing up to 500,000 sensors per year) at an automation rating of 3.0 would cost an additional \$4.5 million. These costs are not insignificant but are well within the company's financial options. Such costs are easily justifiable given the \$96 million in sales this mid-range market segment generated last year, especially for a company of Big Andrew Inc.'s brand status that already has its industry connections and a distribution network set up by past investment in sales budgets. As noted previously, this new product should be priced at or near the current Able unit price of \$32.00 to align with its mid-range competitors.

Vision Statement and Performance Review

The intended strategy memo [7] noted that to maintain competitive status in the sensor industry, the company should aim at least to maintain its starting position at a one-sixth total market share. Big Andrew Inc. eclipsed this target, accounting for 20.1% of sensor sales and 22.23% of the industry's revenue. As noted in the memo, this is sufficient sales volume to generate substantial revenues, as well as profits due to the company's 40.9% contribution margin and 28.9% profitability margin.

The company is also in a position such that it could easily repay all of its debts within one year if necessary, as its only outstanding debts are ten-year bonds with a total face value of \$3,853,250. The company does not intend to retire these bonds in the near future, to keep some short-term liquidity.

Though not stated in the intended strategy memo, a stock price target of \$60.00 was suggested early in the simulation. This target was met in the last year of simulation, and exceeded by \$12.60, or an extra 21%. The stock price grew by 124% over the last three rounds of simulation, [6] compared to 129%

over the first three rounds, [5] [4] indicating consistent growth over the course of the company's existence. This trend bodes well for future growth and for the prospect of additional public offerings.

The company's original vision statement did not put a focus on corporate social responsibility, but the company has a strong history of investing in UNEP Green Programs and GEMI TQEM sustainability initiatives since 2024. [6] Thanks to consumer interest in supporting ethical and environmentally conscious manufacturing practices, Big Andrew Inc. is able to attribute a 13.33% cumulative demand increase to these initiatives. Although a recruitment budget is allocated, the company tries to emphasize hiring from within: it is among industry leaders in paid training hours.

Reflection on Key Learnings

The one-person management team has learned many key lessons from participating in the simulation, the most valuable of which are outlined below. Firstly, breakeven analysis requires a profit target. Profit targets were accounted for at times during the Understanding Business Finances assignment and excluded at other times. But in this simulation, missing the breakeven point by even one dollar will result in an emergency bailout loan. Management is not able to make a mid-year adjustment if sales are falling short of expectations. The company must examine its worst-case sales projection at the start of the year, and ensure that even in that scenario its cash position will remain positive.

Secondly, while attention should be paid to industry trends, the sensor market is not a game of follow the leader. Able has performed formidably despite being priced higher than its closest comparables. While other companies issued dividends throughout the simulation, Big Andrew Inc. elected not to until this past year. As a company, it also continues to spend significantly more on marketing than its competitors. It has blazed its own path, which is the mark of an innovator. One aspect of the entrepreneurial spirit is understanding how to assess and handle risk – diverging from the common path requires an element of fearlessness. But following the competition can only bring as much success as it has brought them, and arguably, Big Andrew Inc. has exceeded the success of any given competitor in its industry. This is not to say that Able's price point should not be re-evaluated, but in this regard, its manager exemplified the courageous, independent elements of the entrepreneurial spirit.

Lastly, revenue is generated by customers, not shareholders. Big Andrew Inc. did not issue a single dividend until the final round of simulation, instead choosing to invest its retained earnings back into the company to improve future profitability. It was the only company not to issue a dividend in 2025. [1] For this, it was rewarded in the stock market: it saw the highest stock price increases of any company in both 2025 and 2026 and has been the company with the highest market cap since 2021. [2] It can be argued whether this is a coincidence. While dividends are known to assist in driving stock price, investors are rightly concerned with a company's profitability. Companies risk a lot to withdraw loans early in the simulation, for the privilege of earning a possible return on their initial investment. In the early years of the simulation, money spent on dividends is money not otherwise invested in the firm. The ability to invest in process management and TQM opened in 2022, and since that time Big Andrew Inc. has invested over \$10 million in such improvements. This has resulted in cumulative material cost reductions, labour cost reductions, and demand increases all exceeding 10%. It is no secret how Big Andrew Inc. achieved its 15.9% profitability margin and over \$20 million in 2026 profits – and this is the number that prospective investors will care about, as in the future there can be no dividends without profit.

Conclusion

While Big Andrew Inc. does not sell the most sensors to either market segment, nor to the overall sensor market in total, ultimately, the company set out to maintain the role it began with: selling its one-sixth share of sensors. It was able to accomplish this and more. Thanks to investment in plant upgrades and TQM initiatives, it consistently generates more profit than any other company in the industry.

Big Andrew Inc. stands tall among sensor companies, and its future looks bright. It has observed past and present success, and it has a clear path toward future improvement through re-pricing its low-tech sensor and introducing a mid-range product. Currently producing the most dominant products in the low-tech and high-tech markets, it is already the most profitable player in the industry and is poised to become even more profitable.

External References

- [1] Big Andrew Inc., "Foundation FastTrack Round 6 Report," Capsim Foundation, 2025.
- [2] Big Andrew Inc., "Foundation FastTrack Round 2 Report," Capsim Foundation, 2021.
- [3] Big Andrew Inc., "Foundation FastTrack Round 3 Report," Capsim Foundation, 2022.
- [4] Big Andrew Inc., "Foundation FastTrack Round 4 Report," Capsim Foundation, 2023.
- [5] Big Andrew Inc., "Foundation FastTrack Round 1 Report," Capsim Foundation, 2020.
- [6] Big Andrew Inc., "Foundation FastTrack Round 5 Report," Capsim Foundation, 2024.
- [7] A. Sheldon, "Capsim Intended Strategy Memo for Big Andrew Inc.," 2019.

Round: 7
Dec. 31,
2026

Foundation® FastTrack

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Andrews
Andrew Sheldon

Baldwin

Chester

Digby

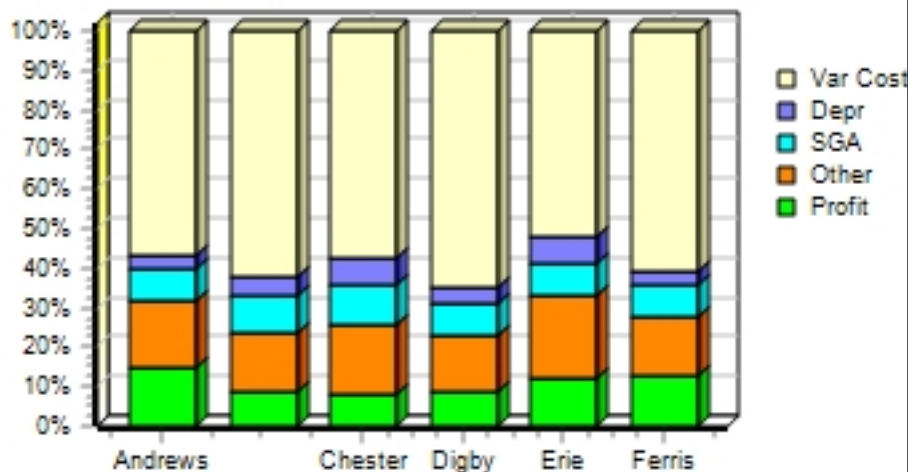
Erie

Ferris

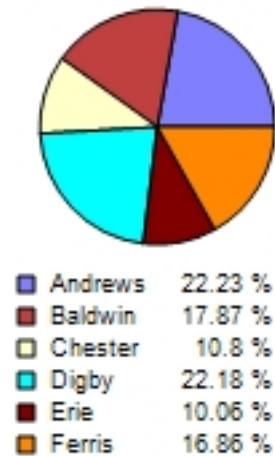
Selected Financial Statistics

	Andrews	Baldwin	Chester	Digby	Erie	Ferris
ROS	15.9%	9.3%	8.5%	9.1%	13.3%	13.2%
Asset Turnover	1.40	1.15	0.90	1.20	0.84	1.30
ROA	22.3%	10.7%	7.7%	10.9%	11.2%	17.2%
Leverage	1.1	1.9	1.9	2.0	1.8	1.9
ROE	25.0%	20.4%	14.9%	21.5%	20.6%	32.2%
Emergency Loan	\$0	\$0	\$0	\$0	\$0	\$0
Sales	\$126,848,549	\$101,951,416	\$61,623,367	\$126,521,687	\$57,392,858	\$96,186,489
EBIT	\$31,998,357	\$18,883,080	\$11,515,254	\$22,937,243	\$15,128,098	\$23,061,753
Profits	\$20,156,875	\$9,507,182	\$5,246,150	\$11,531,193	\$7,636,657	\$12,725,094
Cumulative Profit	\$71,912,523	\$43,191,415	\$28,378,812	\$53,562,180	\$28,562,966	\$43,725,384
SG&A / Sales	8.4%	10.4%	11.7%	9.0%	8.9%	8.4%
Contrib. Margin %	40.9%	34.1%	37.7%	31.6%	43.4%	35.8%

Percent of Sales F108654_032



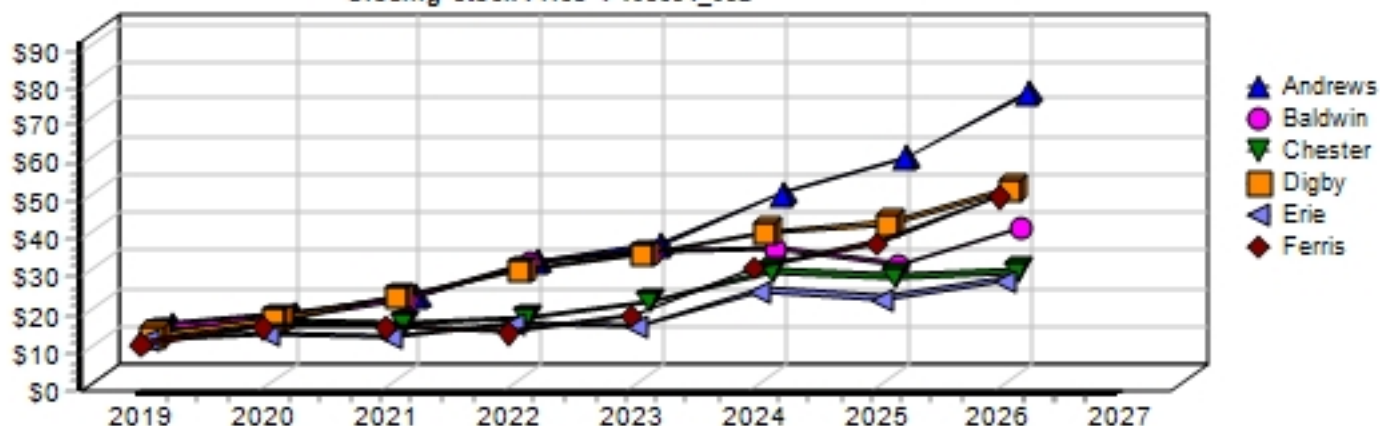
\$ Market Share F108654_032



Stock Market Summary

Company	Close	Change	Shares	MarketCap (\$M)	Book Value	EPS	Dividend	Yield	P/E
Andrews	\$72.60	\$16.99	2,368,267	\$172	\$34.09	\$8.51	\$2.00	2.8%	8.5
Baldwin	\$37.70	\$9.36	2,235,899	\$84	\$20.86	\$4.25	\$0.00	0.0%	8.9
Chester	\$27.56	\$1.97	2,229,125	\$61	\$15.83	\$2.35	\$0.00	0.0%	11.7
Digby	\$50.38	\$9.14	2,190,025	\$110	\$24.44	\$5.27	\$0.29	0.6%	9.6
Erie	\$27.47	\$5.24	2,530,947	\$70	\$14.66	\$3.02	\$0.00	0.0%	9.1
Ferris	\$50.28	\$12.23	2,042,131	\$103	\$19.33	\$6.23	\$1.61	3.2%	8.1

Closing Stock Price F108654_032



Bond Market Summary

Company	Series#	Face	Yield	Close\$	S&P	Company	Series#	Face	Yield	Close\$	S&P
Andrews	9.6S2032	\$1,353,250	9.1%	105.48	AAA	Digby	10.0S2030	\$2,287,212	10.4%	96.29	B
	9.0S2034	\$2,500,000	8.7%	103.40	AAA		10.8S2031	\$4,186,739	11.0%	98.53	B
Baldwin	10.0S2030	\$2,480,000	10.3%	96.90	B		11.0S2033	\$1,213,060	11.1%	99.06	B
	10.9S2031	\$4,201,372	10.9%	99.63	B		11.3S2034	\$6,996,427	11.2%	100.51	B
	11.2S2032	\$73,039	11.1%	100.85	B		11.0S2035	\$8,181,393	11.1%	98.90	B
	11.0S2033	\$2,332,291	11.0%	100.00	B		11.4S2036	\$2,234,366	11.3%	101.17	B
	11.5S2034	\$2,062,745	11.2%	102.57	B	Erie	10.0S2030	\$2,361,878	10.3%	97.51	BB
	11.2S2035	\$9,424,773	11.1%	101.11	B		10.9S2031	\$4,324,809	10.9%	100.37	BB
Chester	11.6S2036	\$2,403,455	11.2%	103.53	B		11.3S2032	\$520,591	11.1%	102.13	BB
	10.0S2030	\$2,361,878	10.4%	96.59	B		11.1S2033	\$1,623,616	10.9%	101.42	BB
	10.8S2031	\$4,726,408	10.9%	98.89	B		11.7S2034	\$1,501,028	11.2%	104.67	BB
	11.4S2032	\$2,502,937	11.3%	101.27	B		10.7S2035	\$6,550,938	10.8%	99.44	BB
	11.3S2033	\$2,021,654	11.2%	100.94	B		11.9S2036	\$2,351,711	11.2%	106.53	BB
	11.3S2034	\$1,182,705	11.2%	101.03	B	Ferris	10.0S2030	\$420,545	10.3%	97.20	BB
	11.0S2035	\$5,917,072	11.1%	99.45	B		11.0S2031	\$2,396,681	11.0%	100.37	BB
	11.7S2036	\$333,363	11.3%	103.52	B		11.2S2033	\$1,946,596	11.0%	101.42	BB
							11.4S2034	\$386,397	11.1%	102.58	BB
							10.8S2035	\$6,246,114	10.9%	99.44	BB
							11.5S2036	\$1,605,488	11.1%	103.55	BB

Next Year's Prime Rate 7.00%

Financial Summary

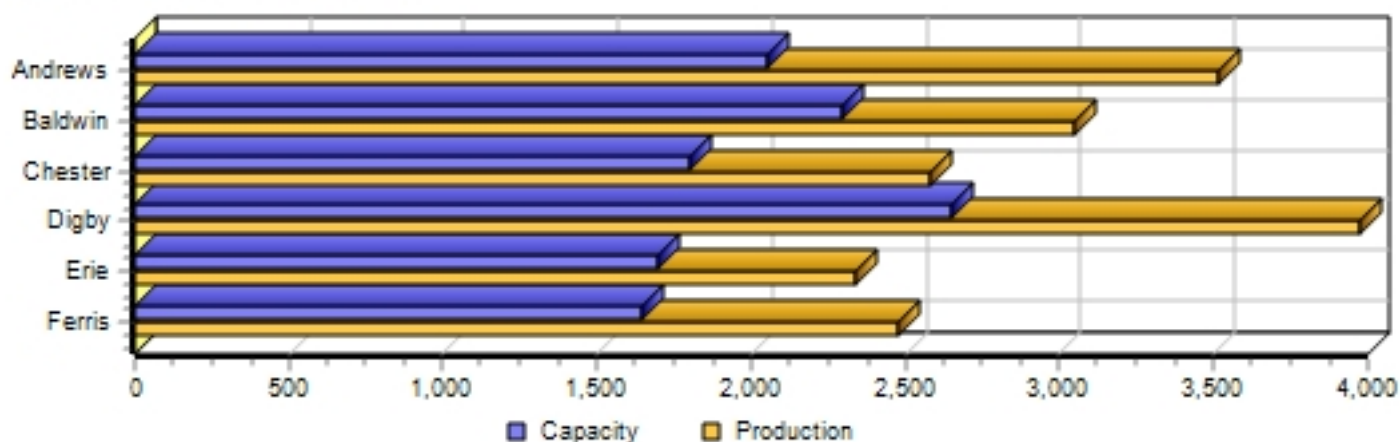


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Round: 7
Dec. 31, 2026

Cash Flow Statement Survey	Andrews	Baldwin	Chester	Digby	Erie	Ferris
CashFlows from operating activities						
Net Income(Loss)	\$20,157	\$9,507	\$5,246	\$11,531	\$7,637	\$12,725
Adjustment for non-cash items:						
Depreciation	\$4,873	\$5,127	\$4,487	\$5,601	\$4,433	\$3,235
Extraordinary gains/losses/writeoffs	\$58	\$0	\$0	\$0	\$0	\$0
Changes in current assets and liabilities						
Accounts payable	\$34	\$1,863	(\$228)	\$1,038	(\$249)	\$795
Inventory	\$2,366	(\$1,381)	(\$821)	(\$2,657)	\$641	(\$3,095)
Accounts Receivable	(\$896)	(\$2,313)	\$365	(\$1,365)	(\$82)	(\$734)
Net cash from operations	\$26,592	\$12,804	\$9,048	\$14,149	\$12,381	\$12,926
Cash flows from investing activities						
Plant improvements(net)	(\$14,100)	(\$10,600)	(\$4,200)	(\$10,900)	(\$8,700)	(\$7,680)
Cash flows from financing activities						
Dividends paid	(\$4,737)	\$0	\$0	(\$645)	\$0	(\$3,286)
Sales of common stock	\$0	\$1,876	\$285	\$0	\$3,079	\$0
Purchase of common stock	\$0	\$0	\$0	\$0	\$0	\$0
Cash from long term debt issued	\$0	\$2,403	\$333	\$2,234	\$2,352	\$1,605
Early retirement of long term debt	(\$1,000)	\$0	\$0	\$0	\$0	\$0
Retirement of current debt	\$0	(\$15,421)	(\$13,382)	(\$16,747)	(\$14,030)	(\$17,143)
Cash from current debt borrowing	\$0	\$13,881	\$11,608	\$20,753	\$9,872	\$16,418
Cash from emergency loan	\$0	\$0	\$0	\$0	\$0	\$0
Net cash from financing activities	(\$5,737)	\$2,740	(\$1,156)	\$5,595	\$1,273	(\$2,406)
Net change in cash position	\$6,756	\$4,943	\$3,692	\$8,844	\$4,953	\$2,840
Balance Sheet Survey	Andrews	Baldwin	Chester	Digby	Erie	Ferris
Cash	\$22,304	\$17,110	\$13,927	\$22,223	\$14,609	\$17,695
Accounts Receivable	\$10,426	\$8,380	\$5,065	\$10,399	\$4,717	\$7,906
Inventory	\$9,694	\$11,867	\$8,041	\$14,973	\$6,358	\$15,007
Total Current Assets	\$42,424	\$37,356	\$27,033	\$47,595	\$25,684	\$40,608
Plant and equipment	\$73,100	\$76,904	\$67,300	\$84,020	\$66,500	\$48,520
Accumulated Depreciation	(\$25,060)	(\$25,250)	(\$25,764)	(\$26,256)	(\$24,021)	(\$15,062)
Total Fixed Assets	\$48,040	\$51,654	\$41,536	\$57,764	\$42,479	\$33,458
Total Assets	\$90,464	\$89,011	\$68,569	\$105,359	\$68,163	\$74,066
Accounts Payable	\$5,874	\$5,517	\$2,618	\$5,982	\$1,958	\$5,180
Current Debt	\$0	\$13,881	\$11,608	\$20,753	\$9,872	\$16,418
Long Term Debt	\$3,853	\$22,978	\$19,046	\$25,099	\$19,235	\$13,002
Total Liabilities	\$9,728	\$42,375	\$33,272	\$51,835	\$31,065	\$34,600
Common Stock	\$7,246	\$6,400	\$5,498	\$6,482	\$10,908	\$3,000
Retained Earnings	\$73,490	\$40,236	\$29,799	\$47,042	\$26,190	\$36,467
Total Equity	\$80,736	\$46,635	\$35,297	\$53,524	\$37,099	\$39,467
Total Liabilities & Owners Equity	\$90,464	\$89,011	\$68,569	\$105,359	\$68,163	\$74,066
Income Statement Survey	Andrews	Baldwin	Chester	Digby	Erie	Ferris
Sales	\$126,849	\$101,951	\$61,623	\$126,522	\$57,393	\$96,186
Variable Costs(Labor,Material,Carry)	\$75,000	\$67,161	\$38,373	\$86,482	\$32,478	\$61,731
Depreciation	\$4,873	\$5,127	\$4,487	\$5,601	\$4,433	\$3,235
SGA(R&D,Promo,Sales,Admin)	\$10,653	\$10,567	\$7,218	\$11,389	\$5,082	\$8,079
Other(Fees,Writeoffs,TQM,Bonuses)	\$4,323	\$214	\$31	\$112	\$272	\$80
EBIT	\$31,998	\$18,883	\$11,515	\$22,937	\$15,128	\$23,062
Interest(Short term,Long term)	\$355	\$3,958	\$3,280	\$4,835	\$3,140	\$3,085
Taxes	\$11,075	\$5,224	\$2,882	\$6,336	\$4,196	\$6,992
Profit Sharing	\$411	\$194	\$107	\$235	\$156	\$260
Net Profit	\$20,157	\$9,507	\$5,246	\$11,531	\$7,637	\$12,725

Production Vs. Capacity F108654_032



Name	Primary Segment	Units Sold	Unit Inventory	Revision Date	Age Dec.31	MTBF	Pfmm Coord	Size Coord	Price	Material Cost	Labor Cost	Contr. Marg.	2nd Shift & Over-time	Auto mation Next Round	Capacity Next Round	Plant Utiliz.
Able	Low	2,003	287	10/9/2025	3.0	20000	8.3	11.7	\$32.00	\$9.70	\$7.96	42%	72%	7.0	1,250	170%
Ace	High	1,531	183	9/3/2026	1.3	23000	12.3	7.7	\$41.00	\$16.76	\$7.27	40%	75%	7.0	900	173%
Baker	Low	1,309	302	7/22/2025	2.7	18800	8.7	13.1	\$28.75	\$9.95	\$5.21	43%	23%	7.5	1,100	122%
Bold	High	942	251	4/8/2026	1.6	22400	10.9	8.0	\$41.75	\$17.17	\$10.71	31%	33%	4.0	850	132%
Best	High	724	0	3/9/2026	0.8	20000	10.8	10.8	\$34.50	\$13.99	\$11.01	26%	100%	4.5	800	161%
Cake	Low	1,597	259	12/17/2026	2.1	17000	7.6	11.0	\$20.00	\$9.01	\$2.69	40%	57%	9.0	1,150	156%
Cent	Low	899	242	9/30/2026	1.2	20000	9.9	8.6	\$33.00	\$13.43	\$7.57	36%	27%	5.0	750	126%
Daze	Low	1,537	280	10/24/2026	1.8	18000	8.4	11.8	\$27.50	\$10.34	\$6.22	39%	43%	8.0	1,100	142%
Dabble	High	1,048	277	7/31/2026	1.4	22000	12.2	8.5	\$40.75	\$17.82	\$10.76	28%	38%	4.0	900	137%
Dust	High	1,283	110	7/8/2026	1.1	20000	9.8	10.4	\$32.40	\$13.41	\$9.83	28%	75%	5.0	900	174%
Eat	Low	1,205	249	10/3/2025	3.1	16500	7.7	12.7	\$24.50	\$7.51	\$5.36	43%	41%	8.0	850	141%
East	Low	1,138	220	10/3/2025	3.0	16500	7.0	12.0	\$24.50	\$7.59	\$5.29	43%	35%	8.0	900	135%
Fast	High	1,219	307	7/30/2026	1.4	22000	12.1	7.6	\$41.00	\$16.82	\$9.31	35%	63%	4.9	950	161%
Feast	High	1,127	280	7/30/2026	1.4	22000	11.7	8.1	\$41.00	\$16.10	\$8.96	37%	41%	4.9	1,000	140%

Low Tech Statistics

Total Industry Unit Demand 9,822
Actual Industry Unit Sales |9,822
Segment % of Total Industry |55.9%

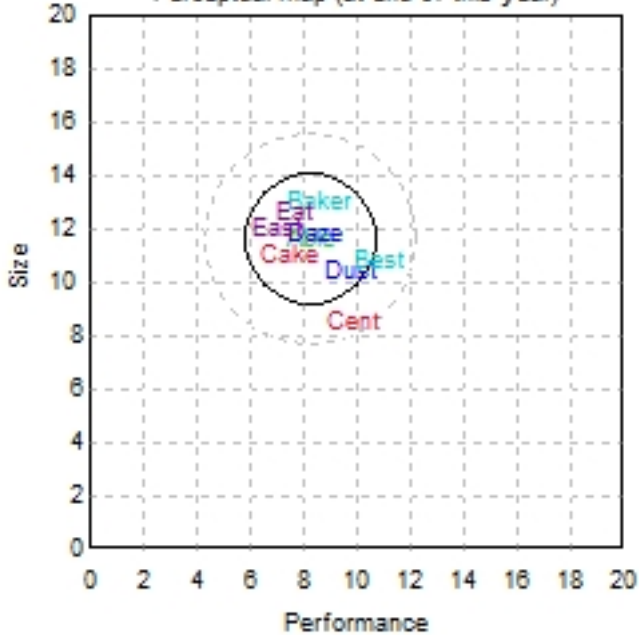
Next Year's Segment Growth Rate |10.0%

Low Tech Customer Buying Criteria

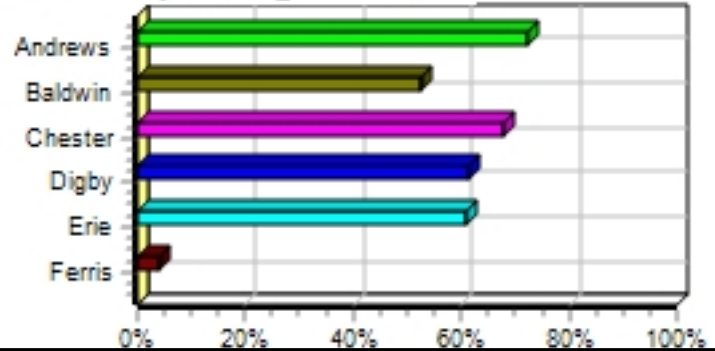
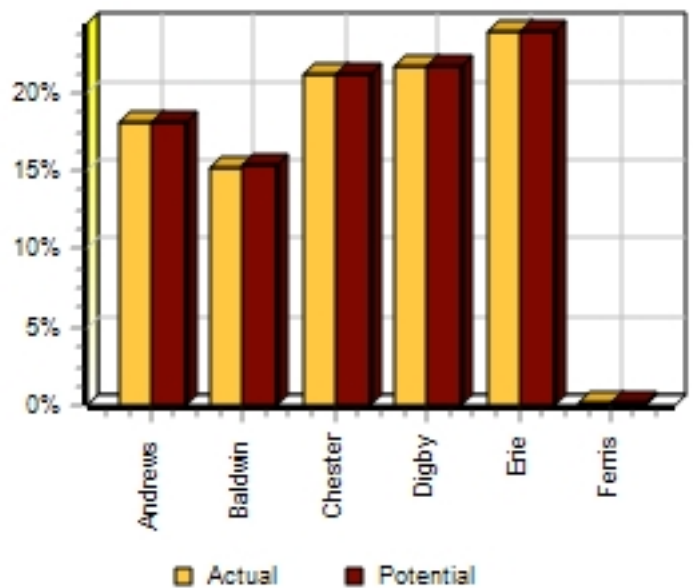
	Expectations	Importance
1. Price	\$15.00 - 35.00	41%
2. Age	Ideal Age = 3.0	29%
3. Reliability	MTBF 14000-20000	21%
4. Ideal Position	Pfmm 8.3 Size 11.7	9%

Perceptual Map for Low Tech

Perceptual map (at end of this year)



Accessibility F108654_032 Low Tech

Actual vs Potential Market Share
2026 F108654_032 Low Tech

Top Products in Low Tech Segment

Name	Market Share	Units Sold to Seg	Revision Date	Stock Out	Pfmm Coord	Size Coord	List Price	MTBF	Age Dec.31	Promo Budget	Cust. Awareness	Sales Budget	Cust. Accessibility	Dec. Cust Survey
Able	18%	1,772	10/9/2025		8.3	11.7	\$32.00	20000	3.05	\$1,500	100%	\$2,200	72%	48
Cake	16%	1,585	12/17/2026		7.6	11.0	\$20.00	17000	2.09	\$1,025	66%	\$1,150	68%	39
Daze	15%	1,495	10/24/2026		8.4	11.8	\$27.50	18000	1.78	\$1,450	100%	\$1,100	61%	34
Baker	13%	1,291	7/22/2025		8.7	13.1	\$28.75	18800	2.74	\$1,350	94%	\$1,250	53%	35
Eat	12%	1,204	10/3/2025		7.7	12.7	\$24.50	16500	3.11	\$1,000	63%	\$1,000	61%	30
East	12%	1,138	10/3/2025		7.0	12.0	\$24.50	16500	3.02	\$1,000	60%	\$1,000	61%	29
Dust	6%	637	7/8/2026		9.8	10.4	\$32.40	20000	1.14	\$1,700	80%	\$1,100	61%	17
Cent	5%	496	9/30/2026		9.9	8.6	\$33.00	20000	1.23	\$1,025	63%	\$1,150	68%	5
Best	2%	206	3/9/2026	YES	10.8	10.8	\$34.50	20000	0.81	\$1,350	57%	\$1,250	53%	9

High Tech Statistics

Total Industry Unit Demand 7,740
Actual Industry Unit Sales 7,740
Segment % of Total Industry 44.1%

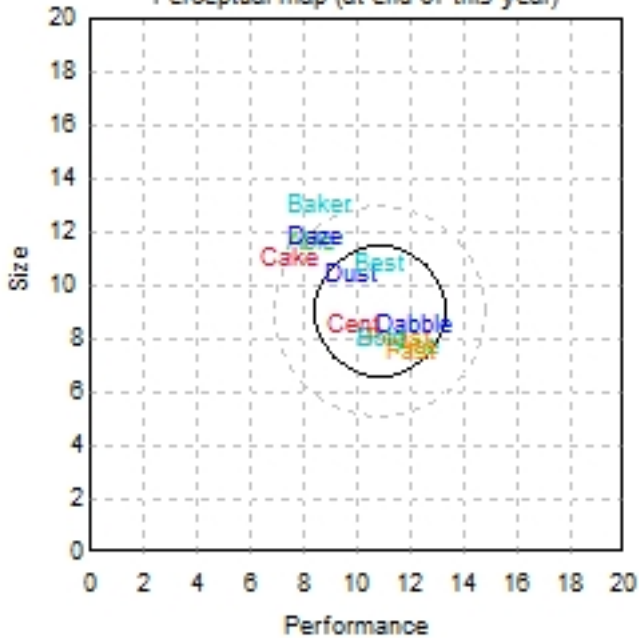
Next Year's Segment Growth Rate 20.0%

High Tech Customer Buying Criteria

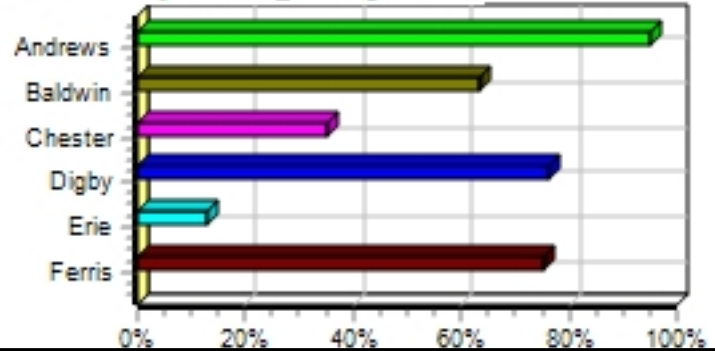
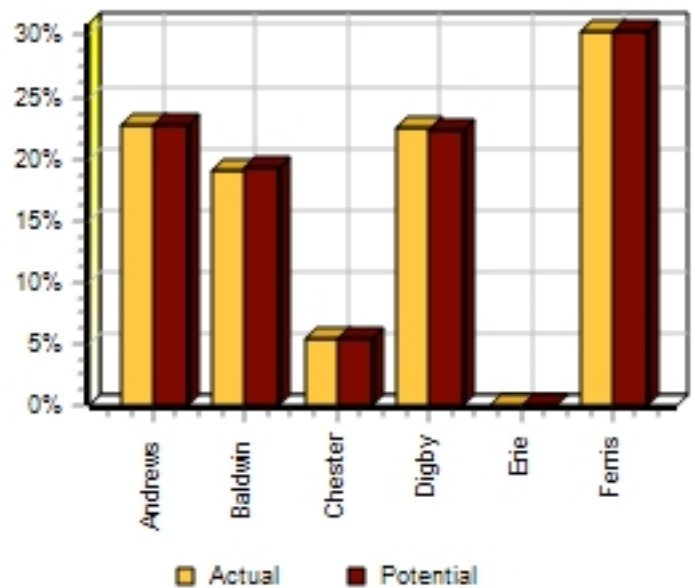
	Expectations	Importance
1. Ideal Position	Pfmm 12.3 Size 7.7	33%
2. Age	Ideal Age = 0.0	29%
3. Price	\$25.00 - 45.00	25%
4. Reliability	MTBF 17000-23000	13%

Perceptual Map for High Tech

Perceptual map (at end of this year)



Accessibility F108654_032 High Tech

Actual vs Potential Market Share
2026 F108654_032 High Tech

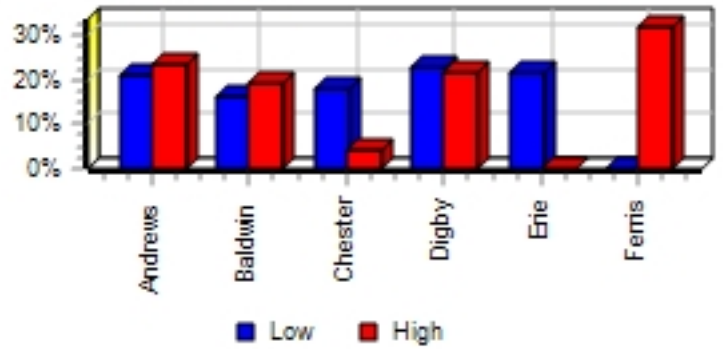
Top Products in High Tech Segment

Name	Market Share	Units Sold to Seg	Revision Date	Stock Out	Pfmm Coord	Size Coord	List Price	MTBF	Age Dec.31	Promo Budget	Cust. Awareness	Sales Budget	Cust. Accessibility	Dec. Cust Survey
Ace	20%	1,531	9/3/2026		12.3	7.7	\$41.00	23000	1.34	\$1,500	100%	\$2,200	95%	62
Fast	16%	1,219	7/30/2026		12.1	7.6	\$41.00	22000	1.43	\$1,500	100%	\$1,150	75%	48
Feast	15%	1,127	7/30/2026		11.7	8.1	\$41.00	22000	1.37	\$1,500	96%	\$1,150	75%	45
Dabble	14%	1,048	7/31/2026		12.2	8.5	\$40.75	22000	1.38	\$1,450	96%	\$1,100	76%	42
Bold	12%	942	4/8/2026		10.9	8.0	\$41.75	22400	1.64	\$1,350	88%	\$1,250	63%	30
Dust	8%	646	7/8/2026		9.8	10.4	\$32.40	20000	1.14	\$1,700	80%	\$1,100	76%	23
Best	7%	518	3/9/2026	YES	10.8	10.8	\$34.50	20000	0.81	\$1,350	57%	\$1,250	63%	21
Cent	5%	404	9/30/2026		9.9	8.6	\$33.00	20000	1.23	\$1,025	63%	\$1,150	35%	19
Able	3%	231	10/9/2025		8.3	11.7	\$32.00	20000	3.05	\$1,500	100%	\$2,200	95%	3
Daze	1%	42	10/24/2026		8.4	11.8	\$27.50	18000	1.78	\$1,450	100%	\$1,100	76%	4
Baker	0%	19	7/22/2025		8.7	13.1	\$28.75	18800	2.74	\$1,350	94%	\$1,250	63%	0
Cake	0%	12	12/17/2026		7.6	11.0	\$20.00	17000	2.09	\$1,025	66%	\$1,150	35%	1

Units Sold vs Demand Chart F108654_032



Market Share F108654_032



Actual Market Share in Units

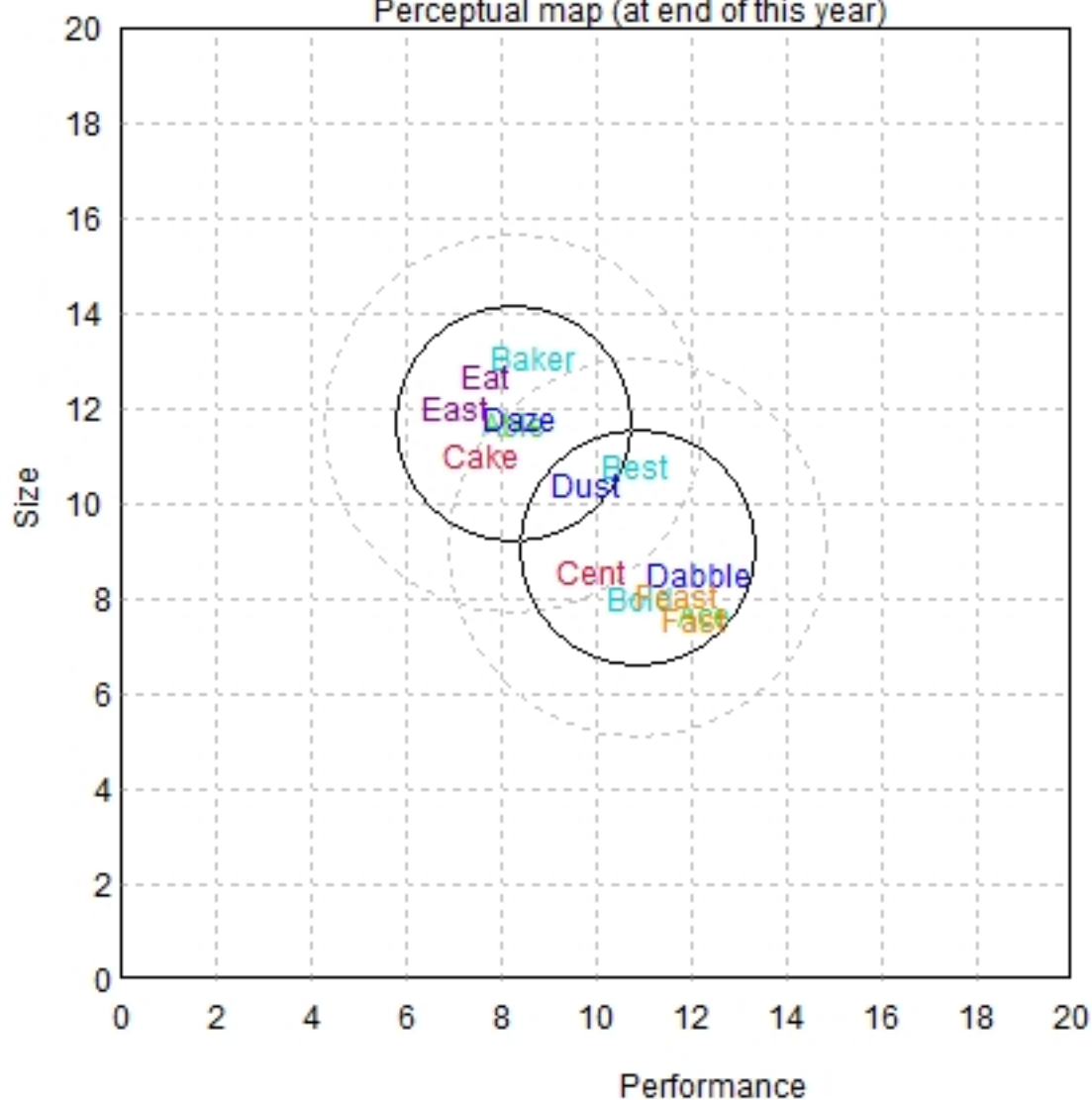
	Low	High	Total
Industry Unit Sales	9,822	7,740	17,561
% of Market	55.9%	44.1%	100.0%
Able	18.0%	3.0%	11.4%
Ace		19.8%	8.7%
Total	18.0%	22.8%	20.1%
Baker	13.1%	0.2%	7.5%
Bold		12.2%	5.4%
Best	2.1%	6.7%	4.1%
Total	15.2%	19.1%	16.9%
Cake	16.1%	0.1%	9.1%
Cent	5.1%	5.2%	5.1%
Total	21.2%	5.4%	14.2%
Daze	15.2%	0.5%	8.8%
Dabble		13.5%	6.0%
Dust	6.5%	8.3%	7.3%
Total	21.7%	22.4%	22.0%
Eat	12.3%		6.9%
East	11.6%		6.5%
Total	23.8%		13.3%
Fast		15.8%	6.9%
Feast		14.6%	6.4%
Total		30.3%	13.4%

Potential Market Share in Units

	Low	High	Total
Units Demanded	9,822	7,740	17,561
% of Market	55.9%	44.1%	100.0%
Able	18.0%	3.0%	11.4%
Ace		19.7%	8.7%
Total	18.0%	22.7%	20.1%
Baker	13.1%	0.2%	7.4%
Bold		12.1%	5.3%
Best	2.2%	7.0%	4.3%
Total	15.3%	19.4%	17.1%
Cake	16.1%	0.2%	9.1%
Cent	5.0%	5.2%	5.1%
Total	21.2%	5.4%	14.2%
Daze	15.2%	0.5%	8.7%
Dabble		13.5%	6.0%
Dust	6.5%	8.3%	7.3%
Total	21.7%	22.4%	22.0%
Eat	12.2%		6.9%
East	11.6%		6.5%
Total	23.8%		13.3%
Fast		15.7%	6.9%
Feast		14.5%	6.4%
Total		30.2%	13.3%

Perceptual Map for All Segments

Perceptual map (at end of this year)

**Andrews**

Name	Pfmn	Size	Revised
Able	8.3	11.7	10/9/2025
Ace	12.3	7.7	9/3/2026

Baldwin

Name	Pfmn	Size	Revised
Baker	8.7	13.1	7/22/2025
Bold	10.9	8.0	4/8/2026
Best	10.8	10.8	3/9/2026

Chester

Name	Pfmn	Size	Revised
Cake	7.6	11.0	12/17/2026
Cent	9.9	8.6	9/30/2026

Digby

Name	Pfmn	Size	Revised
Daze	8.4	11.8	10/24/2026
Dabble	12.2	8.5	7/31/2026
Dust	9.8	10.4	7/8/2026

Erie

Name	Pfmn	Size	Revised
Eat	7.7	12.7	10/3/2025
East	7.0	12.0	10/3/2025

Ferris

Name	Pfmn	Size	Revised
Fast	12.1	7.6	7/30/2026
Feast	11.7	8.1	7/30/2026

HUMAN RESOURCES SUMMARY

	Andrews	Baldwin	Chester	Digby	Erie	Ferris
Needed Complement	375	372	171	498	183	325
Complement	375	372	171	498	183	325
1st Shift Complement	217	259	126	329	132	214
2nd Shift Complement	158	113	46	169	51	110
Overtime Percent	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Turnover Rate	8.4%	8.2%	8.3%	8.2%	8.5%	8.0%
New Employees	31	138	14	104	15	69
Separated Employees	61	0	52	0	55	0
Recruiting Spend	\$2,000	\$2,500	\$2,400	\$2,800	\$2,400	\$2,300
Training Hours	40	40	40	36	30	40
Productivity Index	108.9%	109.0%	113.7%	110.4%	109.9%	111.1%
Recruiting Cost	\$94	\$482	\$48	\$397	\$53	\$227
Separation Cost	\$305	\$0	\$260	\$0	\$276	\$0
Training Cost	\$300	\$298	\$137	\$358	\$110	\$260
Total HR Admin Cost	\$699	\$779	\$445	\$755	\$438	\$487
Strike Days						

TQM SUMMARY

	Andrews	Baldwin	Chester	Digby	Erie	Ferris
Process Mgt Budgets Last Year						
CPI Systems	\$750	\$0	\$0	\$0	\$0	\$0
VendorJIT	\$500	\$0	\$0	\$0	\$0	\$0
Quality Initiative Training	\$0	\$0	\$0	\$0	\$0	\$0
Channel Support Systems	\$750	\$0	\$0	\$0	\$0	\$0
Concurrent Engineering	\$0	\$0	\$0	\$0	\$0	\$0
UNEP Green Programs	\$750	\$0	\$0	\$0	\$0	\$0
TQM Budgets Last Year						
Benchmarking	\$0	\$0	\$0	\$0	\$0	\$0
Quality Function Deployment Effort	\$0	\$0	\$0	\$0	\$0	\$0
CCE/6 Sigma Training	\$750	\$0	\$0	\$0	\$0	\$0
GEMI TQEM Sustainability Initiatives	\$750	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$4,250	\$0	\$0	\$0	\$0	\$0
Cumulative Impacts						
Material Cost Reduction	11.33%	0.53%	11.59%	0.00%	11.59%	9.15%
Labor Cost Reduction	13.89%	0.05%	13.82%	0.00%	13.82%	4.74%
Reduction R&D Cycle Time	0.00%	40.01%	0.00%	0.00%	0.00%	0.00%
Reduction Admin Costs	1.59%	0.00%	25.22%	57.89%	25.22%	22.03%
Demand Increase	13.33%	12.55%	3.69%	5.99%	3.69%	12.27%

ETHICS SUMMARY

Other (Fees, Writeoffs, etc.)	The actual dollar impact. Example, \$120 means Other increased by \$120.
Demand Factor	The % of normal. 98% means demand fell 2%.
Material Cost Impact	The % of normal. 104% means material costs rose 4%.
Admin Cost Impact	The % of normal. 103% means admin costs rose 3%.
Productivity Impact	The % of normal. 104% means productivity increased by 4%.
Awareness Impact	The % of normal. 105% means normal awareness was multiplied by 1.05.
Accessibility Impact	The % of normal. 98% means normal accessibility was multiplied by 0.98.
Normal means the value that would have been produced if the problem had not been presented.	

Total

	No Impact	Andrews	Baldwin	Chester	Digby	Erie	Ferris
Other (Fees, Writeoffs, etc.)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Demand Factor	100%	100%	100%	100%	100%	100%	100%
Material Cost Impact	100%	100%	100%	100%	100%	100%	100%
Admin Cost Impact	100%	100%	100%	100%	100%	100%	100%
Productivity Impact	100%	100%	100%	100%	100%	100%	100%
Awareness Impact	100%	100%	100%	100%	100%	100%	100%
Accessibility Impact	100%	100%	100%	100%	100%	100%	100%

Annual Report

Annual Report

Andrews

F108654_032

Round: 7
Dec. 31, 2026

Balance Sheet

DEFINITIONS: Common Size: The common size column simply represents each item as a percentage of total assets for that year. **Cash:** Your end-of-year cash position. **Accounts Receivable:** Reflects the lag between delivery and payment of your products. **Inventories:** The current value of your inventory across all products. A zero indicates your company stocked out. Unmet demand would, of course, fall to your competitors. **Plant & Equipment:** The current value of your plant. **Accum Deprec:** The total accumulated depreciation from your plant. **Accts Payable:** What the company currently owes suppliers for materials and services. **Current Debt:** The debt the company is obligated to pay during the next year of operations. It includes emergency loans used to keep your company solvent should you run out of cash during the year. **Long Term Debt:** The company's long term debt is in the form of bonds, and this represents the total value of your bonds. **Common Stock:** The amount of capital invested by shareholders in the company. **Retained Earnings:** The profits that the company chose to keep instead of paying to shareholders as dividends.

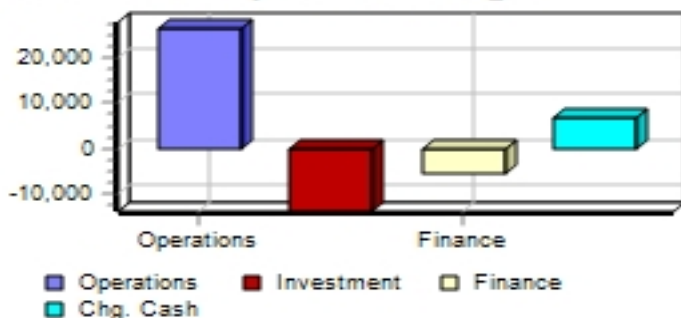
ASSETS		2026 Common Size	2025
Cash	\$22,304	24.7%	\$15,548
Account Receivable	\$10,426	11.5%	\$9,529
Inventory	\$9,694	10.7%	\$12,060
Total Current Assets	\$42,424	46.9%	\$37,137
Plant & Equipment	\$73,100	80.8%	\$59,000
Accumulated Depreciation	(\$25,060)	-27.7%	(\$20,187)
Total Fixed Assets	\$48,040	53.1%	\$38,813
Total Assets	\$90,464	100.0%	\$75,951
LIABILITIES & OWNERS EQUITY			
Accounts Payable	\$5,874	6.5%	\$5,840
Current Debt	\$0	0.0%	\$0
Long Term Debt	\$3,853	4.3%	\$4,795
Total Liabilities	\$9,727	10.8%	\$10,635
Common Stock	\$7,246	8.0%	\$7,246
Retained Earnings	\$73,490	81.2%	\$58,069
Total Equity	\$80,736	89.2%	\$65,315
Total Liab. & O. Equity	\$90,464	100.0%	\$75,951

Cash Flow Statement

The **Cash Flow Statement** examines what happened in the Cash Account during the year. Cash injections appear as positive numbers and cash withdrawals as negative numbers. The Cash Flow Statement is an excellent tool for diagnosing emergency loans. When negative cash flows exceed positives, you are forced to seek emergency funding. For example, if sales are bad and you find yourself carrying an abundance of excess inventory, the report would show the increase in inventory as a huge negative cash flow. Too much unexpected inventory could outstrip your inflows, exhaust your starting cash and force you to beg for money to keep your company afloat.

Cash Flows from Operating Activities	2026	2025
Net Income(Loss)	\$20,157	\$12,992
Depreciation	\$4,873	\$3,933
Extraordinary gains/losses/writeoffs	\$58	\$195
Accounts Payable	\$34	(\$500)
Inventory	\$2,366	\$2,655
Accounts Receivable	(\$896)	(\$281)
Net cash from operation	\$26,592	\$18,995
Cash Flows from Investing Activities		
Plant Improvements	(\$14,100)	(\$10,700)
Cash Flows from Financing Activities		
Dividends paid	(\$4,737)	\$0
Sales of common stock	\$0	\$0
Purchase of common stock	\$0	(\$2,000)
Cash from long term debt	\$0	\$0
Retirement of long term debt	(\$1,000)	(\$5,400)
Change in current debt(net)	\$0	(\$5,000)
Net cash from financing activities	(\$5,737)	(\$12,400)
Net change in cash position	\$6,756	(\$4,105)
Closing cash position	\$22,304	\$15,548

Cash Flow Summary Andrews F108654_032



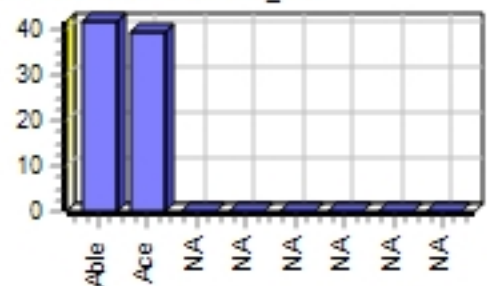
2026 Income Statement

(Product Name)	Able	Ace							2026 Total	Common Size
Sales	\$64,092	\$62,757	\$0	\$0	\$0	\$0	\$0	\$0	\$126,849	100.0%
Variable Costs:										
Direct Labor	\$16,216	\$11,570	\$0	\$0	\$0	\$0	\$0	\$0	\$27,785	21.9%
Direct Material	\$20,349	\$25,703	\$0	\$0	\$0	\$0	\$0	\$0	\$46,052	36.3%
Inventory Carry	\$628	\$535	\$0	\$0	\$0	\$0	\$0	\$0	\$1,163	0.9%
Total Variable	\$37,193	\$37,808	\$0	\$0	\$0	\$0	\$0	\$0	\$75,000	59.1%
Contribution Margin	\$26,899	\$24,949	\$0	\$0	\$0	\$0	\$0	\$0	\$51,848	40.9%
Period Costs:										
Depreciation	\$2,833	\$2,040	\$0	\$0	\$0	\$0	\$0	\$0	\$4,873	3.8%
SG&A: R&D	\$0	\$682	\$0	\$0	\$0	\$0	\$0	\$0	\$682	0.5%
Promotions	\$1,500	\$1,500	\$0	\$0	\$0	\$0	\$0	\$0	\$3,000	2.4%
Sales	\$2,200	\$2,200	\$0	\$0	\$0	\$0	\$0	\$0	\$4,400	3.5%
Admin	\$1,299	\$1,272	\$0	\$0	\$0	\$0	\$0	\$0	\$2,572	2.0%
Total Period	\$7,833	\$7,694	\$0	\$0	\$0	\$0	\$0	\$0	\$15,527	12.2%
Net Margin	\$19,067	\$17,255	\$0	\$0	\$0	\$0	\$0	\$0	\$36,321	28.6%

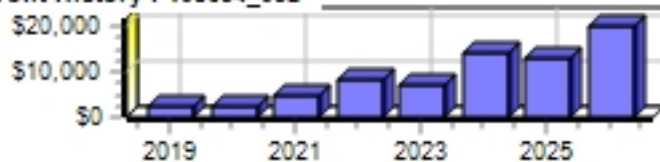
Definitions: **Sales:** Unit Sales times list price. **Direct Labor:** Labor costs incurred to produce the product that was sold. **Inventory Carry Cost:** the cost unsold goods in inventory. **Depreciation:** Calculated on straight-line. 15-year depreciation of plant value. **R&D Costs:** R&D department expenditures for each product. **Admin:** Administration overhead is estimated at 1.5% of sales. **Promotions:** The promotion budget for each product. **Sales:** The sales force budget for each product. **Other:** Charges not included in other categories such as Fees, Write offs, and TQM. The fees include money paid to investment bankers and brokerage firms to issue new stocks or bonds plus consulting fees your instructor might assess. Write-offs include the loss you might experience when you sell capacity or liquidate inventory as the result of eliminating a production line. If the amount appears as a negative amount, then you actually made money on the liquidation of capacity or inventory. **EBIT:** Earnings Before Interest and Taxes. **Short Term Interest:** Interest expense based on last years current debt, including short term debt, long term notes that have become due, and emergency loans. **Long Term Interest:** Interest paid on outstanding bonds. **Taxes:** Income tax based upon a 35% tax rate. **Profit Sharing:** Profits shared with employees under the labor contract. **Net Profit:** EBIT minus interest, taxes, and profit sharing.

Other	\$4,323	3.4%
EBIT	\$31,998	25.2%
Short Term Interest	\$0	0.0%
Long Term Interest	\$355	0.3%
Taxes	\$11,075	8.7%
Profit Sharing	\$411	0.3%
Net Profit	\$20,157	15.9%

Variable Margins
2026 Andrews F108654_032



Profit History F108654_032



Market Share History F108654_032



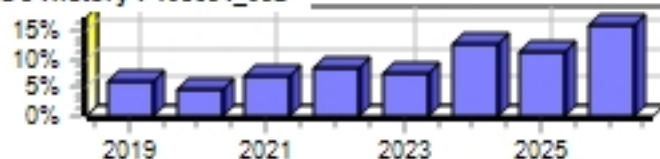
ROE History F108654_032



Asset Turnover History F108654_032



ROS History F108654_032



ROA History F108654_032

