

Microcomputers: an analysis



At the outset of incorporation, MicroComps management decided that we would concentrate on a strategy of being the leader in innovation and technology by introducing new products into the microcomputer business market and becoming obsolete. In order to accomplish this we chose to focus on large, highly competitive segments, as well as geographic markets which were in the middle of the cost/size continuum, with the goal to build a market position and defend it as we strive to take the lead and keep it. At MicroComp we plan to make every attempt to become the leader in technology by providing our consumers with the most reliable products on the market, as well as providing longer warranty periods than any of our competitors.

By having a clear understanding of our goals we were able to evolve over the course of the six quarter by using market research and paying attention to the customer's needs. The company's overall corporate strategy was to offer predominant customers quality products at an affordable price. Keeping that in mind, we have chosen a strategy that will focus on keeping our Research and Development (R&D), material, and manufacturing costs low. In turn we will be able to compete with the other companies in the microcomputer industry on the basis of cost.

Our marketing department strategy is one that will allow us to perform in depth research on our customer, as well as invest earnestly in sales and advertising in order to get the name of the products out and create a need. We focused on finding out what would be the best way to reach those that we wanted as customers. Once we established that, the next stage of the strategy was to carefully place ads that introduced people to the new and

exciting technology offered by MicroComp. The print ads were run in several different types of magazines multiple times. This strategy allowed our products powerful features to be highlighted so that the customers would be able to see exactly what they were getting from us.

Our sales channel department focused on a strategy that would allow us to be able to price our products at a premium price. In order to accomplish this, members of this department had to pay close attention to our competitors. This way they would be aware of their strengths and weaknesses. This strategy was designed to analyze the competitions strategies in order to increase our sales.

Our strategy for our Human Resources department involved recruiting, hiring, motivating, and keeping quality employees. MicroComp paid all of their staff above the national salary average to encourage better performance from them. We offered better healthcare coverage above and beyond what our competitors were offering. With this strategy we were able to have more sales personnel out in the field promoting the MicroComp product line.

Our manufacturing department handled growing volume to meet the demand for the products that we produce. We will examine moderate escalations in automation levels to expand margins according to the projections we would need during the quarters. We also tried to produce a few extras to keep in stock. However, we felt it best not to run the plant at 100% capacity in order to have a few thousand each quarter.

Our finance department will finance our funds mainly through cash and stock issues from operations. Whenever necessary, we will use bond offerings as a subsidiary. Also, we will form a course of action for dividends and begin to withdraw stock when our cash position permits. This is because we are slightly opposed to debt and would prefer to escape interest expenses.

Most importantly, we will use the information obtained from these departments to measure our overall performance. However, we will be focusing on our financial performance, market performance, HR management, asset management, total demand, and total market share.

Environmental and Internal Analysis

Microcomputers are used in a wide variation of industries and applications and are in continuous need of modifications in order to meet consumer demands. The consumers usually like to purchase microcomputers that are easy to use, low priced, and designed with office applications included, especially in the Workhorse Market. In the Traveler Market, portability, the ability to link with other microcomputers, and office applications are the consumer's choice. A microcomputer is a small personal computer (including desktops) with a microprocessor as a central processor. After considerable and careful research, MicroComp made the decision to enter into this market. With the background knowledge that we have and utilization of the specialized software, Web Marketplace Business Simulator, to help us make crucial decisions about R&D, HR, Marketing, Manufacturing, and Finance, we were prepared for the challenge.

Startup

In the beginning of this simulation, each of the companies in the microcomputer industry was on an even keel. Each of the companies competing in the microcomputer business market was given the same amount of startup capital to be used as we saw fit. Most of MicroComp's startup capital was used in similar aspects as the other five teams. We opened our first office in New York, designed our first products, and concentrated on building our plant. However, as time went on, these companies began to differentiate their microcomputers in the areas of age, dependability, price, and positioning (size and performance) because they were all trying to reach a common goal. That goal was to come out on top. Therefore, the ending of the startup period was actually the beginning of the simulation.

Quarter 1

Quarter 1 is where things became a little more interesting. This is because we had a lot of work that had to be done. We hired a President to oversee the business and make strategic decisions. Working with human resources, we established a compensation plan for sales. With the help of the marketing department we were able to set prices for each of our brands, designed our advertisements, place those ads in major media outlets, and decide to purchase additional market research. We also worked with the sales department to establish the number of sales and service staff to hire during this quarter as we were scheduled to open our first office. Then we worked closely with the manufacturing department to set a reasonable estimated goal in regards to the units demanded for our sales staff to reach. It was in

this department that we had to make the decisions on inventory control, operating capacity, and fixed capacity. Last but certainly not least, we worked with our finance department to ensure that we were still making sales on our common stock therefore increasing revenue. All in all, it took a number of key personnel within the company working together in order to get the ball rolling. Although we did not make a profit during this quarter, we felt that we were taking the proper steps to make good profits in the future.

Quarter 2

Quarter 2 we got off to a good start. We focused on two target markets (Workhorse and Travelers) and had two brands available for sale. Those two brands, the Desktop Dynamo and the ASAP Tablet, seemed to be doing well. We had reasonable pricing and a decent amount of advertising. This allowed us to be an established company to those two target markets. We were able to get customers by offering great products priced below the price that the target market was willing to pay. Along with low prices we also offered mail in rebates to add value to customers. MicroComp, was in second place in regards to total demand for all target segments, as well as total market shares. However, the ending result for the quarter let us know that we needed to improve in several areas. For starters, we lost out on revenue due to large numbers of stock outs. Because of these stock outs the revenue that was earned was not enough to cover the cost of goods sold. Therefore, our gross profits increased but they did not break even or earn us enough to cover the expenses of the company. Second, we fell below average in regards to financial performance, market performance, asset management, and HR management. Even though we sold additional shares of common

stock, our gross margins remained in the red. This led us to reconvene and make adjustments to our strategies in order to have a better outcome for the next quarter.

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Quarter 3

At the beginning of Quarter 3, we focused on making modifications that would improve our position in the competition. These modifications included improving our current brands, opening a second location (Paris), revising our compensation plan for sales and service staff to show an increase in their annual salary, hiring more sales and service staff. We were confident that making these changes would give us an advantage in the competition and ultimately help us to get ahead. At the end of the quarter we learned that our modification helped us to a certain extent. Our inventory did not stock out this round, which was something that we had been contending with in the previous rounds. We were not able to hang on to any inventory but we didn't lose any critical sales to our competitors either. We also earned enough revenue to cover our cost of goods sold, however we did not earn enough to cover the expenses of the company. This led to the company remaining in the red in regards to net income, but not as bad as last quarter. Once again, we fell below the mark in financial performance and asset management, but we made major improvements in market performance and HR management. We also lost the little leverage that we had in total market demand and market shares. This was not good for us hence we took this information and went back to the drawing board. We knew that we were

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headed in the right direction to get to the position we were striving to reach, yet and still there were still areas we needed to improve in.

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Quarter 4

During Quarter 4, we came out full speed ahead. We were more focused and determined than ever. We put our revisions into play and patiently waited to see the end results. Our revisions included several things that we felt were necessary to bounce back. We made the decision to invest in R&D and bring our customers a faster and more powerful computer. We introduced three new brands into the market. Those brands were the Dynamo 100, ASAP+, and the Mercedes Max. Since we were doing fairly well with our sales and experiencing no stock outs, we thought that it was time to advance with our brands. Being one of the first companies to have a computer with more powerful hardware allowed us to gain a little in the market share. We also made revisions to our compensation plan again, this time increasing the vacation length and decreasing the annual salary a little. This was an incentive to get the sales and service staff a little more motivated. We also open our third location; therefore we hired more sales and service staff. We made the decision that opening an office in Tokyo would be beneficial for our company in the long run. An as the ending results showed, we were finally on top. We now had the lead in total demand and market share. We topped out in financial and market performance, as well as asset and HR management. Now all we had to do was focus on our ensuring that we

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continued to make the proper modifications when needed so that we could remain in the lead. Overall, this was an outstanding quarter for MicroComp.

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Quarter 5

During Quarter 5 began great for us. We continued to review our data and we noticed an issue that needed some minor revisions in order for us to remain in the lead. This issue was with production. After reviewing the numbers we decided to stop production and sells on the Dynamo 100 and the ASAP + due to a large decrease in the number of sales. We felt that the money being spent on production was not worth what we were earning in return. However, we introduced the Dynamo 2.0 and the ASAP 2.0 in their place. Introducing the new brands was a tactic used to continue making profits from sales. As we awaited the ending results from quarter 5 we were quite confident that we would remain in the lead, and we were right. The results showed us several things. It showed us that the new additions did not do as well as we had expected. It also showed that we increased once again in total demand, but we dropped by 5% in total market share. Even with the drop in total market share, we were still in the lead. We also remained steady in financial and market performance, and HR management; however we dropped a little in asset management. All in all, it was another good quarter for MicroComp. <http://cm11.marketplace6.com/temp/pmlQ1KT3.png> <http://cm11.marketplace6.com/temp/pmy6xAKe.png>

Quarter 6

Moving toward the final quarter, we continued to do well. We introduced the Mercedes Max 2 and the Dynamo Max to the market and expected these products to be a success. However, we were not able to see any profits from these brands by the end of this quarter. Our sales from the other brands were good and we had no stock outs though. We continued to top out in financial and market performance, HR management, and we were even able to recover and top out in asset management. We also recovered the 4 of the 5% we had lost in total market share, as well as remained in the lead in total demand. As a result of our continued efforts, Micro ended the simulation in first place.

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Evaluation

MicroComp did succeed in a number of areas, but we most certainly were not error free. ????

We do not owe any loans which is a plus. ?????

Basically, our cumulative final results speak for themselves. ????

Cumulative Balanced Scorecard for quarter: 6

Team ID

Company Name

Total Performance

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Financial Performance

Market Performance

Human Resource Management

Asset Management

game 1516 team 5

Technologies of America

0.000

-21.525

0.079

0.741

0.690

game 1516 team 2

Microdyno Inc

1.617

9.791

0.191

0.761

1. 119

game 1516 team 4

4 Square

3. 305

18. 055

0. 163

0. 743

0. 957

game 1516 team 3

Private Domain Cyber Systems

6. 284

18. 886

0. 180

0. 780

1. 578

game 1516 team 6

AboveandBeyond

6. 760

24. 424

0. 176

0. 745

1. 461

game 1516 team 1

MicroComp

52. 433

First Place

47. 084

First Place

0. 358

First Place

0. 773

Second Place

1. 671

First Place

Conclusion

In conclusion, we would like for our shareholder's to know that MicroComp, is still committed to producing top notch computers and accessories at an affordable rate.

Summary of Plans for the Future

We strongly believe that we could improve in the coming years as long as we continue to monitor both markets and position our computers to the specifications that the customers like. As the President of this company, I have been very cautious with the decision that I have helped to implement for MicroComp because this is an area that needs to be worked on for the future performance of the company. Another step we will take to ensure that we have a successful future is to watch our competition more closely each year to ascertain their strengths and weaknesses. We will also pay close attention to our sales forecast in order to make sure that we are producing enough products in order to prevent stock outs. I believe that this was one of the areas that MicroComp was weak; we experienced stock outs for two consecutive quarters.

Lessons Learned

Over the past year and a half, we have learned many things. It is my belief that we have learned from mistakes we have made; however, we can build upon the things that we have done right.

I also believe that we were able to learn valuable information from each member of personnel we worked closely with. Each member was able to bring something different to the table and provide management with a

better understanding of how to relate to the staff in the various departments. We also learned how to internalize many of the business concepts, principles, and ways of thinking that has been taught throughout this course. All in all, this business simulation has been a fun, learning experience for all parties involved.