

***GLO-BUS: Developing Winning
Strategies***
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Overview and Orientation



What Is *GLO-BUS* All About?

- *GLO-BUS* is an online, PC-based exercise where you run a digital camera company in head-to-head competition against companies run by other class members.
- Companies produce entry-level and upscale, multi-featured cameras of varying designs and quality in a Taiwan assembly facility and ship assembled cameras directly to retailers in North America, Asia-Pacific, Europe-Africa, and Latin America.



The Decisions You Will Be Making

You and your co-managers will make decisions each period relating to


- R&D, camera components and features, and camera quality performance (up to 10 decisions)
- Production operations and worker compensation (up to 15 decisions)
- Pricing and marketing (up to 16 decisions)
- Corporate social responsibility and citizenship (as many as 6 decisions)
- Financing of company operations (as many as 4 decisions).

Competition Is Head-to-Head: Company against Company


The head-to-head competition among companies in each of the two worldwide product segments (entry-level and multi-featured digital cameras) is based on 10 factors:

- Price
- Camera performance and quality
- Number of quarterly sales promotions
- Length of promotions in weeks
- The size of the promotional discounts offered,
- Advertising
- The number of camera models
- Size of retail dealer network
- Length of warranty period
- Technical support provided to camera buyers

Some Features of the Market and Company Environment

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- The industry setting in *GLO-BUS* is modeled to closely approximate the *real-world* character of the globally competitive digital camera industry.
 - ❖ The functioning of the marketplace in *GLO-BUS* mirrors the competitive functioning of the real-world digital camera market, thus allowing you and your co-managers to proceed rationally and logically in deciding what to do.
 - *Company operations are designed to be as realistic as possible*
 - ❖ All cause-effect relationships and revenue-cost-profit relationships are based on sound business and economic principles.

Some Features of the Market and Company Environment (cont.)

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- The whole concept underlying *GLO-BUS* is to put you and your co-managers in as realistic a company and competitive market setting as possible and have you manage all aspects of the company's operations
 - ❖ This allows you to test your ideas about how to run a company in a competitive marketplace
 - ❖ And you will be provided prompt and detailed feedback on the outcomes of your decisions.

The Quarterly Update Option

- Another option that you may have as the simulation progresses is the opportunity to review the company's progress on a quarterly basis and to alter a select few (as many as 8) of your decisions quarterly



How Company Performance Is Judged

Board members and shareholders/investors have set five performance objectives for the company:

1. *Grow earnings per share at least 8% annually through Year 10 and at least 4% annually thereafter.*
2. *Maintain a return on equity investment (ROE) of 15% or more annually.*
3. *Maintain a B+ or higher credit rating.*
4. *Achieve stock price gains averaging about 8% annually through Year 10 and about 4% annually thereafter.*
5. *Achieve an “image rating” of 70 or higher (the image rating is tied to the performance/quality of a company’s entry-level and multi-featured cameras, its market share penetration in each of the 4 geographic regions, and its actions to display corporate citizenship and social responsibility).*

Scoring Weights

The weights that will be placed on your company's achievement of each of the five annual performance targets are as follows:

- ❖ **EPS** 20%
- ❖ **ROE** 20%
- ❖ **Credit Rating** 20%
- ❖ **Stock Price** 20%
- ❖ **Image Rating** 20%

The Two Scoring Standards

Two scoring standards are used in calculating “performance scores” for each company:

- ❖ **The investors expectations standard** (Did you meet or beat the annual performance targets for each of the 5 performance measures?)
- ❖ **The best-in-industry standard** (How well does your company’s performance stack up against the company with the best EPS, ROE, stock price, and image rating and against an industry-best A+ credit rating?)

The scoring standards are explained in the Participant’s Guide and even more fully on the “Help” screens for pp. 1, 2, and 3 of the GLO-BUS Statistical Review where the company scores are reported.

Everest Tampa Teams

■ Ajoli

- Earnings Per Share - Their Earnings Per Share of \$9.49 was the 11th best Earnings Per Share performance of the week, worldwide!
- Return on Average Equity - Their Return on Average Equity of 46.1% tied for the 15th best Return on Average Equity performance of the week, worldwide!
- Stock Price - Their Stock Price of \$156.59 was the 9th best Stock Price performance of the week, worldwide!
- Ajoli
- Were in the top 15 position in the Worldwide and scored in 3 of the 4 areas – EPS (11), ROE (15) and Stock Price (9)

D Eclipse

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- Earnings Per Share - Their Earnings Per Share of \$13.15 was the 7th best Earnings Per Share performance of the week, worldwide!
 - Return on Average Equity - Their Return on Average Equity of 68.5% was the 4th best Return on Average Equity performance of the week, worldwide!
 - Stock Price - Their Stock Price of \$232.36 was the 5th best Stock Price performance of the week, worldwide!
 - D Eclipse
 - Were Placed in the 7 Worldwide and scored in 3 of the 4 areas – EPS (7), ROE (4) and Stock Price (5)

CJ and T

- Overall Game-To-Date Score - Their Overall Game-To-Date Score of 110.0 tied for the best Overall Game-To-Date Score performance of the week, worldwide!
- Earnings Per Share - Their Earnings Per Share of \$20.18 was the best Earnings Per Share performance of the week, worldwide!
- Return on Average Equity - Their Return on Average Equity of 53.5% was the 10th best Return on Average Equity performance of the week, worldwide!
- Stock Price - Their Stock Price of \$422.84 was the best Stock Price performance of the week, worldwide!
- CJ and T
- Scored in 4 areas, they were number 1 Worldwide in 3 areas, Overall Game Score, EPS and Stock Price and place number 10 in ROE.

