

Business Brand Competition

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INTRODUCTION

BSG-Online is a Shoe Industry simulation where all the decisions are made via your computer.

The goal of completing the simulation is to understand how to handle the overwhelming decisions of managing a company, Company Brutus.

A team of four individuals begin with a 5 Star Quality (S/Q) Shoe potentially selling in four regions:

- North America
- Latin America
- Europe Africa
- Asia Pacific

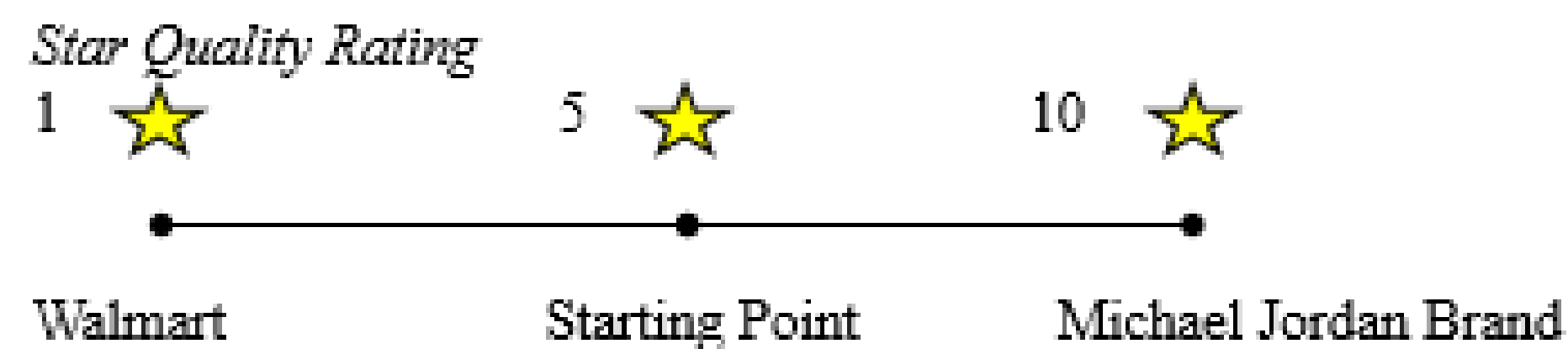
Competing with 5 other companies, all of 5 Star Quality Rating within the industry, companies are required to sell in wholesale, and can move into private label, and/or internet sales.

Beginning in Year 10, the team of CEOs will build their company as they see fit.

Let the Game Begin!

Start Here!

Overhead Decisions:



Regions
North America Europe-Africa Asia-Pacific Latin America

Markets
Wholesale (required) Private Label Internet

This game is a cycle of rounds, each representing a year, that brings different results. The object of the game is to utilize your resources to make profit.

DECISION MAKING

Evaluate Market:

Evaluate Previous Year Demand

How far above or below were sales, actually, from projected?

Branded Demand & Sales (industry total)	N.A. Market	E-A Market	A-P Market	L.A. Market	All Market
Projected Y13 Demand (000s of pairs)	9,394	9,402	6,847	6,735	32,378
Actual Year 13 Demand	9,043	9,032	6,652	6,504	31,233
Branded Pairs Sold (internet + wholesale)	9,007	8,993	6,429	5,966	30,395
No. of Companies Unable to Fill All Orders	2	2	5	5	not meaningful
Unfilled Orders (000s of pairs ordered but not shipped)	37	40	224	539	840

Decide Market Share

What percent of upcoming predicted sales is Company Brutus targeting?

Potential Y14 Footwear Supply	Expected Y14 Footwear Demand
Beginning Y14 Inventory	Branded Demand Forecast
Potential Production (with OT)	Private-Label Forecast
Potential Global Supply	Potential Global Demand

Producing Shoes:

Customization

Finding the best mix between superior materials within shoe and enhanced styling/features will achieve the company's target Star Quality Rating.

Branded Production

Percentage of Superior Materials (0 to 100%) N.A. Plant: 100% E-A Plant: 0%

Number of Models (50, 100, 150, 200, 250, 350, or 500) N.A. Plant: 500 E-A Plant: 50

Enhanced Styling / Features (30 to 550k per model) N.A. Plant: \$0k E-A Plant: \$0k

TQM / Six Sigma Quality Program (0.00-02.50 per pair) N.A. Plant: \$2.50 E-A Plant: \$0.00

S/Q Rating of Branded Pairs Produced (0 to 10 stars) 8 ★

Selling Shoes:

Distribution:

After defects, the North America Plant has 2,246,000 shoes to ship, and the Asia-Pacific Plant has 3,434,000.

Branded Distribution

	N.A. Plant	E-A Plant	A-P Plant
Branded Pairs Available for Shipment (total pairs manufactured in each plant less repaired pairs)	2,246	0	3,434
Shipments from Plants to			
North America Warehouse	1,244	0	300
Europe-Africa Warehouse	0	0	1,720
Asia-Pacific Warehouse	0	0	1,280
Latin America Warehouse	1,002	0	120
Total Branded Pairs Shipped from each Plant (000s)	2,246	0	3,434

Branded Warehouse Operations

	North America Warehouse	Europe-Africa Warehouse	Asia-Pacific Warehouse
Footwear Shipments Needed (to achieve Y14 forecast and delivery time)	1,695	1,861	1,267
Inventory Surplus/Shortfall at Year-End (000s of pairs)	-151	-131	-81

Branded Sales Forecast:

At what price will these shoes sell?

Branded Sales Forecast

North America

Factors Affecting Wholesale Sales Adjust Competitive Intensity Co. B's Proposed Marketing Effort Your Estimate of the Ind. Avg.

Wholesale Price (\$/pair) 65.00 63.83

Building Company Culture:

Corporate Citizenship

To ensure employees and customer value the company, what areas should company Brutus focus on for Company Culture?

Corporate Social Responsibility and Citizenship

Use of "Green" Footwear Materials No

Use of Recycled Boxing / Packaging Yes

Energy Efficiency Initiatives \$ 100 per (distribution center and million pairs of plant capacity)

Charitable Contributions \$ 0 or 3.0 % of operating profit

Ethics Training / Enforcement None

Workforce Diversity Program No

Total Expenditures (\$000s) \$4,691 Annual Operating Cost Per Pair Sold \$9.70

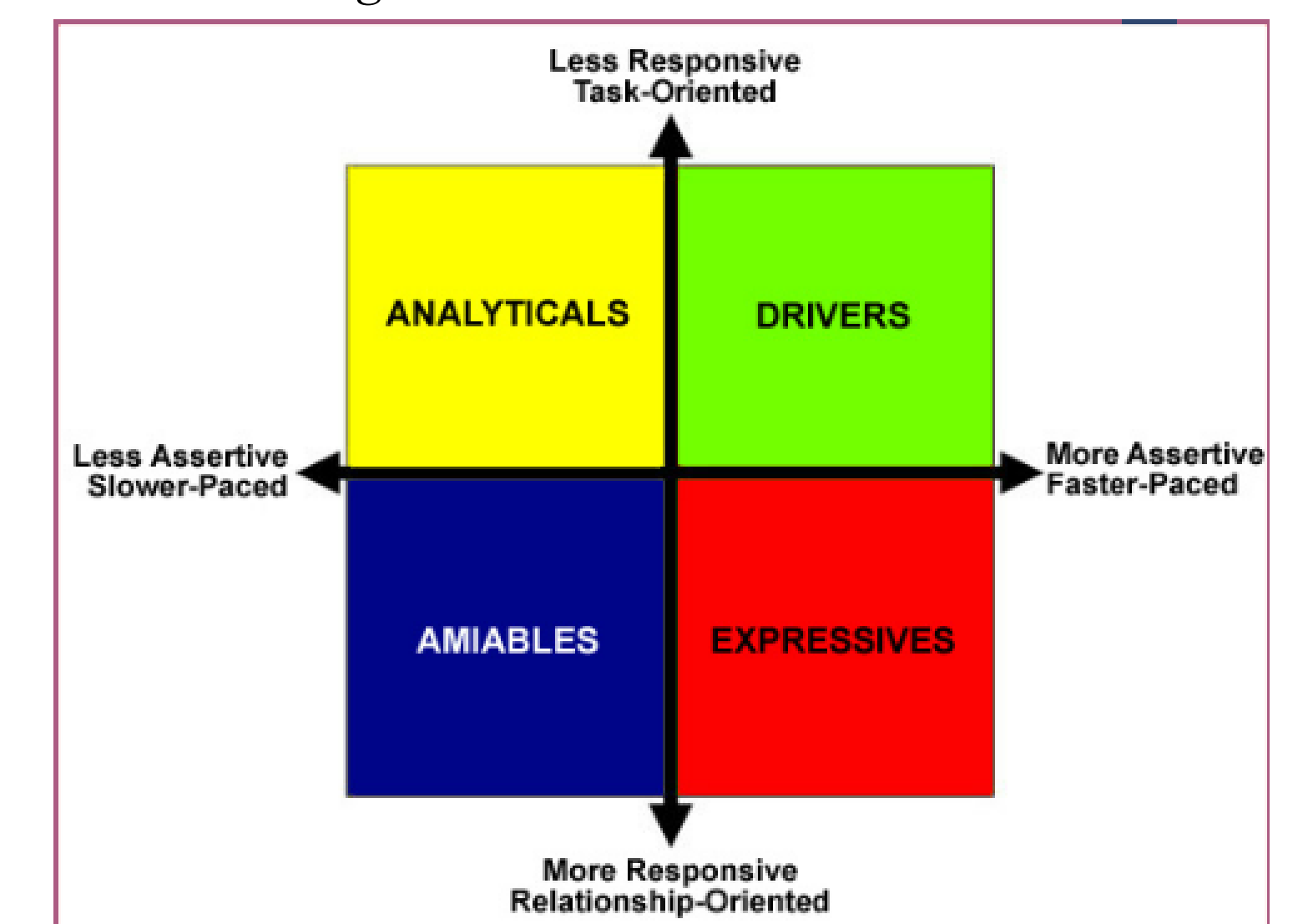
CONCLUSIONS

Competition is the number one driver of what changes your team should make

- What are your competitors doing? And how is this affecting your sales?
- Are there emerging or exiting competitors?
- Are your internet prices too low compared to wholesale?
- Do you need to upgrade a plant? Provide Free Shipping online?
- Is there a niche you could seek, such as a new model?
- Are you losing out on potential market share?

The Best Teams are those who learn how to work together

- Driver
- Results Oriented
 - Expressive
 - Passionate
 - Amiable
 - Friendly
 - Analytical
 - Thinkers



RESULTS

How Effective Was the Year?

Evaluation

At the end of every year, a market snapshot is just one of the tools for assessing how the previous year turned out. A yellow highlight region in Retail Demand Loss means that the company did not produce/ship enough to this location and created a shortfall. This loses demand because the company is viewed as not able to operate at demand levels. A surplus means that the company over shipped and is now left with extra shoes for the upcoming year that can mean increased inventory for the upcoming year, or shoes that need to be clearance in the upcoming year.

INDUSTRY 13 MARKET SNAPSHOT — NORTH AMERICA

North America Year 14	Competitive Efforts by Company					
	A	B	C	D	E	F
WHOLESALE SEGMENT						
Price (\$ per pair at wholesale)	63.00	65.00	65.00	65.00	66.00	69.00
S/Q Rating (1 to 10 stars)	4★	6★	4★	4★	3★	5★
Models Availability	500	486	495	499	491	500
Advertising (\$000s)	11,000	9,000	2,000	13,000	15,000	13,130
Retailer Offer (\$ per pair)	6	7	7	7	7	7
Retail Outlets Utilized	2,801	3,307	2,235	2,873	2,085	3,155
Retailer Support (\$ per outlet)	500	500	500	490	450	500
Delivery Time (weeks)	2	2	2	2	2	2
Celebrity Appeal	0	125	95	135	0	145
Retailer Demand (000s)	1,145	1,471	1,122	1,387	1,844	1,486
Gained/Lost (due to stockouts)	+26	+18	-24	-10	-24	-24
Pairs Sold (000s)	1,174	1,489	1,148	1,411	1,691	1,452
Market Share	14.1%	17.8%	13.7%	16.9%	20.2%	17.4%

FUTURE DIRECTIONS...

I have loved my experience here at Ferris State University and am excited to continue my research at Gentex Corporation working with their materials team as a Material Sequencing Engineer in the warehouse. I will be considering the demand, part frequency, and lean practices to work on projects that increase efficiency throughout the supply chain while keeping characteristics, such as quality, high.

ACKNOWLEDGEMENTS

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Reference: BSG-Online.com

*Numbers are written in the thousands: i.e. 1,000= 1,000,000