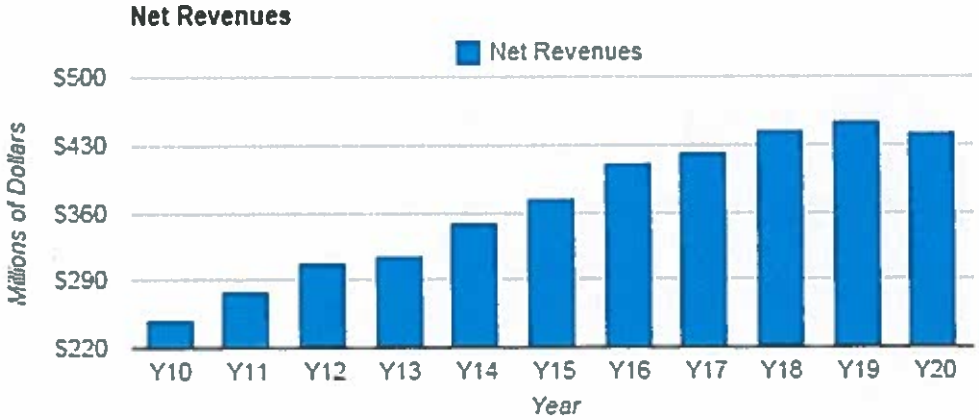
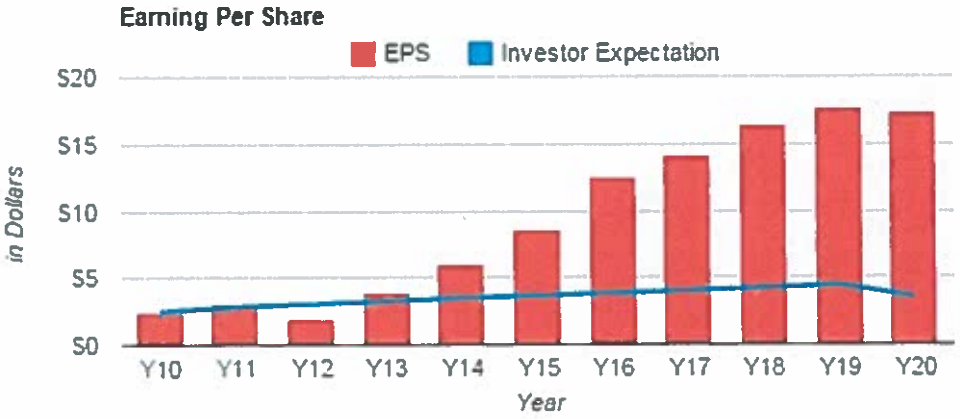
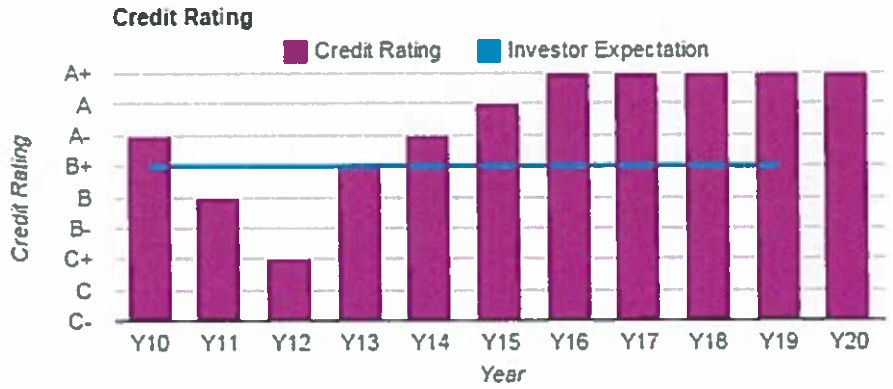
(1) Graphed Company Performance






Stock Price
Stock Price
Investor Expectation
$280
$210
$140
$70
$0
Dollars Per Share
Y10
Y11
Y12
Y13
Y14
Y15
Y16
Y17
Y18
Y19
Y20
Year


Credit Rating
Credit Rating
Investor Expectation
A+
A
A-
B+
B
B-
C+
C
C-
Credit Rating
Y10
Y11
Y12
Y13
Y14
Y15
Y16
Y17
Y18
Y19
Y20
Year


Global Unit Sales
Internet Sales
Wholesale Sales
Private-Label Sales
8,000
6,000
4,000
2,000
0
Unit Sales
Y10
Y11
Y12
Y13
Y14
Y15
Y16
Y17
Y18
Y19
Y20
Year

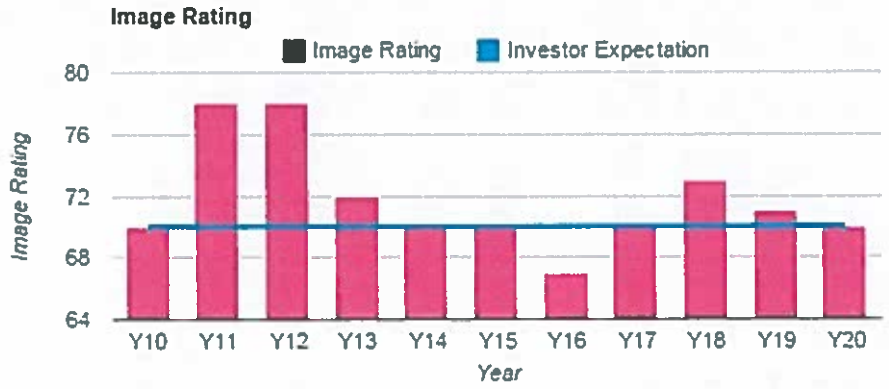


Image Rating
Image Rating
Investor Expectation
80
76
72
68
64
Image Rating
Y10
Y11
Y12
Y13
Y14
Y15
Y16
Y17
Y18
Y19
Y20
Year


Global Market Share
Global Market Share
36%
33%
30%
27%
24%
Market Share
Y10
Y11
Y12
Y13
Y14
Y15
Y16
Y17
Y18
Y19
Y20
Year

(2) Strategic Vision

"Company A will strive to be a shoe company who does not sacrifice style to keep shoes affordable. We will continue to expand our product line, we want to be fashion current around the globe, and we will aim to keep our prices reasonable so that anyone will be able to proudly afford and wear our brand."

Company A has done a satisfactory job at keeping itself in line with its strategic vision over the past few years of operations. The main components of our strategic vision are staying fashion forward, staying affordable, and expanding globally. In our operations, we have kept the number of models offered higher than all competitors, while still maintaining the highest S/Q star rating in the industry; most recently we are at an impressive 8 stars. We have spent top dollar on Six Sigma and best practices training to ensure that we attained the absolute minimum number of rejected pairs, allowing the company to produce as many pairs of these shoes as possible. The fact that we have kept our product line very wide and our S/Q rating high has allowed us to expand globally with relative ease over the elapsed time. We appeal to a large market; we have just shy of a third of the market share in our industry. With only four main competitors, this is a significant accomplishment. And because our high number of sales has brought in significant capital, we have been able to pass our successes down to the consumer, keeping prices on the low end compared to our competitors, and keeping our shoes affordable, once again staying in line with our strategic vision. We have strayed from this only very slightly in the past few years, solely in an attempt to move out of an overlapping market share with Company C in our branded production segment. Now that sales have grown substantially we would like to work specifically on driving costs down even further, in order to foster additional customer loyalty and expand further into the low-cost market.

(3) Historical Financial Performance

Debt and equity: We chose to use debt rather than equity to finance projects within Company A. In order to fund the repurchase of some stock, purchases, Six Sigma and best practices programs, at our ten year mark we took out a large loan; our previously excellent credit rating allowed us to do this at a very low interest rate. This negatively impacted our credit rating greatly through year 12, but after this point we began to see a greater increase in sales. This growing revenue allowed us to make large payments on this loan rather quickly. Since these repayments, our credit rating has consistently grown, and we have held an A+ credit rating for the past 5 years, which far exceeds stockholder expectations as well as our own.

Stocks and dividends: We have consistently made an effort to repurchase stock whenever there is excess capital to do so. Each time we have done this, there has been a major increase in our ROE, EPS, and stock price; therefore, in the past ten years we have repurchased very large amounts of stock. This strategic decision also had an effect on our decisions to pay dividends to our shareholders. During the years stock was repurchased, and on several additional years when profits were high, we have made an effort to give at least a minimal dividend to our stockholders; we want them to know that we appreciate their involvement in the company and for them to share in our successes as well. Though we could not afford to provide a dividend every year, with our current and continued success we would like to be able to offer a dividend consistently from here on out.

Revenues: Though it is visible in the charts above, we would like to reiterate our extreme success and growth in revenue. At the end of year 11, our revenues were $ 278,101. At the end of year 20, our revenues are $443,792. Our revenues have increased 60%, which we find to be more than satisfactory and highly encouraging for continued company success. Additionally, this growth has been consistent across the decade, so despite this major growth we don't foresee the issue of growing too quickly to remain financially sustainable.

(4) Strategy

Branded Footwear: Our strategy did take a bit of time to develop in regards to branded footwear. Initially, we made very few changes from the decisions that had been left in place during year ten, but it became quickly apparent that continuing down that path would inevitably lead to our demise as a company. Fortunately, our simulation situation made factors such as the macro-environment, the industry outlook, and new industry entrants irrelevant. Our sole concern was competing with our three rival companies; because of this, around year twelve we turned to an analysis of our competition across global markets to craft a strategy. Companies B and C were our main focus. We discovered that Company B had chosen a high-cost strategy, severely limiting the number of models offered, while Company C had chosen a low-cost strategy, while also limiting model numbers available. It became apparent to us that the low-cost, high model number space in this market was unoccupied, and very little adjustment would be needed from our current operations to move into this space. Utilizing this strategy would allow us to differentiate from our main competition and hopefully gain an otherwise untapped portion of the market. From this analysis, our initial strategy developed, somewhere between a best-cost and broad differentiation strategy in that we were striving to keep the number of branded footwear models high, while keeping prices below Company B, so we could be seen as a more economical option.

However, in year sixteen we began to see some changes in Company C that required a change in our own strategy. Company C began raising its prices quickly through years sixteen and seventeen. In year seventeen specifically, reports showed that we were competing for a severely overlapped market share across all four global regions. It was evident we needed a new approach. Because of Company C's move to a higher price point, we decided to raise ours as well in year eighteen, as the market as a whole was now operating at a significantly higher price. However, Company C raised their prices again, to our surprise, and has held that trend through year 20, meaning our market shares are still overlapping. Moving forward, we would like to try to eliminate this issue by driving prices back down to where they were before C raised their prices initially. We have analyzed current retailer demand, and it appears that demand in this market is still not being fully met. We would like to capitalize on this by opening another plant. In doing this, we will be able to significantly increase production to meet the remaining demand, and also lower prices to move out of the overlapping market share.

Private Label: Our strategy for the private label sector of the market was much more well-defined than our branded footwear strategy. From year twelve and onwards, it was very evident that the competitors in this industry were not taking full advantage of the private label market. A large demand existed, but very few pairs of shoes were being supplied. We knew we wanted to capitalize on this as soon as possible. Our strategy was simple: offer product at the

lowest prices, with the highest S/Q rating for greater appeal, indicative of a focused low cost strategy. This proved to be extremely effective for the company. In looking at every year since year twelve, Company A has consistently had the majority of the private label market share, usually over 50%. And most notably, from year eighteen through year twenty, we acquired 100% of the private label market in all four global regions. Our prices and S/Q rating completely shut out all of the competition from gaining any headway in this market; many times they submitted bids to the private label that went unaccepted due to their high prices. This has undoubtedly been one of the largest sources of revenue for the company and will likely continue to be in the future. Moving forward, much of the private label demand is still not being met. Our strategy, however, is extremely effective, and we would like to build on it by using a significant portion of output from the new plant for the private label market segment.

Production and Workforce Compensation: Our strategies concerning these aspects of the company are more tied to the constant adjustments we have made in the branded production rather than the steadiness of the private label strategy. In regards to production, we didn't begin operating the plants at overtime until year fifteen, when we realized that there was demand not being met across all segments of the market. Since then we have operated both of our plants at complete overtime capacity in order to fulfil as much demand as possible in both the branded production and private label segments. Workforce compensation is a segment of our strategy that we need to do additional research and testing on. We haven't made many changes from the original compensation strategy that existed in year ten. It appears that our wages are adequate and livable for our workers in both the North American and Asian-Pacific factories, which is satisfactory to us. However, workers' wages are currently 30% incentive pay. We have spent the maximum amount possible on best practices training, theorizing that this coupled with a significant amount of incentive based pay would be ideal for minimizing rejected pairs. We have not done enough research on this subject at this time to verify whether this is helping or hurting our production and bottom line. Before building another facility, we would like to examine this in much more detail and work out a standard and effective compensation plan that can be implemented in all three factories.

(5) Competition

Branded Footwear Competition: In the last few years of operations, it has become clear that Company C is our closest competitor at the moment. With their abrupt move from low to high cost provider, we have had a difficult time occupying a market space that is separate from the one they are trying to pursue. With the strategy we have in place for the years to come, however, we are confident that we will be able to move into a lower cost providing section of the market, and will therefore be significantly less competitive with Company C directly. Company B does not occupy the same market share that we are trying to reach, and Company D is not a strong competitor in this industry.

Private Label: As stated previously, Company A has had almost exclusive control over the private label segment of the market. At this time, none of our other competitors are truly a threat in this area.

(6) Future Plans

We have clearly established plans regarding what we would like to do moving forward in order to improve our market standing and performance. First, as has been mentioned throughout this report, we would like to build another production facility. There is quite a deal to consider when choosing the location for a new factory; being part of an international market, as opposed to a multi-country market, means our main concern should be ease of distribution and low price of production, as the product we are selling is consistent across the globe. After careful consideration of tariffs, exchange rates, and ideal locations, we believe that a Latin American facility would be our best option. It will cost less to build than a European facility would, and its proximity to North America, where a large portion of our revenue comes from, will allow us to ship product there at a lower cost than an overseas factory. Once the factory is established, we theorize that the increase in production will allow us to fulfil the unmet demand in both the branded and private label segments of the market. This increase in sales will increase our revenue, which we would then like to pass on to the consumer by way of lowering our prices. Not only will this attract more customers, it will also allow us to move out of the space we currently occupy that Company C is vying for.

(7) Lessons Learned

Overall, running this company has been an incredible learning experience. Creating a winning strategy in a highly competitive and international industry is not an easy task by any means. There are countless things that need to be taken into consideration by a company; everything from consumer demand to international exchange rates will impact how effective your strategy will be. There are definitely key points from this process that I have learned the most from and will take away as experience.

The first is that your competition is not always predictable. Just because a company appears to be acting along certain strategy lines doesn't mean they can't or won't change their entire game plan tomorrow. That is something I didn't take into account when initially crafting these strategies, and certainly would affect my decisions if I were to start this entire process over tomorrow.

The second is that just because there is demand doesn't mean there will be profit. In year fourteen, I had a complication arise with my Latin American private label segment. There was significant demand that was not being met, but due to tariffs and production rates, no matter how I tried to move the product I was losing money by selling to that particular segment of the market. It was more profitable for me to walk away from it for that year, which is something I never would have predicted.

Third, there is no way to have the best of everything in business. As much as I tried to balance keeping prices low, paying workers enough, and keeping investors satisfied, whenever one seemed to improve another was suffering. It's challenging to keep so many different parties satisfied, when as a CEO it would appear the only thing you would need to care about is the bottom line.

Finally, the overall takeaway I have from this game is that in order to be successful, you have to understand all of the working parts of the company. If you only focus on one segment of your business, everything else will suffer and the whole company will be brought down as a result. You need to be involved in as many different parts of the business as possible, because understanding exactly what is going on is the only way to control it or build a strategy around it. In my opinion, that's what would have made me a better player in this game, and why I would do a significantly better job if I were to do this a second time. Unsurprisingly, the learning curve for managing a multi-million dollar corporation is quite steep. The more you can experience firsthand all of the different aspects of the process, the more successful you will be in the long run.