

## **CAPSIM CAPSTONE 'SECRETS'**

### **SECRET #1**

Your first Capsim Secret lies in the challenging Finance section.

In the real world you borrow money for a set period of time, pay interest on the loan, and then pay back the principal of the loan after the borrowing period is over. This is where the Capsim game is different from the real world and the Capsim secret comes into play.

In the Capstone simulation Long Term Debt is due to be paid back after 10 years, but the game only lasts for 8 rounds. This means that Long Term Debt principal never has to be paid back for the duration of the game. You are only required to just pay interest each round.

Taking advantage of this Capsim Secret can make a huge difference on your balanced scorecard by the end of the game and be the catalyst that gets your team to first place.

### **SECRET #2**

Your second Capsim Secret will get you more sensor sales and more points on your balanced scorecard by improving accessibility

The best way to improve accessibility is to have 2 or more products in a segment's fine cut, because the sales budgets for both sensors contribute together to that segment's accessibility percentage. This differs from marketing budgets, which apply only to each individual sensor's awareness score.

An individual sensor experiences diminishing returns on the sales budget over \$3,000. However, diminishing returns for the overall segment are not reached until going over \$4,500 total.

If you want to reach 100% accessibility then you should set the sales budgets for two sensors in the segment to \$2,250 each (\$4,500 total). Once 100% accessibility is reached, you can scale back to about \$1,650 each (\$3,300 total) sales budget for the segment to maintain 100%.

Accessibility is important not just for the balanced scorecard, but also because it directly affects the customer survey score. A product with 0% accessibility will lose half of its base customer survey score.

### **SECRET #3**

Your third Capsim Secret will decrease your chance of getting emergency loans by setting R&D upgrades properly.

The issue of R&D upgrade timing can be confusing for Capsim players. Remember to keep your product research and development upgrades within the same year, otherwise you will miss out on significant sales.

Sensors will continue to produce and sell at the previous old specifications up until the day the project completes (revision date). Unsold sensors built prior to the revision date are reworked free of charge to match the upgraded specifications.

For example - you upgrade your sensor from Traditional to High-End with a revision date of November 30th of the same year. Therefore, it will sell with the old specs (in Traditional) for 11 months. This sensor will only sell with the upgraded specs (in High-End) for 1 month out of 12! If you don't account for this in your sales projections, it can really mess things up and leave you with excess inventory because your competitors had a better product selling all year round.

### **SECRET #4**

Your fourth Capsim Secret will increase points on your balanced scorecard and also increase your sensor sales significantly with proper use of TQM.

Using the TQM section well gives you a big advantage in Capsim because it offers benefits such as lower cost of materials, lower cost of labor, faster R&D upgrades, smaller SG&A expense, and increased demand for your products. Best of all these benefits are cumulative... which means that when you purchase a TQM upgrade, it will benefit you every round for the rest of the simulation.

But how should you be spending money in the TQM section to maximize your results?

Don't spend more than \$2000 on one TQM in any one round because of diminishing returns. Also keep in mind that the maximum total amount you can put into any one TQM initiative over the whole game is \$5000. Above that level no additional benefit is received.

To get the maximum results from one TQM initiative the spending would go like this:

First round - \$2000

Second round - \$2000

Third round - \$1000

Certain TQM initiatives are way more important to upgrade than the others and in a future email I will tell you how to figure out which TQM initiatives you need to spend money on, and which should be avoided.

### **SECRET #5**

Your fifth Capsim Secret is how to avoid the most common source of emergency loans... by not using the computer sales forecasts.

In the first round of Capsim there is a big trap waiting to swallow up many teams. In the Traditional segment most groups will upgrade their sensors to the ideal spot which significantly increases the customer survey score for their sensor.

The computer sales prediction in the Marketing tab will then show a very high sales estimate like 2,500. However, that computer sales estimate does not take into account that every other team likely will do the exact same thing... and upgrade their Traditional sensors to the ideal spot also.

This means that the actual sales for your Traditional sensor will be around 1350. If you used the computer sales prediction... you have over 1000 unsold sensors, a huge inventory expense, and an emergency loan from Big AI.

The automatic computer sales predictions are almost always wrong, and can not be trusted. DO NOT use them to make estimates for sales or you are likely to get an emergency loan from Big AI.

**Source:** <http://agradeguides.com>