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Company Report

Firm 4 *Yellow* Industry *Test Period 7*

Firm 4 Yellow Industry Test Period 7

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1. Financial Results

(in \$'000 unless otherwise indicated)

Product Name		KOPA	KONS	KOPS	KOOK	KOKS
Units Produced	'000	23.7	28.0	17.3	23.5	15.0
Units Sold	'000	23.7	27.8	17.3	23.5	15.0
Units Left in Inventory	'000	0.0	0.2	0.0	0.0	0.0
List Price	\$	630	435	870	670	920
Average Price	\$	598	418	826	636	874
Maximum Price Discount	%	5	5	5	5	5
Unit Manufacturing Cost	\$	238	167	167	238	167
Unit Licensing Royalty	%	0	6	6	0	6
Unit Commission	%	6	3	7	8	7
Total Unit Cost	\$	273	206	277	288	284
Revenues From Sales		14194	11649	14315	14931	13116
Manufacturing Costs		5645	4668	2904	5583	2516
Licensing Costs		0	726	904	0	828
Sales Commissions		851	349	1002	1194	918
Promotion		130	200	130	210	227
Product Advertising		100	100	80	150	150
Technical Support		416	277	138	416	277
Inventory Hold Costs		0	3	0	0	0
Gross Product Contribution		7051	5323	9156	7376	8198

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1. Financial Results

(in \$'000 unless otherwise indicated)

Product Name		LOTS	LOFT	LOOK
Units Produced	'000	40.0	48.0	12.0
Units Sold	'000	30.8	42.0	3.4
Units Left in Inventory	'000	9.2	6.0	8.6
List Price	\$	620	500	790
Average Price	\$	620	499	790
Maximum Price Discount	%	0	0	0
Unit Manufacturing Cost	\$	77	77	77
Unit Licensing Royalty	%	0	0	0
Unit Commission	%	5	5	5
Total Unit Cost	\$	108	102	117
Revenues From Sales		19068	21005	2703
Manufacturing Costs		2395	3272	266
Licensing Costs		0	0	0
Sales Commissions		953	1050	135
Promotion		450	450	460
Product Advertising		450	450	500
Technical Support		500	361	388
Inventory Hold Costs		86	55	80
Gross Product Contribution		14232	15365	872

Global Results

Total Gross Product Contribution		67577
Fixed Costs:		
Sales Force	7391	
Sales Force Training	150	
Corporate Communications	330	
Research	0	
Development	0	
Market Research	1195	9066
Operational Marketing Contribution		58510

Other Cash Operations	
Licensing Fees	0
Loan	1300
Loan Repayments	-1480
Obsolete Inventory Liquidation	-1720
Inter-Firm Funds Transfer	-1300
Other Funds Transfer	0
Net Marketing Contribution	55310

Budget For Next Period (\$'000)	16500
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2. Marketing Results

(In %)

Product Name	KOPA	KONS	KOPS	KOOK	KOKS
Share of Clients Testing	2.8	2.0	2.6	2.9	2.0
Share of Clients Using as Supplementary Source	13.0	9.4	12.1	13.3	9.4
Share of Clients Using as Primary Source	4.7	3.4	4.5	4.8	3.5
Unit Market Share of Supplementary Sourcing	5.7	7.0	4.0	5.6	3.5
Unit Market Share of Primary Sourcing	4.8	5.5	3.6	4.8	3.1
Total Unit Market Share	5.0	5.9	3.7	5.0	3.2
\$ Market Share of Supplementary Sourcing	6.3	5.4	6.1	6.6	5.7
\$ Market Share of Primary Sourcing	5.2	4.2	5.4	5.5	4.9
Total Market \$ Share	5.5	4.5	5.5	5.8	5.1

Product Name	LOTS	LOFT	LOOK
Share of Clients Testing	9.0	3.3	4.1
Share of Clients Using as Supplementary Source	52.9	68.5	19.7
Share of Clients Using as Primary Source	20.2	29.3	0.8
Unit Market Share of Supplementary Sourcing	19.8	21.9	8.5
Unit Market Share of Primary Sourcing	20.6	29.2	0.9
Total Unit Market Share	20.4	27.9	2.3
\$ Market Share of Supplementary Sourcing	20.5	18.3	11.3
\$ Market Share of Primary Sourcing	22.4	25.6	1.3
Total Market \$ Share	22.0	24.3	3.1

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3. Sales and Technical Forces

Sales Force

Organisational Structure: End Product	
Number of Salespersons	98
Sales Training (\$000)	150

SALES FORCE : ACTUAL TIME SPENT				
Geography	East	Central	West	
	31%	49%	20%	
Size	Small	Medium	Large	
	39%	31%	30%	
End Product	Instrumentation	Communication	Consumer	
	65%	0%	35%	
Decision Maker	Production	Engineering	Purchasing	General
	10%	34%	20%	36%

Technical Force

Number of Technicians	50
Technical Force Training (\$000)	150

TECHNICAL FORCE : ACTUAL TIME SPENT				
Geography	East	Central	West	
	30%	50%	20%	
Size	Small	Medium	Large	
	40%	30%	30%	
End Product	Instrumentation	Communication	Consumer	
	70%	0%	30%	
Decision Maker	Production	Engineering	Purchasing	General
	35%	50%	10%	5%

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4. Messages**Message Number 1**

Obsolete inventory of product "KOPS", charged at transfer cost.

Message Number 2

Obsolete inventory of product "LOTS", charged at transfer cost.

Message Number 3

Obsolete inventory of product "LOFT", charged at transfer cost.

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5. Research and Development

(in \$'000 unless otherwise indicated)

RESEARCH					
Technology	Korex				Lomex
	1	2	3	4	5
Cumulative Investment	3500	7000	0	0	0
Years Above Minimum Investment	1	2	0	0	0
Status	OK	OK	NO	NO	NO
Minimum Total Investment *	3430	5789	5789	9326	11792
Proposed Total Investment *	6860	11578	11578	13989	17688
Minimum Annual Investment *	1072	1715	1715	2358	2358

***Warning:** This number does not include expected inflation for the next period.
If you expect inflation next year, please increase the number accordingly.

DEVELOPMENT					
Name	PKOPA	PKOLD	PKOPS	PKOOK	PKOI
Technology	1	2	2	1	2
Cumulative Expenditures	300	300	400	200	500
Status	OK	OK	OK	OK	OK
Characteristics (Korex/Lomex)					
1. Resistance / Convexity	3500	3000	3000	2000	4000
2. Suspension / Conductivity	20	50	45	30	60
3. Frequency / Purity	115	130	120	120	130
4. Density / Maximum Energy	550	650	600	750	650
Base Cost	626	677	702	702	580

DEVELOPMENT					
Name	PKO2	PKO3	PKO4	PKO6	PKO5
Technology	2	1	1	1	1
Cumulative Expenditures	250	10	10	450	400
Status	OK	NO	NO	OK	OK
Characteristics (Korex/Lomex)					
1. Resistance / Convexity	3000	2000	3500	3500	2000
2. Suspension / Conductivity	50	30	20	50	50
3. Frequency / Purity	130	120	115	115	120
4. Density / Maximum Energy	650	750	550	550	750
Base Cost	542	582	542	542	697

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DEVELOPMENT					
Name	PKO9	PKO8	PKO7	PKO10	PKO11
Technology	2	2	1	2	1
Cumulative Expenditures	600	150	250	250	150
Status	OK	NO	OK	OK	OK
Characteristics (Korex/Lomex)					
1. Resistance / Convexity	6000	4000	4500	6000	4500
2. Suspension / Conductivity	60	60	50	60	50
3. Frequency / Purity	130	130	115	130	115
4. Density / Maximum Energy	750	650	550	750	550
Base Cost	385	385	463	268	375

DEVELOPMENT	
Name	PKO12
Technology	2
Cumulative Expenditures	300
Status	OK
Characteristics (Korex/Lomex)	
1. Resistance / Convexity	8000
2. Suspension / Conductivity	60
3. Frequency / Purity	130
4. Density / Maximum Energy	750
Base Cost	237

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6. Cumulative Results

PRODUCT NAME		KOPA	KOLD	KOPS	KOOK	KOKS
Initial Introduction Period ¹		- 2	- 3	- 4	- 6	3
Last Modification Period ¹		7	- 3	7	7	7
Units Sold	'000	188.3	188.1	226.6	216.2	69.7
Revenues From Sales	\$'000	111274	94261	138532	145476	54668
Manufacturing Costs	\$'000	62176	64709	78831	74936	20968
Licensing Costs	\$'000	0	0	904	0	828
Sales Commissions	\$'000	5310	6598	8020	11638	2959
Promotion	\$'000	1355	1428	1823	2335	1184
Product Advertising	\$'000	306	128	235	385	280
Technical Support	\$'000	1635	1037	1177	1966	1608
Gross Product Contribution	\$'000	39419	20274	47386	54156	25679

PRODUCT NAME		KONS	LOTS	LOFT	LOOK
Initial Introduction Period ¹		4	5	5	7
Last Modification Period ¹		7	7	7	7
Units Sold	'000	108.3	59.0	75.1	3.4
Revenues From Sales	\$'000	46551	38445	39400	2703
Manufacturing Costs	\$'000	27850	5732	7148	266
Licensing Costs	\$'000	726	0	0	0
Sales Commissions	\$'000	1559	1922	1970	135
Promotion	\$'000	1050	953	953	460
Product Advertising	\$'000	240	565	570	500
Technical Support	\$'000	1075	943	726	388
Gross Product Contribution	\$'000	12825	27650	26974	872

Total Gross Product Contribution		255240
Fixed Costs:		
Sales Force	39316	
Sales Force Training	498	
Corporate Communications	830	
Research	0	
Development	3320	
Market Research	6009	49973
Operational Marketing Contribution		205267

Adjustments	
Licensing Fees	0
Cash Payment or Receipts	- 6986
Net Marketing Contribution	198280

¹Negative numbers represent the number of years prior to your arrival in year "0".

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7. Newsletter

ENVIRONMENTAL FACTORS		COST FACTORS	
GNP Growth Rate This Period	1.0%	Fixed Ann. Cost of Salesperson Next Period	\$81964
Estimated GNP Growth Rate Next Period	1.5%	Cost of Hiring a Salesperson Next Period	\$13660
Inflation Rate	8.0%	Cost of Firing a Salesperson Next Period	\$40982
Estimated Inflation Rate Next Period	8.0%	Fixed Ann. Cost of a Technician Next Period	\$54692
		Cost of Hiring a Technician Next Period	\$9115
		Cost of Firing a Technician Next Period	\$27346
Inventory Holding Cost	12.0%		

COST OF MARKET RESEARCH STUDIES		
1	Supplier Survey	\$21604
2	Survey on Perception of Suppliers	120020
3	Product Awareness & Preference Survey: Korex Market	24004
4	Demand Analysis: Korex Market	36006
5	Market Shares Survey; Korex Market	48008
6	Survey of Organizational Buying Processes: Korex Market	28805
7	Semantic Scales of Product Perception: Korex Market	96016
8	Perceptual Map of Products: Korex Market	144024
9	Market Forecast: Korex Market	19203
10	Product Awareness & Preference Survey: Lomex Market	24004
11	Demand Analysis: Lomex Market	36006
12	Market Shares Survey: Lomex Market	48008
13	Survey of Organizational Buying Processes: Lomex Market	28805
14	Semantic Scales of Product Perception: Lomex Market	96016
15	Market Forecast: Lomex Market	19203
16	Competitive Information	108018

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8. Product Specifications

SPECIFICATIONS OF CURRENTLY SOLD PRODUCTS								
Product Name	Year Last Modified	Techn-ology	Project Code	Resistance/Convexity	Suspension/Conductivity	Frequency/Purity	Density/Max. Energy	Base Cost
KALA	5	4	PKAA	7750	82	149	710	216
KAST	3	2	PKIDU	6000	55	120	750	401
KAMI	5	4	PKAA	7750	82	149	710	216
KAPE	3	2	PKIDU	6000	55	120	750	401
KACK	6	4	PKAA	7750	82	149	710	216
LAMA	7	5	PLIA	22	120	60	550	127
KENT	6	1	PKE11	4000	50	90	700	617
KEPI	7	4	PKIA	7750	82	149	710	159
KELY	7	4	PKIA	7750	82	149	710	159
KETI	7	4	PKIA	7750	82	149	710	159
LENT	7	5	PLE01	17	100	47	450	79
LENU	7	5	PLE01	17	100	47	450	79
KILT	7	4	PKIA	7750	82	149	710	159
KISS	7	4	PKIA	7750	82	149	710	159
KIDU	7	4	PKIA	7750	82	149	710	159
KINE	7	4	PKIA	7750	82	149	710	159
LILI	6	5	PLIA	22	120	60	550	127
KOPA	7	2	PKO12	8000	60	130	750	237
KONS	7	4	PKIA	7750	82	149	710	159
KOPS	7	4	PKIA	7750	82	149	710	159
KOOK	7	2	PKO12	8000	60	130	750	237
KOKS	7	4	PKIA	7750	82	149	710	159
LOTS	7	5	PLE01	17	100	47	450	79
LOFT	7	5	PLE01	17	100	47	450	79
LOOK	7	5	PLE01	17	100	47	450	79
KUST	6	4	PKU54	7900	74	120	725	255
KUZZ	7	4	PKU71	8500	68	130	750	201
KUTE	7	4	PKU56	7500	68	115	700	234
KURE	7	4	PKU54	7900	74	120	725	255
KUCO	7	4	PKU71	8500	68	130	750	201
LUXE	6	5	PLIA	22	120	60	550	127

PROJECTS LICENSED			
Project Code	Period	From Firm	To Firm
PLEA	5	2	4
PLE01	7	2	4
PKIDU	3	3	1
PKIDU	3	3	5
PKINE	3	3	2
PLIA	7	3	1
PLIA	6	3	5
PKIA	7	3	2
PKIA	7	3	4

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9. Information on Korex Market

INFORMATION ON KOREX MARKET					
Product Name	Unit Sales ('000)	Market Share in Units (%)	Actual Price (\$)	\$ Sales ('000)	Market Share in \$ (%)
KALA	30	6.3	480	14346	5.6
KAST	0	0.0	481	41	0.0
KAMI	22	4.7	731	16054	6.2
KAPE	0	0.0	731	71	0.0
KACK	11	2.3	570	6320	2.5
KENT	7	1.6	666	4994	1.9
KEPI	21	4.5	665	14176	5.5
KELY	28	6.0	435	12383	4.8
KETI	21	4.5	537	11329	4.4
KILT	12	2.5	552	6505	2.5
KISS	13	2.8	591	7786	3.0
KIDU	14	3.0	395	5649	2.2
KINE	20	4.3	396	8008	3.1
KOPA	24	5.0	598	14194	5.5
KONS	28	5.9	418	11649	4.5
KOPS	17	3.7	826	14315	5.5
KOOK	23	5.0	636	14931	5.8
KOKS	15	3.2	874	13116	5.1
KUST	12	2.5	783	9405	3.6
KUZZ	22	4.7	750	16651	6.5
KUTE	30	6.4	549	16494	6.4
KURE	51	10.9	410	21094	8.2
KUCO	48	10.2	383	18430	7.1
Total	472	100		257951	100

Weighted Average Actual Selling Price \$546**Total number of clients 17958**

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10. Information on Lomex Market

INFORMATION ON LOMEX MARKET					
Product Name	Unit Sales ('000)	Market Share in Units (%)	Actual Price (\$)	\$ Sales ('000)	Market Share in \$ (%)
LAMA	1	0.7	807	853	1.0
LENT	26	17.2	656	16965	19.6
LENU	16	10.6	850	13608	15.7
LILI	3	2.2	350	1159	1.3
LOTS	31	20.4	619	19068	22.0
LOFT	42	27.9	499	21005	24.3
LOOK	3	2.3	790	2703	3.1
LUXE	28	18.7	397	11154	12.9
Total	150	100		86516	100

Weighted Average Actual Selling Price \$574

Total number of clients 10330

End of Company Report**Firm 4 Yellow Industry Test Period 7**

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