

Student Guide



Why Entrepreneurship – The Game

Student Procedure

Student Checklist

Decisions

- Due Diligence**
- Product & Markets**
- Marketing**
- Cash Flow**

Simulation Strategy

Vertical Industries

Why Entrepreneurship – The Game

The purpose of the simulation is to provide you with a hands-on experience of the topics being discussed in your business class using experiential learning technologies. The simulation reinforces the 7P's, Internal Operations, HR, Cash Flow, Investment decisions, product design, market value proposition, effectiveness of different advertising mechanisms, short term strategic planning, competitive analysis and a number of other concepts all emulated in an easy-to-use intuitive system. The simulation will provide you with:

- an immersive hands-on experience
- the opportunity to practice what you have learned
- a product design experience and appreciation of the importance of the Value Proposition
- an opportunity to perform market analyses and experience the impact of your managerial choices
- analyzing a variety of advertising approaches to create an advertising campaign
- experience in managing cash flow and understanding sources of funds
- the insight into the real-world difficulties of projecting sales and the impact of excess inventory
- an experience in the dilution of ownership when selling shares in your privately held corporation
- a “sandbox” to test your strategies versus other students
- an opportunity to become a better manager by doing and experiencing the responsibility of managing
- a hands-on opportunity to practice ‘responsibility’ and subsequently accountability
- a confidence building experiential learning tool that supports your education

At the end of the simulation, you will have some experience with:

- Understanding the process of starting a business
- The importance of the 7P's in product marketing
- Determining a products Value Proposition and the usage of 'EVAC' (Effort, Value, Acceptance & Cost)
- The forces that can cause a business failure
- The differences between Entrepreneurship, creativity, and innovation
- An experiential approach to thinking about a business plan
- Identifying the market niche of a product or service
- Describing the components of a marketing plan and be able to prepare one
- Projecting unit sales and revenue
- Developing a pricing strategy for a product
- Understanding the 'Knowledge Chain' culminating in Actionable Knowledge (decisions)
- Creating and managing a Proforma Cash Flow
- Managing debt and equity capital
- Monitoring measures & metrics and when necessary, Manage change

Student Procedure (refer to your syllabus for a class specific procedure)

- A. Simulation Software – Entrepreneurship – The Game, Web site GoEntrepreneur.net or <https://lekacos.com/tpieent/Index.php>
- B. Create an account.
- C. Register using the Game Code assigned by your faculty.
- D. Purchase the License. Requires payment of \$26.99 during the account creation step.
- E. Be aware of your classes grading schema (refer to your syllabus)
- F. Note the Due Dates for each Quarters processing
 1. Quarter 1 processing date
 2. Quarter 2 processing date
 3. Quarter 3 processing date
 4. Quarter 4 processing date
- G. Review all student training materials and terms used in game
- H. Quarter Procedure (repeat these steps each of the 4 quarters)
 1. Due Diligence (analysis of quarterly results)
 2. Product and Market decisions
 3. Marketing decisions

4. Cash Flow and HR decisions

Student Checklist

- A. Review Growth and Gap tables (Main Page starting in Quarter 2)
- B. Product Page (if allowed after Quarter 1)
 - 1. Select or review 5 features
 - 2. Select or review 3 Markets
- C. Marketing Page
 - 1. Select or review 3 Ad Plans features
 - 2. Change or review Promotional Budgets for the 3 Markets
 - 3. Change or review Selling Price
 - 4. Change or review Quantity to Order (QOO)
- D. Cash Flow Page
 - 1. Use or review Cash Personal Bank
 - 2. Use or review Personal Credit Card
 - 3. Use or review Commercial Loan
 - 4. Use or review Family Loan
 - 5. Use or review Family Investment
 - 6. Use or review Professional Investment
 - 7. Select or review HR

Main Page

When you log into the simulation, you will immediately be directed to your main page. This page contains the Growth tables and Gap tables that are used during the due diligence step. On this page you will also see the quarterly due dates which represent the date the specified quarter will be processed. All your decisions need to be entered before processing takes place. If your system is configured to prevent product modifications after the first quarter you will note a message to that effect under the quarter processing table.

Entrepreneurial Control

Using the Thinking Planning Implement / Executing Philosophy (TPI/E™)

Game Code: 61

Entrepreneurship 353.01

Lekacos

Welcome, Tia

Are you ready to enter this quarter's decisions? Have you done your due diligence? If so, you are in the right place. This main page provides administrative information and management results on your simulation. It will help you to Monitor the Measures & Metrics (M&M) and then Manage (M&M) the decisions.

From this page you access the three decision screens that allow you to Manage your Product decisions, Manage your Marketing decisions and Manage your Cash flow. Since there are 4 Quarters to the simulation, before each Quarter is processed you can review and change your decisions. In Quarter One you will create and design your Product (refer to training video). Note: depending on your Professors configuration you may not be allowed to revise the Product design after Quarter One. Your screen below will inform you if this constraint has been imposed. All decisions for the Quarter must be submitted by the designated due date and time.

Entrepreneur	Due Date
Tia	
Quarter 1	11:59pm on 2022-06-28
Quarter 2	11:59pm on 2022-06-30
Quarter 3	11:59pm on 2022-07-02
Quarter 4 Current	11:59pm on 2022-07-03

The lower portion of this main screen contains the growth and gap tables. After the first quarter has been processed you will use these two tables to analyze the relative success of your company. The growth table will show each of the quarters that have been processed and pertinent measures. Your managerial objective is to ensure a constant improvement in these measures, hence the title growth table. The gap table represents a summary of all of the competitors positions in this quarter. You should employ this table to ascertain any gaps that may exist in satisfying customer demand. Upon completion of your analysis, you may deem it necessary to change markets and if allowed product features. Your due diligence employing these two tables represents the

Growth Table

Quarters	Product			Market 1			Market 2			Market 3			Market 4			Market 5		
	Cash	QOH	GM	Revenue	Sold	MS	Revenue	Sold	MS	Revenue	Sold	MS	Revenue	Sold	MS	Revenue	Sold	MS
0	\$ 150,000	0	0.00	\$ 0.00	0	0.00	\$ 0.00	0	0.00	\$ 0.00	0	0.00	\$ 0.00	0	0.00	\$ 0.00	0	0.00
1	\$ 216,071.99	73	0.63	\$ 0.00	0	0.00	\$ 4392.92	116	0.01	\$ 1784.68	364	0.05	\$ 0.00	0	0.00	\$ 46927.89	44	0.04
2	\$ 30558.26	788	0.49	\$ 4083.75	125	0.01	\$ 0.00	0	0.00	\$ 988.02	246	0.03	\$ 0.00	0	0.00	\$ 16505.38	444	0.04
3	\$ 42959.53	567	0.49	\$ 18220.59	457	0.03	\$ 0.00	0	0.00	\$ 2551.68	64	0.01	\$ 0.00	0	0.00	\$ 3987.01	100	0.01

Quarter -3- Results

Company	Market 1			Market 2			Market 3			Market 4			Market 5				
	Student	Cash	QOH	Revenue	Sold	MS	Revenue	Sold	MS	Revenue	Sold	MS	Revenue	Sold	MS		
Samir Kir	\$ 53734.95	150	\$ 0.00	0	0.00	\$ 6887.64	172	0.02	\$ 10246.59	257	0.03	\$ 0.00	0	0.00	\$ 8818.77	221	0.02
Penny Gold	\$ 44435.60	0	\$ 0432.82	326	0.02	\$ 0.00	0	0.00	\$ 13057.86	398	0.05	\$ 0.00	0	0.00	\$ 26663.32	76	0.01
Mike Mansano	\$ 65847.94	0	\$ 0.00	0	0.00	\$ 16852.14	422	0.05	\$ 10764.90	279	0.03	\$ 0.00	0	0.00	\$ 20253.95	508	0.04
Angelina DaVinci	\$ 63244.32	0	\$ 0.00	0	0.00	\$ 0.00	0	0.00	\$ 19566.36	486	0.06	\$ 18938.82	457	0.03	\$ 0.00	0	0.00
Johnny James	\$ 133696.59	223	0.00	0	0.00	\$ 7958.40	160	0.01	\$ 28302.58	367	0.07	\$ 1796.40	386	0.01	\$ 0.00	0	0.00
Laura Bell	\$ 52156.49	385	\$ 0.00	0	0.00	\$ 10369.39	337	0.04	\$ 12227.44	312	0.04	\$ 0.00	0	0.00	\$ 25631.35	68	0.01
Dimitri Lemos	\$ 85876.82	0	\$ 20598.12	522	0.03	\$ 24274.42	627	0.07	\$ 0.00	0	0.00	\$ 0.00	0	0.00	\$ 20595.45	151	0.01
Lenny Silver	\$ 44472.78	262	\$ 0.00	0	0.00	\$ 9784.88	246	0.03	\$ 19551.32	494	0.06	\$ 0.00	0	0.00	\$ 21361.86	517	0.05
Miriam Hopkins	\$ 47905.54	510	\$ 1045.60	320	0.02	\$ 9265.17	241	0.03	\$ 0.00	0	0.00	\$ 0.00	0	0.00	\$ 15347.80	170	0.01
Peter Massies	\$ 50189.66	312	\$ 7977.69	201	0.01	\$ 10875.06	274	0.04	\$ 6469.47	163	0.02	\$ 0.00	0	0.00	\$ 0.00	0	0.00
Tia Montoya	\$ 42707.23	231	\$ 6695.92	154	0.01	\$ 0.00	0	0.00	\$ 5739.36	132	0.02	\$ 24666.72	64	0.04	\$ 0.00	0	0.00
Sean Murphy	\$ 42959.53	567	\$ 18230.59	457	0.03	\$ 0.00	0	0.00	\$ 2551.68	64	0.01	\$ 0.00	0	0.00	\$ 3987.00	100	0.01
Jieun Cheung	\$ 33949.51	2007	\$ 42613.76	928	0.06	\$ 0.00	0	0.00	\$ 0.00	0	0.00	\$ 3076.64	67	0.01	\$ 6843.08	149	0.01
Maggie Brown	\$ 73997.52	201	\$ 0.00	0	0.00	\$ 8541.48	204	0.02	\$ 11974.82	286	0.03	\$ 25153.87	601	0.04	\$ 0.00	0	0.00
Qing Li	\$ 46277.66	493	\$ 14076.48	352	0.02	\$ 10999.26	74	0.01	\$ 6838.39	171	0.02	\$ 0.00	0	0.00	\$ 0.00	0	0.00
Yi Wang	\$ 16948.47	307	\$ 0.00	0	0.00	\$ 11434.23	29	0.00	\$ 13047.01	323	0.04	\$ 0.00	0	0.00	\$ 20951.43	489	0.04
Joseph Lee	\$ 25697.29	562	\$ 0.00	0	0.00	\$ 12610.71	333	0.04	\$ 8023.49	27	0.00	\$ 0.00	0	0.00	\$ 19382.66	418	0.04
Sven Swansen	\$ 39570.00	0	\$ 20817.80	748	0.05	\$ 0.00	0	0.00	\$ 2659.95	67	0.01	\$ 0.00	0	0.00	\$ 0.00	0	0.00
Mengxue Choi	\$ 18412.08	925	\$ 0.00	0	0.00	\$ 1096.06	46	0.01	\$ 115104.70	270	0.03	\$ 6050.62	142	0.01	\$ 0.00	0	0.00
Bjorn Nielson	\$ 631.39	1260	\$ 0.00	0	0.00	\$ 1165.10	30	0.00	\$ 4704.66	118	0.01	\$ 0.00	0	0.00	\$ 13861.52	266	0.03

Gap Table

Company	Market 1			Market 2			Market 3			Market 4			Market 5				
	Student	Cash	QOH	Revenue	Sold	MS	Revenue	Sold	MS	Revenue	Sold	MS	Revenue	Sold	MS		
Samir Kir	\$ 53734.95	150	\$ 0.00	0	0.00	\$ 6887.64	172	0.02	\$ 10246.59	257	0.03	\$ 0.00	0	0.00	\$ 8818.77	221	0.02
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Johnny James	\$ 133696.59	223	0.00	0	0.00	\$ 7958.40	160	0.01	\$ 28302.58	367	0.07	\$ 1796.40	386	0.01	\$ 0.00	0	0.00
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Bjorn Nielson	\$ 631.39	1260	\$ 0.00	0	0.00	\$ 1165.10	30	0.00	\$ 4704.66	118	0.01	\$ 0.00	0	0.00	\$ 13861.52	266	0.03

Your Quarterly Results

- Cash in Bank
- QOH
- GM
- Revenue in Markets
- Units Sold in Markets
- Market Share Growth?

Quarter 2, 3 and 4

- QOH
- Revenue in Markets
- Units Sold in Markets
- Market Share
- Cash Analysis
- Gap Analysis

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Entrepreneurial Product Control

Home

Product

Marketing

Cash Flow

Product Training

Using the Thinking Planning Implement / Executing Philosophy (TPI/E™)

Game Code: 61

Entrepreneurship 35.01

Lekacos

Welcome, Tia

On this screen, in Quarter One, you will be able to select the 5 features that will comprise your product and pick the 3 markets to sell into. In Quarters 2 through 4, you will be able to change the 3 markets but depending upon your Professors configuration not any of the product features. Note: if no changes are made during a quarter the decisions will default to the previous Quarter's decisions.

To create your product select 5 features from the Feature Table shown below. The Feature Table elements represent the parameters that are utilized to determine the Value Proposition of a Feature in each market, its cost and suggested retail price. The value can be an integer from 0 to 7 with 0 being the lowest value (i.e. effectively no value) and 7 being the highest (i.e. very important to the market). If you select more than 5 features only the first 5 will be saved. To determine a features Value Proposition (VP) refer to the table below. It shows a VP (0-7) for each of the five markets. A zero is the lowest value whereas a 7 represents the highest possible value. As you design your product take note of the value proposition in each market and the associated cost and suggested retail. Once you have selected your features, then select the 3 markets you plan on selling into. Remember, you can change the markets in Quarters 2, 3 and 4 but not the product features depending upon your Professors configuration. After updating your design, review the 'Product' in the second table. This reflects the total cost, recommended suggested retail and the associated VP in the three selected markets. You can redesign the product anytime during Quarter 1. However, once Quarter 1 has been processed changes to the product features are not allowed. Continue this process until you are satisfied with the design.

Your objective is to select up to five features from the 20 available and then the three most desirable markets out of the five. The design table appears as shown below. Use the checkboxes to select the product features of

Page | 4 Entrepreneurship – The Game (Student Guide)

Simulation Experience
SIMU-EX

your sellable product. If you select more than five features, the system will accept the first five as your product design. It's important to note if your system is configured to prevent changes to the product design after the

The screenshot shows a table titled "Product Design". The top row has two columns: "Select 5 Features" and "Product Features". The "Product Features" column lists various software components like OBOL, Business S, Secure Tra, Mainframe, Mini, Web based, commerce, personal, server Sof, Accounting, Retail - P, Wholesale, Network, Client, HTTPS, Database, SAM Files, Encrypted, B, and Platform. Some features have checkboxes next to them, with some checked and some empty. The bottom row of the table has two columns: "Update Product" and "Select only 3 Markets". A green box highlights the "Select 5 Features" column, and another green box highlights the "Select only 3 Markets" row. A yellow arrow points from the "Select 5 Features" box to the "Select only 3 Markets" box. To the right of the table, there is a blue box containing the text "VP range 0-7", "Max VP 35", and "3 Markets". Below the table, there is a blue box containing the text "5 Features".

Select 5 Features	Product Features	Product Dollars		Value Proposition of Feature in the Market				
		Cost	Suggested Retail	Large Bus	Small Bus	Mid-size Bus	Personal	Commercial
	OBOL	\$ 5.95	\$ 6.73	7	3	0	5	2
	Business S	\$ 2.66	\$ 9.85	4	7	4	1	0
	Secure Tra	\$ 4.47	\$ 8.52	1	7	0	2	3
<input checked="" type="checkbox"/>	Mainframe	\$ 1.41	\$ 6.37	3	3	5	5	6
	Mini	\$ 7.04	\$ 9.15	2	5	7	0	4
<input checked="" type="checkbox"/>	Web based	\$ 4.51	\$ 7.37	3	7	5	7	7
	commerce	\$ 4.31	\$ 4.96	7	4	6	3	3
	personal	\$ 2.20	\$ 9.10	0			1	
<input checked="" type="checkbox"/>	server Sof	\$ 2.28	\$ 9.99	3	5	4	7	0
	Accounting	\$ 4.23	\$ 13.51	1				7
	Retail - P	\$ 6.18	\$ 10.69	4			6	6
<input checked="" type="checkbox"/>	Wholesale	\$ 7.44	\$ 8.18	7	6	3	5	
	Network	\$ 3.81	\$ 5.17	6			4	
	Client	\$ 6.60	\$ 7.26	4	6	1	7	5
	HTTPS	\$ 2.41	\$ 3.00	5	7	5	4	3
	Database	\$ 1.23	\$ 4.01	3	1	4	1	
	SAM Files	\$ 6.99	\$ 9.79	0	6	1	0	2
	Encrypted	\$ 5.37	\$ 8.06	6	3	1	1	5
	B	\$ 7.40	\$ 9.62	0	1	7	6	4
	Platform	\$ 3.75	\$ 10.03	6	6	6		
				<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
				Select only 3 Markets				

first quarter you should ensure that this product is the most desirable for the markets you have selected. Once you have determined the product features that comprise your product then select up the three markets that the product will be sold in. Upon completion update the product and review the results in the table shown below. This table essentially describes your product, it lists the five features you have selected, the total cost of those five features and the total suggested retail. In addition to that it shows the value proposition in each of the five markets. Since the highest value a feature can have in a market is seven and the most number of features you can have are five that implies that the highest value proposition you can have in the market is 35.

Product Design

Always Update Prior to Leaving the Page

The screenshot shows a table titled "Product Design". The top row has two columns: "Selected Features" and "Product". The "Product" column lists "Feature 4", "Feature 9", "Feature 14", "Feature 16", and "Feature 19". The "Selected Features" column has a count of 5. The table has four rows of data. The first row shows "Market 1" with a value of 7, "Market 2" with 0, "Market 3" with 5, "Market 4" with 5, and "Market 5" with 1. The second row shows "Market 1" with 7, "Market 2" with 7, "Market 3" with 6, "Market 4" with 7, and "Market 5" with 5. The third row shows "Market 1" with 7, "Market 2" with 6, "Market 3" with 7, "Market 4" with 5, and "Market 5" with 2. The fourth row shows "Market 1" with 6, "Market 2" with 4, "Market 3" with 3, "Market 4" with 3, and "Market 5" with 0. The fifth row is a summary with "Population" having values 17372, 10976, 9918, 16675, and 12341 respectively. The sixth row is a summary with "Market 1" having values 34, 24, 26, 19, and 15 respectively. The seventh row is a summary with "Selections" having values Selected, Selected, Selected, Selected, and Selected respectively. A green box highlights the "Market 1" column, and another green box highlights the "Market 5" column. A yellow arrow points from the "Market 1" box to the "Market 5" box. At the bottom of the table, there is a green box containing the text "All materials Copyright© 2022 SIMU-EX Use Subject to the License Agreement".

Selected Features	Product	Product Dollars		Value Proposition of Feature in the Market				
		Cost	Suggested Retail	Market 1	Market 2	Market 3	Market 4	Market 5
4	Feature 4	\$ 6.76	\$ 7.44	7	0	5	5	1
9	Feature 9	\$ 5.13	\$ 11.41	7	7	6	7	5
14	Feature 14	\$ 2.80	\$ 4.43	7	6	7	2	7
16	Feature 16	\$ 2.80	\$ 3.14	7	7	5	2	2
19	Feature 19	\$ 5.88	\$ 7.06	6	4	3	3	0
		\$ 23.37	\$ 33.48	34	24	26	19	15
	Max Value Proposition in a Market is 35	Population	17372	10976	9918	16675	12341	
		Selections	Selected	Selected	Selected	Selected	Selected	

It is important to realize, that you will not be able to have a value proposition of 35 in the three markets you selected. You may not even have a value proposition of 35 in any one of the markets you have selected. However, you should make sure that the markets you have selected reflect those that have the highest value proposition. In the table above you can see that market one has a value proposition of 34 you can see that market three has a value proposition of 26 and the third selected market 4 has a value proposition of 19. This is not an optimal market selection. Why? Well market 2 has a value proposition of 24 which means you should re-configure the markets you are selling to and select market two in lieu of market four. You can also change

the features of your product and come back to this table and see the results. Your goals and objectives on the product page is create the most desirable product for the markets that have been selected. Once you have achieved this objective you then will proceed to the marketing page.

Marketing Page

The marketing page is where you will develop the ad campaign to promote your product in the various selected markets. An ad campaign is composed of up to three ad plans which represent different forms of promotion. Every ad plan has an effectiveness of value associated with each market. This effectiveness of value

Entrepreneurial Marketing Control

Using the Thinking Planning Implement / Executing Philosophy (TPI/E^{ne})

Game Code: 61

Entrepreneurship 353.01

Lekacos

Welcome, Tia

This is your Marketing decision screen. Each Quarter you will be able to select up to 3 Ad Plans to create an Ad Campaign, the associated Ad Campaign budget, a Selling price and the number of units to order (i.e. your forecast). Note: if no changes are made the decisions will remain the same as the previous Quarter (i.e. same Ad Plans and budgets)

You will need to select 3 Ad Plans from the 7 available. Each Ad Plan has an effective value (0-7) that indicates how effective that medium is in the respective market (refer to the Ad Plan Table below). The Ad Plan table reflects the effectiveness of the medium in each market with a low of zero (i.e. no effectiveness in promoting the product) and a high of 7 (i.e. extremely effective in promoting the product in the market). Based on the Markets you selected on the Product Screen, chose the most effective Ad Plans to promote your product and then update. Once these decisions have been entered updated (click the Ad Plans Button) you can review the overall effectiveness and then proceed to phase II. Your next set of decisions (phase II) relate to the budget for each Ad Campaign (for a specific Market). You decide how much to spend promoting your product based on the market population and Ad Campaign effectiveness. You will also decide upon a selling price of your product. Note: a suggested list price is shown to provide some guidance with this management decision.

Lastly, you will order a specific number of units to have available for sale. This is basically your forecast or projection of the number units you believe will sell. After Quarter 1 you may have remaining inventory, this is shown as QOH (quantity on-hand) and should be taken into consideration when ordering additional units QOO (quantity on-order). The total of QOH (the QOH in Quarter one is zero) and QOO will be available for sale. Note: when determining a unit sales projection, it is necessary to take into consideration the market populations. However, you should also be aware that achieving a '100%' market share is not feasible. Once these decisions have been entered update (click the Budgets Button).

has a range from 0 to 7 with zero implying the ad will have no impact on the customer population whereas a seven indicates that it is an highly efficient form of advertising in the specific market. You can select up to three advertising plans, therefore the maximum effectiveness of an ad campaign in a targeted market can be

③ 3 Ad Plans

Select 3 Ad Plans	Advertising Plans					Ad Plan Impact in the Market (Selected Markets are Highlighted)				
						Large Bus	Small Bus	Mid-size Bus	Personal	Commercial
<input type="checkbox"/>						4	5	1	0	7
<input type="checkbox"/>						4	3	0	4	3
<input checked="" type="checkbox"/>						4	7	0	3	0
<input type="checkbox"/>						1	6	4	3	2
<input checked="" type="checkbox"/>						4	5	7	5	2
<input type="checkbox"/>						2	5	0	1	4
<input checked="" type="checkbox"/>						7	6	3	4	3
Market Population		5404	13703	10943	8737	3983				
Ad Plans		Selected Markets	Selected	Selected	Selected					

③ Retail Price

③ Promotional Budgets

③ Quantity of Product to order

Advertising Campaign and Forecast			
Selected Ad Plan Impact in the Market			
Selected Advertising Plans	Large Bus	Small Bus	Personal
Effectiveness	Effectiveness	Effectiveness	Effectiveness
TV	4	7	3
Social Med	4	5	5
Track	7	6	4
Ad Campaign Effectiveness	15	18	12
Market Population	5404	13703	8737
(Cash in Bank - \$ 178802.40) Enter Campaign Budgets (\$)	2000.00	5000.00	3000.00
Enter Selling Price (\$)	41.00		
Budgets			
Enter Order Quantity (QOO)			3000
Suggested List - \$ 38.64			
			Cost: \$ 21.59 QOH: 0

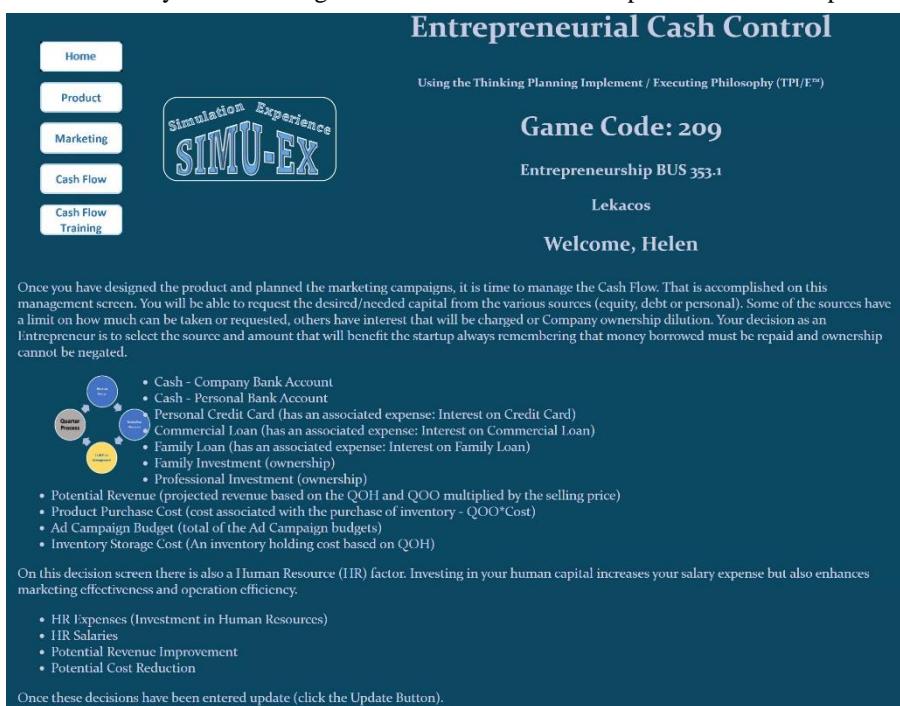
21. It is not feasible for an ad campaign to have an effectiveness of 21 in all the targeted markets. It is your managerial responsibility to select the advertising plans, thus creating an advertising campaign, that is most

effective for your primary markets and acceptable in the secondary markets. The screen above highlights the workspace associated with crafting an advertising campaign. In addition to the selection of the ad plans, on this marketing screen you will also determine the promotional budget for each market that is being pursued and the retail selling price as well as the sales projection. The sales projection represents the number of units you anticipate selling in this quarter. To determine the quantity to order you would subtract from the sales projection any quantity on hand and that would represent your order quantity. It is important to remember that you are purchasing the units being ordered and will pay for them upon receipt. However, your projection is a anticipated revenue amount and may not necessarily be achieved. In that case you will have excess inventory, which will have a carrying charge associated with maintaining it. When determining a selling price, a number of elements must be considered. First and foremost, the number of competitors in the market, the value proposition of your product in that market, the size of the market (I. E. Population), the associated cost of your product (GM – gross margin) and the market share if you are in quarters two, three or four. If you are in a purely competitive market, then you will have to maintain a lower than suggested list price. If you are in a concentrated market or duopoly, then your retail price can exceed suggested list.

As with the product features, this is an iterative process where you create a preliminary advertising campaign and then preview its effectiveness in the table. If necessary, you may determine that markets need to be changed, as such you would go back to the product screen and select the new desired markets. In all cases your goals are to have an ad campaign that is extremely effective in the primary markets. The more effective your ad campaign is the more return you will receive on your promotional dollars. That means an advertising campaign that has a zero effectiveness will not promote your product in a market irrespective of how much you spend. An advertising campaign that has a high effectiveness in a market indicates your promotional dollars will impact more potential customers. These are the decisions you need to analyze while crafting the advertising campaign via targeted markets. Once you have completed the marketing decisions you're now ready to analyze your pro forma cash flow.

Cash Flow Page

The Cash Flow is where you will manage the inflow of additional capital to maintain a positive cash flow. On this screen



Once you have designed the product and planned the marketing campaigns, it is time to manage the Cash Flow. That is accomplished on this management screen. You will be able to request the desired/needed capital from the various sources (equity, debt or personal). Some of the sources have a limit on how much can be taken or requested, others have interest that will be charged or Company ownership dilution. Your decision as an entrepreneur is to select the source and amount that will benefit the startup always remembering that money borrowed must be repaid and ownership cannot be negated.

- Cash - Company Bank Account
- Cash - Personal Bank Account
- Personal Credit Card (has an associated expense: Interest on Credit Card)
- Commercial Loan (has an associated expense: Interest on Commercial Loan)
- Family Loan (has an associated expense: Interest on Family Loan)
- Family Investment (ownership)
- Professional Investment (ownership)

- Potential Revenue (projected revenue based on the QOH and QOO multiplied by the selling price)
- Product Purchase Cost (cost associated with the purchase of inventory - QOO*Cost)
- Ad Campaign Budget (total of the Ad Campaign budgets)
- Inventory Storage Cost (An inventory holding cost based on QOH)

On this decision screen there is also a Human Resource (HR) factor. Investing in your human capital increases your salary expense but also enhances marketing effectiveness and operation efficiency.

- HR Expenses (Investment in Human Resources)
- HR Salaries
- Potential Revenue Improvement
- Potential Cost Reduction

Once these decisions have been entered update (click the Update Button).

you will also be able to enter HR expense. The objective is to look at debt or equity inflows and request appropriate amounts to always maintain a positive cash flow. What is important to remember is that this is a pro forma cash flow and

not an actual cash flow. What that means is that the incoming revenue is merely a projection and may not actually represent the dollar amounts. As such the cash flow may go negative. To prevent that possibility, you should review the various sources of capital and determine the amount of funding you require. Remember you can fund your startup via debt or equity funding each has its own benefits and drawbacks. In the middle of the screen, you will see displayed the cash flow with any

Current Cash Flow				
Cash Flow Items		Cash Flow		
		Dollars		
Cash Flow Items	Current	In-flow	Out-flow	Running Total
Cash - Company Bank Acc.		\$ 35852.50		\$ 35852.50
Cash - Personal Bank Acc.		\$ 0.00		\$ 35852.50
Personal Credit Card		\$ 0.00		\$ 35852.50
Interest on Credit Card			\$ 0.00	\$ 35852.50
Commercial Loan		\$ 0.00		\$ 35852.50
Interest on Commercial Loan			\$ 420.00	\$ 35432.50
Family Loan		\$ 0.00		\$ 35432.50
Interest on Family Loan			\$ 22.50	\$ 35410.00
Family Investment		\$ 0.00		\$ 35410.00
Professional Investment		\$ 0.00		\$ 35410.00
Potential Revenue		\$ 55000.00		\$ 90410.00
Product Purchase Cost (QOO*Cost)			\$ 23890.00	\$ 66520.00
Ad Campaign Budget			\$ 2300.00	\$ 64220.00
Inventory Storage Cost (Prior Qtr)			\$ 0.00	\$ 64220.00
HR Expenses			\$ 0.00	\$ 64220.00
HR Salaries			\$ 467.50	\$ 63752.50
Potential Revenue Improvement		\$ 82.50		\$ 63835.00
Potential Cost Reduction		\$ 55.00		\$ 63890.00

Positive Cash Flow indicates (subject to your forecast) indicates costs are covered

requested funding included. See the figure above. This pro forma cash flow will show you all the inflows and outflows for the specified quarter. The only value to be scrutinized is the potential revenue, as stated this is merely a projection and may not be achieved. As such the cash flow balance that is shown could be less. Therefore, review the sources of capital and the appropriate funding from the desired source. The bottom portion of the screen contains the entry of the funding request by source. Look at the figure shown below. You can select from debt sources or equity (i.e. stock sale). Your choice depends

Available Cash Sources and Usage					
Cash Flow					
Cash Flow Items	Available Amount includes Requested Amount		Requested Amount (\$)		
Cash - Personal Bank Acc.		\$ 1000.00		0.00	
Personal Credit Card (18% Interest)		\$ 810.00		0.00	
Commercial Loan (7% Interest)		\$ 4000.00		0.00	
Family Loan (5% Interest)		\$ 550.00		0.00	
HR Expense Available		\$ 1000.00		0.00	

Stockholder	Shares Owned	% Ownership	Shares Available	Price/Share	Offering for Sale
Entrepreneur	1000	92.17%	▲	\$ 7.17	
Family	60	5.53%	10000	\$ 8.25	0
Professional	25	2.30%		\$ 6.45	0

[Update](#)

upon the due diligence you have performed regarding the associated “cost” of the funding source. To assist in the analysis interest percentages are shown for the various funding sources and current corporate ownership for the equity holders. Once you have completed your funding requests proceed to the next step which is HR investments. HR, the hiring of staff, is an essential part of any growing business. In the simulation staff hired will enhance the marketing effort and improve the internal operational environment. However, it also comes with an increase in salaries. The decision on how much you wish to spend for the quarter depends upon how quickly you would like your company to grow. Once you have completed entering the HR investment for the quarter you are finished entering your decisions for the quarter.

Once the quarter is processed, the results will be displayed as previously discussed on your main screen and the process is repeated.

Simulation Strategy

The Product and Market Strategy

- Product and market strategy go together. Your objective in any product design is to satisfy a need that exists in a particular market or markets. To do so one needs to understand what is important in the market and desired (needed) by that market. This is called the value proposition, and when designing a product or looking to align a product to a market is what we must employ to determine if our product will satisfy that need. In the simulation the value a feature has is represented by numerical value between zero and seven. Seven representing a desired feature whereas zero an undesirable one. Your goals are to design a product that has the highest value proposition in the selected markets. This is typically an iterative process where trade-offs are made between one feature versus another. In Entrepreneurship - The game you can only utilize 5 out of the 20 features to create your product which represents this trade-off process. In addition to the value proposition of a feature you must look at the cost associated with that feature and the corresponding perceived retail value. You would not want a feature whose retail is very close to cost since the margin of that component is very low. Once you have designed your product, the next step is to look at the markets that most desire it. This is easily determined by looking at the value proposition of your design product. The maximum value a product can have in a market is 35 thus this represents your baseline measurement. As the game progresses and if your simulation is configured to allow changes to the product design after the first quarter you may wish to adjust the product features to take advantage of gaps in the overall market. For example, if you are in the purely competitive market, (i.e. many competitors) you may wish to move your product to a less competitive market and in doing so create a niche. In all cases your objective is to ensure a viable, sellable product that generates operating dollars.

Advertising Campaign, Product Pricing and Projections

- To support your product and make the market aware that your product exists you must promote it. In the game, this advertising campaign is composed of up to three advertising plans. Think of advertising plans as different forms of promotion. For example, you may wish to use social media, possibly television, email campaigns, trade shows and so forth. In the game these mediums can either be represented by a standardized ad plan one through seven or possibly have been modified by your faculty to represent real-world mediums. Irrespective, each ad plan has an effectiveness value in each of the markets. This effectiveness value ranges from 0 to 7. Zero indicates that this medium in the specific market will have no impact on the awareness of the population to your product. A value of seven implies this is an excellent form of promotion for the specified market. Your objective is to select three of the ad plans to create an advertising campaign. This advertising campaign should be most effective in your primary markets, those selected under the product screen. Since you are restricted to three ad plans, the maximum effectiveness of an advertising campaign in a market is 21. A high effectiveness in a market means your promotional dollars will be more efficient in generating customer awareness. In markets where your effectiveness is low you can compensate by spending more in your promotional budget to increase awareness. This may sound illogical, however if you are in a concentrated market, (i.e. a few companies) then it may behoove you to heavily promote the product to gain market share. It is important to remember that promotion leading to customer awareness does not necessarily ensure capturing market share. Once you have entered your promotional budgets, your next decision is to determine the selling price and the sales projection. The selling price can be based on the type of market you are selling in, the competitors in that market, the value proposition of the product in that market, the size of the market and the suggested list price. If you are in a purely competitive market, your selling price may have to be lower than the suggested list. If for example, you are in a duopoly, you could reasonably change your selling price to exceed suggested list. Once the price has been entered your last objective is to determine the number of units you will be selling. As in the real world, this is an extremely difficult task. Theoretically you would always want one unit left in inventory which means a minimum inventory storage costs and maximum revenue. Realistically, if you end up with one unit this is more by chance than by modeling accuracy. A good rule of thumb is to have a remaining inventory that is 10% or less of the number of units sold. For example, if you sold 1200 units than having 120 units left in inventory would be considered excellent. Upon determining the projections for the current quarter, you then must order units from your supplier. The units to order should take into consideration any current quantity on hand. The supply chain assumes you will have your order quantity on hand prior to the start of the quarter.

HR Expense

- Companies are made up of teams, which imply you must have employees. That means you need to invest in hiring, training, and motivating your workforce. To hire staff in the game you enter an amount in the HR expense field. This will add additional staff to your company which will improve internal operations and external efficiencies. However, the salary of these employees will be reflected in the cash flow. Employees are a long-term investment in the Corporation and if properly selected can add continuous value to the company.

Cash Flow

- Lastly once all of your decisions have been entered you now must look at the pro forma cash flow to determine if additional funding is needed to maintain a positive bank balance. In business the term “cash is king” means we have liquidity on our balance sheet in the form of capital. In a mature business, operations are the typical source of operating capital. In a startup, additional funds are often required during the early stages. As a manager it is your responsibility to review the cash flow and ascertain if a safety influx of capital is needed. If for example, you are apprehensive about the projected revenues shown on the cash flow you should seek funding from one of the available debt or equity sources. Once you have determined this additional funding the decision cycle for the quarter has completed. Now, you will wait until the quarter is processed and once processed repeat the cycle.

Vertical Industries Option

Your faculty may elect to configure the game using one of the vertical industries to define product features, ad plans, market segments and market populations. In that case the elements of the simulation have changed but the processes remain as described. Instead of standardized components they are now specific to a certain industry. The value proposition still is a range of 0-7, the ad plans effectives is the same 0-7 and the markets have a customer population.