

How various concepts and components in business works

[Business](#)



Sometimes, there just concepts that are too abstract for us to understand in a classroom setting and only appreciate it in a business setting. For example, we decided to make our costs and expense low in the last few rounds thinking that it would increase our net profit by keeping the deductions down. Theoretically, our assumption should be right but it is just too simplistic to assume that net profit will increase if the cost will be reduced because there are also other things to consider in making a profit. In our case, we reduce our costs and expense to only 740, 749 which is one of the lowest in the game. Theoretically, if our deductions were small, then our net profit should be high. We realize that it does not necessarily follow this way. Reducing costs, especially those that are critical in generating revenues is not always healthy for the business.

We are also not efficient in using our resources to generate revenue. We may have one of the lowest costs in the game in terms of numbers but if we relate this to the revenue generated, we are in fact one of the costliest businesses if not the costliest. Now, this would be difficult to realize in a classroom discussion. We have a lot of fixed assets but it did not generate revenue and only incurred us depreciation of 437 722 which can be considered as the highest in the game even if it is not the highest in numbers term because it only generated sales revenue of 1 273 665. These incorrect assumptions led us to do poorly in the last few rounds of the game. We were doing great in the first few rounds but wrong assumptions pulled us in the rear so to speak, in the last few rounds because we had wrong assumptions. Good thing this was just a game because if this was the real-life, our team would have lost our shirt.

The game served its purpose of letting us understand how various concepts and components in business works. We realize how each component is related to each other and that business requires a proper understanding of these concepts to apply them correctly. Now when we revisit these concepts, we now look at them with a different perspective. The cost now is perceived not just a mere deduction from the sales revenue but rather a necessary expenditure to generate sales.