



MikesBikes Introduction Player's Manual
(2024 CSR Rev A)



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Contents

Overview	1
What is MikesBikes?	1
Single-Player & Multi-Player	1
Decision Schedule.....	3
Shareholder Value (SHV)	4
The Simulation Interface	5
Student Support	9
Market Analysis	10
Your Competitors.....	10
The Market Segments	10
Your Customers.....	11
Making Decisions	15
Overview	15
Year 1 Decisions	15
Year 2 New Decisions	19
Year 3 New Decisions	22
Year 4 New Decisions	24
Year 5 & Beyond.....	26
Reporting	27
Report Shortcuts	27
Reports Menu.....	28

CHAPTER 1

Overview

What is MikesBikes?

MikesBikes is an Online Business Simulation that gives you the opportunity to manage your own virtual bicycle manufacturing company.

You begin by implementing an improved marketing strategy for your company's only product, a Mountain Bike. As you progress through years in the simulation you will be provided access to additional decision areas of your company. Eventually you will have control over your company's distribution, operations, product development, finance, and CSR decisions.

Your success is measured by the amount of Shareholder Value (SHV) you can create in comparison to your competitors.

Learning Outcomes

At the conclusion of the simulation you will:

- Understand core business terms and concepts.
- Be able to review market research and reports to formulate strategy.
- Gain experience in pricing and promoting a product, conducting a sales forecast and setting distribution strategy.
- Understand how operations and finance decisions support product strategy.
- Have experience taking new products to market.
- Be able to analyze financial and market reports and adapt your strategy to competition and market changes.
- Develop the skills necessary to work effectively in a team environment.
- Understand Corporate Social Responsibility (CSR) issues and consider the impact of your business on people, the planet, and society.

Single-Player & Multi-Player

MikesBikes features two versions; the Single-Player and the Multi-Player.

The **Single-Player** features at the start of the course and allows you to practice against a single computer-controlled competitor. In the Single-Player you move forward (rollover) through years (decision periods) at your own pace and in your own time. This enables you to become familiar with your company, the market, and test out different decisions. Your primary goal is to maintain a higher shareholder value (SHV) than your competitor.

In the **Multi-Player** you will be competing against multiple competitors to achieve the highest SHV. Depending on your course settings, you may be competing against student-run companies from within your course, or against computer-controlled competitors. The Multi-Player simulation progresses according to a preset rollover (decision deadline) schedule. Before each rollover you must have your decisions entered into each of the decision screens within the simulation.

Rollovers

A rollover is the term used to describe moving from one year (decision period) to the next. A rollover processes the currently entered decisions and then displays your results.

SINGLE-PLAYER

Rollovers in the Single-Player are controlled by you through the Rollovers menu:



In the Single-Player you are also able to Rollback (move back one year) or Restore (reset the simulation back to the start).

MULTI-PLAYER

Rollovers in the Multi-Player occur automatically on pre-set dates determined by your course instructor.

Once your course's rollovers are scheduled you will see the next scheduled event on your company's Home page:

NEXT EVENT
[Rollover: 9 hours, 36 mins >](#)

Click on the event to see all upcoming rollovers, as well as those already processed.

There is no final submit process. Simply enter your decision changes into each decision screen and then click *Save*. A save notification will appear and the change will be shown on-screen. The change is now saved on our simulation server ready to be processed at the upcoming rollover.

If you are playing the Multi-Player in teams, only one team member needs to enter your final decisions.

You can check all your saved decisions using the *Current Saved Decisions* report.

Decision Schedule

You start the simulation responsible for the marketing decisions for your company's Mountain Bike. Each new year you will be given access to at least one new decision area to manage.

The table below outlines the decisions which you will be managing in Year 1, and then the additional new decisions released in each year subsequent.

Decision Period (Year Ahead)	New Decisions
Decision Period 1 (2024)	<ul style="list-style-type: none"> Name your Company Name your Product Retail Price Sales Forecast Production Quantity Advertising Budget/Mix
Decision Period 2 (2025)	<ul style="list-style-type: none"> Distribution Brand Promotion <ul style="list-style-type: none"> Brand Ambassador Event Sponsorship Social Responsibility (CSR)
Decision Period 3 (2026)	<ul style="list-style-type: none"> Factory Capacity Production Efficiency Product Quality Sustainable Manufacturing (CSR) Long-term Debt
Decision Period 4 (2027)	<ul style="list-style-type: none"> Product Development Option to Add 2nd Product Equity Issue/Purchase Dividend Policy
Decision Period 5 (2028)	<ul style="list-style-type: none"> Option to Add 3rd Product
Decision Period 6 (2029)	<ul style="list-style-type: none"> Option to Add 4th Product

Shareholder Value (SHV)

The objective in MikesBikes is to achieve the highest Shareholder Value (SHV).

SHV is the investment value over time of owning a single share in your company. It is calculated using your current Share Price (being the market value of one share in your company), plus the value and interest of all past dividends paid.

Share Price is driven by your company's profit over time, [earnings per share](#), and [debt to equity ratio](#).

For more see the Support Center Article: [How Do I Increase Shareholder Value?](#)

Tracking Shareholder Value

Your company's SHV will be displayed via the pop-up notifications on log in, and on your company's Home page.

You can compare your SHV with other companies in the industry through the *Industry Benchmark Report*. You can also see your SHV rank across the course through the Course Scoreboard on the Home page (if this has been enabled by your course instructor).

The Simulation Interface

Top-Menu Navigation

The MikesBikes interface utilizes top-of-screen navigation with the following main menu items:

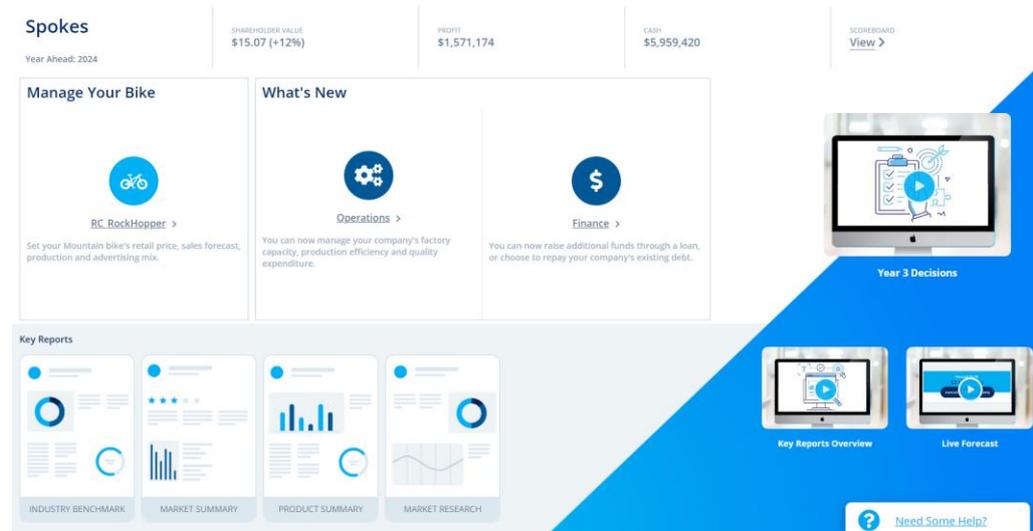
- **Home:** This first screen serves as your company dashboard.
- **Marketing:** Product, Distribution and Brand Promotion / CSR Decisions.
- **Operations:** Factory Capacity, Efficiency, Quality, and Sustainable Manufacturing (CSR) Decisions.
- **Finance:** Debt, Equity and Dividend Decisions.
- **Reports:** To access all your company's reports, including historical reports.
- **Rollovers:** Process a rollover, rollback or restore (Single-Player only).

Press CTRL + M to return to the Top Menu from anywhere else in the application.

Company Home Screen

Your company's Home screen displays:

- Your company's name.
- The Year Ahead (the year you are making decisions for).
- Key results from last year, including a link to the Course Scoreboard.
- Shortcuts to your product decisions and new decisions available this year.
- Key reports.
- Year-relevant help videos.



The Help Widget

A *Need Some Help?* tab features at the bottom right of all screens. Clicking on the tab opens the popup Help widget. You have the option to *Search* help articles, click on a screen-relevant *Frequently Asked Question*, view a screen-relevant *Suggested Video*, or *Contact Us* to send a message to the Smartsims Support Team.

You can also open the popup Help on each screen with the F1 key.

Top-Right Icons

At the top-right of the simulation interface there are three icons:



- 1. Saved Decisions:** Opens the *Current Saved Decisions* report so you can check all currently saved decisions. These are the decisions which will be processed at rollover.
- 2. Alerts & Notifications:** Brings back the initial on-login notifications which provides key results and information for making decisions for the year ahead.
- 3. Exit Simulation:** Exits the simulation interface and takes you back to the course page.

Decision Screens

Selecting the Marketing (Year 1 & 2), Operations (from Year 3) and Finance (from Year 3) menus will open their corresponding decision screens.

The screenshot displays the 'Rock Hopper - Mountain (Existing)' simulation interface. On the left is a blue sidebar with navigation options: 'Pricing & Production' (selected) and 'Advertising'. The main content area is divided into two sections:

- Pricing & Sales Forecast:** Includes a sub-header 'Enter your Retail Price and Sales Forecast'. It features a table comparing 'Current Decision' and 'Last Year' values for 'Retail Price' (700) and 'Sales Forecast (Units)' (18,000).
- Production:** Includes a sub-header 'Enter the required Production to meet your Sales Forecast'. It features a table comparing 'Current Decision' and 'Last Year' values for 'Production (Units)' (16,500) and 'Opening Inventory' (150). A 'Units Available' row shows 16,650.

At the bottom of the main content area are two buttons: 'Undo Changes' and 'Saved'. On the right side, there is a vertical sidebar with key performance indicators and reports:

- Forecast Profit:** \$1.19m (-18%)
- Forecast Cash:** \$3.66m (+63%)
- Market Average Price:** \$700
- Total Demand Last Year:** 18,000
- Forecast Accuracy:** 100%
- Sales Information (Mountain Segment)**
- Product Summary - Rock Hopper**
- Market Research**
- More Reports...**
- Need Some Help?**

LEFT-HAND MENU

Decision screens features a left-hand menu displaying the separate decisions available under each main menu.



CENTER DECISION COLUMN

The center column is where your decisions are located; a decision field with the currently entered decision and last year's decision.

Pricing & Sales Forecast

Enter your Retail Price and Sales Forecast

	Current Decision	Last Year
Retail Price	<input type="text" value="700"/>	700
Sales Forecast (Units)	<input type="text" value="18,000"/>	18,000

Production

Enter the required Production to meet your Sales Forecast

Production (Units)	<input type="text" value="16,500"/>	16,500
Opening Inventory	150	
Units Available	16,650	

Most screens provide additional information below the decision field offering live feedback on the potential consequence of your decision.

RIGHT-HAND COLUMN

The right-hand column is designed to help you make well-informed decisions. It features:

1. The Live Forecast

The Live Forecast widget is located at the top-right of all decision screens:



The Forecast Profit and Cash figures are based on your currently entered decisions and update in real-time as you save decision changes on any screen. This enables you to see the impact of individual decisions on overall performance.

Click on the Live Forecast widget at any time to view your *Forecast Results Summary*. This displays forecast sales revenue, gross margin and income for the year ahead, including a comparison with actual results from last year.

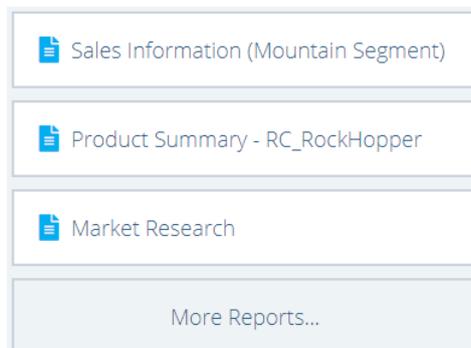
2. Screen-Relevant Results

Relevant key results from last year are displayed:



3. Screen-Relevant Reports

Relevant reports are listed, along with a *More Reports* link to the Reports menu:



Student Support

DIRECT EMAIL

The Smartsims Support Team is available to answer any questions you have by emailing: help@smartsims.com

CONTACT FORM

Submit a [Contact Us](#) form through the Smartsims website.

INTEGRATED HELP

All Smartsims Simulations feature popup help within the application. Simply click on the *Need Some Help?* button on any screen to open the Help Widget, or press the F1 key.

SMARTSIMS SUPPORT CENTER

The [Smartsims Support Center](#) is our simulation knowledgebase. This enables you to receive an instant answer to your question by simply typing your question into the search field. Alternatively, you can also [Browse All MikesBikes Support Articles](#).

CHAPTER 2

Market Analysis

Your Competitors

In the Single-Player version you compete against a single computer-controlled opponent. You both start with one Mountain Bike product with identical results.

The Multi-Player version features between four and ten companies in your industry. These may be student-run or computer-controlled depending on your instructor's preference. All companies start with one Mountain Bike product with identical results.

You can track your competitors using the key industry-level reports below:

- **Industry Benchmark Report:** Compare key financial metrics across all companies in your industry.
- **Market Summary:** Compare all products in the industry based on key market metrics.

The Market Segments

This bicycle industry is categorized into three market segments; Mountain Bikes, Road Bikes and Kids Bikes.

Mountain Bike Market

Mountain bikes are designed for primarily for rough terrain and off-road use. They tend to have wide handlebars, suspension and wide tires. Customers in this segment are focused on fitness and the outdoors. They want a bike that will go anywhere and everywhere. They are prepared to pay more for a bike that meets their needs.

Road Bike Market

Road bikes are designed for speed. They feature light frames, low handlebars and thin tires. Customers in this market are passionate about cycling and are looking for a performance edge to get to the front of the pack. They are not sensitive to price if you have a market leading bike.

Kids Bike Market

Kids bikes range greatly in design and style but are primarily designed to introduce cycling to kids. They are built for children aged 4 to 15 years old, but the purchase is usually made by their parents. From a parent's perspective the bike must be durable and stylish, but relatively inexpensive.

Your Customers

Market research indicates there are six key factors impacting customer demand in this industry; Price, Advertising, Quality, Distribution, Product Specifications, and Corporate Social Responsibility (CSR).

The table below indicates the level of impact these have on customer demand for each market segment:

Segment	Price	Awareness	Quality	Distribution	CSR	Product Specs
Mountain	Medium	High	Medium	Medium	Medium	Medium
Road	Low	Low	High	Low	High	High
Kids	High	High	Low	Medium	Low	Low

Retail Price

Price sensitivity refers to how Retail Price, relative to others in the market, impacts consumer demand.

Price is always relevant, but it is less important in some markets than others. Those purchasing Kids Bikes prioritize price higher than most others. Therefore, a change in price can have a large impact on sales, whereas customers in the Road market are less influenced by price in comparison to other factors.

Compare your Retail Price with your competitors using the *Market Summary* report.

Advertising / Awareness

Customers in each of the markets can be reached by advertising across five possible media channels. To get the most out of your advertising budget you will need to know the media viewing habits for each market (being how much do customers watch/use the different media channels). Then, combine this with Advertising Reach (what percentage can be reach for a given spend). This enables you to determine an optimal advertising mix across the channels, as well as how much to spend on each channel.

MEDIA VIEWING HABITS

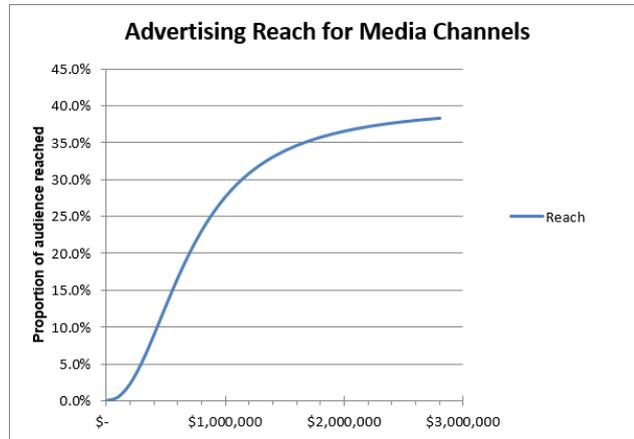
The table below provides the proportion of each market that can be reached using the different media channels:

Segment	Search	Digital Video	Social Media	TV	Print
Mountain	35%	25%	45%	25%	15%
Road	50%	25%	20%	20%	30%
Kids	20%	50%	15%	35%	25%

Note: Each row will add to more than 100% as people watch multiple media channels.

ADVERTISING REACH

The Advertising Reach chart shows the proportion of the viewing audience that can be reached in each media channel at different levels of expenditure.



For example, an investment of \$1.2m in any channel will reach approximately 30% of the audience. Then by looking at the Media Viewing Habits table above, we can see that for the TV media channel this would reach $30\% * 35\% = 10.5\%$ of the Kids market, and $30\% * 25\% = 7.5\%$ of the Mountain market.

Note that the curve is initially steep, up to about \$1.5m expenditure (per channel). However, beyond that the curve flattens so the increase in audience reached becomes less as you spend more.

ADVERTISING PERFORMANCE / AWARENESS

The effectiveness of your advertising budget and allocation (mix) is measured by the awareness of your product in the minds of customers. You can track your Product's Awareness % and compare with competitors through the *Market Summary* report.

Note that Brand Promotion (from Year 2) makes customers aware of your company, and therefore more receptive to your product advertising. This helps to increase your product awareness.

Quality

Quality refers to the level of customer satisfaction in your product based on finish, workmanship, and the rate of product defects. This is measured using a Quality rating out of 100 which applies to all your company's products. You can compare each company's Quality rating using the *Market Summary* report.

Quality expenditure is available from Year 3 under the Operations menu.

Distribution

Your company uses three distribution channels; Bike Shops, Sports Stores and Department Stores. These retailers keep a retail margin (a percentage) on each bike they sell.

The table below shows the proportion of customers who purchase through each distribution channel:

Retail Channel	Mountain	Road	Kids
Bike Shops	20%	90%	10%
Sports Stores	60%	10%	10%
Department Stores	20%	0%	80%

BIKE SHOPS

The bike shop is a specialty store dedicated to bikes and bike-related products. Store assistants are trained bike specialists, able to tailor specific bikes to specific customers. Bike shops generally stock bikes in the mid to high price range (Road and Mountain). They generally require a higher retail margin.

SPORTS STORES

Sports stores stock a wide range of sporting equipment including bikes. The staff at these stores are not as knowledgeable on the complete bike range, but with their specialty in the outdoors, they are experts in Mountain Bikes.

DEPARTMENT STORES

Department stores (chain retailers) stock a wide range of all products. Their staff do not know much about bikes or the bicycle industry, but they have the largest customer base. They typically stock low to mid-priced bikes, sell in high quantities and generally require less retail margin.

DISTRIBUTION PERFORMANCE

Your company's distribution performance is tracked through a Distribution rating (0-100) and features on the *Market Summary* report.

Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) is a concept which sees companies being responsible not only for profit maximization, but also to do what's best for people, the planet and society at large. Your CSR rating is a measure of how well your company integrates social and environmental concerns with its business operations.

Your CSR Rating is affected by your Social Responsibility decisions (Brand Promotion from Year 2) and Sustainable Manufacturing decisions (Operations from Year 3).

You can compare each company's CSR rating using the *Market Summary* report.

The Road market is particularly concerned with CSR issues and knowing that your company operates in a responsible and sustainable way.

Product Specification Rating

All products are given a Product Spec Rating (0-100) which is featured on the *Market Summary* report. This shows how consumers perceive the features of your bikes.

Compare this with your competitors to determine whether investment in product development is required to improve your Product Spec Rating (from Year 4).

Also remember that some markets are more sensitive to product specs than others.

CHAPTER 3

Making Decisions

Overview

You can access your decision screens through the top navigation main menus:

- **Marketing:** Product, Distribution and Brand Promotion Decisions.
- **Operations:** Factory Capacity, Efficiency Quality, and Sustainable Manufacturing
- **Finance:** Debt, Equity and Dividend Decisions.

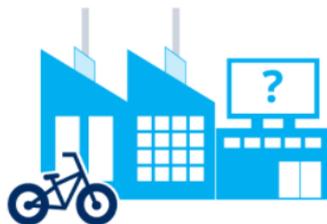
In Year 1 of MikesBikes you will be responsible for only your Mountain Bike's marketing decisions. As such, only the Marketing menu is available in Year 1.

Each new year you will be provided at least one new decision area to manage. In Year 2 the Marketing menu expands to include Distribution and Brand Promotion. In Year 3 the Operations and Finance menus appear.

Your company's Home screen also displays shortcuts to your product decisions, as well as shortcuts to any new decisions.

Year 1 Decisions

When you first open the simulation interface you are given the option to give your company a new name:



Your Company.

Name your company:

(You can edit your company's name at any time prior to the first rollover through the Home screen.)

As well as give your Mountain Bike a new name:



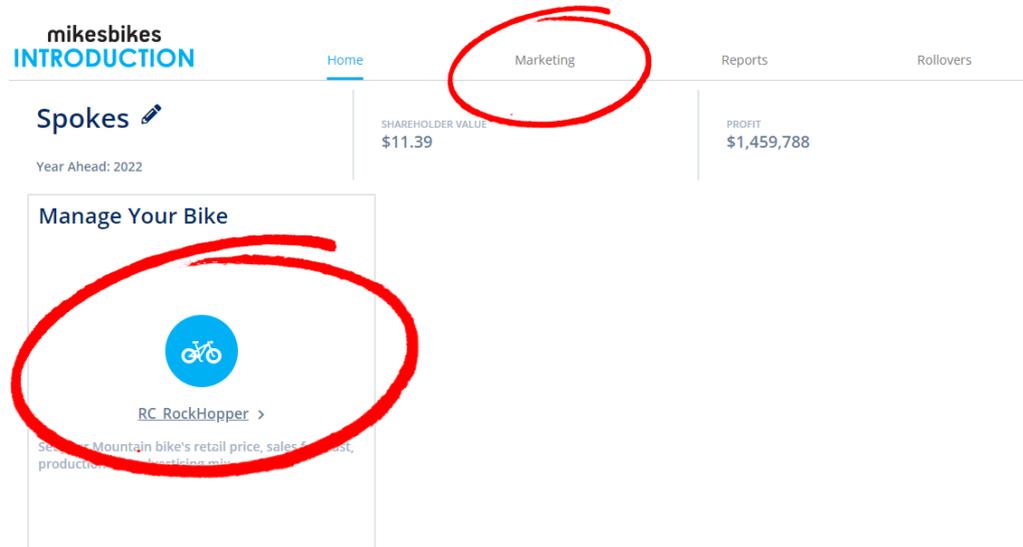
Your Bike.

Name your Mountain Bike:

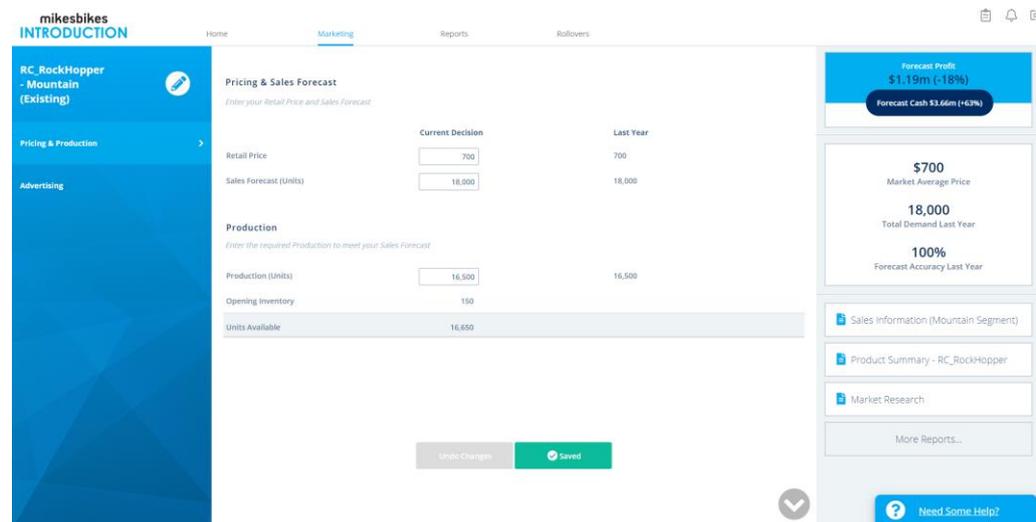
(you can edit your Mountain Bike's name any time prior to the first rollover through the Product screen.)

Get started by getting to know your company and the market using the Key Reports located on your company's Home page.

In your first year of management, you are responsible for the Marketing decisions for your company's Mountain Bike. Your product decisions are available by clicking on either the Marketing menu or the product square on your company's Home page:



Your product decision screens will then be displayed:



You will choose:

- A suitable **Retail Price**.
- A realistic **Sales Forecast**.
- **Required Production** units to meet this forecast.
- Allocating your **Advertising** budget across the five media channels.

Pricing & Production Screen (Marketing)

The Pricing & Production screen is where you manage your product’s Retail Price, Sales Forecast and Production for the year ahead:

Pricing & Sales Forecast

Enter your Retail Price and Sales Forecast

	Current Decision
Retail Price	700
Sales Forecast (Units)	20,000

Production

Enter the required Production to meet your Sales Forecast

Production (Units)	20,000
Opening Inventory	0
Units Available	20,000

RETAIL PRICE

Retail Price is the price that you instruct your retailers to sell your product for.

Your pricing changes should be aligned to your current strategy and coordinated with other decision areas. For example, a decrease in price will usually require additional production and possibly factory capacity. Pricing is one of the more influential decisions on sales and profit, so changes should be well thought through.

Learn more about [Pricing Strategy in MikesBikes](#).

SALES FORECAST

A Sales Forecast is an estimate on how many units (bikes) you think you will sell over the coming year.

Your sales forecast should be made based on previous year’s demand, plus any changes based on the estimated impact of your current decisions.

Learn more about [How to Forecast Sales in MikesBikes](#).

PRODUCTION

A Production quantity must be specified to ensure your factory produces sufficient units to meet your sales forecast for the year ahead.

Your production decision should match your Sales Forecast, minus any Opening Inventory (stock remaining from last year).

If your Factory Capacity is not sufficient to meet required production quantity, you will need to increase factory capacity (available Year 3).

Advertising Screen (Marketing)

There are five media channels to allocate your advertising budget across:

Media	Current Decision
Search (\$)	250,000
Digital Video (\$)	250,000
Social Media (\$)	250,000
TV (\$)	250,000
Print (\$)	250,000
Total (\$)	1,250,000

See *Media Viewing Habits* and *Advertising Reach* under Chapter 2 to learn how to determine an optimal advertising mix and how much to spend on each channel.

SEARCH

Search places paid advertisements within organic internet search results (examples: Google, Bing, Yahoo).

Your company’s advertisements will be shown when users type relevant keywords and phrases into their favorite search engine, enabling you to reach a very targeted audience.

This channel is most effective in reaching customers in the Road segment.

DIGITAL VIDEO

Digital video services allow viewers to watch on-demand content without charge (examples: Youtube, Hulu).

As the service is free, paid advertisements are played before, during or after the streaming content. Advertisements can be accurately targeted based on the viewer’s viewing preferred genres.

This channel is most effective in reaching customers in the Kids segment.

SOCIAL MEDIA

Social media platforms enable users to connect and share their stories with others (examples: Facebook, Instagram, Twitter).

These platforms provide companies with the ability to integrate paid advertisements within the user’s news feed. Very specific audience targeting is achieved based on the user’s interests.

This channel is most effective in reaching customers in the Mountain segment.

TELEVISION

Television (TV) advertising on cable and free-to-air broadcasts is still one of the most effective methods to reach of reaching a large audience.

Live viewers do not have the ability to skip advertisements, so your promotional content is seen by most of the viewing audience.

This channel is most effective in reaching customers in the Kids and Mountain segments.

PRINT

Print advertising covers promotional content featured in magazines, newspapers, direct mail and out of home advertising (e.g. billboards, signage).

Print media covers a wide range of audiences including specialist bike and outdoor magazines.

This channel is most effective in reaching customers in the Road and Kids segments.

Year 2 New Decisions

In addition to last year’s decisions two new marketing decisions are available this year:

- **Distribution**
- **Brand Promotion**
 - **Brand Ambassador**
 - **Event Sponsorship**
 - **Social Responsibility (CSR)**

Distribution Screen (Marketing)

The Distribution screen enables you to set a Retail Margin for each of the three distribution channels; Bike Shops, Sports Stores and Department Stores.

Channel	Current Decision
Bike Shops Margin (%)	35
Sports Stores Margin (%)	35
Department Stores Margin (%)	35

A retail margin is the percentage of a product's retail price which is retained by the distributor for selling a product. Increasing your retail margins encourages distributors to sell your bikes but results in you earning less on each sale. Decreasing your retail margins increases your company’s profits, but too low and shops will stock your competitor’s bikes over yours.

To read about your customer’s shopping habits, go to the *Distribution* heading under *Chapter 2*.

Brand Promotion Screens (Marketing)

Brand Promotion makes customers aware of your company and more receptive to your product advertising. You can also invest in Socially Responsible initiatives to help improve your community and the environment.

Important! The Brand Promotion screens are all multi-select, so you can choose multiple options on each screen. Click on an option to select or deselect it.

Remember to check your Live Forecast area at the right of the screen to ensure that you can afford everything you have selected as each option has a cost.

Your Forecast Branding Expenditure at the right of the screen will update as you change your selections.

The screenshot shows the 'mikesbikes INTRODUCTION' dashboard with a 'Marketing' tab selected. On the left, a sidebar menu has 'Social Responsibility' highlighted. The main content area, titled 'Social Responsibility', lists four initiatives:

- Bikes in Schools \$115,000**: This promotion supply bicycles to local schools for learn-to-ride programs. This promotes healthy, environmentally-friendly transport options for the next generation.
- Bikes4Good Charity \$300,000**: A credit voucher will be provided to customers who donate their old bicycle to this charity. These used bicycles are refurbished and serve as a valuable transport option for many years to come.
- Bicycle Advocacy \$400,000**: You will support agencies to campaign for meaningful change in safer bike infrastructure and accessible tracks. This will enable more people to use their bicycles in more places.
- Carbon Offset Tree Planting \$500,000**: This promotion will commit to plant one million trees to offset the carbon dioxide (CO2) your company produces. This makes a substantial reduction in your company's carbon footprint.

At the bottom of the main area are 'Undo Changes' and 'Save' buttons. On the right, a 'Rollovers' panel displays a 'Forecast Profit' of \$1.31m (+1%) and 'Forecast Cash' of \$5.15m (+44%). Below this, it shows a 'Branding Expenditure' of \$765,000, a 'CSR Rating Last Year' of 20.0, and a 'Market Average CSR Rating' of 20.0%. A 'Need Some Help?' button is at the bottom right.

BRAND AMBASSADOR

Brand Ambassadors are well known celebrities, sports people, or social media stars who are paid to endorse and promote your brand to their fans or followers in a positive way.

Brand Ambassadors help to increase your Brand Awareness.

Choose one or more Brand Ambassadors:

- Mid-Level Social Influencers (\$150,000)
- Youth Cycling Champion (\$250,000)
- National Cycling Champion (\$350,000)
- High-Level Social Influencer (\$500,000)

Your Brand Ambassador choices do not affect your CSR Rating.

EVENT SPONSORSHIP

Event Sponsorship is when you provide money, resources, or assistance to events in exchange for promotional signage and advertising to the event participants and audience.

Event Sponsorship helps to increase your Brand Awareness.

Choose one or more events to sponsor:

- Local Fun Ride (\$100,000)
- State Bike Festival (\$200,000)
- National Bicycle Convention (\$300,000)
- National Cycling Championship (\$600,000)

Your Event Sponsorship choices do not affect your CSR Rating.

SOCIAL RESPONSIBILITY (CSR AND AWARENESS)

Social Responsibility choices create positive change for the people in your community and for the environment.

These choices help to increase both your CSR Rating and your Brand Awareness, although they are less effective at increasing Awareness than Brand Ambassadors and Event Sponsorship.

Social Responsibility expenditure combines with your Sustainable Manufacturing expenditure (from Year 3) to give your CSR Rating.

Choose one or more Social Responsibility options:

- Bikes in Schools (\$115,000)
- Bikes4Good Charity (\$300,000)
- Bicycle Advocacy (\$400,000)
- Carbon Offset Tree Planting (\$500,000)

Year 3 New Decisions

The new decisions available this year are:

- **Factory Capacity**
- **Efficiency**
- **Quality**
- **Sustainable Manufacturing (CSR)**
- **Debt**

Factory Capacity Screen (Operations)

The Factory Capacity decision sets the maximum production capability of your factory, measured in Standard Capacity Units (SCU).

Existing Plant (SCU)	20000
<input checked="" type="radio"/> Buy <input type="radio"/> Sell	<input type="text" value="0"/>
Available Plant Capacity	20,000
Cost of New Plant	0

Over the course of the simulation, you will need to *Buy* additional SCU to support sales growth. Alternatively, if at some point you end up with too much factory capacity (SCU), relative to production, you can *Sell* SCU to reduce factory idle time.

Efficiency (Operations)

Investment in Efficiency reduces the level of wastage which occurs as part of the manufacturing process.

Current Decision	
Efficiency Expenditure (\$)	<input type="text" value="125000"/>
Estimated Wastage %	25.0%

Decreasing wastage increases factory capacity available for production. As you increase your Factory Capacity you will also need to increase efficiency expenditure to maintain the same level of wastage.

Quality (Operations)

Quality expenditure improves the quality of the bikes that reach your customers.

Current Decision

Quality Expenditure (\$)	150,000
Estimated Quality Rating	75.0

A high-quality bike increases customer satisfaction, and therefore, demand. However, keep in mind some markets are more sensitive to quality than others.

The effectiveness of your quality expenditure is measured by the Quality Rating. As you increase your factory capacity you will also need to increase quality expenditure to maintain your Quality Index.

Sustainable Manufacturing (Operations / CSR)

Sustainable Manufacturing is a process which aims to produce goods with minimum wastage, energy, and natural resources, while maximizing benefit to employees.

Sustainable Manufacturing expenditure combines with your Social Responsibility expenditure (under Brand Promotion) to give you a CSR rating. Your Sustainable Manufacturing choices do not affect your Brand Awareness.

Also note that the cost of your Sustainable Manufacturing options increases as you increase the size of your factory and buy more capacity. For example, if you double your factory capacity, then the costs below will also double.

The Sustainable Manufacturing screen is multi-select, so you can choose multiple options. Click on an option to select or deselect it.

Remember to check your Live Forecast area at the right of the screen to ensure that you can afford everything you have selected as each option has a cost.

Your Forecast CSR Rating and Sustainability Expenditure also update as you change your selections.

Choose one or more Sustainable Manufacturing options:

- Recyclable Packaging (\$145,000)
- Living Wage for Staff (\$325,000)
- Sustainable Materials (\$425,000)
- Carbon-Neutral Supply Chain (\$550,000)

Debt Screen (Finance)

All companies start with existing Debt of \$1m. The Debt screen enables you to either *Raise* additional debt or *Repay* existing debt.

<input checked="" type="radio"/> Raise (\$) <input type="radio"/> Repay (\$)	500,000
Total Long Term Debt (\$)	1,500,000
Debt / Equity Ratio	0.228
Interest Rate (%)	5.00
Annual Interest (\$)	75,000

Raising additional debt (cash) can be done to finance expenditure, such as product development or increasing factory capacity. However, this does come with an annual interest cost. Alternatively, you can repay some or all your existing debt to improve your [Debt/Equity Ratio](#).

Year 4 New Decisions

The new decisions available this year are:

- **Product Modification**
- **New Product Launch**
- **Equity**
- **Dividend**

Product Development Screen (Marketing)

You can now choose to update your existing product through a *Spec Improvement*, a *Cost Reduction*, or *Both*.

 <p>SPEC IMPROVEMENT</p> <p>\$1M Cost</p> <p>Improve your product's specs. Remember that some markets are very sensitive to product specifications, and some are not. Also compare your current spec index to your competitors.</p> <p><i>Product Spec Index Increases from 0.60 to 0.75.</i></p>	 <p>COST REDUCTION</p> <p>\$1M Cost</p> <p>Reduce the unit cost of each of your products. Based on last year's sales volume the estimated annual savings is \$920k</p> <p><i>Prime Cost lowers from \$185.00 to \$133.73 per unit.</i></p>	 <p>COST REDUCTION & SPEC IMPROVEMENT</p> <p>\$2M Cost</p> <p>Improve your product's specs and reduce the unit cost of each of your products based on last year's sales volume the estimated annual savings is \$920k.</p> <p><i>Prime Cost lowers from \$185.00 to \$133.73 per unit.</i></p> <p><i>Product Spec Index Increases from 0.60 to 0.75.</i></p>
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Each option has an associated cost and benefit. You should review the information provided within each box before you make your decision.

Note that if you choose to update your product, then any finished goods that you have in stock will immediately be dumped by selling them cheaply to an overseas market as your customers will want to buy your improved product. So remember to check your production decision again after updating an existing product.

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Note: If you modify this product then your existing stock of finished goods will immediately be dumped by selling it cheaply to an overseas market. So remember to check your production decision matches your sales forecast.

Units to Dump: 11,800
 Dump Cost: \$174,879

Ok

Add New Product Screen (Marketing)

This year you can *Add a New Product* into either the new Road or Kids market.

<div style="margin-bottom: 10px;">  <p>ROAD</p> </div> <p>Development Cost: \$1M Estimated Market Size: 12,000 units Recommended Retail Price: \$2000</p> <p style="font-size: 0.8em; color: #666;">There are currently no products being sold in the Road segment.</p>	<div style="margin-bottom: 10px;">  <p>KIDS</p> </div> <p>Development Cost: \$1M Estimated Market Size: 48,000 units Recommended Retail Price: \$400</p> <p style="font-size: 0.8em; color: #666;">There are currently no products being sold in the Kids segment.</p>
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A new product will cost \$1m to develop and may require you to increase your factory capacity. However, taking advantage of these new markets is key to future success.

Once your decision has been saved, your new product will be available under the Marketing menu and on your company’s Home page. You will then be able to make the necessary product-level decisions.

Equity Screen (Finance)

All companies start with an existing balance of one million issued shares. The Equity screen enables you to either *Issue* additional shares to the public or *Repurchase* shares.

<input type="radio"/> Issue (\$)	<input checked="" type="radio"/> Repurchase (\$)	100,000
Book Equity (\$)		8,145,842
Market Capitalization (\$)		15,989,725
Debt / Equity Ratio		0.186
Number of Shares		993,746

Issuing shares raises additional cash to fund decisions. However, this does have a negative impact on shareholder value. Whereas, repurchasing shares can be expensive, but by reducing the number of issued shares you will increase their value.

Dividend Screen (Finance)

The Dividend screen enables you to pay a dividend to your shareholders.

Dividend (\$)	1.20
Number of Shares	993,746
Total Dividend Paid (\$)	1,192,495

A dividend is an annual payment to provide a return on your shareholders' investment in your company. The dollar amount paid is per outstanding share. Paying dividends can be costly, but it has a direct positive impact on Shareholder Value.

Year 5 & Beyond

In Year 5 you can add a third product, and in Year 6 you can add a fourth product. There are no new decision screens added from this point onwards.

CHAPTER 4

Reporting

Report Shortcuts

Company Home Page

Your company's Home page features shortcuts to four key reports:



Industry Benchmark: Compare key financial metrics against other companies in your industry; including Shareholder Value, Sales, Gross Margin, Profit and Cash.

Market Summary: Summary of the performance of all your products in comparison to your competitors.

Product Summary: The income, costs and profit for each of your products.

Market Research: Key market research information covering market segments, customers, distributors and operations. The information on this report is essential for making effective and competitive decisions.

Top-Right Icons

At the top-right of the simulation interface there are two icons:



- 1. Saved Decisions:** Opens the *Current Saved Decisions* report so you can check all currently saved decisions. These are the decisions which will be processed at rollover.
- 2. Alerts & Notifications:** Brings back the initial login pop-up notifications which provides key results and information on making decisions for the year ahead.

Live Forecast

Click on the Live Forecast widget at any time to view your *Forecast Results Summary*. This displays forecast sales revenue, gross margin and income for the year ahead, including a comparison with actual results from last year.

Reports Menu

The Reports menu provides you with access to all your company's reports. Once selected, the left-menu categorizes reports according to the headings below.

Key Reports

Industry Benchmark: Compare key financials of your company and your competitors; including Shareholder Value, Sales, Gross Margin, Profit and Cash.

Market Summary: See how your product(s) are performing in comparison to others in the industry.

Product Summary: The key results for your product(s).

Market Research: Important market information covering market segments and customers.

Forecast Results Summary: View forecast sales revenue, gross margin and income for the year ahead; including a comparison with actual results from last year.

Market Share: A pie chart showing market share for each company in the industry.

Current Saved Decisions: All your currently saved decisions for the year ahead.

Course Scoreboard: See how your company ranks across your entire course (if enabled by your instructor).

Marketing

Market Research: Important market information covering market segments and customers.

Market Summary: See how your product(s) are performing in comparison to others in the industry.

Product Summary: The key results for your product(s).

Market Share: A pie chart showing market share for each company in the industry.

Distribution Summary: View consumer shopping habits by market segment and your own distribution results.

Operations

Product Summary: The key results for your product(s).

Factory Report: A summary of your factory capacity, capacity usage and production process.

Operations Information: View factory capacity requirements, operations costs and decision limits.

All Firms Quality Ratings: A line chart comparing of the quality ratings for all companies in the industry over time.

Finance

Income Statement: Sales revenue and costs of goods sold, finally calculating your Net Income (or loss). Also known as a Profit and Loss (P&L) Statement.

Balance Sheet: Statement of financial position, listing assets, liabilities and owner's equity.

Cashflow Statement: Statement of cashflows listing incoming and outgoing funds.

Equity Movements Statement: Details the change in owner's equity, including changes in share capital, dividends paid, retained earnings and other reserves.

Finance Information: View finance related costs and decision limits.

Forecast Results

Forecast Results Summary: Forecast sales revenue, gross margin and income for the year ahead, including a comparison with actual results from last year.

Forecast Income Statement: Based on currently entered decisions, a comparison of your forecast income statement against last year's income statement.

Forecast Cashflow Statement: Based on currently entered decisions, a forecast of incoming and outgoing cash for the year ahead.

Historical Reports

A selection of key reports for each past year of the simulation.

Search

The search feature enables you to conduct a keyword search across all reports.