

## **game guide**

In this simulation, you are now the CEO of a manufacturing company and you can direct the fortunes of this company.

To do this, you must correctly assess the market situation and make profitable business decisions. Bring your company into the profit zone as soon as possible and increase the stock value of your company.

Start your activity with a limited budget.

You produce a product on one machine that has to hold its own in a competitive environment in the high-priced market segment. Get ahead of the competition and analyze your financial, market and production situation.

You each have several decision options for improving production, sales and finances.

## **Operational general guidance of business simulation**

Start a new game

Welcome to the simulation...

You have logged in and start a new game.

Step 1: Give your business a name

Step 2: The first product: Name your first product.

Step 3: Save these entries simply by clicking on save on the screen

Now you are in the game. In the start period "0"

Get a first overview...

**By clicking on "Decisions" you will see all decision options:**

- Decision option "Product Line" / Material / Machines & Production / Selling Prices
- Decision option "Liquidity":
- Decision option "Marketing":
- Decision option "Quality Assurance":
- Decision option "R&D research and development":
- "Consultant" decision option:

Product Line / Production :

In the line department, you control the entire value-added process of your company:

Here you can see your machinery.

At the beginning you have a machine that has predetermined performance characteristics.

- space requirement (see qm)
- Capacity (The capacity is at a given value. The capacity can be increased. Increasing the capacity entails additional costs)

Material requirement: For the production of your product you need raw material. Otherwise no production is possible. The material warehouse shows you the amount of material. Please note that sufficient material is in stock. (But at the same time make sure that there is not too much material in stock, otherwise you would tie up too much capital: learning topic "Just in Time Production")

Product sales: Plan your sale: Remember that your maximum sales volume is limited by production capacity and the finished products in the finished product warehouse. (See machine information)

**your sales quantity** Of course, this also depends on your selling price. Determine your selling price.

### **Product and production management**

Production of other products: You can also bring other products onto the market and produce them: To do this, you have to expand your machine park.

Machine park expansion (+) Note: The machine park can only be expanded from period 1.

Extension of product range:

This requires an expansion of the machine park (+)

Select machine park extension (+)

Decide whether your next product should be offered in the high-price segment (H) or low-price segment (N). Name your product (product family? name?)

Now you have to get the new machines. You can lease or buy this machine. Machine Options (Standard - Medium - Excellent) **Learning topic financing: leasing or buying. Impact on liquidity, balance sheet and income statement**

Note that every machine has a need for space. Your production facility/property has a limited capacity (hall size). Each machine has a defined (real estate) requirement. If there is not enough space, additional (real estate) space must be rented or bought. The machine can only be purchased if there is sufficient space. Construction time, set-up costs and other costs must be considered for production planning.

Liquidity decision:

Plan your liquidity with an analysis of your liquidity situation. Decide how to raise cash and how to use any excess cash. **Learning topic liquidity plan** By clicking on the Liquidity button, the decision options become visible. Your decision options:

- Take out or cancel long-term or short-term loans. (Loan repayment: enter negative value). Note the interest on the loan
- Buy or sell shares. Note the dividends that are paid for shares. As a rule, investing in shares is more attractive than just keeping the money in a bank account. **Financing topic (self-financing, external financing, internal financing, external financing, financing rules)**
- Allocate participations: You can also finance yourself by allocating participations. You give out a profit share. This form of financing or procurement of liquidity does not cost any running money. You will then be billed at the end of the calculation period. As a rule, this form of liquidity procurement is more expensive than taking out loans. On the other hand, you only have to pay if you make a profit.

**Overall scenario:** In your market, you can serve a given market potential (maximum sales volume that can be exploited), which is currently being exploited by you and your competitors with a given market volume (share of market potential). At this market volume you have a given market share (= sales potential) within which you realize your sales volume, while the competition realizes its sales (sales volume of competition) within its market share (sales potential of competition).

You can improve your market and company situation by means of marketing investments, quality assurance, research & development and the use of consultants.

#### **marketing investment**

By investing in marketing, you promote sales (sales volume) of your products within your market share (sales potential). **Learning topic marketing - sales promotion / advertising**

#### **quality assurance**

With investment in quality assurance, costs associated with production are reduced (maintenance, set-up costs, machine insurance)

#### **R&D Research and Development**

Market position is improved with investments in R&D research and development. You improve your market share (= sales potential)

#### **Advisor**

With investment in consultants, the management situation is improved. The company rating improves. As a result, interest rates for loans fall.

**An example game organization of the simulation process could look like this:**

- 1.) Get an overview of the given economic scenario

- wages
  - material costs
  - competitive situation
  - market
  -
- 2.) Get a first, small overview of the situation of your company in terms of your finances, costs and potential:
- Equity capital,
  - borrowed capital,
  - Capital assets,
  - Financial situation,
  - production capacity,
  - sales (price, quantity),
  - Costs
  - stock price
  -
- 3.) Make a first cautious pricing decision for the starting product you are starting out with and try to understand the results. You can see the results for the next period after clicking on the button that takes you to the "next period":
- a. How has the sales volume changed?
  - b. What is the resulting turnover?
  - c. How does the turnover on the bank account make itself felt (partly pay and collect on target. That means receivables and payables are affected)
  - d. How does the stock for finished and unfinished goods or materials change
  - e. How has the overall performance of your company developed?
- 4.) Now make some more complex decisions, provided you think you have understood the basic principle of simulation and the management cycle “analyze – plan – decide – analyze – etc”.
- 5.) How do you interpret your business figures?
- For the presentation of your business figures and business prospects, analyze your business figures and create a small summary with an interpretation of your achieved performance:
- a. sales volume
  - b. Profit
  - c. profitability
  - d. liquidity
  - e. production
  - f. cost situation
  - g. market and marketing

Now plan your target results for the next AGM, which will be held in 6 periods. Key figures could also be a suitable target value here:

- a. sales volume
- b. Profit
- c. profitability
- d. liquidity
- e. production
- f. cost situation

- g. market and marketing

**Think about how you want to achieve the results. Make a plan. What is your strategy?**

6.) Play and decide the next 6 periods:

- a. Are the sales right?
- b. How could the liquidity situation be improved?
- c. Is the material planning correct?
- d. Can costs be reduced?
- e. How successful could an investment or leasing or renting a machine for a production expansion be?
- f. Offer products in other market or price segments.
- g. Are the profit margins of your products correct?
- h. Can the product prices be better adapted to the needs of the market?

7.) The next general meeting

You need to present your business numbers again:

Now you have to account for whether, to what extent and why the planning figures deviate from the actual values (in writing).

8.) Play and decide in the same cycles and according to the same guidelines

- a. Can the company's performance be further optimized?
- b. How can performance be further increased?