MEMO

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| [Team Roster and Baldwin] |
| **Date:** | 10/24/23 |
| **To:** | Dr.Naidoo |
| **From:** | [Marita Ebrilian, Neda Hesamimotlagh, Swati Kulkarni, Anahit Mkrtchyan and Ben Saida] |
| **Re:** | **[Memo Round 5 Capsim Capstone 2.0]** |

This report discusses and interprets the decisions taken in round 5 by Team Baldwin and its competitors. In round 5, Team Baldwin has continued the same strategy as it took in previous round that was not to introduce new product and tried to compete the market segment with its primary products named as Baker, Bead, Bid, Bold and Buddy. In addition, key competitors will be identified and discussed for round 5 which did the best in this round. In order to run business smoothly, Baldwin has to take the Emergency loan. Overall, our company Baldwin has not done well in round 5 again. In fact, in Round 5, Baldwin has suffered Huge loss among all the competitors which was **(57.6) M that is 134%** above the last round.

**Contribution Margin and Share Price**

The contribution margin of the Baldwin company was 10.6 % only which was not enough to meet its operational expenses. Team Digby has the best contribution margin of 46.8% highest among all the competitors and second highest was of Andrews of **41.4 %.** Share price of the company reflects the overall performance of the company and therefore the strongest competitor in industry is Digby which share price stand at $71 and Baldwin share price is $1 only.

**Emergency Loan**

In round 5, there were total 4 companies which took the emergency loan along with Baldwin. Andrews took $ 21991 as emergency loan, Chester took $4,189 and Erie took $4820. The loan was used for the improvement of the production capacity and the development of the product itself. In addition to it, the loan acquired was used for the management of general costs that were associated with the operations of the business. It is, however, critical to note that in the round, a higher emergency loan was acquired and used to make sure that investments could be made without experiencing any problems or difficulties. For instance, an emergency loan of $307,539 was taken in Round 5.

**Profit**

In the Round 4, the existing strategy generated a net loss of around $24,585. On the other hand, when it comes to Round 5, the new strategy also didn’t worked and it increased the net loss to reach $57,581 which is 134% more than last year. At the same time, it should be noted that the total liabilities and owner’s equity in the Round 4 was $200,428. In contrast, in Round 5, the total liabilities and the owner’s equity increased to reach $300,443. In the Round 4, it should be noted that the sales were around $98,336. In Round 5, the change in the strategy helped increase sales to reach $142,429. In the Round 4, the cumulative profit was around $58,894. In Round 5, the change in the strategy helped increase the cumulative profit to reach $116,474.

**Market Share**

It is important to note that the change in the strategy played a vital role in improving the overall market share of Baldwin in Round 5. In the Round 4, the market share for Baldwin was approximately 10.1%. However, in Round 5, the change in the strategy played a vital role in enhancing the market share from 10.1% to 13.7%. When it comes to the segment of stock and bond, negligible changes were experienced in the closing price and change. In Round 4, the closing price was $1.00 and the same price remained in Round 5 as well. Regardless, it should be noted that the stock price changed in Round 5 from $32.25 to $8.41. Due to the change in the strategy, some changes were also experienced and faced in the actual versus potential market share in the traditional segment analysis.

In Round 4, the actual market share was 16.2% whereas the potential market share was 14.1%. In the Round 5, the actual market share increased to 17.2%. In the same round, the potential market share increased to 14.2%.With the change in the strategy, there is an improvement in the workforce. For instance, in Round 4, the productivity index was approximately 107.0% whereas it increased to reach 108.3%. It should be noted that in Round 4, the turnover rate was around 6% and it increased to reach 23.5% in Round 5.

**Competition Analysis**

As far as the competitors are concerned in terms of market share, the key competitors of Baldwin in round 5 include Andrews, Digby and Erie as they have highest sales in round 5. In the case of traditional segment analysis, the key competitors of Baldwin include Digby and Andrews. It should be noted that Baldwin has 17.2 of the actual market share whereas Digby has 13.9%. At the same time, Andrews has 27.1% in terms of market share. While Digby has the potential of reaching the market share of Baldwin and even overtaking it in the segment, it is also possible for Baldwin to reach the market share of Andrews. It implies that in the future, it is highly possible for Digby to pose a significant competition in the segment and the same can be said about Chester because it also has the potential of competing with Baldwin. When it comes to the low-end segment analysis, it is worth noting that Baldwin faces competition in this segment as well. For instance, Baldwin possesses an actual market share of 29.8% and it competes directly with Digby and Erie as they both have the potential to overtake Baldwin.

In the segment, it should be noted that Digby has an actual market share of 19.2% whereas Erie has a market share of 17.8% in the segment. Both of their market shares indicate that they can improve in the segment to effectively compete with Baldwin in terms of market share. In contrast, when it comes to the high-end segment, it should be noted that Baldwin currently does not have any competitors and it is mainly because all the companies are performing better in the segment. However, in the future, Baldwin can definitely perform better to compete with Chester, which has a market share of 11.8% whereas Baldwin currently has a market share of only 1.8% and it is mainly because Baldwin tends to focus on other segments and not on the high-end segment. However, it should be noted that the company can definitely improve with time and enhance its market share to compete with other companies in the same segment.

**Conclusion**

Overall, it can be said that Round 5 has demonstrated some significant improvements in terms of sales and it was 45% improved than round 4 amounting $**142,429 in round 5**. In addition, the change in the strategy also played a vital role in the improvement of the market shares in low segments. It is, however, important to note that there are still significant areas of improvement such as the improvement of the workforce and production, and reduction of turnover rate in the market. Also, it is important for the Baldwin to generate profits and come over from losses, therefore, in the coming rounds, more changes will be made to ensure the profitability of the business in the market.

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