

Products

- Broad differentiation strategy: unique products presence in each market segment

https://www.reddit.com/r/Capsim_Tutoring/comments/10ltanf/capsim_simulation_guide_january_2023/

https://www.reddit.com/r/Capsim/comments/m19lic/guide_to_capstone_2021/

https://www.reddit.com/user/capsim2021/comments/nyuup7/capsim_2021_free_winning_guide_and_tips_free/

Winning strategies:

<https://topacademicwriters.com/capsim-winning-strategies-and-simulation-tips/#:~:text=The%20key%20to%20winning%20the,more%20automation%2C%20the%20is%20better.>

Traditional

Age, 2 years	47%	
Price	23%	29.5 then lower each round
Ideal Position	21%	
MTBF, 14,000-19,000	9%	Raise to maximum value as the game progresses

Low End

Price	53%	21-20
Age, 7 years	24%	- Just let the product age, and revise it once (Rounds 4-5) - Tip: Try to time the revision to be around 9.3-9.4, so it would cut in half to 4.6-4.7
Ideal Position	16%	Important (!) – Don't revise the position at the beginning of the game. Just let the product age in peace
MTBF, 12,000-17,000	7%	Raise to maximum value as the game progresses OR maximize right away and don't touch product until Round 4 or 5

LEAVE THIS PRODUCT AT ITS ORIGINAL SPECS UNTIL ROUND 4 OR 5**

High End

Ideal Position	43%	you should always be around the ideal position. Since the starting position of the High product is far from the ideal position, consider changing it to a Traditional product instead, and introduce a new one instead. (?????)
Age, 0 years	29%	

MTBF, 20,000-25,000	19%	Raise to maximum value in early rounds.
Price	9%	Can set maximum price. Recommendation: 39.50

Performance

MTBF, 22,000-27,000	43%	Maximize it as soon as possible.
Ideal Position	29%	Position is also important, so revise the product each round to the ideal position
Price	19%	34.50
Age, 1 year	9%	

Size

Ideal Position	43%	position is more important than MTBF, so make sure you get to the ideal position as soon as possible and maximize the MTBF
Age, 1.5 years	29%	
MTBF, 16,000-21,000	19%	Raise to maximum value in early rounds.
Price	9%	Can set maximum price. Recommendation: 34.50

- At the start of the game, you can move around products from segment from segment according to your chosen strategy. Such moves should be done as early as possible, because you want to get all your products set as early as possible.
 - Good options are:
 - · High -> Traditional
 - · Traditional -> Low
 - · Performance/Size -> Traditional
- R&D Summary:
 - · Try to introduce new products as soon as possible, so by round 3 you'll have all 8 products in position.

Pricing

- For High/Performance/Size you should set the maximum price within the desired range (Don't forget to reduce \$0.5 each round).
- When changing prices, Check contribution margins in PRODUCTION TABLE

Promo/Sales Budget

- Promo budget should reach 100% awareness ASAP. The ideal investment is 2000, and once 100% is reached, should be reduced to 1400 in order to maintain the 100%.
- Sales Budget is per segment, meaning that the budget should be split among all of the products within the segment. 2000 yields the optimal results, and as the game progresses the budget should increase to 3000 (Split among all products in the segment).
- **Recommended values (Promo/Sales) for round 1:**
 - · **Trad (2000/2000)**
 - · **Low (2000/2000)**
 - · **High (1800-2000/1800-2000)**
 - · **Performance/Size (1500-1800/1500-1800)**

Forecast

- Forecast should be done according to the described methods, taking in consideration all factors: products age, revision dates, shifts between segments, new products entering the market, etc.
- · Important (!): Forecast should be conservative (I.e. Pessimistic)

Production Schedule

- $((\text{Units Sales Forecasted}) * (1.15) - \text{Inventory on Hand}))$
 - 15% buffer

Automation

- The automation you should aim for:
- · **Traditional - 8**
 - increase its automation by 2 points each round until you reach 10 (different source)
 - increase automation to 5-6-7-8 each round (different source)
- · **Low - 10**
 - reach 10 as soon as possible (first round you can move to 8 or 9, and make sure you have 10 by the 2nd round)
 - increase to 6.5 - 8 - 9 - 10 each round
- · **High – 5-6**
 - increase by 0.5 or 1 point each round, you do not want to go over 6
 - increase from round 4, to 4-5-6
- · **Performance – 6-7**
 - increase by 1 or 1.5 each round, until you reach 7
 - increase from round 4, to 4,5,6 and 7
- · **Size – 6-7**
 - 0.5 or 1 point each round, until you reach 7
 - increase from round 4, to 4,5,6 and 7
- Im guessing increase from round 4 because of TQM

Capacity

- You want to keep 2nd Shift Production % below 80% to score green on your balance scorecard (???)

- Add new capacity for products to get close to 150% capacity, and increase automation to save cost and increase quality

Finance

- You want to have between **\$10,000 and \$15,000 in December** Cash Position just to make sure you do not enter an Emergency Loan
- For A/R, there is a diminished effect, an ideal value is around 45.
- For A/P, due to diminished effect, a value of 30 is ideal.
 - **A/R – gradually get to 45, A/P – keep at 30.**
- For Finance, use max three sources of investment, in rounds 1-2-3 and then later rounds, when having high sales and profit, can buy back stocks, and retire long term loans. (???)

TIPS

Further tips to consider to be successful;

<https://topacademicwriters.com/capsim-winning-strategies-and-simulation-tips/#:~:text=The%20key%20to%20winning%20the,more%20automation%2C%20the%20is%20better.>

- The secret for winning lies in looking at your competition to see what they are doing, and then adapting and strategizing to do things better and make better decisions

Tip 1: Research and Development (R&D) – From Round 8 to Round 8

- Create an excel file with data from Industry Condition Report and file the data in an Excel file to get more exact numbers. Open page 2 of the Industry Condition Report and move to Table 2. In the first line for Round 0 put those numbers in Round 0. The Excel file will automatically calculate all the decisions for 8 rounds with 4 different strategies.
- Do not use default numbers in the excel file since they are a little different from your Capsim game. As such, get Round 0 numbers from Industry Condition Report and put them into an Excel file in Round 0 – only in row 1. All the Excel files to calculate all the decisions for 4 different strategies.

NOTE: If you reach this step, know that you are half-way to win your Capsim Simulation game. And if you are in round 1, you can use this Round to Round Strategy and win your Capsim game.

Tip for Production

- Consider lowering the MTBF to an average or minimum of the range, but for the performance segment only. When doing research and development for Round 1 to Round 8, lower the MTBF to the average or minimum of the range to save on costs while increasing contribution margins. Lowering the MTBF is the key profit-driving tool since Reliability only accounts for a small percentage of the Customer Buying Criteria.
- However, if you want safe strategies, consider keeping the MTBF at average, except for the performance segment, where you can keep them at a maximum of 27.000. But for all the other 4 segments, keep the MTBF at a minimum. For instance, Traditional to 14.000, Low-End to 12.000, High-End to 20.000, and Size to 16.000 or 14.000, 17.000, 20.000, and 23.000 for MTBF.
- If you intend to compete in 3-4 segments and not all the five segments, the Low-End and Tradition are the two most potential and profitable sensors. These are arguably the most potentially lucrative.

Tip 2: Marketing

- Consider applying \$2.000 for promotions and sales budgets for the Low-End and Tradition since the diminishing returns are experienced above this level. You can also apply \$1.500 for the High End, Performance, and Size segments. Maintain this spending from round 1 to round 3 until such a time you decide which segments you can continue. You can then increase all the segments to \$2.000 to complete.
- If you want to get good sales and great net profit from round 1, you can consider spending about 1.400 on all the promotions and sales. Reduce the budget for the segment to \$0.

Pricing Tips

- Lower all the prices to at least \$0.50 in every round from the maximum price of the segment. This way, you can keep up with the customer expectations (lower each

year). Check the Capstone Courier prices and see the maximum prices for each segment.

- If your competitors are reducing the prices in Traditional and Low-End segments, lower your price to close to their levels. Nonetheless, when the competitors are lowering their prices way too much, they won't have enough capacity to sell. Besides, they will suffer stock out. So, you can keep your prices higher to get the market shares at a higher profit level. As such, you need to calculate the demands and plan the product precisely.

Sales Forecasting Tips

- Don't trust your computer suggestions as they are always wrong. Get the market shares from page 10 of the Courier Report and the total sales. You can get the market potential growth for each segment from pages 5 to 9.

NOTE: Sales Forecast = Potential market share% x Segment size x (1 + Segment Growth Rate)

Tip 3: Production

- Check the workforce required and the workforce complement. If the box is editable, ensure to match the required workforce this year to save money. Otherwise, you can waste money. You can increase automating every round. Traditional to 8.0 (4.0 – 5.0 -6.0 -7.0 – 8.0), Low-End to 10.0 (5.0-6.0-8.5-10), High-End to 5.0, Performance to 6.0 and Size to 6.0.

Setting production

- Maintain the production amount always at 112% of the Sales Forecast. This way, you will have extra inventory to take advantage of competitors suffering from stock out. When calculating production, take into account inventory from the previous round. -
- Use the excel file to calculate for production accurately. If you happen to see a year of stock out, consider increasing production by more than 112% to 120%, or 125%.

But, if you notice some inventory, you can reduce the production for that segment back to 112%.

Adding more Capacity

- Your main aim is to maintain plant production at 150% for the full first shift and 50% for the second shift. This will allow more flexibility to handle short-term market changes. Keep in mind that added capacity is not available until the next round. If you add capacity in round 2, it will again be available in round 3.
- However, if you see a factory with more than 150%, you can add more capacity by multiplying the excess over 150% with the total capacity. For instance, for 180% of 2.000 factory, you can add 30% surplus = $30\% \times \$2.000 = 600$.

NOTE: Never sell factories even when you are not operating 100% at the current round. However, you can consider reducing the segments that you want to exit to 1. This way, you will still sell the rest of the inventories in those segments at full price and not 50% of the price.

- If you can't complete all the suggestions, make sure you come as close as possible. The key to winning the Capsim simulation game is to control automation in the early rounds. The more automation, the is better.

Tip 4: Human Resources Decisions

- It is crucial to invest in Human Resource since productivity is measured in the balanced scorecard. As such, investment in HR will reduce labor costs. Often, HR has a few options available, and they include recruiting spending and training hours.
- Consider aiming for the maximum of \$5.000 recruitment spending and 80 hours of training every round. But if you have limited funds, make it \$2.000 and 40 hours of training. If there are labor negotiations, you can use them halfway for a win-win strategy between demanded and current contract.

NOTE: When inputting numbers, make sure to double-check the correct numbers to avoid labor strikes. Often use halfway negotiations, an average of current contract and labor demands.

Tip 5: Total Quality Management (TQM)

- In TQM, focus on setting \$1.500 to \$2.000 per round for each product and pick the most useful initiatives first. Maintain this for three-round and then stop spending money on that initiative since it will no longer make substantial changes.
- You can see this from the graphs right at the end of the screen.
- Besides, you can try different initiatives to see which one brings more effects or the most effective.
- Then in preceding rounds, spend cash in less effective initiatives when you have excess money.

Tip 6: Finance

- Finance should often be the last decision you make after you have made all the other section decisions. The way you make decisions in finance will depend on how the Capsim game will be graded. Most groups are graded on the Balanced Scorecard, while others are graded on Profit or Stock Price.
- For all grading metrics:
Keep at least \$16.000(000) cash for the round to escape emergency loans.
Consider keeping excess cash. It is often better than lack of it.
Keep the right amount of money to get MAX days of working capital – not too much or too little.
- However, when you have excess Cash and Net Profit, you should pay off dividends and retire stocks to increase Leverage. You can also attain maximum points for days of Working Capital.