

MikesBikes-Advanced

STRATEGIC MANAGEMENT SIMULATION

How to Launch and Modify Products in MikesBikes-Advanced

1.	<p>In MikesBikes-Advanced you may choose to undertake Product Development to enable you to launch <u>New Products</u> or to make <u>Product Modifications</u> to an existing Product. Launching or modifying a <u>Product</u> always involves creating a new <u>Design Project</u> within the <u>Design & Development Screen</u>. It is important to remember that it will take one year (rollover) to develop a Project, so only after this may the Project be used to launch a new Product or to modify an existing Product.</p> <ul style="list-style-type: none">• New Products: You will start MikesBikes with a single Product, however, you can launch as many new Products as you wish. The <u>Market Summary report</u> will provide a list of all the markets available, the Products servicing these markets, therefore giving you an indication as to market opportunities.• Product Modification: As the simulation progresses, consumers will demand greater design/style and technical specifications in their products, causing your existing Products to become less desirable over time. As such, you may wish to modify your Product/s to meet these demands, as well as improving factory tooling to produce the Product at a cheaper price (Prime Cost). You can view current consumer preferences within the <u>Perceptual Map report</u>. <p><u>Note:</u> You also have the option of a modification to only the Prime Cost of an existing Product (Value Engineering), by keeping the product specifications constant within the Design screen, while reducing the Prime Cost value.</p>
2.	<p>To create a new Design Project; select the Development tab and click on the Design & Development button to open the Design Decision screen. You can then click "New". Each New Project requires the following decisions:</p> <p>A. Project Name</p> <p>B. Target Product Attributes: You can find the market's desired attributes by viewing the mini <u>Perceptual Map</u> within this screen, or by viewing the <u>Product Development Scenario Information report</u>.</p> <p>C. Prime Cost: This is the direct labor and raw material cost of producing a single bike. In the Target Prime Cost field enter the Prime Cost you would like to achieve based on the required product specifications, but be realistic, if you aim too low your Project may fail. See the <u>Product Development Scenario Information report</u> to calculate Prime Cost.</p> <p>D. Project Expenditure: In the Expenditure Next Period field enter the budget required to cover the cost of designing the required Project. Usually an estimated expenditure of \$500,000-\$1,000,000 is required to develop a new Project. Again, be realistic, spend too little and your Project will fail (excess expenditure will be spent on further reducing Prime Cost). See the <u>Product Development Scenario Information report</u> to calculate the required Project Expenditure for your Project.</p>

	After clicking "OK/Apply" your project will be displayed within the Design Screen if you wish to modify or delete the Project before the next rollover.
3.	It is important to remember that Product Development is often partnered with changes to Factory Capacity, especially when launching New Products. Factory Capacity can be altered through Staffing levels and/or Factory Plant size. Keep in mind that changes to Staffing occur immediately, however, Factory Plant decisions take one year (a rollover) to process. As such, we recommend you factor this into your strategy at the same time you make the Product Development decisions.
4.	After a rollover has been processed, you will be able to view your Design Projects developed through the <u>Product Development Project Results report</u> . Your Project will need to exceed a 90% success rating to be used for launching or modifying a Product. Successful Projects can either be: <ul style="list-style-type: none"> ◦ Used to <u>launch</u> a new Product; ◦ Used to <u>modify</u> an existing Product; or ◦ Saved for later use.
5.	To launch a new Product, go to the Products Screen, and click "Launch". Here you will be able to select your Design Project. Enter a Product Name and then click "OK/Apply". To modify an existing Product, go to the Products Screen, select the Product you wish to modify, and then click "Modify". Select the Design Project, and click "OK/Apply".
6.	We strongly recommend that you use the <u>Offline Mode</u> to test your Product Development strategy before the rollover. As this is an internal process, the Offline Mode will be accurate in providing you with the results of your Design Projects and their success rates. Remember to disconnect and reconnect to the Online Mode to enter your final decisions for the coming rollover.
7.	If you have questions, please email the Smartsims Support Team at help@smartsims.com.

