



BUSS6000 Succeeding in Business

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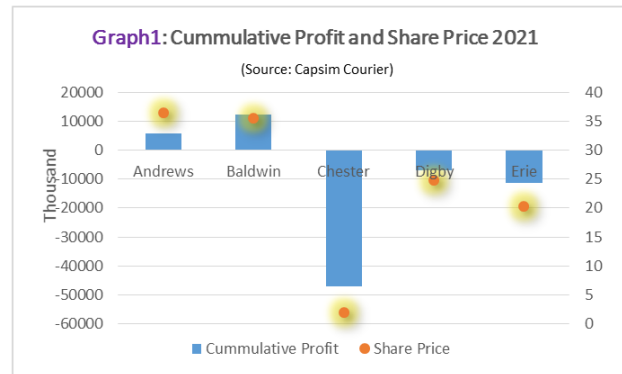
1. Overview of Simulation

1.1 Mission Statement

Baldwin's mission is to deliver the highest value to our customers, bondholders, stockholders and management by providing reliable products and efficient services.

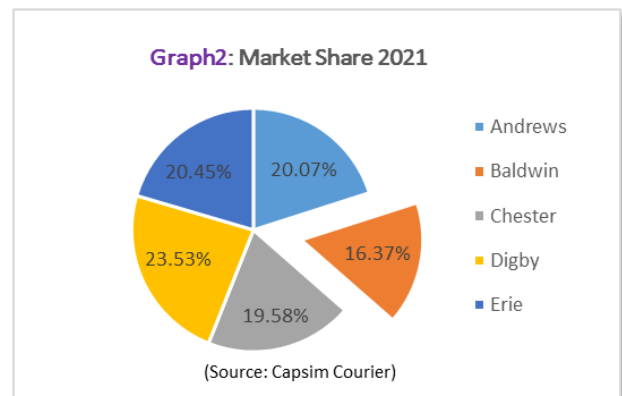
1.2 Strategies

The strategy Baldwin adopt is cost leader with product lifecycle focus, mainly targeting on traditional, low-end and high-end segments. We aim to keep competitiveness by keeping the cost to minimum and providing lower price than rivals. This strategy expands product lifecycle and reaps sales for a long-term by transferring it to new segment once the market is saturated. Specifically, products will be introduced in High-end, mature into Traditional and end as Low-end products (Capstone Team Member Guide 2012).

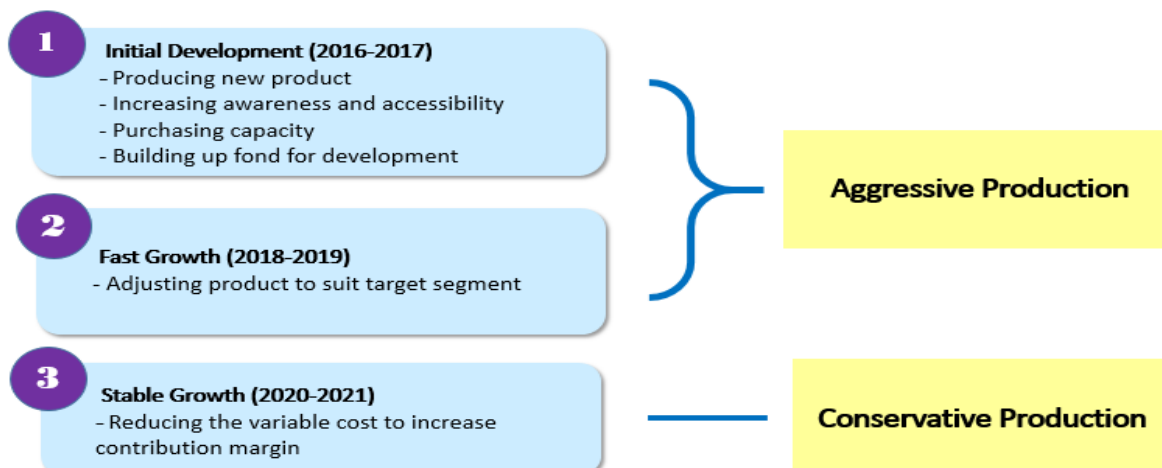


1.3 Overall Performance

Baldwin was the most profitable company in the industry throughout the period from 2016 to 2021. As at the end of 2021, the cumulative profit reached at \$12,360,970, which was the highest in the industry (Graph1). Stock price decreased dramatically in the initial stage but it gradually recovered to \$35.43 (Graph1). Additionally, the bond of Baldwin rated at A which was far more superior to competitors. Market share, however, was not ideal as other indicators. Baldwin accounted for only 16.37% in the market (Graph2). (Capstone report 2021)



1.4 Stages of company

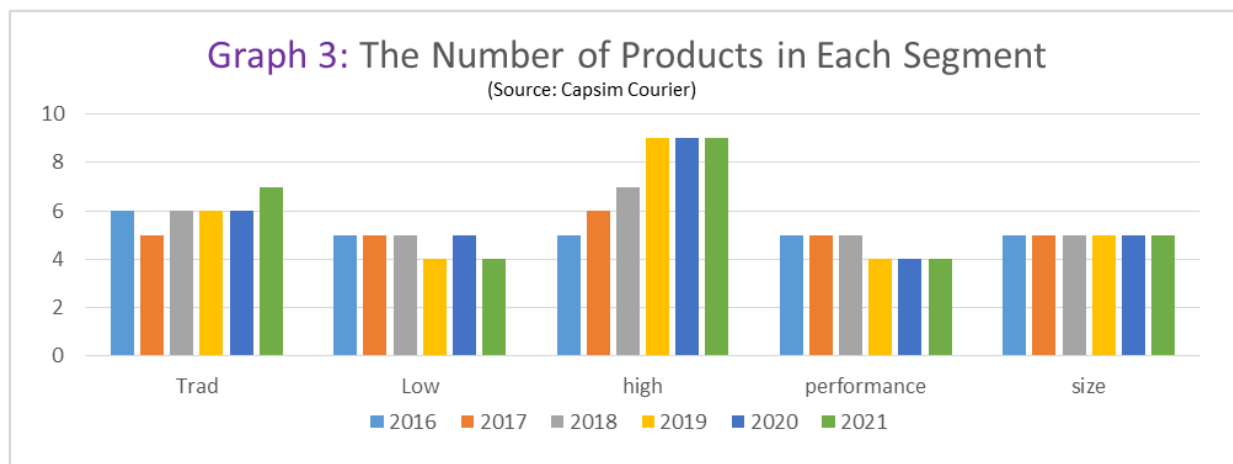


2. Critical Analysis of the Changing Environment

2.1 Market Environment

During the years 2016 and 2017, the companies were eager to gain profit. They adopted aggressive production strategy based on optimistic forecast to capture more market share. However, the excessive optimism resulting in oversupply and the industry suffered a great loss due to the large number of inventory on hand.

From 2017 to 2019, the market experienced the new products emergence trend. Two new products in average were launched in a year and the market competition became increasingly fierce. As shown in the graph 3, high-end was the most intense segment which had nine products in 2021. The ideal age of the product in high-end was zero thus developing a new product in this segment brings the best advantage. The companies were intended to produce new product to optimise market share, but the fierce competition led to cannibalisation in some segments.



2.2 The changes in industry environment

Porter's five forces will be applied to analyse the industry environment. The rational is an industry with high level of five forces is not attractive to compete in (Johnson et al. 2012). The analysis summary is as follows:

	Tradition	Low-end	High-end	Performance	size
Bargaining Power of Buyers	Medium High price sensitivity	High Very high price sensitivity	Very Low Very low price sensitivity	Low Low price sensitivity	Very Low Very low price sensitivity
Threat of entrance	Low Large market share obtaining	Low Strict age requirement (7years)	Very Low Saturated market	High Less competitors	Very Low No Products
Intensity of competitive rivalry	High A large number of competitors	High Price war	Very Low Saturated market	Very Low Less competitors	Medium Fair competitor number

Tradition and **low-end segment** have high bargaining power of buyers. Competitors are actively lowered the price to attract customers. However, in considering blindly reduce the sales price may cause loss if costs could not be covered, Baldwin did not follow price reduction trend. Instead, our company decreased the variable cost and maintain the price at reasonable level to maximise the contribution margin of the products.

High-end segment witnessed most fierce competition in the market. The market reached to saturation in the early period and the intensity of competitive rivalry was extremely high. After launching a new high-end product, management realised that it is not rational to continue the competition in this segment. Thus, the old product was moved to traditional segment which has the large demand and high growth rate to capture more market share and profit. The new product, on the other hand, remained at high-end segment to maintain its share at profitable level.

The Intensity of competitive rivalry was very low in **performance segment**.

Only four products competed in this segment in 2021. Management decided to keep the product performance in acceptable level since it is not key segment to the company. However, threat of entrance would be very high because market share would be seized once new product joins the segment. Meanwhile, it is also an opportunity to launch a new product in the segment due to its low level of competition.

Two companies launched new product in **size segment** but the threat was low to the company because Baldwin exited the segment and tried to move the product to traditional segment from 2018.

3. Review of the Company Performance

Baldwin followed product lifecycle focus throughout the period. Only one new product was produced in high-end segment because this market was determined to be saturated. Baldwin concentrated on traditional and low-end segments and managed to become most profitable company in the industry.

3.1 Initial Development: 2016-2017

Management placed priority on developing new product and expanding market share in this stage. The profitability was low due to the high investment requirements (Johnson et al. 2012).

R&D department designed a new product for high-end segment. It was launched in 2017 but it did not bring profit as we expected due to its late revision date. The new product only took up 11% in the segment though it had the leading design. Late revision provided competitors a chance to seize our market share.

In order to expand market share, a large amount of money were spent on promotion and sales budget to boost awareness and accessibility, and to improve customer survey score, which drives demand (Capstone Team Member Guide 2012) Also, production department purchased capacities for low-end product to meet the production demand and avoid second shift. Finance department built up funds by issuing shares and long-term debt. Management decided to issue shares as much as possible to get working capital in the first year because the share price was predicted to drop in the development period. Meanwhile, small dividend was paid to keep share price from dramatic fall.

Optimistic forecast was adopted and production department produced inventories more than it needed. As a result, a number of inventories left on hand. It triggered emergency and brought significant loss to company.



3.2 Fast Growth: 2018-2019

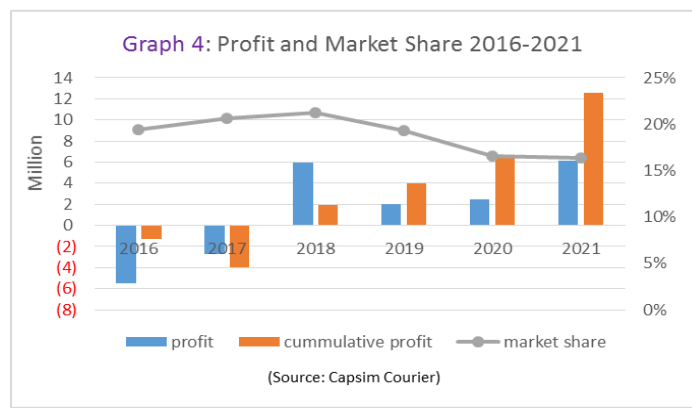
During this period, R&D adjusted the product to suit the appropriate segment and reduce the variable cost to enhance the contribution margin.

Nine products competed in High-end segment and the market achieved saturation in this period. Bomb performed well in the early period but it lost its advantages and the market share squeezed considerably. Thus, Management decided to focus on Tradition and Low-end segment by moving the products into these segments. By the end of 2019, Baldwin had three product in tradition segment and two products in low segment. Management differentiated each product by price and design. Baldwin stood as market leader of tradition segment in this period.

Company did not improve automation in the early stage and the consequence of low automation started to show up. As a result, the increasing higher labour cost was an obstacle for the company to increase profit. To improve the situation, management decided to invest on quality initiative training and CCE/6 sigma training to reduce the labour cost.

3.3 Stable Growth: 2020-2021

Management found it difficult to increase market share in this stage. The price competition was increasing fierce in traditional and low-end segments but high labour cost did not allow Baldwin to decrease the price to compete in price war. The decision was to focus on keeping profit and setting market share aside temporarily. We decreased the variable cost and maintain the price at reasonable level. It might not attract customer but kept the sales profitable. Meanwhile, conservative forecast was adopted to avoid inventory left on hand. As it is shown in Graph 4, though the market share hit the bottom and the sales was the lowest in 2021, Baldwin maintain its profitable positon. By the end of 2021, the cumulative profit of Baldwin was far higher than other competitor in the market.



4. Future Development recommendation

4.1 Automation Improvement

Failure to optimise automation in early period brought serious threat to company. Company concerned that raising automation would make R&D takes more time to reposition product (Capstone Team Member Guide 2012). The consequence is that growing labour cost did not allow Baldwin to compete with rivalries in price and lost its advantages and leaded to the loss of market share in later period. Baldwin should adopt long-term strategy and adjust product revision date in most appropriate timing instead of pursuing fast repositioning. Additionally, changing automation would become increasingly expensive along with the increasing capacity (Capstone Team Member Guide 2012). Hence, Company should improve automation immediately to mitigate the impact of growing labour cost.

4.2 Opportunity in performance segment

Baldwin followed product lifecycle focus strategy and concentrated on traditional and low-end segment. The competition were extremely fierce in those segments and it was rough for Baldwin to keep the leading position. Performance segment, however, attracted less competitors though it was a high contribution segment with relatively high growth rate. Performance segment is a potential market for Baldwin to play an active role. Therefore, Baldwin plans to launch a new product in this segment to capture more market share and profit before the emergence of other new entry.



5. Team player Reflection

5.1 Team player Style

Our team followed cross-functional team style that each team member work for different areas and come together to complete tasks (Robbin et al. 2012). I was responsible for marketing areas while other team members worked on other areas and we shared knowledge to achieve common goal.

I acted as a **collaborator** in the team. My main strength as a team player was to get team focus on ultimate goal and clarify overall purpose (Simon Fraser University Library 2013). My strengths showed up when the team was troubled with planning a subsequent strategy. For instance, the new product in high-end segment was a failure due to the market saturation. We struggled with how to make the product competitive in the market and win the share back. However, in considering the mission was to achieve highest cumulative profit in the industry, I suggested that we should spend the resource on the segment that has more potential to achieve profit. It was difficult for us to quit the competition in high-end segment because that was the key segment according to our strategy, but the change in plan was needed to achieve more profit.

The collaborator's characteristic of flexibility in change of plan and open-minded in new ideas helped team to work effectively (Parker 1990).

Still, I could be more effective team player by looking into more details and set short-term plan instead of simply focusing on long-term goal. This could avoid problems such as lack of automation.

5.2 Core value reflection

Core values are the guiding principles that dictate behaviour and choice (Daum 2013). My core value were Diligence, respect and friendliness. Some were showed up in team working while some were compromised.

Diligence: I put a great effort on the team working and tried my best to make it efficient. I always showed up at meeting punctually and prepared for the discussion. I finished all the calculation and analysis which needed for marketing decision and made sure I had information to share with team mates. My statements I made in the meeting are substantiated and ensured that they make sense. Moreover, I responded to the team mates efficiently online whenever possible. Diligence is my top value and it showed throughout the simulation.

Respect: I believe respect others' work and ideas was basic etiquette in the meeting. I ensured that never interrupted anyone while they were stating and gave chance for everyone to speak up during the meeting. Thus, any good idea would not be missed and each team member could work harmoniously.

Friendliness: The value of friendliness compromised sometimes when conflict of opinion arose. It is difficult to friendly and argue about the issue at same time when having opposite opinions with team members. Friendliness was compromised when being critical and pointing out the mistakes of team mates during debating, but debating and discussion were essential to plan the best for the company.

5.3 Leadership

According to Robbin et. al (2014), Leadership is the ability to influence a group towards the shared purpose. Each of my team member responsible for each department, so each member took on the leadership in their area to achieve common goal. I define myself as a **transformational leadership**. Transformational leadership is a leadership style that pays attention to the needs of their followers and help them by changing follower's vision and guide them through inspiration to achieve group goal. (Robbin et. al 2014). I matched the leadership characteristics as following ways.

I was always patient with the questions of team members and ensured that no confusions left. Also, I tried my best to keep contact with team members and advised them if they need any helps in their areas (**individual consideration**). Moreover, when team was troubled with planning subsequent strategy, I could get them focus on mission and inspire them to tackle the problem in creative and simple ways, not just following the strategy that we set at the first. When I sensed the negative emotion in the team, I could motivate them use the data of simulation and convince them that it is possible for us to win the competition (**inspirational motivation**).

By exerting the advantages of collaborator (focus on overview mission) and showing the values in the team work, I displayed transformational leadership.

(Word Count: 2282)

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