


Global Supply Chain Simulation Introduction

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 **HARVARD BUSINESS PUBLISHING**


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Run Simulation

The screenshot shows the Harvard Business Publishing website for educators. The top navigation bar includes links for Harvard Business School, Corporate Learning, Harvard Business Review, and Careers @ HBP. The main header features the Harvard Business Publishing logo, a search bar, and a welcome message for Jarrod. Below the header, there are tabs for My Library, Coursepacks 1, Disciplines, Content, and Case Method. A notification banner at the top states that the website will be unavailable on Friday, March 25, from 11:00 pm to 1:00 am ET. The main content area displays a list of coursepacks under the 'My Library' tab. A callout bubble points to the 'Coursepacks' tab with the text 'Click "Coursepacks"'. Another callout bubble points to a coursepack entry 'YYYY CourseName' with the text 'Click your course name'. A third callout bubble points to the 'RUN SIMULATION' button with the text 'Scroll down and click "Run Simulation"'. The 'RUN SIMULATION' button is located next to the coursepack entry. The bottom of the page features a 'Chat with Customer Service' button.

Harvard Business School Corporate Learning Harvard Business Review Careers @ HBP

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Welcome, Jarrod Student Logout

Account Settings

My Library Coursepacks 1 Disciplines Content Case Method

Please note that our web site, including access to certain content (simulations, Online Courses, tutorials, Core Curriculum, etc.), will be unavailable on Friday March 25, from 11:00 pm - 1:00 am ET, due to scheduled system maintenance.

Home > My Library > Coursepacks > 2016 March

My Library

▼ Coursepacks

YYYY CourseName 1

▶ Expired Coursepack

Click "Coursepacks"

Click your course name

Scroll down and click "Run Simulation"

SIMULATION

Global Supply Chain Management Simulation

Enspire Learning

Added on Mar 11, 2016, Purchased on Feb 29, 2016

▶ Details

☐ Show Notes

RUN SIMULATION

Chat with Customer Service

You can download the manual at any time

The screenshot shows the 'Global Supply Chain Management Simulation' welcome page. The page has a light blue header with the title 'Global Supply Chain Management Simulation' and the 'Developed by enspire learning' logo. The main content area has a white background with a blue border. It contains a welcome message, a status message indicating that access has not yet been enabled, and a link to download the simulation manual. The link is 'Click here to download the Simulation Manual.' Below the link is a large empty rectangular box. The bottom of the page features a light blue footer.

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.

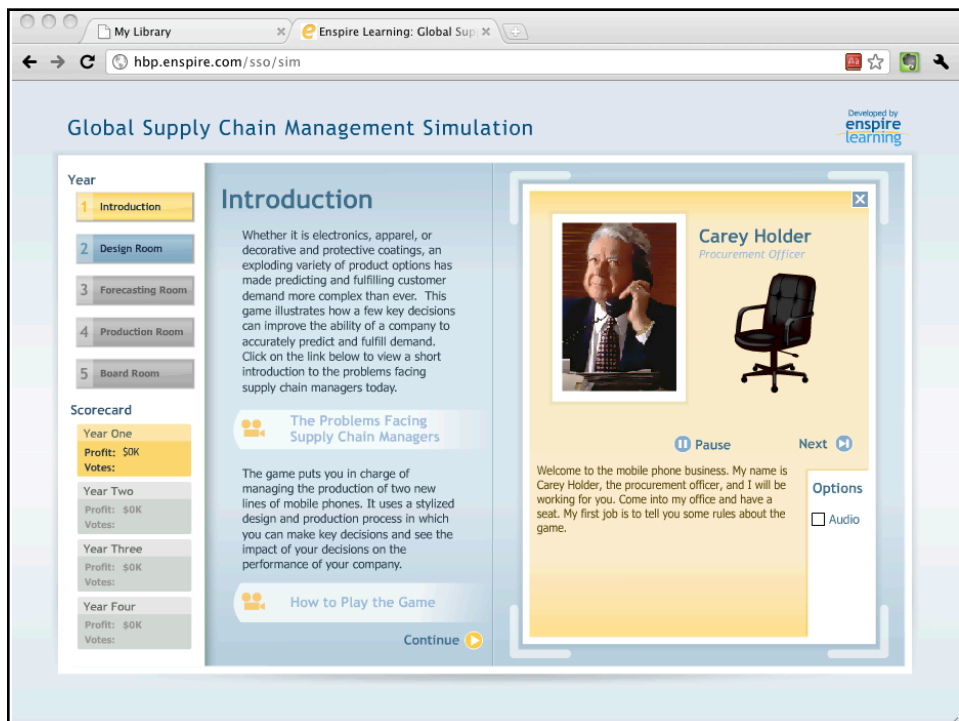
[Click here to download the Simulation Manual.](#)

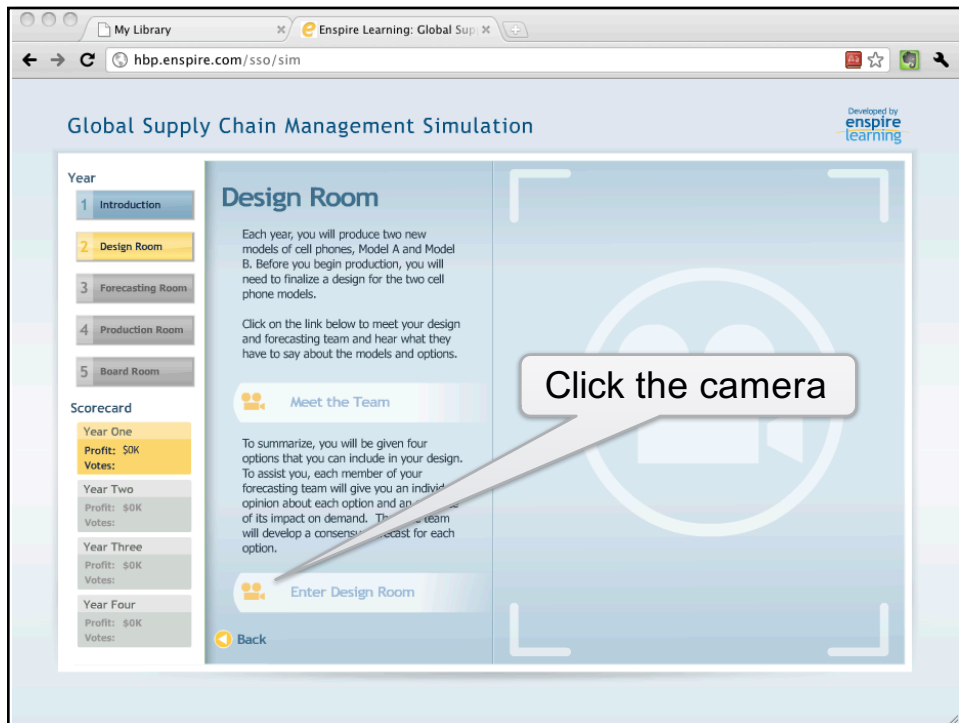
At the course you can finally play

The screenshot shows a web browser window with the URL `hbp.enspire.com/sso/gscms?user_id=MIT.2011.01.06-USER01&first_name=Doug&last_name=Bogle&email=...`. The page title is "Global Supply Chain Management Simulation" and it is developed by "enspire learning". The main heading is "Welcome to the GSCMS Simulation". Below this, there are two links: "Launch the Simulation" (in purple) and "Click here to download the Simulation Manual." (in blue). A callout box with a pointer to the "Launch the Simulation" link contains the text: "Click 'Launch the Simulation' Make sure Adobe Flash is enabled".



Opening Screen





Global Supply Chain Management Simulation

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:

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 [View Graph for Model B](#)

Yi: 0 K

Ruth: 0 K

Consensus: 0 K

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

	Base Model A	Base Model B	Impact Per Unit *	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

The Design Room initially shows forecasts and unit profits for your high-end model and low-end model. The base options that differentiate the two models are built in and you cannot change them.

You can add any, all, or no options, which apply to BOTH phones.

Don't try to calibrate the demand based on modem phones – trust your team and the data.

When finished, click "Submit Options"

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

Base Model A	Base Model B	Impact Per Unit *	Model A with option	Model B with option
Price \$ 200	\$ 240	\$ 40	\$ 240	\$ 280
Cost \$ 130	\$ 150	\$ 35	\$ 165	\$ 185
Profit \$ 70	\$ 90	\$ 5	\$ 75	\$ 95

The Forecasting Room has useful information, but all you need to do is provide two numbers

When finished, click "Submit"

Unit Data with Options as Chosen*	Unit Price	Unit Cost	Unit Profit
Model A	\$ 240	\$ 165	\$ 75
Model B	\$ 280	\$ 185	\$ 95

Model A	Model B	Model A:
Tim	71 K	44 K
Stacey	44 K	8 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 A:
Average: 59 K
Std.Dev.: 12 K

Model B:
Average: 29 K
Std.Dev.: 15 K

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Global Supply Chain Management Simulation

Developed by ensfire learning

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:

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 type="checkbox"/>	4 mth	60 K	\$ 1000 K	\$ 165
Far Away <input type="checkbox"/>	3 mth	60 K	\$ 2000 K	\$ 165
Pretty Close <input type="checkbox"/>	0 mth	35 K	\$ 1000 K	\$ 175
Ve-Ri-Fas <input type="checkbox"/>	0 mth	40 K	\$ 2000 K	\$ 195

Projections

Model A

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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

Carey Holder
Procurement

Please tell me how much you would like to order from this supplier:

Model A K / month

Model B K / month

Next ▶

Carey Holder
Procurement

Please tell me when you would like to start production for this supplier:

◀ Back Next ▶

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Global Supply Chain Management Simulation

Developed by **enspire learning**

Year

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- 5 Board Room

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

	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 K	\$ 165
Far Away <input type="checkbox"/>	0	20	20	20	20	20	20	20					3 mth	60 K	\$ 2000 K	\$ 185
Pretty Close <input type="checkbox"/>	0												0 mth	35 K	\$ 1000 K	\$ 175
Ve-Ri-Fas <input type="checkbox"/>	0												0 mth	40 K	\$ 2000 K	\$ 195

Now you can click "Change" until you are happy with your plan. Once you advance in time, changes cost money.

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

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Global Supply Chain Management Simulation

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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:

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	40	40	40	40	40	40	40	40					4 mth	60 K	\$ 1000 K	\$ 165
Far Away <input type="checkbox"/>	20	20	20	20	20	20	20	20					3 mth	60 K	\$ 2000 K	\$ 185
Pretty Close <input type="checkbox"/>	0												0 mth	35 K	\$ 1000 K	\$ 175
Ve-Ri-Fas <input type="checkbox"/>	0												0 mth	40 K	\$ 2000 K	\$ 195

Starting production earlier... means you receive it earlier

Projections

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Model A												
Product Receipt (K)	0	0	0	0	40	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	-22	-22	-22	-22	-22	-22	-22	-22
Model B												
Product Receipt (K)	0	0	0	0	20	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	-12	-12	-12	-12	-12	-12	-12	-12

**Numbers are estimates for months preceding the current month*

ADVANCE ONE MONTH →

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Global Supply Chain Management Simulation

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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:

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 mth	60 K	\$ 1000 K	\$ 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	12				3 mth	60 K	\$2000 K	\$ 165
	Model B 0	5	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	10	0 mth	35 K	\$1000 K	\$ 175
	Model B 0	0	0	0	7	7	7	7	7	7	7	7				\$ 195
Ve-Ri-Fas <input type="checkbox"/>													0 mth	40 K	\$2000 K	\$ 175
																\$ 195

Model A

Product Receipt (K) 0 0 0 0 62 62 62 62 62 62 62 62

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

Model B

Product Receipt (K) 0 0 0 0 32 32 32 32 32 32 32 32

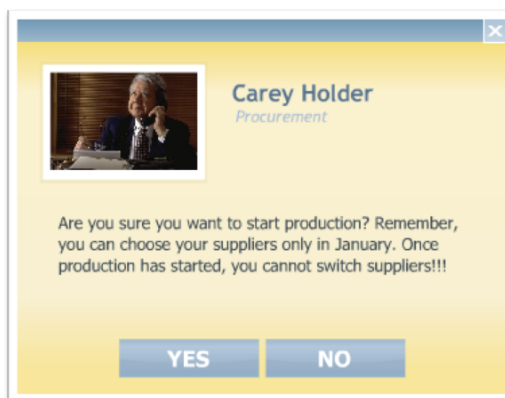
Est. / Actual Demand (K)* 0 0 0 0 32 32 32 32 32 32 32 32

Est. / Actual Inventory (K)* 0 0 0 0 0 0 0 0 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.

Back
Next

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	62	62	62	62	62	62	62	62

YtD Profit / Loss (\$K)

Revenue \$ 0

Markdn Rev \$ 0

Cost \$ 0

Inventory Cost \$ 0

Revenue \$ 0

Markdn Rev \$ 0

Cost \$ 0

Inventory 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 →

YtD **Cur.** **Calc.**

My Library

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Global Supply Chain Management Simulation

Year

1 Introduction

2 Design Room

3 Forecasting Room

4 **Production Room**

5 Board Room

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	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	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	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	Model A	0	0	0	0	0	0	0	0	0	0	0	0	40	\$ 2000	\$ 175
	Model B	0	0	0	0	0	0	0	0	0	0	0				\$ 195

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
Product Receipt (K)	0	0	0	0	62	62	62	62	62	62	62	62
Est. / Actual Demand (K)*	0	0	0	0	47	47	47	47	47	47	47	47
Est. / Actual Inventory (K)*	0	0	0	0	15	29	44	59	73	88	102	117

YtD Profit / Loss (\$K)

Revenue \$11,366

Markdn Rev \$ 0

Cost \$10,330

Inventory Cost \$ 38

Revenue \$ 8,960

Markdn Rev \$ 0

Cost \$ 5,990

Inventory Cost \$ 0

Set-up Cost \$ 4,000

Celldex Cost \$ 0

Change Order \$ 0


Gross Margin \$ -32

ISSUE CHANGE ORDER
Cost: \$2 million

ADVANCE ONE MONTH →

YtD **Cur.** **Calc.**

11




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**

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.



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**

Model A
Supplier Production
(K / month)

Old	New
10	0

Model B
Supplier Production
(K / month)

Old	New
7	17


Back **Next**

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.



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.

Back **YES**

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

The screenshot shows the 'Global Supply Chain Management Simulation' interface. On the left, a 'Year' sidebar lists five steps: 1 Introduction, 2 Design Room, 3 Forecasting Room, 4 Production Room, and 5 Board Room (highlighted). Below this is a 'Scorecard' for Year One showing Profit: \$47,308K and Votes. The main 'Board Room' section contains a 'Review Financial Performance' button and an 'Enter Board Room' button. To the right, the 'Financial Results*' section displays a table with columns for Revenues* (Production Rev., Markdown Rev., Total Rev.) and Costs* (Production Cost, Inventory Cost, Total Cost). A large red text overlay reads 'Your results will appear here'. At the bottom of the Financial Results section, it says '*All figures except percentages in \$K'.

You can use the buttons here to navigate back to review your decisions... but there is no *Undo*.

...and you must meet with the Board, to hear their feedback and answer their questions

The screenshot shows the same 'Global Supply Chain Management Simulation' interface. The 'Board Room' section is highlighted. A video player is open, showing a 'Chair of the Board' with a 'Next' button and a 'No Audio' indicator. The video player content reads: 'Good evening, my name is Meryl Simmons, Chair of the Board. The purpose of this meeting is to review your performance.'

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?

Production

- How did you decide which supplier(s) to use?
- How did you determine the order quantities and timing?
- 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?
- How often did you use \$2M change orders? Why?
- Did you buy \$2M market information? Why or why not?