

HBSP Global Supply Chain Simulation Introduction

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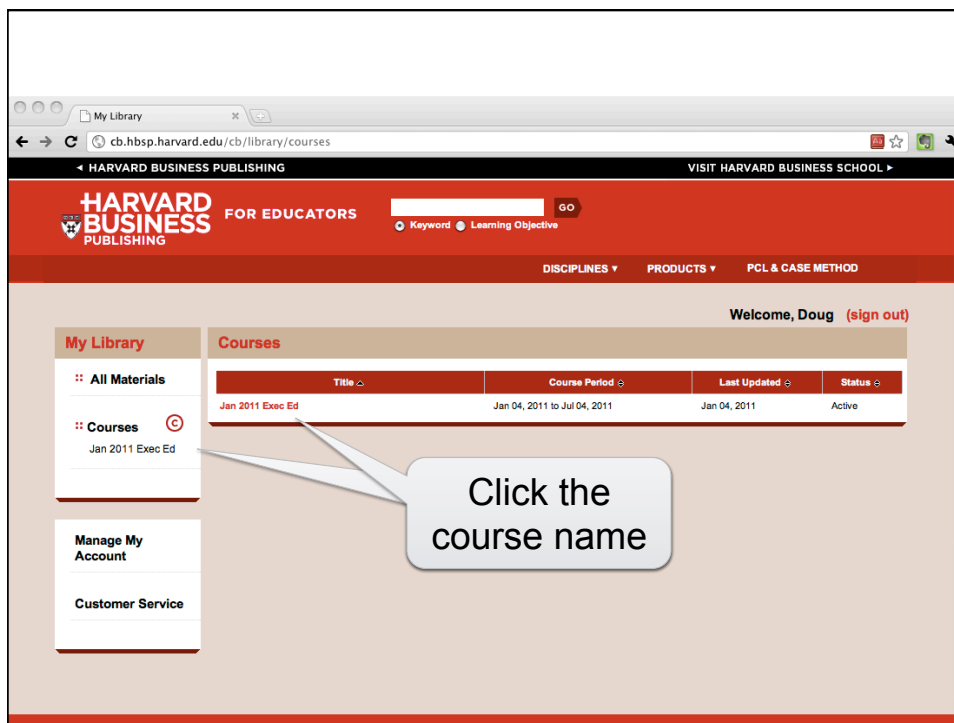
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Starting the Simulation

My Library

Course: Jan 2011 Exec Ed

Welcome, Doug (sign out)

Course View

This is a list of the course materials your professor has assigned.
For materials in PDF, click [View PDF](#).
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Status: Active Created: Dec 28, 2010
Course Number: Last Update: Jan 04, 2011
Start Date: Jan 04, 2011 End Date: Jul 04, 2011
Professor Name: Dr. Jarrod Goentzel

Content

SIMULATION

Global Supply Chain Management Simulation
English Web Based HTML | 6107-HTM-ENG
Added On Jan 05, 2011
Purchased On Dec 28, 2010
Expires On: Dec 28, 2011

[Run Simulation](#)

[Show Details](#)

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Prior to the Course, You Can Download the Manual

Global Supply Chain Management Simulation

Developed by **enspire learning**

Welcome to the GSCMS Simulation

Your instructor has not yet enabled access to the simulation. Please return later.

[Click here to download the Simulation Manual.](#)

Now You Can Play

Global Supply Chain Management Simulation

Developed by **enspire learning**

Welcome to the GSCMS Simulation

[Launch the Simulation](#)

[Click here to download the Simulation Manual.](#)

Click
"Launch the Simulation"
Make sure Adobe Flash
is enabled

Opening Screen

Global Supply Chain Management Simulation

Developed by **enspire learning**

Year

- 1 Introduction
- 2 Design Room
- 3 Forecasting Room
- 4 Production Room
- 5 Board Room

Scorecard

Year	Profit	Votes
Year One	\$0K	
Year Two	\$0K	
Year Three	\$0K	
Year Four	\$0K	

Introduction

Whether it is electronics, apparel, or decorative and protective coatings, an exploding variety of product options has made predicting and fulfilling customer demand more complex than ever. This game illustrates how a few key decisions can improve the ability of a company to accurately predict and fulfill demand. Click on the link below to view a short introduction to the problems facing supply chain managers today.

[The Problems Facing Supply Chain Managers](#)

The game puts you in charge of managing the production of two new lines of mobile phones. It uses a stylized design and production process in which you can make key decisions and see the impact of your decisions on the performance of your company.

[How to Play the Game](#)

Continue ▶

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Global Supply Chain Management Simulation Developed by **enspire learning**

Year

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Year One
 Profit: \$0K
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[How to Play the Game](#)

[Continue](#)



Carey Holder
Procurement Officer



Pause Next

Welcome to the mobile phone business. My name is Carey Holder, the procurement officer, and I will be working for you. Come into my office and have a seat. My first job is to tell you some rules about the game.

Options

Audio

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Year Three
 Profit: \$0K
 Votes:

Year Four
 Profit: \$0K
 Votes:

Design Room

Each year, you will produce two new models of cell phones, Model A and Model B. Before you begin production, you will need to finalize a design for the two cell phone models.


Click on the link below to meet your design and forecasting team and hear what they have to say about the models and options.

[Meet the Team](#)

To summarize, you will be given four options that you can include in your design. To assist you, each member of your forecasting team will give you an individual opinion about each option and an estimate of its impact on demand. The team will develop a consensus forecast for each option.

[Enter Design Room](#)

[Back](#)



Click the camera

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Year One
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Year Two
Profit: \$0K
Votes:

Year Three
Profit: \$0K
Votes:

Year Four
Profit: \$0K
Votes:

Select Option

To select an option, click on the white fields to the left of the text

WiFi
[View Discussion](#)

Color
[View Discussion](#)

Stylish
[View Discussion](#)

Infrared
[View Discussion](#)

Submit Options →

Estimated Model Demand Without Options, Monthly Units (K)

Forecaster	Tim	Stacey	Joe	Isabelle	Yi	Ruth	Consensus
Model A	63	54	64	59	64	56	63
Model B	36	18	38	28	38	22	33

Estimated Impact Of Selected Options on Demand (K)*

* Impact of option is same for both models

Monthly Impact Est.

Tim: 0 K
Stacey: 0 K [View Graph for Model A](#)
Joe: 0 K
Isabelle: 0 K
Yi: 0 K [View Graph for Model B](#)
Ruth: 0 K
Consensus: 0 K

Estimated Impact of Selected Options on Per-unit Profit (\$)

	Base Model A	Base Model B	Impact Per Unit * * Same for both models	Model A with option	Model B with option
Price	\$ 200	\$ 240	\$ 0	\$ 200	\$ 240
Cost	\$ 130	\$ 150	\$ 0	\$ 130	\$ 150
Profit	\$ 70	\$ 90	\$ 0	\$ 70	\$ 90

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Scorecard

Year One
Profit: \$0K
Votes:

Year Two
Profit: \$0K
Votes:

Year Three
Profit: \$0K
Votes:

Year Four
Profit: \$0K
Votes:

Select Option

To select an option, click on the white fields to the left of the text

WiFi
[View Discussion](#)

Color
[View Discussion](#)

Stylish
[View Discussion](#)

Infrared
[View Discussion](#)

Submit Options →

Estimated Impact Of Selected Options on Demand (K)*

* Impact of option is same for both models

Monthly Impact Est.

Tim: 8 K
Stacey: -10 K
Joe: 9 K
Isabelle: -11 K
Yi: -8 K
Ruth: 6 K
Consensus: -1 K

Demand Forecast - Model A (K / month)

	Tim	Stacey	Joe	Isabelle	Yi	Ruth	Consensus	Average	Standard Dev.
Without options	63	54	64	59	64	56	63	60	4
With options	71	44	73	48	56	62	62	59	12

Estimated Impact of Selected Options on Per-unit Profit (\$)

	Base Model A	Base Model B	Impact Per Unit * * Same for both models	Model A with option	Model B with option
Price	\$ 200	\$ 240	\$ 0	\$ 200	\$ 240
Cost	\$ 130	\$ 150	\$ 0	\$ 130	\$ 150
Profit	\$ 70	\$ 90	\$ 0	\$ 185	\$ 95

You can toggle any combination of options and see the impact. You can choose any, all, or no options. The options apply to both phones.

Don't spend too much time trying to predict consumer behavior based on previous years or your own preferences. You are not in Marketing.

Click "Submit Options"

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Scorecard

Year One
Profit: \$0K
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Profit: \$0K
Votes:

Year Three
Profit: \$0K
Votes:

Year Four
Profit: \$0K
Votes:

Forecasting 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.

[Enter Forecasting Room](#)

[Back](#)

Forecasting Room

	Model A	Model B
Unit Price	\$ 240	\$ 280
Unit Cost	\$ 165	\$ 185
Unit Profit	\$ 75	\$ 95

Unit Data with Options as Chosen*

	Model A	Model B
Markdown Price*	\$ 148.5	\$ 55.5
Monthly holding cost	\$ 3.3	\$ 3.7

Monthly Estimated Demand May-Dec.

	Model A	Model B	Model A:
Tim	71 K	44 K	Average: 59 K
Stacey	44 K	8 K	Std.Dev.: 12 K
Joe	73 K	47 K	
Isabelle	48 K	17 K	
Yi	56 K	30 K	
Ruth	62 K	28 K	
Consensus	62 K	32 K	Model B: Average: 29 K Std.Dev.: 15 K

Enter Your Demand Estimates*

Model A	Model B
<input type="text" value="62"/> K	<input type="text" value="32"/> K

[Submit](#)

* This is your December forecast

Click "Submit"

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Global Supply Chain Management Simulation

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Scorecard

Year One
Profit: \$0K
Votes:

Year Two
Profit: \$0K
Votes:

Year Three
Profit: \$0K
Votes:

Year Four
Profit: \$0K
Votes:

Production Room

Choose the suppliers that you want to engage below

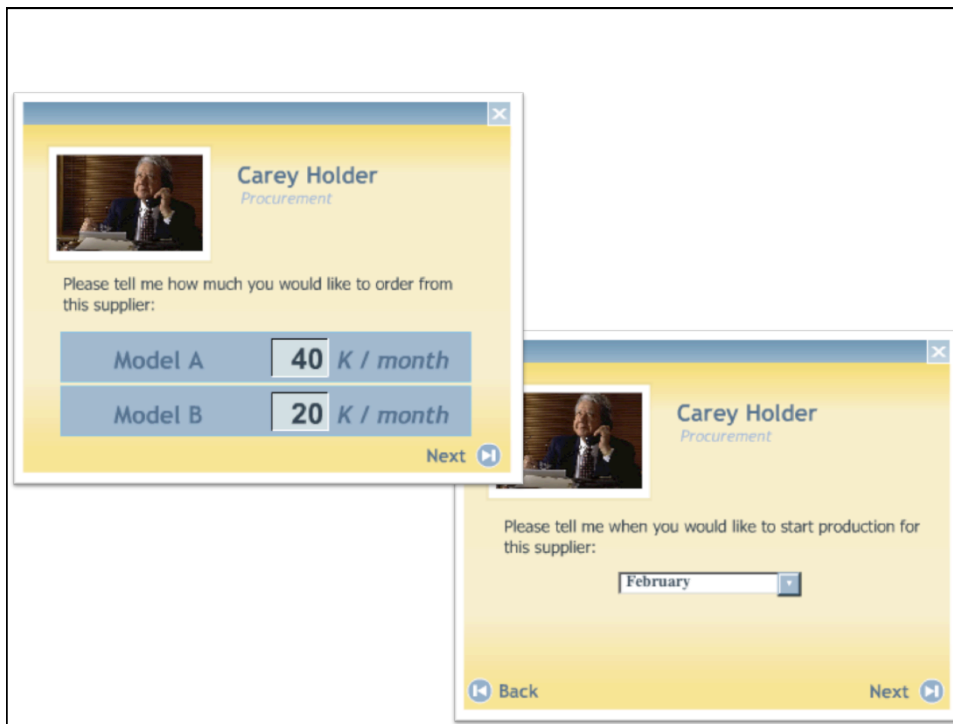
	Lead Time	Capacity	Set-up Cost	Unit Cost
<input type="checkbox"/> FarFar Away	4 mth	60 K	\$ 1000 K	\$ 165 / \$ 185
<input type="checkbox"/> Far Away	3 mth	60 K	\$ 2000 K	\$ 165 / \$ 185
<input type="checkbox"/> Pretty Close	0 mth	35 K	\$ 1000 K	\$ 175 / \$ 195
<input type="checkbox"/> Ve-Ri-Fas	0 mth	40 K	\$ 2000 K	\$ 175 / \$ 195

Projections

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Model A Product Receipt (K)	0	0	0	0	0	0	0	0	0	0	0	0
Est. / Actual Demand (K)*	0	0	0	0	62	62	62	62	62	62	62	62
Est. / Actual Inventory (K)*	0	0	0	0	-62	-62	-62	-62	-62	-62	-62	-62
Model B Product Receipt (K)	0	0	0	0	0	0	0	0	0	0	0	0
Est. / Actual Demand (K)*	0	0	0	0	32	32	32	32	32	32	32	32
Est. / Actual Inventory (K)*	0	0	0	0	-32	-32	-32	-32	-32	-32	-32	-32

*Numbers are estimates for months preceding the current month

Toggle to select a supplier



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Global Supply Chain Man

Year

- 1 Introduction
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Scorecard

- Year One
Profit: \$0K
Votes:
- Year Two
Profit: \$0K
Votes:
- Year Three
Profit: \$0K
Votes:
- Year Four
Profit: \$0K
Votes:

Choose the supplier you want to engage below

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Lead Time	Capacity	Set-up Cost	Unit Cost
FarFar Away <input checked="" type="checkbox"/> Change	0	40	40	40	40	40	40	40					4 mth	60 K	\$ 1000	\$ 165
Model B	0	20	20	20	20	20	20	20								\$ 185
Far Away <input type="checkbox"/>													3 mth	60 K	\$ 2000	\$ 165
Pretty Close <input type="checkbox"/>													0 mth	35 K	\$ 1000	\$ 175
																\$ 195
Ve-Ri-Fas <input type="checkbox"/>													0 mth	40 K	\$ 2000	\$ 175
																\$ 195

Projections

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Model A												
Product Receipt (K)	0	0	0	0	0	40	40	40	40	40	40	40
Est. / Actual Demand (K)*	0	0	0	0	62	62	62	62	62	62	62	62
Est. / Actual Inventory (K)*	0	0	0	0	-62	-22	-22	-22	-22	-22	-22	-22
Model B												
Product Receipt (K)	0	0	0	0	0	20	20	20	20	20	20	20
Est. / Actual Demand (K)*	0	0	0	0	32	32	32	32	32	32	32	32
Est. / Actual Inventory (K)*	0	0	0	0	-32	-12	-12	-12	-12	-12	-12	-12

*Numbers are estimates for months preceding the current month

ADVANCE ONE MONTH →

You can click "Change" (no fee yet)

You start fresh each year & pay the set-up cost.

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Global Supply Chain Management Simulation

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Production Room
Choose the suppliers that you want to engage below

Year: 1 Introduction, 2 Design Room, 3 Forecasting Room, **4 Production Room**, 5 Board Room

Scorecard:
Year One: Profit: \$0K, Votes:
Year Two: Profit: \$0K, Votes:
Year Three: Profit: \$0K, Votes:
Year Four: Profit: \$0K, Votes:

Supplier	Model A	Model B	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Lead Time (mth)	Capacity (K)	Set-up Cost (K)	Unit Cost (\$)
FarFar Away <input checked="" type="checkbox"/>	40	20	40	40	40	40	40	40	40	40	40	40	40	40	4	60	\$ 1000	\$ 165
Far Away <input type="checkbox"/>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	60	\$ 2000	\$ 165
Pretty Close <input type="checkbox"/>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	35	\$ 1000	\$ 175
Ve-Ri-Fas <input type="checkbox"/>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	40	\$ 2000	\$ 195

Projections

Model	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Model A	0	0	0	0	40	40	40	40	40	40	40	40
Product Receipt (K)	0	0	0	0	62	62	62	62	62	62	62	62
Est. / Actual Demand (K)*	0	0	0	0	-22	-22	-22	-22	-22	-22	-22	-22
Est. / Actual Inventory (K)*	0	0	0	0								
Model B	0	0	0	0	20	20	20	20	20	20	20	20
Product Receipt (K)	0	0	0	0	32	32	32	32	32	32	32	32
Est. / Actual Demand (K)*	0	0	0	0	-12	-12	-12	-12	-12	-12	-12	-12
Est. / Actual Inventory (K)*	0	0	0	0								

*Numbers are estimates for months preceding the current month

ADVANCE ONE MONTH →

Starting production earlier... means you receive it earlier

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Production Room
Choose the suppliers that you want to engage below

Year: 1 Introduction, 2 Design Room, 3 Forecasting Room, **4 Production Room**, 5 Board Room

Scorecard:
Year One: Profit: \$0K, Votes:
Year Two: Profit: \$0K, Votes:
Year Three: Profit: \$0K, Votes:
Year Four: Profit: \$0K, Votes:

Supplier	Model A	Model B	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Lead Time (mth)	Capacity (K)	Set-up Cost (K)	Unit Cost (\$)
FarFar Away <input checked="" type="checkbox"/>	40	20	40	40	40	40	40	40	40	40	40	40	40	40	4	60	\$ 1000	\$ 165
Far Away <input checked="" type="checkbox"/>	0	0	12	12	12	12	12	12	12	12	12	12	12	12	3	60	\$ 2000	\$ 165
Pretty Close <input checked="" type="checkbox"/>	0	0	0	0	0	0	10	10	10	10	10	10	10	10	0	35	\$ 1000	\$ 175
Ve-Ri-Fas <input type="checkbox"/>	0	0	0	0	0	0	7	7	7	7	7	7	7	7	0	40	\$ 2000	\$ 195

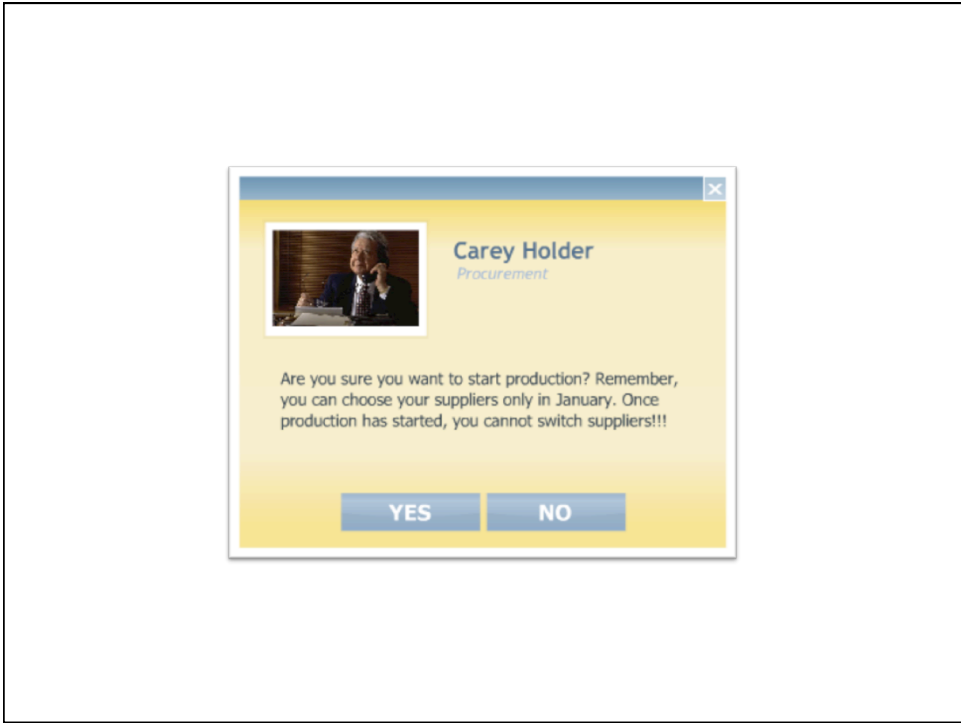
Projections

Model	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Model A	0	0	0	0	62	62	62	62	62	62	62	62
Product Receipt (K)	0	0	0	0	62	62	62	62	62	62	62	62
Est. / Actual Demand (K)*	0	0	0	0	0	0	0	0	0	0	0	0
Est. / Actual Inventory (K)*	0	0	0	0								
Model B	0	0	0	0	32	32	32	32	32	32	32	32
Product Receipt (K)	0	0	0	0	32	32	32	32	32	32	32	32
Est. / Actual Demand (K)*	0	0	0	0	0	0	0	0	0	0	0	0
Est. / Actual Inventory (K)*	0	0	0	0								

*Numbers are estimates for months preceding the current month

ADVANCE ONE MONTH →

When you are ready, click "Advance One Month"



Carey Holder
Procurement

Each month, I will update the demand estimate and projected inventory numbers for the rest of the year with new numbers based on the average of the actual data that we have observed.

Carey Holder
Procurement

I will put some exclamation points below the inventory numbers whenever demand exceeds supply. I'll put anywhere from one to three exclamation points below the numbers, depending on the severity of the stockout that we are experiencing.

Scorecard

Year One	Profit: \$0K	Votes:
Year Two	Profit: \$0K	Votes:
Year Three	Profit: \$0K	Votes:
Year Four	Profit: \$0K	Votes:

Projections

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Est. / Actual Demand (K)*	0	0	0	0	62	62	62	62	62	62	62	62
Est. / Actual Inventory (K)*	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	32	32	32	32	32	32	32	32

YTD Profit / Loss (\$K)

Revenue	\$ 0
Markdn Rev	\$ 0
Cost	\$ 0
Invnry Cost	\$ 0
Revenue	\$ 0
Markdn Rev	\$ 0
Cost	\$ 0
Invnry Cost	\$ 0
Set-up Cost	\$ 4,000
Celldex Cost	\$ 0
Change Order	\$ 0
Gross Margin	\$ -4,000

ISSUE CHANGE ORDER Cost: \$2 million ADVANCE ONE MONTH →

Time Window advances

Nothing much happens before demand kicks in. Click "Advance One Month"

Do take note of the tabs with more information in this corner.

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Year

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Scorecard

- Year One
- Profit: \$0K
- Votes:

Production Room
Choose the suppliers that you want to engage below

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Lead Time	Capacity	Set-up Cost	Unit Cost
FarFar Away <input checked="" type="checkbox"/> Change	Model A	40	40	40	40	40	40	40	40				4	60	\$ 1000	\$ 165
	Model B	20	20	20	20	20	20	20	20							\$ 185
Far Away <input checked="" type="checkbox"/> Change	Model A	0	12	12	12	12	12	12	12				3	60	\$ 2000	\$ 165
	Model B	0	5	5	5	5	5	5	5							\$ 185
Pretty Close <input checked="" type="checkbox"/> Change	Model A	0	0	0	0	10	10	10	10	10	10	10	0	35	\$ 1000	\$ 175
	Model B	0	0	0	0	7	7	7	7	7	7	7				\$ 195
Ve-Ri-Fas <input type="checkbox"/>													0	40	\$ 2000	\$ 175
																\$ 195

Model A

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Product Receipt (K)	0	0	0	62	62	62	62	62	62	62	62	62
Est. / Actual Demand (K)*	0	0	0	47	47	47	47	47	47	47	47	47
	0	0	15	29	44	59	73	88	102	117		
	0	0	32	32	32	32	32	32	32	32	32	32
	0	0	38	38	38	38	38	38	38	38	38	38
	0	0	out									
						-6	-6	-6	-6	-6	-6	-6

Projections

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Revenue												
Market Rev												
Cost												
Inventory Cost												
Revenue												
Market Rev												
Cost												
Inventory Cost												
Set-up Cost												
Celldex Cost												
Change Order												
Gross Margin												

YTD Profit / Loss (\$K)

	YTD	Curr.	Calc.
Revenue	\$11,366		
Market Rev	\$ 0		
Cost	\$10,330		
Inventory Cost	\$ 38		
Revenue	\$ 8,960		
Market Rev	\$ 0		
Cost	\$ 5,990		
Inventory Cost	\$ 0		
Set-up Cost	\$ 4,000		
Celldex Cost	\$ 0		
Change Order	\$ 0		
Gross Margin	\$ -32		


months preceding month

ISSUE CHANGE ORDER Cost: \$2 million

ADVANCE ONE MONTH

You Can Click "Issue Change Order"


Year Four
Profit: \$0K
Votes:



Carey Holder
Procurement

Would you like me to issue a change order? Because of the difficulty of changing the production on these models, our suppliers are assessing a penalty cost of \$2,000,000 for this change order.

YES **NO**



Carey Holder
Procurement

Remember, for this amount, you can reduce or increase the production orders for one supplier only, and you can reduce quantities only to 60% of the original order you placed with the supplier.

Back **Next**

YES, it costs you \$2,000,000 for EACH change order you make.

Minimum production across BOTH models is 60% of the COMBINED original order for both models.

Model A
Supplier Production (K / month)

Old	New
10	0

Model B
Supplier Production (K / month)

Old	New
7	17

Carey Holder
Procurement

Look at the new numbers in the Production Room before confirming this order. Do you want to confirm this change order? Select the back button to modify your numbers again.

YES

Back

You can change quantities for both models with one \$2M change order charge at this supplier.

The new production quantity will remain throughout the year.

You can see the impact of the change on your projected inventory and adjust before confirming and paying the fee.

You can make as many change orders as you want...but you pay each time.

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Global Supply Chain Man

Year

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Scorecard

Year One
Profit: \$47,308K
Votes:

Year Two
Profit: \$0K
Votes:

Year Three
Profit: \$0K
Votes:

Year Four
Profit: \$0K
Votes:

Board Room

Congratulations. You have made it through a year of production. To review your financial performance, click below.

Review Financial Performance

You will now be able to watch the board members of your company discuss your performance. Each board member has a particular area of interest and will give you some advice in that area.

Enter Board Room

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

Financial Results*

Revenues*

- Production Rev.
- Markdown Rev.
- Total Rev.**

Costs*

- Production Cost
- Inventory Cost
- Total Cost**

Gross Margin*

- Gross Margin
- Gross Margin %

Your results will appear here

*All figures except percentages in \$K

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When you finish the year, you can review your financial performance

The screenshot shows a web browser window with the URL `hbp.enspire.com/sso/sim`. The page title is "Global Supply Chain Management Simulation" and it is developed by "enspire learning". The interface includes a sidebar with a "Year" menu (1-5) and a "Scorecard" section showing "Year One" with a profit of \$47,308K. The main content area is titled "Board Room" and contains a "Next" button and a "No Audio" indicator. Two callout boxes provide instructions: one points to navigation buttons and states "You can use the buttons here to navigate back to review your decisions... but there is no *Undo*."; the other points to the board meeting area and states "...and you must meet with the Board, to hear their feedback and answer their questions".

Let's Play

- Do NOT close or "refresh" the browser, otherwise your data for the current year will be lost. Data are saved after completing each year.
- Each year you begin from scratch with new products and new suppliers.
- You can only sell products after the launch on May 1
- You must sell all inventory at a discount on December 31.
- Add specific but not lengthy **strategy comments** as you play.
- You **must complete all four years** in order to qualify for the special prize.

Time budget to finish in TWO hours:

Year 1 (45 min)

Year 2 (30 min)

Year 3 (25 min)

Year 4 (20 min)

Debrief Questions

Design & Forecasting

- How did you decide which options to choose?
- How did you arrive at your forecasts?

Supplier Choice & Initial Order

- How did you decide which supplier(s) to use?
- Was it worth the extra \$1 million for 3 month instead of 4 month lead time for the far supplier?
- Was it worth the extra \$1 million for extra capacity (40 vs. 35) for the close supplier?

Dynamic Planning

- How often did you use \$2M change orders? Why?
- Did you buy \$2M market information? Why or why not?