

Global Supply Chain Management V2 Simulation

How to Play Guide

Challenge

When companies provide extensive product options, it makes predicting and fulfilling customer demand highly complex.

This simulation illustrates how a few key decisions can improve the ability of a company to accurately predict and fulfill demand.

You have just been hired as the Supply Chain Manager responsible for production of two new lines of mobile phones. You will be able to make key decisions and see the impact of your decisions on the performance of your company over the span of 4 years.

Your Objectives

- You are in charge of releasing two models of mobile phones:
 - Model A, a base model
 - Model B, a high end model
- Decide which features to include and with whom to outsource the work.

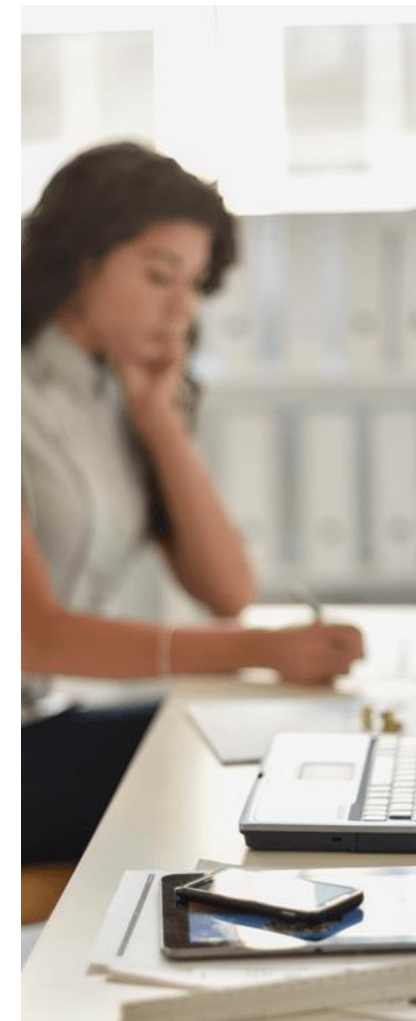
Important Info:

- Sales season is May through December—there is no demand before May or after December
 - Demand is anticipated to be consistent over these months

You will be judged on the following criteria:

Gross Margin

Number of Votes of Confidence by Board Members



Design Room

- Add up to four options to the base model
- *Pay attention to the estimated change in demand created by each option, its impact on profit per unit, and other variables

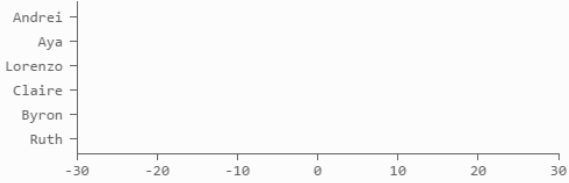
Estimated Model Demand

Without Options, Monthly Units in thousands

	Andrei	Aya	Lorenzo	Claire	Byron	Ruth	Consensus
Model A	63	54	64	59	64	56	63
Model B	36	18	38	28	38	22	33

Estimated Monthly Impact of Selected options on Demand

in thousands, impact the same for both models



Estimated Impact of Selected Options on Per-Unit Profit

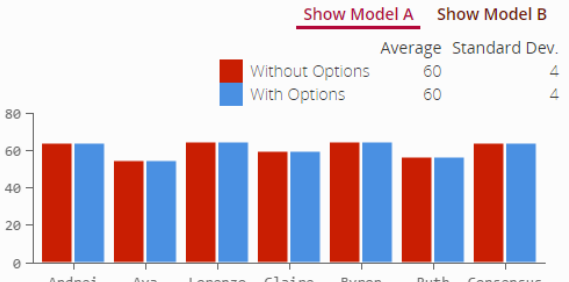
in US dollars

	Price	Cost	Profit
Base Model A	\$200	\$130	\$70
Model A w/ options	\$200	\$130	\$70
Base Model B	\$240	\$150	\$90
Model B w/ options	\$240	\$150	\$90
Impact per Unit	\$0	\$0	\$0

Estimated Demand Forecast

with and without options, in thousands a month

Show Model A
Show Model B



Product Options

Upgraded Communication
View Discussion

Exterior Material
View Discussion

Stylish
View Discussion

Storage Capacity
View Discussion

**Please write a short statement about the strategy you employed in this room:*

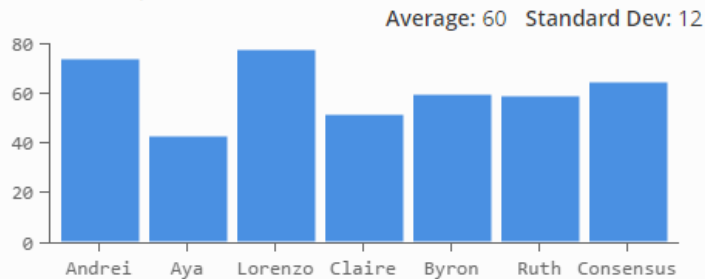
Congratulations, the design options for the two mobile phone lines have been specified. You will now have to predict the total demand for each product line.

Your forecasting team members have come up with a consensus for what they believe demand will be for the mobile phone lines.

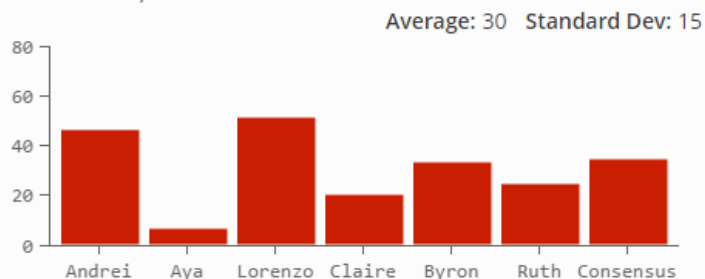
However, the board of your company is interested in your personal estimates as well.

The numbers you will forecast after entering the forecasting room will not affect your production schedule, but they will help you later as you determine where and how to source your products.

Model A: Monthly Estimated Demand May–December
in thousands per month



Model B: Monthly Estimated Demand May–December
in thousands per month



Unit Data with Options as Chosen

costs are an estimate from the lowest-cost contract manufacturer

	Model A	Model B
Unit Price	\$230.00	\$270.00
Unit Cost	\$160.00	\$180.00
Unit Profit	\$70.00	\$90.00

Markdown Price*	\$144.00	\$54.00
Monthly Holding Cost	\$4.60	\$5.40

*at the end of the year, all models left in stock will be sold to a consolidator at this price

Enter Your Demand Estimates

This is your forecast for what monthly demand will be each month from May through December. There is no demand expected from January through April.

Model A k/month

Model B k/month

*Please write a short statement about the strategy you employed in this room:

Forecasting Room

- Predict the demand of the two phone models for each year
- *Remember, demand is spread out evenly across all months from May to December.

Yearly Planning

Actual Demand | Projections

in thousands per month

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Model A												
Product Receipt	0	0	0	0	0	0	0	0	0	0	0	0
Actual / Est. Demand	0	0	0	0	36	36	36	36	36	36	36	36
Actual / Est. Inventory	0	0	0	0	-36	-36	-36	-36	-36	-36	-36	-36
Model B												
Product Receipt	0	0	0	0	0	0	0	0	0	0	0	0
Actual / Est. Demand	0	0	0	0	36	36	36	36	36	36	36	36
Actual / Est. Inventory	0	0	0	0	-36	-36	-36	-36	-36	-36	-36	-36

Suppliers

SUPPLIER	UNITS / MONTH	BEGIN PRODUCTION	UNIT COST	LEAD TIME	CAPACITY	SETUP COSTS																																							
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B	0	0	0	0	0	0	0	0	0	0	0	0																																	

Production Room

- After choosing suppliers you will advance month by month and observe the accuracy of your forecasts
- You will be able to change your production schedule, but this will require a significant payment to your suppliers

Board Room

Board Review

Your company's board will now discuss your performance. Each board member has a particular area of interest and will give you some advice in that area.

It pays to listen to your board members, as they will give valuable advice and look for improvements each year.



Good evening, my name is Mia, Chair of the Board. The purpose of this meeting is to review your performance.

Mia

Next >



Mia
Chair Of The Board



Carla



Ankit

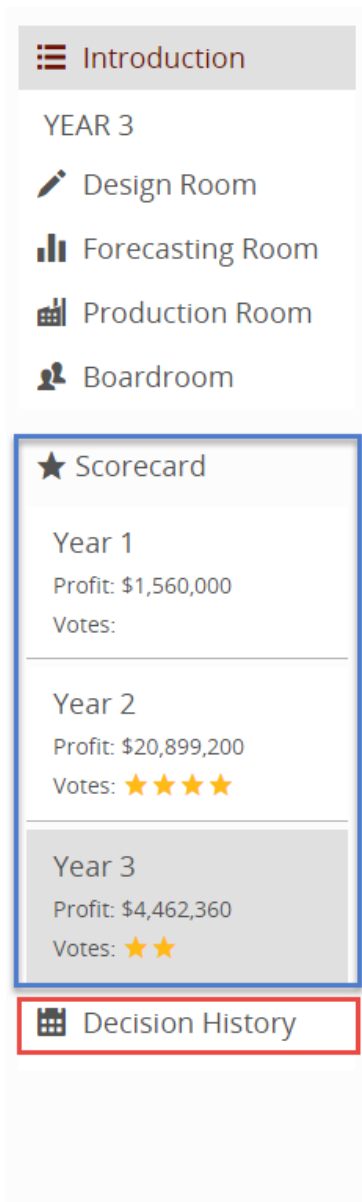


Matheo



Adele

- Review your financial performance
- See how well your strategic choices have played out over the year based on Board Member feedback.



The screenshot shows a navigation menu on the left with the following items: Introduction (highlighted), YEAR 3, Design Room, Forecasting Room, Production Room, and Boardroom. Below the menu is a 'Scorecard' section with a star icon, containing data for Year 1, Year 2, and Year 3. Year 1: Profit: \$1,560,000, Votes: (empty). Year 2: Profit: \$20,899,200, Votes: ★★★★★. Year 3: Profit: \$4,462,360, Votes: ★★. At the bottom of the menu is a 'Decision History' section with a calendar icon.

Year	Profit	Votes
Year 1	\$1,560,000	
Year 2	\$20,899,200	★★★★★
Year 3	\$4,462,360	★★

- When the board meeting ends, return to the Design Room to start the next year
- You will repeat the cycle of design, forecasting, production, and board evaluation for four years
 - Remember that you can track your progress using the scorecard on the left-hand side of the screen
- You can refer to previous decisions you made by clicking on the Decision History section.

Good Luck!