



BSG 2017 - Business Strategy Game - Guide How To Win - V2

Managing Strategy (University of Greenwich)



THE BUSINESS STRATEGY GAME

Competing in a Global Marketplace

 <https://www.bsg-online.com/instructors/instructor-Center.html>

 **INSTRUCTOR CENTER**
Foreign Trade University - Thoan Nguyen Van

MY ACCOUNT [LOGOUT](#) [SUPPORT](#)

 **The 2016 Edition of ValuePak** [Preview Now](#)

 **Message Center**
345 new (unread) messages
345 total i-mail messages

Sort	Course / Section Identifier	Next Decision Round	Scheduled Deadline	Delete	Archive
INDUSTRY_AZ	TTTT-V2	not applicable	Ended 21-Nov-14	<input type="checkbox"/>	<input type="checkbox"/>
Industry 15	K51.CTTT.QT.IN01	not applicable	Ended 26-Nov-14	<input type="checkbox"/>	<input type="checkbox"/>
Industry 17	K51.CTTT.QT.IN01	not applicable	Ended 26-Nov-14	<input type="checkbox"/>	<input type="checkbox"/>
Industry 18	VECOM-TH.GV	not applicable	Ended 5-Dec-14	<input type="checkbox"/>	<input type="checkbox"/>
Industry 19	VECOM-THGV.02	not applicable	Ended 16-Dec-14	<input type="checkbox"/>	<input type="checkbox"/>
Industry 20	Vecom-Giangvien-G01	not applicable	Ended 5-Dec-14	<input type="checkbox"/>	<input type="checkbox"/>
Industry 21	Vecom-Giangvien-G02	not applicable	Ended 15-Dec-14	<input type="checkbox"/>	<input type="checkbox"/>
Industry 22	Vecom3	not applicable	Ended 15-Dec-14	<input type="checkbox"/>	<input type="checkbox"/>
Industry 23	GV-BSG-01	not applicable	Ended 27-Dec-14	<input type="checkbox"/>	<input type="checkbox"/>
Industry 24	GV-BSG-02	not applicable	Ended 27-Dec-14	<input type="checkbox"/>	<input type="checkbox"/>
Industry 25	FTU_2015_Class01	Practice Y12	19-Oct-15 11:59 pm	<input type="checkbox"/>	<input type="checkbox"/>
Industry 26	FTU_2015-Class02	Practice Y12	19-Oct-15 11:59 pm	<input type="checkbox"/>	<input type="checkbox"/>

Student Search: First Name and/or Last Name or Email Address [Search](#)

Instructor Resources

- > [Instructor Essentials](#)
- > [Video Tours, User Tutorials & Help](#)
- > [Assignments / Learning Assurance](#)
- > [Useful Classroom Materials](#)
- > [Instructor Account Management](#)

Click on a category above to expand/collapse the menu.

BSG ValuePak for 2016
Simulation + Textbook + Cases
Student Price: \$14.95
(plus \$5 per case selected)

[Click to Preview](#)

Instructor Support

 **E-Mail Support**
Send an official BSG support request
Use local e-mail to send message or file

 **Quick Guide to Getting Started** — A 4-page guide to setting up the BSG simulation for your class. Some of the more important issues and options to consider are:

To set up only the BSG simulation for an upcoming course, click here.

To set up the BSG simulation plus ValuePak content for an upcoming course, click here.

GUIDES FOR BSG ONLINE

HOW TO WIN BSG (BUSINESS STRATEGY GAME)

“We have spent years of ten dedicated men practicing the BSG Online games with over 2.000 students and hundred of Industries. We played it a few months a year, and also gain several Grand Champions, and we have learnt a lot from other players around the world. We found a common language and knowledge in business strategies and also professional collaboration from playing the games. We would like to send sincere thanks to the Authors of the BSG Online and all other players, fans and contributors. We share the collection of experience and tips for those who wish to Win the BSG Online”.

Hanoi, Feb 2016

TABLE OF CONTENTS

1. START THE GAME AS PROFESSIONAL.....	4
First Round (Year 11).....	4
From Round 2 to Round 10 (Year 12 to Final Year 20).....	5
2. APPLY THEORY INSIDE YOU.....	8
3. KNOW THE GAME, KNOW YOUR COMPETITORS AND KNOW YOU (36 Tips).....	9
3.1. Figure out Your Strategy.....	9
3.2. Keep Costs Low.....	11
3.3. Keep track of Profit.....	12
3.4. Upgrade current factories.....	13
3.5. Know your Competitors.....	14
3.6. Control the Private Label Market.....	15
3.7. Focus on a strategy.....	16
3.8. Do not make mistakes with Corporate Citizenship.....	17
3.9. Optimizations.....	17
3.10. Optimization (again).....	18
3.11. Plant capacity.....	18
3.12. Branded Production.....	19
3.13. Branded Distribution.....	19
3.14. Celebrities (try to get at least one).....	20
3.15. Private Label again.....	21
3.16. Finance and Cash Flows.....	22
3.17. Details are important 1 – Branded Production.....	23
3.18. Details are important 2 – Productions.....	24
3.19. How to keep track of Overall Scores.....	25
3.20. How to keep track of Market Demands.....	26
3.21. How to keep track of Net Profits and Cost over years.....	27
3.22. How to keep track of Cash on hand, Debts, Equity.....	28

3.23. How to keep track of Days of Inventories, Marketing expenses.....	29
3.24. How to keep track of Manufacturing Costs (over Industry Average).....	30
3.25. How to keep track of Cost of pairs, marketing, internet.....	31
3.27. How to keep track of Loans and Interest Rates.....	33
4. LESSONS FROM GAME (36 lessons).....	34
4.1. Total market demands.....	34
4.2. High quality can get high margin.....	34

1. START THE GAME AS PROFESSIONAL

You, acting as a CEO, need support from CFO, CHRO, CPO, CMO and CIO to manage and run a company effectively and compete successfully. You need to spend enough time looking at results of each year to figure out the best effective strategies for next round.



2014. MA. Huy has spent very long hours to find optimal solutions to win the game.

In fact, it takes new players about 1-2 hours and a few rounds to get used to with all the functions of the game, so that Industry Champion, sometimes, is just better than very innocent players. Therefore, only the games among Industry Champions show the difficult strategies from experienced players, because Grand Champions are champions of champions.

First Round (Year 11)

Some players play very hard from first round, increasing S/Q, number of model, reduce price, advertisement three times higher than average, bidding for celebrities. Some players gamble for private market with high price, large volume to go to the top.

We do not really know what other competitors will do at this round, Year 11.

So, if we win, it is ok. If we lose, share price will go down, we can buy share at lower price. It is good.

You need to identify your Strategy first, at least three things, as follows:

- Quality (S/Q)

- Number of Model
- Lower Cost (lower Price)

It is very simple.

Spend 30 minutes to learn every screen of decision.

Make sure you can put your ideas into the screen. Whatever you want with business strategies, just do it (we are learning), but make sure you can do that correctly on the software. So, it really takes at least 30 minutes to learn all the screen.

Another 30 minutes to read and understand reports.

So that you will have enough information for making decisions for the next rounds.

It is competition game, so start fighting from 1st round, and fight hard if you really want to go to the top of the Industry. (If you need motivation, just assume that you lose 20-100 USD for each level you are going down on the Score Board each year. So you will find each decision hard enough to make.)

We have two objectives, one is becoming the TOP, the FIST group of the game, and the other is improving the results after each game. At least, you can make the company more profits after each game, try not driving it to bankruptcy after a few rounds.

From Round 2 to Round 10 (Year 12 to Final Year 20)

Becareful, because other groups can set the same strategy with the Winner (even if that is you). If a strategy is followed by more than two groups, they all suffer from difficulties because they create direct competition among their target market. Even if that is low price, high quality or wide range of models.

NOTE:

You are managing multi-national firm, so share holders are interested in Stock Price, not dividends. Try to make your profit increase after each round, it is good for game and also for real business.

NOTE:

Buying sold capacity can save a lot of cost, increase capacity means lower production cost. So, stay up late, a few minutes after midnight, to buy capacity which are sold by other groups. Usually, all groups know this trick, so “snatching” a capacity happens minutes after the round is processed.

BORROW:

In the game of 10 years, it is good to borrow 10 years loan, 250 thousands USD to build new factories. It is also good in real world, when we can borrow to expand production. ONE big plant with capacity 10.000 is better than two or three in different locations.

REPEAT THAT: you will win the game if

- you have a larger plant than your opponent in a region,
- have as many or more model numbers,
- and no more or fewer outstanding shares of stock than your opponent.

Therefore, from 2nd round (Year 12 and so on),

- start buying back your stocks when you have profits.
- Start increasing AP factory.
- Build new one in LA and increasing capacity yearly.

Never think about building a factory in EA, it is expensive, a trap.

Size, and market share, will affect Image. So, grow quickly.

NOTE:

You can advertise more, lower price, more models... which lead to very large demand for your products. Make sure to keep demand close to your capacity, because if you make it too high, much higher than your capacity, your competitors will benefit, because you can not meet all the demands. Also, you can not deliver, so retailors will reduce next round. Try to optimize options.

CONSIDER:

- Borrow in first round, expand AP factory and build a new one in LA.
- Also consider upgrade factories in AP, when capacity small, may be cheaper to upgrade.

BUYING BACK STOCKS

It is good for many things, you can buy back 2.500.000 of 10.000.000 stocks, which make ROE, EPS both better (25% better).

Set dividends low, at \$ 0.05 and increase a little each round.

PLANT CAPACITY

Borrow to set up a new plant in LA.

When it grows after round 2, 3 or 4. Depends on market demand, consider sell NA factory.

SUPER MATERIALS

Use some around 12-18% for 5 stars.

TQM

Advised: spend more

BEST PRACTICE TRAINING

Advised: spend more

WHOLE SALE MARKETING

Adjust so that -15, -25 in each market.

Go to Distribution to set distribution to each market.

PRIVATE LABEL

Learn how to use this in different cases.

- Gamble at few first round
- Dominate competitors at later round by setting few profits.

CELEBRITIES

You are selling 7.200.000 shoes, in Year 11.

So how much you are willing to spend on a shoes as a cost for Celebrities. If \$2.00, so you can bid as much as 14.000.000 to get one.

TRY TO GET AT LEAST A CELEBRITY

You can calculate the cost for Celebrity, one way is 5.000.000 for them a year in real life is good enough, another reason is spend 5 million for a celebrity can increase demand by as much as 5 million on advertising or as reducing the price by \$0.5 per pair of shoes.

Also, you are spending 20.000.000 USD on advertising, so you can spend up to 5.000.000 on PR, just think reasonable.



2014. Le has spent many long hours to adjust final round to beat top players.

2. APPLY THEORY INSIDE YOU

Winning the Game is important. (If you Win, your tips seem to be more favourable, and the competitors may learn from that).

Learn from your and others' failures and also successes are equally important. You can play the Game again and again, any time you find it interesting.

More importantly, how can we apply business strategy knowledge and skills in the Game.

- What are the core competitive advantages?
- What are the niche markets that competitors do not see?
- What is the low cost strategy?
- What is the high quality strategy?
- What is the company differentiation strategy?
- How can the company lead the market, in 10 years?
- How can the company defend the position, if we are leading?
- How can the company over come a tough competitors, who seem to know all of the things you know?
- How can the company jump like a frog over the head of competitors?
- How can we apply the knowledge from Textbooks?
- How can we apply the ancient wise in Arts of War of Sun Tzu?
- How can we apply the wisdom of Strategists like Sun Tzu, Cao Cao to Professors Peter Drucker, Philip Kotler, Bruce Henderson, Igor Ansoff, Michael Porter, Philip Selznick, Alfred Chandler, James Collins, Gary Hamel...

3. KNOW THE GAME, KNOW YOUR COMPETITORS AND KNOW YOU (36 Tips)

Here are some useful tips on how to win the Business Strategy Game (BSG)

3.1. Figure out Your Strategy

There are several ways to set your strategies. Normally, high quality or low price/low cost will get advantages.

If you want to produce low number of models, cost will decrease and profit will increase.

If you want, you can set plan for high quality, then you can set high price, and gain high margin for each pair of shoes.

The screenshot shows the BSG software interface with the following details:

- Left Sidebar (Decisions / Reports Menu):**
 - Page 4 (Overview, Plant Capacity)
 - Page 5 (Summary)
 - Page 6 (Performance Benchmarks)
 - Page 7 (Celebrities, Price Trends)
 - COMPETITIVE INTELLIGENCE REP** (highlighted with a red circle)
 - Market Snapshot (highlighted with a red circle)
 - Company Analysis
 - COMPANY OPERATING REPORTS
 - Plant Operations Report
 - Distribution & Warehouse Report
 - Marketing Plan, Private-Label
 - Income Statement
 - Balance Sheet & Cash Flow
- Top Bar:** North America, Company J, Year 14, Help, Print
- Report Title:** INDUSTRY 54 MARKET SNAPSHOT — NORTH AMERICA YEAR 14
- Report Sections:**
 - North America Year 14**
 - INTERNET SEGMENT** (highlighted with a red arrow):
 - Price (\$ per pair at retail): 65.00, 75.00, 75.00, 52.00, 75.00, 79.99, 60.00, 75.00, 75.00, 73.00
 - S/Q Rating (1 to 10 stars): 4★, 4★, 5★, 5★, 4★, 5★, 3★, 5★, 5★, 5★
 - Models Offered: 500, 180, 180, 337, 180, 463, 150, 320, 200, 300
 - Free Shipping: No, No, No, No, No, No, No, No, No, No
 - Advertising (\$000s): 10,000, 7,000, 12,000, 12,000, 7,000, 12,000, 9,000, 12,000, 10,000, 13,000
 - Celebrity Appeal: 0, 0, 0, 0, 215, 0, 405, 0, 0, 0
 - Online Orders (000s): 223, 49, 90, 417, 49, 161, 111, 206, 76, 149
 - Pairs Sold (000s): 223, 49, 90, 417, 49, 161, 111, 206, 76, 149
 - Market Share: 14.6%, 3.2%, 5.9%, 27.2%, 3.2%, 10.5%, 7.2%, 13.5%, 5.0%, 9.7%
 - WHOLESALE SEGMENT** (highlighted with a red arrow):
 - Price (\$ per pair at wholesale): 45.98, 48.00, 48.00, 52.00, 48.00, 61.00, 50.00, 58.00, 48.00, 56.00
 - S/Q Rating (1 to 10 stars): 4★, 4★, 5★, 5★, 4★, 5★, 3★, 5★, 5★, 5★
 - Models Availability: 500, 200, 315, 350, 200, 491, 485, 350, 349, 349
 - Advertising (\$000s): 10,000, 7,000, 12,000, 12,000, 7,000, 12,000, 9,000, 12,000, 10,000, 13,000
 - Rebate Offer (\$ per pair): 3, 3, 5, 3, 3, 3, 4, 3, 3, 3
 - Retail Outlet Utilized: 3,201, 1,922, 200, 1,431, 1,921, 2,389, 1,571, 2,291, 3,090, 3,053
 - Retailer Support (\$ per outlet): 400, 400, 500, 400, 400, 420, 400, 500, 400, 520
 - Delivery Time (weeks): 3, 3, 2, 3, 3, 3, 4, 3, 3, 3
 - Celebrity Appeal: 0, 0, 0, 0, 0, 215, 0, 405, 0, 0
 - Retailer Demand (000s): 2,759, 928, 1,563, 1,320, 928, 1,468, 1,546, 1,682, 1,823, 1,472
 - Gained/Lost (due to stockouts): +730, +64, +108, +86, +64, +64, +101, +82, -22, +80
 - Pairs Sold (000s): 2,029, 992, 1,671, 1,406, 992, 1,532, 1,647, 1,764, 1,801, 1,552
 - Market Share: 13.2%, 6.5%, 10.9%, 9.1%, 6.5%, 10.0%, 10.7%, 11.5%, 11.7%, 10.1%
 - PRIVATE-LABEL SEGMENT** (highlighted with a red arrow):
 - Bid Price (max = \$46.50): 0.00, 35.00, 35.00, 20.00, 35.00, 0.00, 24.50, 28.00, 35.00, 29.99
 - S/Q Rating (min = 3★): 0★, 4★, 3★, 4★, 4★, 0★, 3★, 4★, 3★, 3★
 - Pairs Offered (000s): 0, 185, 384, 200, 185, 0, 809, 392, 250, 192
 - Pairs Sold (000s): 0, 185, 384, 200, 185, 0, 809, 392, 250, 192
- Total Private-Label Pairs (000s):** Demand = 2,740, Offered = 2,597

Check the Report in tab Competitive Intelligence Report – Market Snapshot.

Keep track of the closest competitors you like to get over them, what is their S/Q, Price, and other details like advertising, celebrities, bidding price, plant capacities.

Also, check the second part of Competitive Intelligence Report to find out SWOT chart.



Try to figure out a good market segment that is suitable for your company and can bring more advantages. Try to move away from competitors, if several players apply the same strategy, they will face disadvantages.

3.2. Keep Costs Low

Lower cost will bring a lot of benefits.

You can do so by increasing training, upgrading facilities.

You will be able to save a lot of money but still get high S/Q, and you do not have to spend much on superior materials.

The screenshot shows a software application window titled "JPhuong - I54 - Year 15". The left sidebar has a menu with "Plant Capacity / Upgrade" highlighted and circled in red. The main area has several sections:

- Capacity Sales / Purchases:** A grid showing production capacity at the end of Year 14 and current production capacity for four plants (N.A., E.A., A-P, L.A.) across regular and overtime hours. It also shows sales of existing capacity and purchase capacity.
- Projected Year 15 Performance:** A table showing financial metrics for Year 15 compared to Year 14, including Earnings Per Share, Return On Equity, Credit Rating, and Image Rating.
- Plant Upgrade Options:** A section with four options (A, B, C, D) for assembly line upgrades, facilities upgrades, equipment upgrades, and worker productivity boosts. Option B is highlighted with a red arrow pointing to its status cell.
- Self-Construction of Additional Capacity:** A section explaining the process of constructing new or additional capacity at an existing plant.
- Capital Outlays:** A summary of capital outlays for purchases of existing capacity and plant upgrade options ordered.

You can upgrade the Plants to take advantage of long term effects.

Remember that bring good effects in next years for Quality and other benefits.

Remember to upgrade the plants as your strategy.

3.3. Keep track of Profit

When you change and optimal any decisions, you should keep track of net profits.

You can have a note for that, a paper is enough.

Only use Corporate Citizenship when you need some point for Image. But if you do so, please also take note of expenses, sometimes, it costs a few million USD just for 1 point of Image.

Consider, ethics training and workforce diversity.

Scoring Measures	Year 15	Investor Expect.
Earnings Per Share	\$5.01	\$3.49
Return On Equity	16.7%	15.0%
Credit Rating	C	B+
Image Rating	95	70
Other Measures	Year 15	Change from Y14
Net Revenues (\$000s)	\$685,071	+71.8%
Net Profit (\$000s)	\$50,142	+8.0%
Ending Cash (\$000s)	\$51,801	+51,801

Branded Production		N.A. Plant	E-A Plant	A-P Plant	L.A. Plant	Projected Materials Prices
Percentage of Superior Materials (0 to 100%)	54%	0% - 50%	0% - 50%	50% - 44%	44% - 500%	Y15 Materials Cost Savings Derived from Cumulative Best Practices Expenditures
Number of Models (50, 100, 150, 200, 250, 350, or 500)	350	\$20k - \$0.50	\$0.00 - \$1.90	\$8k - \$1.90	\$8k - \$1.90	N.A. Plant \$0.00 per pair
Enhanced Styling / Features (50 to \$50k per model)						E-A Plant \$0.00 per pair
TQM / Six Sigma Quality Program (\$0.00-\$2.50 per pair)						A.P. Plant \$0.78 per pair
S/IQ Rating of Branded Pairs Produced (0 to 10 stars)			7★	7★		L.A. Plant \$1.53 per pair
Compensation — Change in Annual Base Wages (%) and Training	+1%	0% - \$1.25	+1% - \$0.50	+1% - \$0.50	+1% - \$5000	Plant Totals
Incentive Pay (3 per non-reject pair)	\$1,250	\$0.00	\$0.50	\$0.50	\$5000	Regular Overtime 8,989 0
Best Practices Training (3 per worker)	\$1000	\$0	\$0	\$0		Overtime
Worker Productivity (pairs per worker per year)	3,972	0	0	2,413	2,459	2,460
Workers Employed in Branded Production	504	0	0	2,073	814	1,220
Worker Compensation — Base Wages (3 per worker per year)	15,610	15,766	0	2,908	2,937	2,856
Incentive Pay Total	5,534	0	0	1,060	1,364	1,373
Incentive Pay as a % of Total Compensation	21,144	15,766	0	3,968	4,301	4,229
	26%	0%	0%	26%	31%	32%
Total Branded Production Needed to Achieve Year 15 Sales Forecast (000s of pairs adjusted upward for expected reject rates)						
Capacity Available for Y15 Production (000s of pairs)	0	0	Regular Overtime 9,000	Regular Overtime 1,800	Regular Overtime 3,000	Regular Overtime 600
Branded Pairs to Be Manufactured in Year 15 (000s)	0	0	Overtime 6000	Overtime 0	Overtime 3000	Overtime 0
Capacity Available for Y15 Private-Label Production	0	0	0	3,000	0	3,000
Rejects — Pairs Rejected (000s) projected reject rate (%)	0	0.0%	0	552	9.2%	234
Cost of Rejects (3000s) \$pair after rejects	0	0.00	0	11,195	2.05	5,391
Branded Manufacturing Costs (after rejected pairs)	5000s / \$pair	5000s / \$pair	5000s / \$pair	5000s / \$pair	5000s / \$pair	5000s / \$pair
Variable Costs – Materials (standard and superior)	0	0.00	0	51,030	9.37	22,341
Variable Costs – Labor (standard and superior)	0	0.00	0	1,620	1.63	7,747
Other (training / styling / TQM / supervision)	0	0.00	0	24,428	4.48	15,862
Fixed Costs (production run set-up / maint. / depreciation)	0	0.00	0	36,281	6.66	26,043
Total Manufacturing Costs (Standard & Private-Label)	0	0.00	0	134,740	13.45	76,169

In any case, you should try get profit margin over 10-15%-20%

Selected Financial and Operating Statistics										Credit Rating Data			
Costs and Profits as a Percent of Net Revenues													
	Cost of Pairs Sold	Whse. Expenses	Mktng. Expenses	Admin. Expenses	Operating Profit	Net Profit	Current Ratio	Days of Inventory	Interest Coverage Ratio	Debt to Assets Ratio	Default Risk Ratio	Default Risk	
A	54.6%	6.6%	13.3%	2.8%	22.6%	13.6%	3.83	38	7.05	0.24	2.88	Medium A	
B	59.5%	7.8%	17.5%	4.4%	10.8%	5.8%	2.23	222	4.37	0.23	0.37	High B	
C	59.4%	6.4%	19.6%	3.2%	11.4%	6.9%	2.97	93	6.94	0.18	1.44	Medium C	
D	56.4%	8.3%	15.0%	2.8%	17.5%	10.8%	3.64	67	8.47	0.24	3.22	Low D	
E	59.6%	7.8%	17.5%	4.4%	10.7%	5.7%	2.10	222	4.20	0.25	0.33	High E	
F	48.1%	5.2%	24.6%	2.3%	19.7%	13.0%	6.29	41	21.97	0.07	7.03	Low F	
G	69.1%	6.2%	9.8%	2.9%	11.9%	2.0%	3.17	104	1.31	0.66	0.53	High G	
H	53.6%	6.0%	27.8%	2.5%	10.2%	5.8%	1.98	27	5.26	0.16	1.09	Medium H	
I	63.1%	6.6%	19.6%	3.4%	7.3%	4.0%	4.05	58	4.57	0.14	1.99	Medium I	
J	54.3%	5.7%	15.0%	3.3%	21.7%	11.6%	1.14	202	4.26	0.62	0.49	High J	
	57.1%	6.5%	18.2%	3.0%	15.2%	8.4%	2.55	107	6.84	0.28	1.94	Medium	

You can find the details of Net Profit ratios and number in Footware Industry Report, Page 5,

Part 3. (Net Profit, Days of Inventories).

Key – Report, Page 5, Part 3: Take care of Net Profits, make it as high as your competitors.

3.4. Upgrade current factories

The S/Q upgrade is great for those that choose high quality strategies.

Setup Cost reduction is great for groups that have a lot of models.

Consider the other two upgrade options.

The screenshot shows a software interface for Glo-Bus Software, Inc. [US] at <https://www.bsg-online.com/users/app/index.html#/decisions/plant-capacity>. The main menu includes 'Help', 'Print', and 'Save Decisions'. The 'Decisions / Reports Menu' on the left has a red circle around the 'Plant Capacity / Upgrade' option. Three arrows point from this circled option to three specific sections: 'Purchase Capacity' (highlighted in blue), 'Plant Upgrade Options', and 'Self-Construction of Additional Capacity'. The 'Plant Upgrade Options' section shows four options (A, B, C, D) with detailed descriptions and projected costs for each plant region.

	N.A. Plant	E.A. Plant	A-P Plant	L.A. Plant
Regular	2,000	0	6,000	2,000
Overtime	400	0	1,200	400
Regular	0	0	3,000	1,000
Overtime	0	0	600	200
Regular	0	0	0	0
Overtime	0	0	0	0
Regular	2,000	0	9,000	3,000
Overtime	400	0	1,800	600

If you plan to sell a factory, do not try to upgrade it. You will lose this investment.

Upgadate the factories in AP and LA. The last few years, costs in these areas are lower.

3.5. Know your Competitors

The most important thing you need to find out is your competitors' prices.

If you set your price too low, you sell a lot but still loose because of low profits.

Decisions / Reports Menu

North America Company F Help Print

INDUSTRY 54 COMPANY ANALYSIS — COMPANY F YEAR 14

North America Y10 Y11 Y12 Y13 Y14 Y15 Y16 Y17 Y18 Y19 Y20

INTERNET SEGMENT

	Y10	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20
Price (\$ per pair at retail)	75.00	76.99	76.99	76.99	79.99						
S/Q Rating (1 to 10 stars)	5★	5★	5★	5★	5★						
Models Offered	180	347	347	350	483						
Free Shipping	No	No	No	No	No						
Advertising (\$000s)	7,000	9,000	9,000	10,000	12,000						
Celebrity Appeal	0	0	255	255	215						
Online Orders (000s)	68	119	159	194	161						
Pairs Sold (000s)	68	119	159	194	161						
Market Share	10.0%	13.9%	15.0%	14.9%	10.5%						

WHOLESALE SEGMENT

	Y10	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20
Price (\$ per pair at wholesale)	48.00	49.99	59.99	59.99	61.00						
S/Q Rating (1 to 10 stars)	5★	5★	5★	5★	5★						
Models Availability	200	347	350	350	491						
Advertising (\$000s)	7,000	9,000	9,000	10,000	12,000						
Rebate Offer (\$ per pair)	3	3	3	3	3						
Retail Outlets Utilized	3,000	3,000	3,000	2,554	2,389						
Retailer Support (\$ per outlet)	400	400	410	420	420						
Delivery Time (weeks)	3	3	3	3	3						
Celebrity Appeal	0	0	255	255	215						
Retailer Demand (000s)	1,282	1,862	1,559	1,534	1,468						
Gained/Lost (due to stockouts)	0	-160	-11	+32	+64						
Pairs Sold (000s)	1,282	1,702	1,548	1,566	1,532						
Market Share	10.0%	12.7%	11.0%	10.6%	10.0%						

PRIVATE-LABEL SEGMENT

	Y10	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20
Bid Price	35.00	24.00	24.00	24.00	0.00						
S/Q Rating	4★	4★	4★	4★	0★						
Pairs Offered (000s)	185	50	225	250	0						
Pairs Sold (000s)	185	0	225	250	0						
Market Share	10.0%	0.0%	15.6%	11.0%	0.0%						

You can find all details about any competitor in Competitive Intelligence Report – **Company Analysis**. Note to chose company on Top Right corner.

Key – Company Analysis: Use this Report to check any competitor S/Q, Price, and other details over the year to see their over all strategies.

3.6. Control the Private Label Market

If you have excess capacity, use this market to produce at full capacity, and you can lower cost per pair of shoes. This is common sense. Just do it.

Consider the best margin for this market to make sure you can get the contract.

Some winners can take risk, but you need to consider between risk to jump up or go down with high bid price.

MARKET SNAPSHOT — NORTH AMERICA														YEAR 16	
Competitive Efforts by Company														Ind. Avg.	Co. F vs Ind. Avg.
A	B	C	D	E	F	G	H	I	J	K	L				
INTERNET SEGMENT															
Price (\$ per pair at retail)	65.80	61.00	65.00	58.00	75.00	69.99	60.99	69.99	75.00	61.00		66.18	+5.8%		
S/Q Rating (1 to 10 stars)	5★	5★	2★	5★	4★	6★	2★	5★	5★	7★		4.6★	+1.4★		
Models Offered	500	200	466	450	180	500	476	400	200	400		377	+32.6%		
Free Shipping	No	No	No	No	No	No	No	No	No	No		None	Avg.		
Advertising (\$000s)	12,000	13,000	20,000	20,000	7,000	15,000	15,001	1,200	10,000	15,000		12,820	+17.0%		
Celebrity Appeal	265	50	0	0	0	115	60	200	0	155		85	+35.3%		
Online Orders (000s)	244	159	226	390	35	222	273	127	48	347		207	+7.2%		
Pairs Sold (000s)	244	159	226	390	35	222	273	127	48	347		207	+7.2%		
Market Share	11.8%	7.7%	10.9%	18.8%	1.7%	10.7%	13.2%	6.1%	2.3%	16.8%		10.0%	+0.7ps.		
WHOLESALE SEGMENT															
Price (\$ per pair at wholesale)	47.98	45.00	52.00	56.00	48.00	53.00	43.99	59.00	48.00	52.00		50.50	+5.0%		
S/Q Rating (1 to 10 stars)	5★	5★	2★	5★	4★	6★	2★	5★	5★	7★		4.6★	+1.4★		
Models Availability	500	335	499	495	200	500	500	497	350	492		437	+14.4%		
Advertising (\$000s)	12,000	13,000	20,000	20,000	7,000	15,000	15,001	1,200	10,000	15,000		12,820	+17.0%		
Rebate Offer (\$ per pair)	3	3	0	3	3	3	2	0	3	3		2.30	+30.4%		
Retail Outlets Utilized	3,146	2,069	2,485	1,455	1,473	2,214	2,195	2,068	2,300	2,653		2,206	+0.4%		
Retailer Support (\$ per outlet)	500	400	700	500	400	460	401	550	400	520		483	-4.8%		
Delivery Time (weeks)	3	3	4	3	3	3	3	3	3	3		3.1	-3.2%		
Celebrity Appeal	265	50	0	0	0	115	60	200	0	155		85	+35.3%		
Retailer Demand (000s)	2,509	1,587	1,799	1,455	661	1,901	2,545	891	1,028	2,312		1,669	+13.9%		
Gained/Lost (due to storeouts)	+20	+12	+13	+5	+14	+20	+9	+8	-113			-1			
Pairs Sold (000s)	2,529	1,599	1,612	1,464	666	1,915	2,565	897	1,036	2,199		1,668	+14.8%		
Market Share	5.2%	9.6%	10.9%	8.8%	4%	11.5%	15.4%	5.4%	0%	13.2%		10.0%	+1.5ps.		
PRIVATE-LABEL SEGMENT															
Bid Price (max = \$45.50)	23.98	35.00	44.00	34.00	35.00	35.00	29.99	40.00	35.00	21.99		Total Private-Label Pairs (000s)			
S/Q Rating (min = 3★)	3★	5★	3★	3★	4★	3★	3★	4★	3★	4★		Demand = 3,290			
Pairs Offered (000s)	1,500	384	351	380	185	700	1,699	117	250	1,200		Offered = 6,768			
Pairs Sold (000s)	1,500	0	0	0	0	0	590	0	0	1,200		Sold = 3,290			
Market Share	45.6%	0.0%	0.0%	0.0%	0.0%	0.0%	17.9%	0.0%	0.0%	36.5%					

Always have a look at Market Snapshot and Private-Label Segment.

Even strong competitors still spend some 500-700 for each market in bidding, because they may have a little extra large plant capacities, for growing.

Also, some competitors always want to gamble for 5-10 million profits, in this market.

But keep low price to make sure you get the bidding contract. (Because the Offer is often two times higher than Demand) in all 4 market regions.

3.7. Focus on a strategy

You can win if you follow High quality and Low number of model.

You can also win if you set Mid quality and High number of model.

This is easy to see in real world of business.

Do not focus too much on market share, you should focus more on Profits.

Market share, revenue are important, but Profit is more Important.

You can do some simple calculation to figure out Profit Growth for each year.

	INDUSTRY 54								FINANCIAL PERFORMANCE SUMMARY				YEAR 16	
	Income Statement Data (\$000s)													
	Net Sales Revenues	Cost of Pairs Sold	Warehouse Expenses	Marketing Expenses	Admin Expenses	Operating Profit	Interest Exp. (Inc.)	Income Taxes	Net Profit	Total Dividend Payment (\$000s)	Shares of Stock (\$000s shares outstanding)			
A	589,145	336,996	35,521	121,366	16,200	79,062	20,782	17,484	40,796	0	9,550	A		
B	266,378	185,050	21,411	75,059	15,626	-30,768	14,916	0	-45,684	0	10,000	B		
C	325,732	182,599	23,225	84,105	9,198	26,605	1,702	7,471	17,432	0	8,404	C		
D	384,884	221,678	30,806	76,348	10,099	45,953	6,933	11,706	27,314	0	8,170	D		
E	127,783	78,830	14,220	30,267	8,149	-3,683	7,910	0	-11,593	10,000	10,000	E		
F	446,621	265,832	27,145	108,127	12,698	32,819	7,291	7,658	17,870	0	11,500	F		
G	583,432	405,409	43,591	99,997	21,399	12,536	56,934	0	-44,398	0	9,800	G		
H	333,038	183,272	22,630	86,705	11,350	29,081	4,689	7,230	16,871	0	10,000	H		
I	152,057	99,766	14,414	46,807	8,898	-17,828	3,407	0	-21,235	0	10,000	I		
J	577,745	344,378	36,148	107,306	15,199	74,714	33,629	12,326	28,759	0	10,000	J		
	378,682	230,381	26,911	83,609	12,932	24,849	15,819	6,388	2,613	1,000	9,742			

	Selected Balance Sheet Data (\$000s)								Dividend Data			
	Cash on Hand	Current Assets	Total Assets	Current Liabilities	Long-Term Debt	Beginning Equity	Stock Sales (purchases)	Earnings Retained	Ending Equity	Year 16 Dividend (\$/share)	No. of Changes (+/-)	
A	0	179,769	730,748	158,571	200,000	408,311	-76,930	40,795	372,176	0.00	0 / 1	A
B	0	114,552	364,487	126,902	96,000	187,269	0	-45,684	141,585	0.00	0 / 1	B
C	0	96,312	215,812	17,614	0	195,646	-14,880	17,432	198,198	0.00	0 / 1	C
D	0	136,085	291,921	24,281	25,000	231,750	-16,424	27,314	242,640	0.00	0 / 1	D
E	0	189,592	309,092	158,383	0	172,278	0	-21,569	150,709	1.00	0 / 0	E
F	62,219	204,665	639,406	43,963	78,000	499,576	0	17,867	517,443	0.00	0 / 1	F
G	0	275,008	1,001,840	639,980	225,000	181,259	0	-44,400	136,859	0.00	0 / 1	G

(Key) Report, Page 5, Part 1 is very useful (again)

Have a look at Net Sales Revenue and Net Profit.

The leading company is the one with Higher Profits (not Revenue). So, again, try to increase the Profits.

Growth rate from 7%-10%.

Check the Profit growth of key competitors, in Year 11, Net Profit is 25.000.

It should be: 30 – 35 – 40 – 45 – **50** – 60 – 70 – 80 – **90** - **100** as usual.

Total Profit over 10 years of Industry Champion should be 600 - 650 millions USD (depends on real cases).

3.8. Do not make mistakes with Corporate Citizenship

This is the first screen.

It is often the waste of money.

You can win Gold Star Award, and also appears on newspaper or TV but it does not help with the over all Score Board.

The choices that will best optimize your image rating are the Ethics Training, which you'll put on 'All Employees', and Workforce Diversity Program, which you'll put on 'Yes'.

If you go further, it will cost more money than other options. Just keep looking at the cost for each options and the increase in Image (it will cost too much for 1 image point). Also, this will decrease Profit too much, which will affect ROE, EPS. So get out of this first screen when you have done two above options. This may be a lesson we learn for Ethics Decisions.

3.9. Optimizations

This is the last you can do before finalizing each year. Up and down each decision a bit to get the optimal **Profits**.

You can use Change the Industry Average to +2% or even +4% to get optimal.

You should also make sure of **S/Q**, this is the first decision.

Then you need to make decision about **Number of Models**.

Then come to **Price**.

These are 3 most important decisions. This may also be another lesson in real world.

Everything comes with Quality, Models and Price, even if that is a house, a car or a laptop.

3.10. Optimization (again)

When you have done with S/Q, Models and Price

Branded Sales Forecast		North America		Europe-Africa		Asia-Pacific		Latin America	
Factors Affecting Internet Sales	Co's Proposed Marketing Effort	Your Estimate of the Ind. Avg.	Factors Affecting Wholesale Sales	Co's Proposed Marketing Effort	Your Estimate of the Ind. Avg.	Co's Proposed Marketing Effort	Your Estimate of the Ind. Avg.	Co's Proposed Marketing Effort	Your Estimate of the Ind. Avg.
Retail Price (\$pairs)	75.00	73.90	Wholesale Price (\$pairs)	48.00	47.91	48.00	48.89	41.00	41.49
Models Offered	180	220	S/Q Rating (0 to 10 pairs)	4+	4+	4+	4+	4+	4+
Free Shipping	No	None	Models Available	200	269.28	200	264	200	264
In Year 12 the Internet Market will account for 7% of total branded footwear demand.									
Advertising Budget (\$000s)									
Rebate Offer (\$0-\$10 per pair)									
Retail Outlets (number utilized)									
Retailer Support (\$ per outlet)									
Delivery Time (1-4 weeks)									
Celebrity Appeal (total)									
Number of Companies Competing in Region									
Company Sales Forecast (all branded segments)									
Internet Segments — Regional Sales Volume ('000s of pairs)									
Wholesale Segments — Regional Sales Volume ('000s of pairs)									
Inventory Clearance (% of beginning inventory cleared at discount)									
Margin Over Direct Costs of Cleared Pairs (\$000s and \$pair)									
Y12 Forecast of Total Branded Sales Volume ('000s of pairs)									
+ Inventory Needed to Achieve Delivery Time ('000s of pairs)									
- Inventory Carried Over from Y11 ('000s of pairs not cleared)									
Y12 Production Need to Achieve Sales Forecast (after rejects)									
Total Branded Production Needed ('000s of pairs net rejects) 3,948 (68% of capacity)									
Production Capacity Available for Private-Label (at max O/H) 3,252									

You should optimize advertising, rebate, retailer support (by 100s) and delivery time (3 days).

3.11. Plant capacity

No one wants to sell our factories, only when you try everything but can not get Profits. It happens when all companies build too many factories, supply exceeds demands too much (200%, for example). It can be bad, or even very bad when you have to sell a factory, that you have upgraded, it means you loose the cost for upgrading factories in previous years.

Capacity Sales / Purchases		N.A. Plant		E.A. Plant		A-P Plant		L.A. Plant	
Production Capacity at the End of Year 11 ('000s of pairs)		Regular	Overtime	Regular	Overtime	Regular	Overtime	Regular	Overtime
Capacity Additions (ordered and paid for in Y11, available for Y12)		2,000	400	0	0	4,000	800	0	0
Capacity Purchases (click to purchase capacity if available)		0	0	0	0	0	0	0	0
Current Production Capacity ('000s of pairs)		0	0	0	0	0	0	0	0
Sales of Existing Capacity ('000s of pairs of regular time capacity)		0	(000 pairs)	0	(000 pairs)	0	(000 pairs)	0	(000 pairs)
Selling Price / Cash Receipts (\$000s and \$pair)		0 (\$000s)	0 (\$000s)	0 (\$000s)	0 (\$000s)	0 (\$000s)	0 (\$000s)	0 (\$000s)	0 (\$000s)
Capacity Available for Y12 Production ('000s regular + overtime)		2,000 + 400	0 + 0	4,000 + 800	0 + 0	0	0	0	0
Total Branded Production Needed ('000s of pairs net rejects) 3,948 (68.6% of capacity)		Production Capacity Available for Private-Label (at max O/H) 3,252							
Plant Upgrade Options									
Option A	Assembly Line Upgrade to Reduce Reject Rate by 50%	Y12 capital outlay (\$000s)	Projected annual cost savings at current reject rates (\$000s)	\$ 5,000	\$ 0	\$ 10,000	\$ 0	\$ 0	\$ 0
Option B	Facilities Upgrade to Reduce Production Run Setup by 50%	Y12 capital outlay (\$000s)	Projected annual cost savings at current model costs (\$000s)	\$ 16,000	\$ 0	\$ 32,000	\$ 0	\$ 0	\$ 0
Option C	Equipment Upgrade to Boost S/Q Rating by 1 Star	Y12 capital outlay (\$000s)	Projected annual cost savings at current S/Q effort (\$000s)	\$ 14,000	\$ 0	\$ 28,000	\$ 0	\$ 0	\$ 0
Option D	Facilities Upgrade to Boost Worker Productivity by 25%	Y12 capital outlay (\$000s)	Projected annual cost savings at current production & comp.	\$ 7,000	\$ 0	\$ 14,000	\$ 0	\$ 0	\$ 0
Self-Construction of Additional Capacity									
Prior to constructing a new plant or additional capacity at an existing plant, you must complete an analysis form. Click one of the buttons (at right) to access the analysis form for a chosen new capacity construction initiated now will be available for production in Year 13.		N.A. Plant		E.A. Plant		A-P Plant		L.A. Plant	
Capital Outlays — Purchases of Existing Capacity Plant Upgrade Options Ordered		0 (\$000 pairs)	0 (\$000 pairs)	0 (\$000 pairs)	0 (\$000 pairs)	0 (\$000 pairs)	0 (\$000 pairs)	0 (\$000 pairs)	0 (\$000 pairs)
Build Capacity		Build Capacity	Build Capacity	Build Capacity	Build Capacity	Build Capacity	Build Capacity	Build Capacity	Build Capacity

Use the S/Q upgrade if you follow high quality strategy.

Use the Setup Reduction upgrade if you want a large volume strategy.

3.12. Branded Production

The screenshot shows the BSG Online software interface for 'Branded Production'. The main window title is 'C Company – Year 12'. On the left, there's a 'Decisions / Reports Menu' with options like 'DECISION ENTRIES – YEAR 12' (Corporate Citizenship, Sales Forecast, Plant Capacity / Upgrades, Branded Production, Branded Distribution, Internet Marketing, Wholesale Marketing). Below that is a 'Projected Year 12 Performance' section with a note: 'Performance projections generated upon the first decision save.' At the bottom left are user profiles: 'Thoan Nguyen Van' (green icon) and 'Tw Vu Minh Khanh' (grey icon).

Branded Production

	N.A. Plant	E-A Plant	A-P Plant	L.A. Plant	Projected Materials Prices
Percentage of Superior Materials (0 to 100%)	54% ▾ 200 \$ 10k \$ 0.50	0% ▾ 50 \$ 0k \$ 0.00	54% ▾ 200 \$ 10k \$ 0.50	0% ▾ 50 \$ 0k \$ 0.00	Y12 Materials Cost Savings Derived from Cumulative Best Practices Expenditures
Number of Models (50, 100, 150, 200, 250, 350, or 500)	200	50	200	50	N.A. Plant \$ 0.00 per pair
Enhanced Styling / Features (\$0 to \$50k per model)	\$ 10k	\$ 0k	\$ 10k	\$ 0k	E-A Plant \$ 0.00 per pair
TQM / Six Sigma Quality Program (\$0.00-\$2.50 per pair)	\$ 0.50	\$ 0.00	\$ 0.50	\$ 0.00	A-P Plant \$ 0.00 per pair
S/IQ Rating of Branded Pairs Produced (0 to 10 stars)	4 ★	4 ★	4 ★	4 ★	L.A. Plant \$ 0.00 per pair

Compensation — Change in Annual Base Wages (%) and Training

	Year 11	Year 12								
Incentive Pay (\$ per non-reject pair)	1.25%	1.25%	0.00	0.00	0.40%	0.40%	0.00	0.00	0.00	0.00
Best Practices Training (\$ per worker)	\$ 1000	\$ 1000	\$ 0	\$ 0	\$ 500	\$ 500	\$ 0	\$ 0	\$ 0	\$ 0

Worker Productivity (pairs per worker per year)
Workers Employed for Branded Production
Worker Compensation — Base Wages
(\$/per worker per year)
Incentive Pay
Total
Incentive Pay as a % of Total Compensation

Year 11	Year 12								
4,021	4,041	0	0	2,500	2,500	0	0	0	0
440	438	0	0	1,254	1,254	0	0	0	0
15,150	15,302	0	0	2,822	2,850	0	0	0	0
5,128	5,159	0	0	929	929	0	0	0	0
20,278	20,461	0	0	3,751	3,779	0	0	0	0
25%	25%	0%	0%	24%	24%	0%	0%	0	0

Total Branded Production Needed to Achieve Year 12 Sales Forecast (000s of pairs adjusted upward for expected reject rates)

Capacity Available for Y12 Production (000s of pairs)	Regular	Overtime	Capacity Available for Y12 Private-Label Production (000s of pairs)	Regular	Overtime	Capacity Available for Y12 Private-Label Production (000s of pairs)	Regular	Overtime	Capacity Available for Y12 Private-Label Production (000s of pairs)	Regular	Overtime	
2,000	400	0	0	0	0	0	4,000	800	0	0	0	0
1766	0	0	234	400	0	867	800	0	0	3133	0	0
89	5.0%	0	0	0	0	223	7.1%	0	0.0%	0	0	0
2,221	132	0	0	0	0	4,460	1.53	0	0.00	312	6.4%	6,681
												1,46

Branded Manufacturing Costs (after rejected pairs)

\$000s	\$/pair	\$000s	\$/pair	\$000s	\$/pair	\$000s	\$/pair	\$000s	\$/pair	\$000s	\$/pair
16,397	9.78	0	0.00	29,089	10.00	0	0.00	45,486	9.92	0	0.00
8,798	5.25	0	0.00	4,738	1.63	0	0.00	13,536	2.95	0	0.00
5,624	3.35	0	0.00	6,841	2.35	0	0.00	12,465	2.72	0	0.00
13,235	7.89	0	0.00	21,984	7.55	0	0.00	35,219	7.68	0	0.00
44,054	26.27	0	0.00	62,652	21.53	0	0.00	106,706	23.27	0	0.00

Rejects — Pairs Rejected (000s | projected reject rate %)
Cost of Rejects (\$000s | \$/pair after rejects)

You need to toggle Materials, Styles/Features and TQM until you get desired S/Q.

Also, you can set Best practice training high, may be as high as 5.000

With Styles/Features, you can set it as high as 50.

TQM may be as high as 2.50

Most important thing is keep looking at your Profit, make sure it get highest possible.

3.13. Branded Distribution

Branded Distribution

	NA Plant	E.A. Plant	A-P Plant	L.A. Plant
Branded Pairs Available for Shipment (total pairs manufactured in each plant less rejected pairs)	0	0	7,376	2,787
Shipments from Plants to — North America Warehouse	0	0	1700	787
Europe-Africa Warehouse	0	0	2400	0
Asia-Pacific Warehouse	0	0	3276	0
Latin America Warehouse	0	0	0	2000
Total Branded Pairs Shipped from each Plant (000s)	0	0	7,376	2,787

Projected Warehouse Operations

	North America Warehouse	Europe-Africa Warehouse	Asia-Pacific Warehouse	Latin America Warehouse
Footwear Shipments Needed (to achieve Y17 forecast and delivery time)	2,186	2,132	1,933	1,833
Footwear Shipments from Plants (pairs produced and shipped in Y17) + Ending Y16 Inventory (pairs carried over from Year 16) - Inventory Cleared (Y16 pairs eliminated via clearance sale)	2,487	2,400	3,276	2,000
Total Branded Pairs Available (pairs available for sale in Y17)	2,711	2,698	3,510	2,151
Projected Branded Sales (expected internet and wholesale pairs sold)	2,245	2,163	2,001	1,850
Required Inventory (pairs needed in Y17 inventory to achieve delivery time)	165	177	166	134
Inventory Surplus/Shortfall at Year-End (000s of pairs)	301	268	1,343	167

S/IQ Rating (weighted average S/IQ rating of branded pairs available for sale)

Forecast	Achieved	Forecast	Achieved	Forecast	Achieved	Forecast	Achieved
8 ★ 500	8 ★ 499	8 ★ 500	8 ★ 500	8 ★ 500	8 ★ 499	8 ★ 499	8 ★ 499

Model Availability (weighted average number of models available)

\$000s	\$Pair	\$000s	\$Pair	\$000s	\$Pair	\$000s	\$Pair
—	—	—	—	—	—	—	—
Exchange Rate Cost Adjustment (on incoming shipments)	-164	-0.07	-44	-0.02	0	0.00	0
Distribution and — Freight on Footwear Shipments	4,974	2.00	4,800	2.00	3,276	1.00	2,000
Warehouse Expenses	0	0.00	9,600	4.00	0	0.00	0
Inventory Storage (on ending Y16 inventory)	112	0.05	104	0.05	372	0.19	76
Other Expenses (leasing fees / boxing / shipping)	7,316	3.26	7,255	3.37	6,669	3.33	6,468
Total Distribution and Warehouse	12,402	5.31	21,799	9.42	10,317	4.52	8,544
Cost of Pairs Available for Sale (production, x-rates, freight, tariffs)	70,142	25.87	75,366	28.90	84,007	23.93	58,665

First year (year 11), you have two factories, and have to distribute to four markets.

You can ship from NA factory to LA, may be NAFTA region has no tariffs.

Make sure you learn how to do this.

First you look at demands for each market, second box, first line – Footware Shipment Needs.

Then come back to first box to divide each plant supply for each regional markets.

Tips: Click the last box, they displays the remain number of shoes.

3.14. Celebrities (try to get at least one)

Bids for Celebrity Endorsement Contracts

Name of Celebrity	Celebrity Appeal	Currently Signed By	Cancel Contract	Contract (\$000s/yr)	Year Signed	Contract Length	Up For Bid	Offer (\$000s)	Priority Ranking
Payton Manyon	85 45 35 40	A Company		3,002	Y16	2 years	Year 18	0	22222 1 ▾
Oprah Beyoncé	100 70 65 75	A Company		20,002	Y14	3 years	NOW	22222	1 ▾
Cristiano Romano	70 100 70 55	GKim Thoa		33,001	Y16	5 years	Year 21	0	0 ▾
Tiger Green	95 80 85 75	DR. MEN		15,000	Y16	2 years	Year 18	0	0 ▾
José Montaña	60 50 60 95	GKim Thoa		25,001	Y15	3 years	Year 18	0	0 ▾
Mishell Wili	55 60 95 90	GKim Thoa		31,001	Y16	4 years	Year 20	0	0 ▾
Ace Federar	50 90 50 85	A Company		10,001	Y16	1 years	NOW	12222	3 ▾
Danica Sebastian	70 65 55 60	A Company		10,001	Y16	3 years	Year 19	0	0 ▾
Yi Lin	75 80 95 50	H Mr. Manh SHOES		16,000	Y13	4 years	NOW	16111	4 ▾
Shakira Iglesias	45 85 80 100	Tuan Duong		22,000	Y15	2 years	NOW	22111	2 ▾
Nick Shavan	80 75 75 70	A Company		16,002	Y14	3 years	NOW	16666	5 ▾
Bronko Mars	60 35 100 50	[unsigned]		0	Y0	4 years	NOW	16666	6 ▾

Projected Year 17 Performance

Scoring Measures	Year 17	Investor Expect.
Earnings Per Share	\$6.95	\$3.84
Return On Equity	17.6%	15.0%
Credit Rating	C+	B+
Image Rating	92	70

Spending Cap on Year 17 Bids (\$000s) Once the annual cost of your company's Year 17 winning bids reaches this dollar amount, all lower-priority bids are withdrawn. This cap helps you avoid unwanted spending for celebrity endorsements.

Benchmark Bidding Statistics

Celebrity	Last Bid For Bid	Number of Bidders	High Bid	2nd Bid	Avg Bid	Low Bid
Payton Manyon	Year 16	2	2,002	2,001	2,502	2,001
Oprah Beyoncé	Year 14	3	20,002	16,000	16,075	12,222
Cristiana Romano	Year 16	3	33,001	26,000	20,334	2,001
Tiger Green	Year 16	2	15,000	2,001	8,501	2,001
José Montaña	Year 15	5	25,001	16,666	14,978	10,000
Mishell Wili	Year 16	5	31,001	15,000	13,201	2,001
Ace Federar	Year 16	2	10,001	2,001	6,001	2,001
Danica Sebastian	Year 16	2	10,001	2,001	6,001	2,001
Yi Lin	Year 13	4	16,000	16,000	12,028	5,000
Shakira Iglesias	Year 15	3	22,000	16,666	16,963	12,222
Nick Shavan	Year 14	4	16,002	12,222	12,056	10,000

Year 17 Celebrity Endorsement Costs

Total Existing Contracts (\$000s)	\$ 0
Costs Per Branded Pair Sold	\$ 0.00

Potential Year 18 Endorsement Costs

New + Carry-Over Contracts (\$000s)	\$ 50,000
-------------------------------------	-----------

Figure out how much you want to bid for each celebrity.

You can check the bid price from last years.

Remember to keep track of Profit, because you are cutting from Profit for PR products.

Suggested bid is 3.000 to 6.000 for a Celebrity, that is enough in real world. But in the game, some put too high, up to 15.000 (it means 15 millions USD a year, too high).

Also, compare with Advertising budget of 30 million in year 11, about 3.000 to 5.000 is reasonable.

Anyway, if you want some celebrities, you need to bid higher than others.

You can set order of Priority and Limit the budget for Celebrities.

3.15. Private Label again

The screenshot shows the B MyMy Industrials - Year 12 software interface. The main menu includes Decisions / Reports Menu, Branded Distribution, Internet Marketing, Wholesale Marketing, Celebrity Endorsements, Private-Label Operations, Finance & Cash Flow, FOOTWEAR INDUSTRY REPORT, Projected Year 12 Performance, and Other Measures. The Private-Label Production section displays production specs like Superior Materials Usage (0 to 100%), Number of Models (Y12 global requirement), Enhanced Styling / Features (5 per model), Y12 Global Minimum S/Q Rating (4★), and S/Q Rating of P-Label Pairs Produced (5★). The Private-Label Bids section shows the Private-Label Demand Forecast for Y12 (000s of pairs, regional total) and Bids Offered for Sale (000s to be produced and shipped if bid is accepted). A red circle highlights the 'S/Q Rating' field in the Production Specs section, and a red arrow points to a checkbox labeled 'Assume Bid is Accepted' in the Bids section.

This markets can bring Image and Profit.

This markets can also control some close competitors gamble with very high bid price, and win (unfair, because they gamble, but if you do not consider this, they still win the game).

If you set price high enough, you get some Profit.

If you set price low, as low as cost, you still get Profit, because you run plants at full capacity, and therefore lower production costs.

Note 2 things: S/Q for that year, you need to set to meet minimum S/Q.

The second thing is price, bidding price for Private market must be at least 5.00 lower than whole sales price.

You can set high price, gamble for profits.

You can set low price, as low as cost, you will damage other, prevent them entering markets.

Take all some market shares, this will also hurt other companies. But make sure you get Profits.

3.16. Finance and Cash Flows

The screenshot shows the 'Finance and Cash Flow' section of the software. It includes tables for 'Sources of Additional Cash' and 'Uses for Excess Cash'. The 'Uses for Excess Cash' table has three rows: 'Early Repayment of L-T Loans' (Loan #1: \$57,500 k, Loan #2: \$9,600 k), 'Dividend' (\$0.00), and 'Stock Repurchase' (225 shares at \$29.03). The 'Projected Cash Outlays in Year 12' table lists various expenses like 'Payments to Materials Suppliers' (\$69,414) and 'Interest Payments on Bank Loans' (\$6,945). The bottom right corner of the screenshot is circled in red.

This is good screen. You learn Finance!

You check the interest rates to borrow and pay two current debts.

You can issue stocks.

You can buy back stocks to increase EPS.

You can pay some very small dividends.

If you have low stock price, you can buy back some to increase EPS.

3.17. Details are important 1 – Branded Production

Projected Year 15 Performance

Scoring Measures	Year 15	Investor Expect
Earnings Per Share	\$5.01	\$3.49
Return On Equity	16.7%	15.0%
Credit Rating	C	B+
Image Rating	95	70
Other Measures	Year 15 from Y14	Change
Net Revenue (\$000s)	\$685,071	+71.8%
Net Profit (\$000s)	\$50,142	+6.0%
Ending Cash (\$000s)	\$51,801	+51,801

Branded Production

Branded Production		N.A. Plant	E-A Plant	A-P Plant	L.A. Plant	Projected Materials Prices
Percentage of Superior Materials (0 to 100%)	54%	50%	50%	50%	44%	Y15 Cost Savings
Number of Models (50, 100, 150, 200, 250, 350, or 500)	350	50	50	50	500	Derived from Cumulative Best Practices Expenditures
Enhanced Styling / Features (50 to 550k per model)	\$20k	\$0k	\$0k	\$8k	\$8k	
TQM / Six Sigma Quality Program (\$0.00-\$2.50 per pair)	\$0.50	\$0.00	\$1.50	\$1.50	\$1.90	
S/Q Rating of Branded Pairs Produced (0 to 10 stars)	7 ★	7 ★				

Compensation — Change in Annual Base Wages (%) and Training

Incentive Pay (\$ per non-reject pair)	Best Practices Training (\$ per worker)
\$1.25	\$1000
\$0.00	\$0
\$0.50	\$5000
\$0.50	\$5000

Worker Productivity (pairs per worker per year)

Year 14	Year 15						
3,972	0	0	2,444	2,444	2,459	2,460	
504	0	0	2,073	2,455	814	1,220	
15,610	15,766	0	2,908	2,937	2,828	2,856	
5,534	0	0	1,060	1,364	1,350	1,373	
21,144	15,766	0	3,968	4,301	4,178	4,229	
26%	0%	0%	26%	31%	32%	32%	

Incentive Pay as a % of Total Compensation

Total Branded Production Needed to Achieve Year 15 Sales Forecast (000s of pairs adjusted upward for expected reject rates)
8,989

Capacity Available for Y15 Production (000s of pairs)

Regular	Overtime										
0	0	0	0	9,000	1,800	3,000	600	3000	0	12,000	2,400
0	0	0	0	3,000	1,800	0	600	0	0	3,000	2,400
0	0	0	0	552	9.2%	234	7.8%	234	7.8%	786	8.7%
0	0.00	0	0.00	11,195	2.05	5,391	1.95	5,391	1.95	16,586	2.02

Branded Manufacturing Costs (after rejected pairs)

\$000s	\$/pair								
6000	0	3000	0	3000	0	3000	0	3000	0

Take good care of Branded Production

Materials, Styling/Feature and Number of Models, TQM and Best Practice Training – should be considered and toggled carefully, this can increase Net Profit by 10% (double Net Profit).

3.18. Details are important 2 – Productions

https://www.bsg-online.com/users/app/index.html#/decisions/branded-production - Google Chrome
Glo-Bus Software, Inc [US] https://www.bsg-online.com/users/app/index.html#/decisions/branded-production

JPhuong - I54 - Year 15 Help Print Save Decisions

Decisions / Reports Menu

- Performance Charts
- DECISION ENTRIES – YEAR 15
- Corporate Citizenship
- Sales Forecast
- Plant Capacity / Upgrades
- Branded Production**
- Branded Distribution
- Internet Marketing
- Wholesale Marketing

Projected Year 15 Performance

Scoring Measures	Year 15	Investor Expect.
Earnings Per Share	\$5.01	\$3.49
Return On Equity	16.7%	14.0%
Credit Rating	C	B+
Image Rating	95	70
Other Measure	Year 15	Change from Y14
Net Revenue (\$000s)	\$685,071	+71.8%
Net Profit (\$000s)	\$50,142	+6.0%
Ending Cash (\$00s)	\$51,801	+51,801

Branded Production

	N.A. Plant	E-A Plant	A-P Plant	L.A. Plant
Percentage of Superior Materials (0 to 100%)	54% 350 \$ 20k \$ 0.50	0% 50 \$ 0k \$ 0.00	50% 500 \$ 8k \$ 1.50	44% 500 \$ 8k \$ 1.50
Number of Models (50, 100, 150, 200, 250, 350, or 500)				
Enhanced Styling / Features (\$0 to \$50k per model)				
TQM / Six Sigma Quality Program (\$0.00-\$2.50 per pair)				

S/IQ Rating of Branded Pairs Produced (0 to 10 stars)

	Year 14	Year 15	Year 14	Year 15	Year 14	Year 15	Year 14	Year 15
Compensation — Change in Annual Base Wages (%) and Training	+1% \$ 1.25 \$ 1000	0% \$ 0.00 \$ 0	+1% \$ 0.50 \$ 5000					
Incentive Pay (\$ per non-reject pair)								
Best Practices Training (\$ per worker)								
Worker Productivity (pairs per worker per year)	3,972	0	0	0	2,413	2,459	2,459	2,460
Workers Employed for Branded Production	504	0	0	0	2,073	2,455	814	1,220
Worker Compensation — Base Wages (\$ per worker per year)	15,610	15,766	2,908	2,937	2,828	2,856	1,060	1,373
Incentive Pay	5,534	0	0	0	1,364	1,350	1,350	1,373
Total	21,144	15,766	0	0	3,968	4,301	4,178	4,229
Incentive Pay as a % of Total Compensation	26%	0%	0%	0%	26%	31%	26%	32%
Total Branded Production Needed to Achieve Year 15 Sales Forecast (000s of pairs adjusted upward for expected reject rates)								

Projected Materials Prices

Y15 Materials Cost Savings Derived from Cumulative Best Practices Expenditures	N.A. Plant	E-A Plant	A-P Plant	L.A. Plant
\$0.00 per pair	\$0.00 per pair	\$0.00 per pair	\$0.00 per pair	\$0.00 per pair
E-A Plant	\$0.00 per pair	\$0.00 per pair	\$0.00 per pair	\$0.00 per pair
A-P Plant	\$0.78 per pair	\$0.00 per pair	\$0.00 per pair	\$1.53 per pair
L.A. Plant	\$1.53 per pair	\$0.00 per pair	\$0.00 per pair	\$0.00 per pair

Plant Totals

Regular Overtime	Regular Overtime
8,989	0

Capacity Available for Y15 Production (000s of pairs)

Regular	Overtime	Regular	Overtime	Regular	Overtime	Regular	Overtime
0	0	0	0	9,000	1,800	3,000	600
0	0	0	0	6000	0	3000	0

Branded Pairs to be Manufactured in Year 15 (000s)

Regular	Overtime	Regular	Overtime	Regular	Overtime	Regular	Overtime
0	0	0	0	3,000	1,800	0	600
0	0	0	0	3,000	1,800	0	600

Capacity Available for Y15 Private-Label Production

Regular	Overtime	Regular	Overtime	Regular	Overtime	Regular	Overtime
0	0	0	0	3,000	1,800	0	600
0	0	0	0	3,000	1,800	0	600

Rejects — Pairs Rejected (000s) [projected reject rate %]

Cost of Rejects (\$000s) [\$pair after rejects]	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Cost of Rejects (\$000s) [\$pair after rejects]

\$000s	\$pair	\$000s	\$pair	\$000s	\$pair	\$000s	\$pair
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0

Branded Manufacturing Costs (after rejected pairs)

\$000s	\$pair	\$000s	\$pair	\$000s	\$pair	\$000s	\$pair
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0

EN

Take good care of Branded Production

Produce enough for Demands, the over capacity can go to Private Market.

Just keep Private Bidding Price low to make sure of getting the contract. Do not Gamble!

3.19. How to keep track of Overall Scores

The screenshot shows a software application window titled "FOOTWEAR INDUSTRY REPORT". On the left, there is a "Decisions / Reports Menu" with several options like Wholesale Marketing, Celebrity Endorsements, Private-Label Operations, Finance & Cash Flow, and a "FOOTWEAR INDUSTRY REPORT" section. The "FOOTWEAR INDUSTRY REPORT" section is circled in red, and a red arrow points from it to the "Year 14 Scoreboard" table on the right. The table has columns for Rank, Company Name, Investor Expectation Score, Best-In-Industry Score, Overall Score, and Change from Y13. The data is as follows:

Rank	Company Name	Investor Expectation Score	Best-In-Industry Score	Overall Score	Change from Y13
1	F Tuan Duong	111	93	102	-4
2	DR. MEN	111	88	100	-2
3	A Company	108	85	97	+1
4	JPhuong - 154	98	81	90	-4
5	H DUC SHOES	86	66	76	-26
6	C Company	75	58	67	+8
7	INgoc Tuyen	57	46	52	-17
8	B Company	47	37	42	-23
9	E Company	45	36	41	-18
10	GKim Thoa	35	29	32	+5

Footware Industry Report - Page 1

3.20. How to keep track of Market Demands

The screenshot shows the BSG Online software interface for the 'Footwear Industry Report' in Year 15. The main menu at the top includes links to the software's website and help/print options. The main content area displays several tables and sections:

- Decisions / Reports Menu:** Includes options like Wholesale Marketing, Celebrity Endorsements, Private-Label Operations, and Financials.
- Demand Forecast (industry totals):**

	N.A. Market	E-A Market	A-P Market	L.A. Market	All Market	Notes
Branded Demand (Internet + wholesale)	Year 15: 18,041	18,073	14,278	14,126	64,518	Global demand for Y11-Y15 is expected to grow 5%-7% annually, slowing to about 5% annual growth during Y16-Y20. The projected growth rates are identical for all four regions, as indicated in the table on page 4 of the Player's Guide. Actual demand growth may vary from the forecast due to increased/decreased competitive intensity industry-wide.
Year 16: 19,123	19,157	15,420	15,256	68,956		
Year 17: 20,270	20,306	16,654	16,476	73,706		
- Potential Y15 Footwear Supply:**

	Beginning Y15 Inventory	Potential Production (with OT)	Potential Global Supply
	15,162	97,680	112,842
- Expected Y15 Footwear Demand:**

	Branded Demand Forecast	Private-Label Forecast	Potential Global Demand
	64,518	11,970	76,488
- Supply / Demand Analysis:** Notes that excess supply of 47% is likely to produce FIERCE competition and hurt industry profitability in Y15 and beyond. Construction of new capacity will not be needed for several years, and it may be wise for some companies to sell-off unneeded production capacity.
- Plant Capacity (000s of pairs of production capacity not including overtime):**

	Capacity Beginning Year 14				Capacity Purchased (Sold)				Capacity Available for Y14 Production				New Construction Initiated in Y14		
	N.A.	E-A	A-P	L.A.	N.A.	E-A	A-P	L.A.	N.A.	E-A	A-P	L.A.		Total	
A	2,000	0	4,000	2,000	0	0	0	0	2,000	0	4,000	2,000	8,000	3,000	A
B	2,000	0	4,000	0	0	0	0	0	2,000	0	4,000	0	6,000	0	B
C	2,000	0	4,000	0	0	0	0	0	2,000	0	4,000	0	6,000	0	C
D	2,000	0	4,900	0	0	0	0	0	2,000	0	4,900	0	6,900	0	D
E	2,000	0	4,000	0	0	0	0	0	2,000	0	4,000	0	6,000	0	E
F	2,000	0	5,500	0	0	0	0	0	2,000	0	5,500	0	7,500	0	F
G	2,000	0	4,000	4,000	0	0	0	0	2,000	0	4,000	4,000	10,000	0	G
H	2,000	0	4,000	2,000	0	0	0	0	2,000	0	4,000	2,000	8,000	0	H
I	2,000	0	4,000	0	0	0	0	0	2,000	0	4,000	0	6,000	0	I
J	2,000	0	6,000	2,000	0	0	0	0	2,000	0	6,000	2,000	10,000	4,000	J
	20,000	0	44,400	10,000	0	0	0	0	20,000	0	44,400	10,000	74,400	7,000	

Footware Industry Report - Page 4

3.21. How to keep track of Net Profits and Cost over years

[https://www.bsg-online.com/users/app/index.html#/fir/page5 - Google Chrome](https://www.bsg-online.com/users/app/index.html#/fir/page5)

Glo-Bus Software, Inc. [US] <https://www.bsg-online.com/users/app/index.html#/fir/page5>

JPhuong - I54 – Year 15

Year 14 ▾ Help Print

Decisions / Reports Menu

- Wholesale Marketing
- Celebrity Endorsements
- Private-Label Operations
- Finance & Cash Flow
- FOOTWEAR INDUSTRY REPORT**
- Page 1 (Scoreboard)
- Page 2 (EPS, ROE, Stock Price)
- Page 3 (Credit Rating, Image, CSRC)
- Page 3b (Bonus Point Awards)
- Page 4 (Overview, Plant Capacity)
- Page 5 (Financial Summary)**
- Page 6 (Performance Benchmarks)
- Page 7 (Celebrities, Price Trends)
- COMPETITIVE INTELLIGENCE REP**
- Market Snapshot
- Company Analysis
- COMPANY DIVERSIFICATION REPORTS**

INDUSTRY 54

FINANCIAL PERFORMANCE SUMMARY

YEAR 14

Income Statement Data (\$000s)

	Net Sales Revenues	Cost of Pairs Sold	Warehouse Expenses	Marketing Expenses	Admin Expenses	Operating Profit	Interest Exp (Inc)	Income Taxes	Net Profit	Total Dividend Payment	Shares of Stock (\$000s of shares outstanding)
A	397,315	216,963	26,149	52,994	11,225	89,984	12,757	23,168	54,059	0	12,000 A
B	182,435	108,502	14,238	31,997	8,024	19,674	4,499	4,553	10,622	10,000	10,000 B
C	285,796	169,792	18,343	55,893	9,078	32,690	4,708	8,395	19,587	0	10,000 C
D	354,514	199,849	29,555	53,083	9,976	62,051	7,327	16,417	38,307	0	8,970 D
E	182,435	108,670	14,241	31,994	8,024	19,506	4,645	4,458	10,403	10,000	10,000 E
F	452,436	217,761	23,370	111,450	10,575	89,280	4,064	25,297	59,026	0	11,500 F
G	423,090	292,487	26,396	41,405	12,276	50,526	38,651	3,563	8,312	0	9,800 G
H	455,442	243,952	27,377	126,573	11,227	46,313	8,807	11,252	26,254	0	10,000 H
I	256,390	161,680	16,868	50,260	8,776	18,806	4,119	4,350	10,149	0	10,000 I
J	398,734	216,387	22,637	59,791	13,228	86,691	20,351	19,902	46,438	0	10,000 J
	338,859	193,604	21,917	61,544	10,241	51,552	10,993	12,136	28,316	2,000	10,227

Selected Balance Sheet Data (\$000s)

	Cash on Hand	Current Assets	Total Assets	Current Liabilities	Long-Term Debt	Beginning Equity	Stock Sales (purchases)	Earnings Retained	Ending Equity	Year 14 Dividend \$/share	No. of Changes (+/-)
A	37,533	158,833	610,683	41,507	123,000	392,118	0	54,058	446,176	0.00	0/1 A
B	0	107,858	252,858	48,418	23,000	180,798	0	642	181,440	1.00	0/0 B
C	0	113,839	258,839	38,318	23,000	177,933	0	19,588	197,521	0.00	0/1 C
D	8,343	130,717	316,329	35,944	58,000	232,960	-48,882	38,307	222,385	0.00	0/1 D
E	0	100,007	265,057	54,540	22,000	170,000	0	492	170,590	1.00	0/0 E

Dividend Data

	Year 14 Dividend \$/share	No. of Changes (+/-)
A	0.00	0/1 A
B	0.00	0/0 B
C	0.00	0/1 C
D	0.00	0/1 D
E	1.00	0/0 E

Footware Industry Report - Page 5

3.22. How to keep track of Cash on hand, Debst, Equity

https://www.bsg-online.com/users/app/index.html#/fir/page5 - Google Chrome
Glo-Bus Software, Inc. [US] https://www.bsg-online.com/users/app/index.html#/fir/page5

JPhuong - I54 – Year 15

Decisions / Reports Menu

- Wholesale Marketing
- Celebrity Endorsements
- Private-Label Operations
- Finance & Cash Flow
- FOOTWEAR INDUSTRY REPORT**
- Page 1 (Scoreboard)
- Page 2 (EPS, ROE, Stock Price)
- Page 3 (Credit Rating, Image, CSR)
- Page 3b (Bonus Point Awards)
- Page 4 (Overview, Plant Capacity)
- Page 5 (Financial Summary)**
- Page 6 (Performance Benchmarks)
- Page 7 (Celebrities, Price Trends)
- COMPETITIVE INTELLIGENCE REP**
- Market Snapshot
- Company Analysis
- COMPANY OPERATING REPORTS**

Selected Balance Sheet Data (\$000s)

	Cash on Hand	Current Assets	Total Assets	Current Liabilities	Long-Term Debt	Beginning Equity	Stock Sales (purchases)	Earnings Retained	Ending Equity	Year 14 Dividend \$/share	No. of Changes (+/-)
A	37,533	158,833	610,683	41,507	123,000	392,118	0	54,058	446,176	0.00	0 / 1
B	0	107,858	252,858	48,418	23,000	180,798	0	642	181,440	1.00	0 / 0
C	0	113,839	258,839	38,318	23,000	177,933	0	19,588	197,521	0.00	0 / 1
D	8,343	130,717	316,329	35,944	58,000	232,960	-48,882	38,307	222,385	0.00	0 / 1
E	0	108,057	253,057	51,548	23,000	178,086	0	423	178,509	1.00	0 / 0
F	57,899	194,970	505,183	30,995	23,000	392,162	0	59,026	451,188	0.00	0 / 1
G	126,548	280,334	622,734	88,375	348,000	178,045	0	8,314	186,359	0.00	0 / 1
H	0	128,964	421,114	65,139	23,000	306,717	0	26,257	332,974	0.00	0 / 1
I	17,084	106,305	251,305	26,243	23,000	191,912	0	10,150	202,062	0.00	0 / 1
J	0	192,868	793,118	169,664	350,000	227,014	0	46,440	273,454	0.00	0 / 1
	24,741	152,275	428,522	59,615	101,700	245,775	-4,888	26,321	267,207	0.20	0.0 / 0.8

Dividend Data

Year 14 Dividend \$/share	No. of Changes (+/-)
A	0.00
B	0.00
C	0.00
D	0.00
E	0.00
F	0.00
G	0.00
H	0.00
I	0.00
J	0.00

Selected Financial and Operating Statistics

	Cost of Pairs Sold	Whse. Expenses	Mktng. Expenses	Admin. Expenses	Operating Profit	Net Profit	Current Ratio	Days of Inventory	Interest Coverage Ratio	Debt to Assets Ratio	Default Risk Ratio	Default Risk
A	54.6%	6.6%	13.3%	2.8%	22.6%	13.6%	3.83	38	7.05	0.24	2.88	Medium
B	59.5%	7.8%	17.5%	4.4%	10.8%	5.8%	2.23	222	4.37	0.23	0.37	High

Credit Rating Data

A	B
---	---

Footware Industry Report - Page 5 (second part)

3.23. How to keep track of Days of Inventories, Marketing expenses

The screenshot shows a software application window titled "JPhuong - IS4 - Year 15". At the top, there's a menu bar with "Year 14", "Help", and "Print". Below the menu, a header row displays various financial figures: 24,741, 152,275, 428,522, 59,615, 101,700, 245,775, -4,888, 26,321, 267,207, 0.20, 0.0 / 0.8. To the right of these numbers are three red arrows pointing towards the central reporting area.

Decisions / Reports Menu:

- Wholesale Marketing
- Celebrity Endorsements
- Private-Label Operations
- Financial & Cash Flow
- FOOTWEAR INDUSTRY REPORT**
 - Page 1 (Scoreboard)
 - Page 2 (EPS, ROE, Stock Price)
 - Page 3 (Credit Rating, Image, CSRC)
 - Page 3D (Bonus Point Awards)
 - Page 4 (Overview, Plant Capacity)
 - Page 5 (Financial Summary)** (highlighted with a red circle)
 - Page 6 (Performance Benchmarks)
 - Page 7 (Celebrities, Price Trends)
- COMPETITIVE INTELLIGENCE REP
- Market Snapshot
- Company Analysis
- COMPANY OPERATING REPORTS

Selected Financial and Operating Statistics:

Costs and Profit as a Percent of Net Revenues								
	Cost of Pairs Sold	Whse. Expenses	Mktg. Expenses	Admin Expenses	Operating Profit	Net Profit	Current Ratio	Days of Inventory
A	54.6%	6.6%	13.3%	2.8%	22.6%	13.6%	3.83	38
B	59.5%	7.8%	17.5%	4.4%	10.8%	5.8%	2.23	222
C	59.4%	6.4%	19.8%	3.2%	11.4%	6.9%	2.97	93
D	56.4%	8.3%	15.0%	2.8%	17.5%	10.8%	3.64	67
E	59.6%	7.8%	17.5%	4.4%	10.7%	5.7%	2.10	222
F	48.1%	5.2%	24.6%	2.3%	19.7%	13.0%	6.29	41
G	69.1%	6.2%	9.8%	2.9%	11.9%	2.0%	3.17	104
H	53.6%	6.0%	27.8%	2.5%	10.2%	5.8%	1.98	27
I	63.1%	6.6%	19.6%	3.4%	7.3%	4.0%	4.05	58
J	54.3%	5.7%	15.0%	3.3%	21.7%	11.6%	1.14	202
	57.1%	6.5%	18.2%	3.0%	15.2%	8.4%	2.55	107

Credit Rating Data:

	Interest Coverage Ratio	Debt to Assets Ratio	Default Risk Ratio	Default Risk
A	7.05	0.24	2.88	Medium
B	4.37	0.23	0.37	High
C	6.94	0.18	1.44	Medium
D	8.47	0.24	3.22	Low
E	4.20	0.25	0.33	High
F	21.97	0.07	7.03	Low
G	1.31	0.66	0.53	High
H	5.26	0.16	1.09	Medium
I	4.57	0.14	1.99	Medium
J	4.26	0.62	0.49	High

Footware Industry Report - Page 5 (part 3)

3.24. How to keep track of Manufacturing Costs (over Industry Average)

INDUSTRY PERFORMANCE BENCHMARKS										YEAR 14
		INDUSTRY 54								
		Plant and Production Benchmarks								
Decisions / Reports Menu		Materials Costs	Branded Footwear	Low	Average	High	Co. J	Low	Average	High
Wholesale Marketing		(\$/ per produced)	Private-Label Footwear	6.97	9.75	10.46	10.28	6.85	9.97	10.96
Celebrity Endorsements			Total Compensation (\$/year)	6.16	8.40	11.03	8.36	6.09	8.16	10.43
Private-Label Operations			Productivity (pairs/worker/year)	3,358	4,047	5,041	3,960	3,290	4,049	5,029
Financials & Cash Flow			Labor Cost (\$/per produced)	4.80	5.49	5.84	5.81	4.96	5.58	5.83
Footwear Industry Report										
Page 1 (Scoreboard)			Europe — Total Compensation (\$/year)	0	0	0	0	0	0	0
Page 2 (EPS, ROE, Stock Price)			Europe — Productivity (pairs/worker/year)	0	0	0	0	0	0	0
Page 3 (Credit Rating, Image, CSR)			Europe — Labor Cost (\$/per produced)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Page 3b (Bonus Point Awards)			Asia — Total Compensation (\$/year)	15,455	20,429	23,210	20,967	15,610	20,716	23,728
Page 4 (Overview, Plant Capacity)			Asia — Productivity (pairs/worker/year)	3,358	4,047	5,041	3,960	3,290	4,049	5,029
Page 5 (Financial Summary)			Asia — Labor Cost (\$/per produced)	4.80	5.49	5.84	5.81	4.96	5.58	5.83
Page 6 (Performance Benchmarks)			Latin America — Total Compensation (\$/year)	2,879	4,043	6,575	3,931	2,908	4,066	6,681
Page 7 (Celebrities, Price Trends)			Latin America — Productivity (pairs/worker/year)	2,029	2,420	2,582	2,413	2,036	2,420	2,583
Competitive Intelligence Rep			Latin America — Labor Cost (\$/per produced)	1.65	1.81	2.58	1.82	1.67	1.84	2.70
Market Snapshot			TQM / 6-Sigma Expenditures — Current Year	2,800	3,350	3,900	0	2,800	3,431	4,178
Company Analysis			TQM / 6-Sigma Expenditures — Cumulative	2,194	2,351	2,507	0	2,117	2,362	2,543
Company Operating Reports			Reject Rates — Branded Production	1.57	1.65	1.72	0.00	1.43	1.66	1.86
			Reject Rates — Private-Label Production	0.19	0.59	1.23	0.50	0.20	0.65	0.23
			Total Manufacturing Cost (\$/per produced)	0.30	0.58	0.95	0.50	0.28	0.60	0.50
			Branded — N.A.	26.06	28.31	33.98	30.46	25.95	28.95	31.70
			Branded — E-A	0.00	0.00	0.00	0.00	0.00	0.00	0.00
			Branded — A-P	19.21	21.56	23.73	22.19	19.21	22.23	23.88
			Branded — L.A.	24.56	29.01	33.45	0.00	23.74	29.05	33.89
			Private-Label — N.A.	23.83	26.66	28.92	27.30	24.65	26.99	31.71
			Private-Label — E-A	0.00	0.00	0.00	0.00	0.00	0.00	0.00
			Private-Label — A-P	17.55	20.33	23.76	19.17	15.86	19.02	21.56
			Private-Label — L.A.	18.82	18.92	19.02	0.00	16.69	18.98	21.02

Footware Industry Report - Page 6 (part 1)

3.25. How to keep track of Cost of pairs, marketing, internet

https://www.bsg-online.com/users/app/index.html#/fir/page6 - Google Chrome
Glo-Bus Software, Inc. [US] https://www.bsg-online.com/users/app/index.html#/fir/page6

JPhuong - I54 – Year 15

Year 14 ▾ Help Print

Decisions / Reports Menu

- Wholesale Marketing
- Celebrity Endorsements
- Private-Label Operations
- Finance & Cash Flow
- FOOTWEAR INDUSTRY REPORT**
- Page 1 (Scoreboard)
- Page 2 (EPS, ROE, Stock Price)
- Page 3 (Credit Rating, Image, CSRC)
- Page 3b (Bonus Point Awards)
- Page 4 (Overview, Plant Capacity)
- Page 5 (Financial Summary)
- Page 6 (Performance Benchmarks)**
- Page 7 (Celebrities, Price Trends)
- COMPETITIVE INTELLIGENCE REP
- Market Snapshot
- Company Analysis
- COMPANY OPERATING REPORTS

1 5 0 0

Thoa Nguyen Van
O Tlu60 Nguyen Kim Phuong

Operating Benchmarks

	Branded Market Segments	Year 13				Year 14			
		Low	Average	High	Co. J	Low	Average	High	Co. J
Cost of Pairs Sold	N.A.	27.15	28.92	32.33	30.87	26.97	29.70	32.64	30.45
(\$/ per pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	E-A	25.34	27.66	29.64	28.27	25.60	28.46	29.95	28.74
	A-P	20.17	22.50	24.57	23.13	20.20	23.09	24.86	23.29
	L.A.	25.60	28.07	34.34	28.43	24.80	30.44	33.40	27.23
Warehouse Expenses	Internet Wholesale	10.52	11.03	11.86	10.78	10.53	10.96	11.45	10.77
(\$ per pair sold)		2.27	2.83	3.15	2.64	2.28	2.78	3.42	2.63
Marketing Expenses	Internet Wholesale	11.88	19.15	23.71	16.90	10.17	20.62	27.75	17.71
(\$ per pair sold)		5.42	8.02	12.44	7.84	5.29	9.30	17.04	9.19
Administrative Expenses	(\$ per pair sold)	1.34	1.75	2.41	1.50	1.30	1.78	2.20	2.20
Operating Profit	Internet	10.90	21.83	27.73	24.32	8.64	17.36	22.54	21.32
(\$ per pair sold)	E-A	15.72	22.47	27.59	26.39	7.14	19.53	26.38	
	A-P	23.10	29.78	36.30	34.08	17.75	25.64	32.72	30.45
	L.A.	-0.61	28.46	40.58	36.79	8.78	16.87	23.77	23.77
Wholesale	N.A.	6.56	10.00	15.93	8.36	3.58	7.22	11.23	10.69
	E-A	5.84	10.56	15.76	10.44	-12.40	8.42	11.63	15.30
	A-P	5.05	10.06	16.87	10.27	5.36	8.99	15.70	12.23
	L.A.	-33.39	7.71	17.59	13.21	-4.67	1.66	7.54	7.99
Cost of Pairs Sold	N.A.	19.80	26.68	29.92	28.30	23.35	26.63	27.90	27.78
(\$/ per pair sold. Includes manufacturing, shipping, import tariffs, and exchange rate adjustments.)	E-A	23.86	27.02	30.01	25.37	22.21	25.79	30.16	22.21
	A-P	18.55	20.19	21.35	20.17	16.86	20.98	24.27	16.86
	L.A.	19.82	22.29	25.33	25.33	17.69	19.98	22.02	22.02
Warehouse Expenses	(\$ per pair sold)	1.00	1.06	1.20	1.00	1.00	1.02	1.20	1.00
Margin Over Direct Cost	N.A.	-10.92	1.52	6.32	0.69	-7.01	2.66	8.35	1.21
(\$ per pair sold)	E-A	-4.90	3.57	7.38	3.53	-5.23	-1.21	1.67	1.67
	A-P	-2.17	5.26	12.95	6.01	-8.07	0.21	5.35	5.35
	L.A.	-2.02	2.93	11.31	2.42	0.55	1.60	2.76	0.59

Footware Industry Report - Page 6 (part 2)

INDUSTRY 54

COMPANY ANALYSIS — COMPANY F

YEAR 14

Latin America

	Y10	Y11	Y12	Y13	Y14	Y15	Y16	Y17	Y18	Y19	Y20
INTERNET SEGMENT											
Price (\$ per pair at retail)	75.00	76.99	76.99	76.99	79.99						
S/Q Rating (1 to 10 stars)	5★	5★	5★	5★	5★						
Models Offered	180	347	347	350	483						
Free Shipping	No	No	No	No	No						
Advertising (000s)	3,500	6,000	700	10,000	10,000						
Celebrity Appeal	0	0	170	170	230						
Online Orders (000s)	45	84	85	151	140						
Pairs Sold (000s)	45	84	85	151	140						
Market Share	10.0%	14.0%	11.2%	15.7%	11.9%						
WHOLESALE SEGMENT											
Price (\$ per pair at wholesale)	42.00	43.99	49.99	47.99	49.99						
S/Q Rating (1 to 10 stars)	5★	5★	5★	5★	5★						
Models Availability	200	347	350	350	493						
Advertising (000s)	3,500	6,000	700	10,000	10,000						
Rebate Offer (\$ per pair)	2	2	2	2	2						
Retail Outlets Utilized	1,500	1,500	1,608	1,607	2,005						
Retailer Support (\$ per outlet)	400	400	410	420	420						
Delivery Time (weeks)	3	3	3	3	3						
Celebrity Appeal	0	0	170	170	230						
Retailer Demand (000s)	855	1,308	1,150	1,662	1,885						
Gained/Lost (due to stockouts)	0	-185	+19	+8	+4						
Pairs Sold (000s)	855	1,113	1,169	1,670	1,889						
Market Share	10.0%	12.2%	12.5%	16.1%	15.9%						
PRIVATE-LABEL SEGMENT											
Bid Price	35.00	30.00	33.00	33.00	0.00						
S/Q Rating	4★	4★	4★	4★	0★						
Pairs Offered (000s)	185	35	100	250	0						
Pairs Sold (000s)	185	0	100	243	0						
Market Share	10.0%	0.0%	9.8%	9.9%	0.0%						

3.26. How to keep track of Competitors, any competitor

From Competitive Intelligence Report – Company Analysis, you can click on Top Right corner to find statistics about any company, any competitors. Therefore, you can have an overview and details of strategies which have been applied by any competitors.

3.27. How to keep track of Loans and Interest Rates

The screenshot shows a company operating report for JPhuong - I54 – Year 15. The left sidebar contains a 'Decisions / Reports Menu' with various options like Financial Summary, Performance Benchmarks, Celebrities, Price Trends, Company Snapshot, Plant Operations Report, Distribution & Warehouse Report, Marketing & Admin, Private-Label Income Statement, Balance Sheet & Cash Flow, 3-YEAR STRATEGIC PLAN, and DATA EXPORT/RESET OPTIONS. A red circle highlights the 'Decisions / Reports Menu'. A red arrow points from the 'Decisions / Reports Menu' to the 'Balance Sheet Notes' section.

	Additional Capital (see Note 9)	100,000	0	100,000			
Retained Earnings (see Note 10)	117,014	+46,440		163,454			
Total Shareholder Equity	227,014	+46,440		273,454			
Return on Average Equity for Year 14 (see Note 11)			18.6%				
Balance Sheet Notes (all dollar and share figures in thousands)							
Note 1:	Of the \$368,734 net revenues reported in the Y14 income statement, 25% have not been collected from customers (and will be collected in 'Y15').						
Note 2:	For more details on plant investment, see the Plant Investment section of the Plant Operations Report.						
Note 3:	Of the \$106,408 in materials used for footwear production in Y14, 25% have not been paid for (and will be paid for in 'Y15').						
Note 4:	Loans for overtrades are incurred automatically to prevent a negative year-end cash balance and carry an interest rate 2% above the rate for 1-year loans.						
Note 5:	The company's interest rate for a 1-year loan in Y14 was 6.5%.						
Note 6:	This item represents the unpaid portion of all outstanding 5-year and 10-year bank loans due to banks in Year 15.						
Note 7:	Long-term bank loans outstanding:						
Loan Number	Initial Year	Original Principal	Interest Rate	Term	Outstanding Principal	Annual Principal Payment	Year 15 Interest Payable
1	Y7	215,000	8.5%	10-Yr	215,000	0	0
2	Y8	250,000	8.2%	5-Yr	250,000	0	0
3	Y9	250,000	7.0%	5-Yr	250,000	50,000	16,400
4	Y10	250,000	7.0%	5-Yr	250,000	50,000	17,500
5	Y11	0	0.0%	0-Yr	0	0	0
6	Y12	0	0.0%	0-Yr	0	0	0
7	Y13	0	0.0%	0-Yr	0	0	0
8	Y14	250,000	7.0%	5-Yr	250,000	50,000	16,400
9	Y15	0	0.0%	0-Yr	0	0	0
10	Y16	0	0.0%	0-Yr	0	0	0
11	Y17	0	0.0%	0-Yr	0	0	0
12	Y18	0	0.0%	0-Yr	0	0	0
13	Y19	0	0.0%	0-Yr	0	0	0
14	Y20	0	0.0%	0-Yr	0	0	0
15	Y21	0	0.0%	0-Yr	0	0	0
16	Y22	0	0.0%	0-Yr	0	0	0

Note 8: There are 10,000 shares issued and outstanding at a par value of \$1.00 per share. The authorized maximum number of shares outstanding is 40,000.

Note 9: Additional Capital represents the amount over and above par value that shareholders have invested in the company in the form of equity.

Note 10: Retained Earnings is a summation of all after-tax profits the company has earned that have not been distributed to shareholders in the form of dividends.

Note 11: The formula for Return on Average Equity is: $\frac{\text{After-Tax profit}}{(\text{Beginning Equity} + \text{Ending Equity}) \div 2}$

Interest Payments on

10-Year Loans	0
Overdraft Loan	0
Bank Loans	20,500

Stock Repurchases (0 shares repurchased) 0

Income Tax Payments 19,902

Dividend Payments to Shareholders 0

Charitable Contributions 0

Total Cash Outlays 688,302

Net Cash Balance (at the end of Year 14) 0

Cash Flow Notes

Note 1: Receipts from Sales represents 75% of Year 14 revenues and 25% of Year 13 revenues due to a 3-month lag in payment collection.

Note 2: Payments to Suppliers & Reps represents 75% of the cost of materials used for Y14 production and 25% of the cost of materials used for Y13 production due to a 3-month lag in payments made to materials suppliers.

Note 3: Production Expenses include all Y14 production-related expenses (adjusted for the exchange rate effects of shipping to regional warehouses) except for depreciation (which is a non-cash accounting charge).

Note 4: Overdraft and 1-year loans received in Year 13 were repaid in full in Year 14. Interest on an overdraft loan received in Y13 would also be repaid in Y14.

SELECTED FINANCIAL STATISTICS

Credit Rating	Interest Coverage Ratio (oper. profit + interest exp.)	4.26
Rating	Debt-To-Assets Ratio (total debt + total assets)	0.62
Measures	Default Risk Ratio (free cash flow + principal payments)	0.49
	Default Risk Rating (see Note 1)	High
	Credit Rating (at the end of Year 14)	C+

Current Ratio (current assets - current liabilities) 1.14

Operating Profit Margin (operating profit - net sales revenues) 21.7%

Net Profit Margin (after-tax profit - net sales revenues) 11.6%

Dividend Payout (dividends per share - earnings per share) 0.0%

Free Cash Flow (after-tax profit + depreciation - dividends) 70,138

Total Principal Payments (\$300k to be paid in Year 15) 143,062

Note 1: A default risk ratio of 3.00 or higher results in a Low default risk rating. 1.00 to

From Company Operating Report – Balance Sheet and Cash Flow, you can find all long term loans and their interest rates. Some loans can be paid soon if their interest rate is higher than current long term loans.

4. LESSONS FROM GAME (36 lessons)

4.1. Total market demands

Some like the high quality strategy because you can charge so much more per shoe and increase your profit margins, which is how you win the game.

I suppose you could do the same thing for low price strategies, but you'd definitely have to sell a ton of shoes to get enough revenues to increase your profitability.

4.2. High quality can get high margin

Some like the high quality strategy because you can charge so much more per shoe and increase your profit margins, which is how you win the game.

I suppose you could do the same thing for low price strategies, but you'd definitely have to sell a ton of shoes to get enough revenues to increase your profitability.

End of Part 1.

For details, contact: ecomftu2012@gmail.com

Video guides: www.youtube.com/ecomftu2012

Wish You Good Health and Success!