

Bsg report essay



**ASSIGN
BUSTER**

Introduction to the Report Our team Group E of Industry 1 was consisted of following three members: 1. Nirius Irani 2. Masoud Alawi 3. Claudio Ramirez I would not say we fared well in our BSG game and there were multiple reasons that contributed to our final rank. To be honest we could not understand the game at all and when we started to understand it, the game had been over for us. We analysed our performance and below are some of our reflections and lessons learnt. Our strategy was to keep the cost low but we did not plan properly to meet the increased forecasted demands that made us to stand at the last position in the competition.

Our Strategy (Year 11 – Year 16) During the initial 6 years we were still trying to get the feel of things. One could say we were wasting our time whilst other teams were developing a market for themselves Our Strategy (Year 11 – Year 16) During the initial 6 years we were still trying to get the feel of things. One could say we were wasting our time whilst other teams were developing a market for themselves Wholesale Market During the initial 6 years of we were more focussed on bringing the cost of the product low. We did this by sacrificing our miscellaneous expenses.

We maintained the quality of materials at 50% but cut down on investment on TQM and styling/features. This indeed did impact our product image but yet we were able to get around 15% market share in the wholesale market.

Private Label Market In the first 6 years of trading, we did not put all our attention in the private label. We did get occasional wins in different geographic markets, but kept our stock primarily for the wholesale market.

Internet Sales Market As far as the internet market is concerned, we realized its a trust-based market. We observed that over the last few years not many

fluctuations were here in product price and quality; we used this to our advantage and reasoned a fair price and settled down. In the internet sales market we got an average share in all geographic locations. Our Strategy (Year 11 – Year 16) We were on a cost saving mode, trying not to take any dramatic risks. We understood the value of money in the bank. Took loans to support construction and paid no dividends. Little did we realize that it were the risk-takers who were the market leaders. Our Strategy (Year 11 – Year 16) We were on a cost saving mode, trying not to take any dramatic risks. We understood the value of money in the bank.

Took loans to support construction and paid no dividends. Little did we realize that it were the risk-takers who were the market leaders. Plant Capacity and Construction During this period we understood that we would be needing a fair amount of capacity increase to meet the rising market demands. We conducted most of our construction during this period. One thing we made sure to do was authorize construction when the currency is low as compared to the North American market. This is because the NA office was financing all construction and a stronger USD would have a greater bang for the buck.

Marketing Strategy In the initial years we were on cost saving mode so we tried cutting down on excessive spending, this was why we axed celebrity sponsorships and only spent nominal amounts on it. Furthermore since our market image had been impact because of lower S/Q ratings, we tried winning in back by being among the top companies in corporate citizenship. In the process we receive the “ Gold Star Award” 3 years in a row for our

contributions. Finance and Cash Flows To support plant construction we took short term loans so we could pay them off within 5 years.

We did not rely much of bank financing and tried to use atleast 50% of our own finances to support the construction. Our Strategy (Year 17 – Year 20) In year 17 we revamped our strategy, this time targeting an entirely different market. In this phase we became more selective to the market we were targeting. Unfortunately this came a little to late as we had to start everything from scratch. Our Strategy (Year 17 – Year 20) In year 17 we revamped our strategy, this time targeting an entirely different market. In this phase we became more selective to the market we were targeting.

Unfortunately this came a little to late as we had to start everything from scratch. Wholesale Market In year 17 we totally changed our strategy. This time we were targeting an entirely different market. We brought down our models offered from 200 to 150, furthermore we raised our average S/Q rating by almost 40%. To increase the S/Q rating we had to dramatically invest in TQM and enhanced features. This did slightly did improve over market share but at the same time brought our net revenue down and we found ourselves struggling with cash towards the year end. Private Label

During the second half of our trading period we focussed massively on the private label market and found our niche there. We had realized that the minimum cost of the product wins the market share so we started experimenting with S/Q Ratings and percentage of superior materials to come up with the best product with the least cost price. Adding minimum profit margin to the cost price we were able to seize a massive chunk of the

private label market. Attached are a few snapshot highlighting our success in that market. Our Strategy (Year 17 – Year 20) We put a lot of effort into the Private Label market.

Undoubtedly we did very well in that market, but that unfortunately diverted us from the wholesale market. We feel that our strategy was not well formed and we kept diverting. Our Strategy (Year 17 – Year 20) We put a lot of effort into the Private Label market. Undoubtedly we did very well in that market, but that unfortunately diverted us from the wholesale market. We feel that our strategy was not well formed and we kept diverting. Internet Sales Market We realized that there were not many variation in the statistics of the Internet Sales Market so we also established a trust relationship and did not vary our costs much.

Until year 20 we were had a fair share of the internet market. Plant Capacity and Construction By year 16 we had finished all our plant expansions and construction. Year 16 onwards our goal was simple, use the capacity to it maximum potential and if profitable used the plant on overtime and produce shoes for the private label market. Furthermore we had to pay off our loans as soon as possible. By the close of year 20 we had paid of all our loans in an attempt to raise the credit rating of Company C. Marketing Strategy

Midway into the game we realized that spending excessively on corporate citizenship was not positively impacting our market share and was almost a waste of money so we gradually cut down on our expenses at that end. Furthermore we observed that our marketshare wasn't very high so we benchmarked the market leaders. They were spending excessively on

celebrity sponsorships, so we followed suit. Our Mistakes and Realizations
Our Mistakes and Realizations Strategy Variations Our primary mistake was
our strategy. As I highlighted our strategy was different during the first 6
years of the game and we aimed for a different market towards the end.

This was a major setback for our company and we had to start everything
from scratch. The end result would have had been much better if we had
identified our approach earlier on and then over the course of 10 years build
up on that strategy. It is obvious from the above figure that our strategy was
experiencing erratic movements. This was because we were lacking in the
ability to forecast market movements and were constantly following it.
Following the market did not bear fruit as the teams with the greatest
market share were the one who accurately predicted the market direction
and foreign exchange curves.

This flipping of strategies mostly impacted our stock price which started out
as top of the group but then saw a constant fall. Dividend Payments Dividend
payments was another factor we feel contributed in our deteriorating stock
price. Towards the early years we didn't pay any dividends to make sure we
had the cash for construction and capacity enhancements. Towards the end
we again failed to do so as we didn't have much cash remaining after our
advertisement and endorsement expenses. It was only in the last year we
paid a massive dividend of \$4.

My belief is that if we had spaced out our dividends across the year, our
shareholders would have developed trust in our company and our stock price
won't have had fallen. Our Mistakes and Realizations Our Mistakes and

Realizations Stock Repurchase Another factor I feel would have raised our stock price. If we had repurchased small amounts of stock our stock price would have had gone up. Unfortunately we didn't have the sufficient monies to afford it. Our lesson learnt is, plan well, stick to the plan and build on it. Changing strategies only gives you a fresh start which not many companies would want when you are in a race.