The Digby Company

Stockholders Report 2017-2025

MGMT 4650: Seminar in Strategic Business Management
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I) Company's mission statement.

The mission of the Digby company is to provide premium sensors for distribution to the majority of our higher end segment markets where there is demand. The Digby company will produce a wide variety of sensors in the Traditional, High, Performance, and Size segments, using cutting edge, market-specific R&D methods and by pricing them competitively. We provide work environments where technological advancements via automation can reach their potential and thrive in an atmosphere of excellence. We are committed to build in our history of product differentiation and technology innovation to provide the highest quality and performance products that will lead a substantial profit to our shareholders. Digby is committed to producing high-quality and performance products that not only meets, but exceeds, customer expectations through continuous improvement.

II) Our generic strategy (Review Chapter 5 in Reader; Section 12 in Team Member Guide)

Initially, we used a broad differentiator strategy throughout the eight years. It was extremely important for us to take control over the market and we wanted to do so by making ourselves shine. In a competitive environment such as this, our company decided to offer unique products unlike anything else being offered. By function and other characteristics, our products set our company apart from our competitors.

Eventually we became a niche differentiator having a focused differentiation strategy due to how the Digby company ultimately decided that its target market will primarily cater to a narrow buyer segment and market niche mainly on the high, performance, traditional, and even size ends as our main focus. In support of this, Digby had focused much more on product differentiation rather than low-cost initiatives with the addition of three new products, Darude, Duck, and Dobby, developed and sold in the duration of our current board's timeline. Our board knew right away that this was the best strategy for the Digby company as soon as we had to drastically diminish and then eventually stop the future production of all our low-tech sensors in our low end segment starting in the fifth round because it was costing us too much to manage in terms of materials and administration costs while it had the lowest contribution margin in the end for our team. Thus, due to several factors related to the aforementioned, our board ultimately focused primarily on the high-technology segments. In doing so the Digby company successfully outcompeted all of its "real" rivals, Andrews, Baldwin, Chester, and Erie, by offering its niche members and customers customized attributes of products specifically designed to be superior both in the high and performance segments that meet their taste and requirements better than its rivals' products. Our board realized that releasing a new product in the least competitive segments, which happened to be in the performance, followed by the high end at the time of their conceptions were ideal segments that the Digby company needed to take so to dominate in having shares in those respective markets. Our company found out that in those markets a lot of our buyers were willing to pay a big price premium for the very finest products available. The board decided to constantly match each competitor's list price but also have better sensor attributes and improved selling capabilities. By doing so, more of our customers are aware to know that there's more bang-for-your buck when buying products from Digby while also having longer product life spans and attributes. Thus, this opened our eyes that leading our board into creating a strategic window for us to pursue differentiation-based focused strategies aimed at the very top of the market pyramid. Another reason that the Digby company became a niche differentiator with a focused differentiation strategy was that the target market niche for both high and performance end customers was big enough for the Digby company to offer good growth potential and be profitable by them alone which had just been proven so at the final year. In round eight our company's high and performance sensors had generated $105,984 and $87,321 respectively in sales at the end of the final year in while having the highest contribution margins out of all of our sensors for our company with both at over thirty percent. One other external reason for the Digby company to focus on and remain a niche differentiator and leader in primarily the high and performance ends was that industry leaders, Chester and Erie, have chosen to not compete in this niche more so, and so, our board knew we were able to avoid battling head to head against our strongest competitors. Our board also knew that it would be costly for multi-segment competitors, like Chester, to meet customer's specialized needs of our high and performance ends' sensors while at the same time they would struggle to satisfy the expectations of their mainstream customers. One internal reason that the Digby company's board decided upon this strategy was that our resources and capabilities of producing high and performance end sensors were best suited for us to focus selling on these ends, especially when our industry had five different niches and segments which is many and, thus, our company had more room to avoid competing for the same type of customer. In addition, our board saw that there were barely any rivals of ours attempting to specialize in the high and performance target segment which is ideal for us as we sought to reduces our risk of overcrowding in market segments. By focusing on products that were more expensive, Digby did not feel the need to heavily invest in automation, since reducing the product's price was not an important factor. Our board had also considered our limitations in the latter rounds knowing we were still managing a rather small to medium-sized company compared to our industry leaders which further incentivized us to become a niche differentiator since we happen to lack the breadth and depth of more varied resources to go after a much broader customer base with a more diverse set of needs. Therefore, our board often times relied on both small-scale production and custom made products, along with custom production, that were recently released to match more of the tastes and requirements of high and performance end customers. Digby's products are composed of sensors in our high end, Dixie and our recent product Dobby, our performance products, Dot and our recent product Duck, and our Size, Dune with the bonus addition of positive profitability coming from our traditional end sensors, Daze and our recent product Darude. In the end, we believe that the Digby company was successful and have always been capable of performing an outstanding job of satisfying the needs and expectations of our high and performance end customers as the company is currently sitting pretty with having the largest market shares in both ends respectively out of all of its "real" competitors in their industry.

III) How we implemented our strategy in all four functional areas.

Repositioning Products

Our team repositioned all of our products for each of the eight rounds. We researched the customer buying criteria to adjust accordingly to customer demands. We took our calculations and made adjustments on the R&D section. While we couldn't always fully adjust our products to customer demands, we had our revision date usually be around June of that same year so the product would have about six months to be released and sold in the market.

For products in performance, we emphasised on adjusting the performance, and our products in size, we would focus more on the size aspect. Our team never worried about the cost of updating products since we knew it was a downward slope if we fell behind on specs for even one round. While the our products were updated accordingly, we unfortunately adjusted our products to the previous year customer demands. We would go under our annual report and look at the previous year for our R&D. Doing this slowly kept us back from having the most up to date products since our products were going to be released with last years consumer expectations.

Another aspect that we focused on was constantly releasing new products to the market. Each year, for the first three years, we would release a product. We began in high end, then performance, and then back into high end again. We noticed that the first high end product we released was going to be too far behind by the time it was released because of our outdated customer buying criteria. We decided to take our newly released product and let it slowly drift into the traditional market since it was not realistic to try to have it catch up in the high end market. By letting it drift into traditional, it ended up taking more market share compared to our original product in that segment.

Marketing Products

Digby focused on marketing throughout all eight years. As a company, we focused on accurately forecasting. We also wanted to accurately adjust our promo and sales budget to maximize customer awareness and customer accessibility. The benefit of having multiple products in one segment was that it combined our sales budget together to increase customer accessibility. Once our products hit 100% awareness, we maintained the promo budget at $1,400 to keep it at that maxed out awareness.

For our sales budget, the numbers were different, just depending on how many products we had in the segment. When we decided our numbers for price, we tried to keep them low in the traditional and low end segments, and we kept it as high as possible in all the other segments. In terms of forecasting for the upcoming round, we used the forecasting segment to use it as our worst case scenario for numbers. We multiplied each segment by the overall percentage increase for the next year, and then multiplied our product's current market share with that new number.

By doing this, we had a worst case scenario forecast for the upcoming round based on the inflation of the market. Digby's benchmark prediction seemed to be relatively useless. We noticed the numbers were almost always largely off compared to our forecasts. Looking at the revenue forecast was very useful, as it let us look and see how much we were spending, along with our margin based off the numbers that we entered. In year five, we noticed that our low end product was so far behind. According to our revenue forecast, our sales were not enough for us to profit after we added in the variable costs and marketing. Due to this new information, we decided to sell of our low end product completely due to our 3% market share in the segment. Digby still wanted to sell its remaining inventory, so we sold all capacity, but one unit. This allowed us to receive funds from our plant, but just enough so we wouldn't liquidate our current inventory that would have been sold at 50%.

Scheduling Production

Production seemed to be one of the most influential segments of Digbys year end results. It is a segment that we should have researched more before we began. When we opened up the production line, we first began making decisions for how much we need to produce. We had our forecast tab right on top so we used that number to make calculations. We took our forecast number and usually multiplied it by 1.2 which became our best case scenario for the upcoming round.

After getting our new best case scenario number, we would subtract it from our remaining inventory from the previous round. Now this new number is our production for the current round in order to accurately have enough inventory to grow in each segment. Due to the minor errors in our R&D department, multiplying our sales forecast by 1.2 seemed to be too generous since we kept having large amounts of stock at the end of each round. We noticed the charges of the carrying costs would be expensive, thus eating into our profit each round. By the end of the eight years, we ended up taking our best case scenario forecast and using a multiplier of only 1.1 or 1.15. Though we did experience some small stockouts, we ended up saving more money since we were paying less for carrying costs. Through trial and error, Digby was able to accurately forecast production to maximize sales while avoiding stock outs.

Another major segment of the production was the buying and selling capacity, along with automation. Both of these areas are extremely influential on the rest of the game. After doing research, it seemed wise to heavily invest in automation for our Low End and Traditional products because automation reduces labor costs. Also, if we needed to go over our first shift capacity and go into overtime, by paying an 50% more per worker would be a minimal cost since our labor costs were now so low in those two segments. Increasing our automation in the other markets seemed to be unnecessary since we heard that high automation leads to longer R&D times when we upgrade our products. By hearing this, we decided to keep our automation low in the other segments to hopefully keep increasing our specs on the products.

Modifying Plant and Equipment

Digby’s focus was to accurately excel in each of the business’ categories to have a well maintained company. In order to benefit the shareholders, Digby borrowed long term debt and issued max stock to fund production investments. With a larger amount of cash on hand in the early years, Digby was now able to heavily invest in capacity and automation. We noticed a very high cost associated with increasing capacity on products that were high in automation. Certain products were falling behind consumer expectations, thus having Digby lose market share. Our company's low end product, Dell, did not meet consumer demands. With a mere 3% market share, an executive decision was made to clear out Dell entirely. Digby sold all capacity of the product, which brought in an extra cash on hand to get us out of an emergency loan. For our traditional segment, we also decided to have our plant have high automation to keep costs low in labor. By the end of our eight years, we noticed competitors had full automation in all of their segments. Digby avoided this approach for multiple reasons. First, investing heavily in automation for low end and traditional were feasible to reduce costs and keep the product's price lower each round. Second, having higher automation in high end, performance, and size would not only make capacity increases more expensive, it would also increase R&D times due to the number of machines that need to be re-engineered. While Digby kept the higher end segments with low automation, it made our profit margins much smaller compared to our competitors. Even though our company should have had faster R&D revision dates, our competitors seemed to have no problem competing with our products. The market's annual reports showed our competitors with similar market share compared to Digby, but also with a much larger profit margin due to the low labor costs. This may have been due to our inability to invest in TQM while the other companies fully invested in it.

Our company also tried to fund more investments by reducing capacity in particular segments. While some products had a constant increasing demand, others seemed to have a low amount compared to their capacity size. While Digby never wanted to have employees go into overtime, due to the increased cost of labor, we strived to have first shift capacity be equal to production. Over time, our lower capacity was not merely enough to produce the newer product demands. Some of Digby's products were now costing the company too much money due to the 50% increase in labor costs. By adding in the extra labor costs, our net cost for some products seemed to give us marginal returns, even though we may have held a high market share in the segment.

Raising Money and Paying Debt

In terms of finance, Digby took a direction of issuing max stock and long term debt in the first four rounds in order to fund our investments in automation. Most long term debt had an interest rate of around 12% that must be paid each round, which was a relatively low amount considering the amount of cash that we now had to invest. By issuing max long term debt, Digby was able to have extra cash on hand in order to make heavy investments that would be profitable in the later rounds. For all eight rounds, Digby never issued dividends or short term debt. Although issuing dividends can be known to increase stock price, executives at Digby decided that funds could be used more efficiently elsewhere. We did have to issue current debt during our fourth year, when we had to take out a small emergency loan. We did this so we could pay off all of our debt before the round ended. When our investments began to slow down, we began retiring the maximum amount of stock and long term debt during rounds six, seven and eight in order to decrease leverage and potentially increase stock price. Looking at the income statement and balance sheet were vital to our success. It was a way to lay out all of our estimated income and other fees, showing us any problems we had with each product. We would always make minor adjustments after we looked at our incomes statement and balance sheet.

We ran into a major problem during year four. Our goal was to borrow and invest heavily in the beginning years, but year four was supposed to be a turning point for Digby. Unfortunately, this was the year that was the company's downfall due to the emergency loan. If our executives accurately forecasted the interest due from the loans, we may have not experienced the extreme loss that we faced as a company. By going into an emergency loan, we were unable to issue max stock or long debt the following round. This hindered our plans, and the next two years we had to focus on merely staying afloat and not lose money. Looking at the income statement and calculating the interest from long term debt are vital towards becoming successful in Capsim.

Towards the final years, our company used extra cash on hand to pay off long term debt and to also pay back the maximum amount of stock that we could. We did this for the final three years and began to see our stock prices raise, along with our annual interest payments dissolve. We stopped borrowing stock and debt because we had nothing else to invest in for the final years. Our products were all at the automation and capacity that we desired, and we still had enough funds to invest in TQM, HR, R&D, marketing and production. Looking over our year eight report, Digby was the only team to finish the simulation with zero long term debt owed.

Inventing a New Product

After the first two years, our company started looking to the strong segments in our reports and we focused on inventing new products for those segments in the future. The first product we invented was Darude which came to High End market segment. Darude had an 8.9 performance, 11.1 size and 20000 MTBF, and it appeared in the market in the third year. However, this product eventually shifted to traditional segment due to the market's conditions in later rounds. In year three, our company released the new invented product- Duck to the Performance market segment. Duck had a 10.8 performance, 15.0 size and 27000 MTBF. Duck was not good when it was released in Round 3, but the product striked the market in Round 4 and it took 19% market share in second place of the Performance segment. In addition, in Round 4, our company invented the last product- Dobby for High End market segment since our company has an advantage for this segment.

Bringing a new product to market is no easy task. In the beginning rounds, we assumed it would be financially feasible to introduce three new products. Though we did borrow long term debt, and issue max stock to fund the new products, it was more expensive than anticipated. For each product brought to market, we had to pay for the research and development. After paying for the new product to be released the following year, we then had to pay for the automation and capacity of our new product's plant. While those were the aspects that our team took care of before the product was released, we then had to fund the marketing portion and also the production of the product. It is difficult to forecast the necessary size of capacity for each product. In the beginning, our new products had too small of a first shift capacity. We would have to produce more, which made our employees go into overtime, thus, minimizing profits. In the beginning of the few rounds, we noticed that we did have a high market share, but a marginal profit. While it was exciting to take market share away from competitors, Digby should have focused on increasing capacity and automation to gain profits long term.

IV) Summary of overall performance based on Capstone Courier.

Sales, Net Income, Profit Margin: Rounds 1-8

Round	Start	1	2	3	4	5	6	7	8
Sales ($M)	$101.073	$126.422	$149.192	$148.737	$140.963	$144.863	$224.721	$230.160	$267.650
Growth Rate		25.08%	18.01%	-0.3%	-5.23%	2.77%	55.13%	2.42%	16.29%
Net Income ($M)	$4.188	$1.964	$0.191	($3.255)	($24.311)	($4.666)	$16.187	$21.955	$25.738
Growth Rate		-53.1%	-90.27%	-1804.19%	-846.88%	80.81%	446.91%	35.63%	17.23%

Profit Margin	4.14%	1.55%	0.13%	-2.19%	-17.25%	-3.22%	7.2%	9.54%	9.62%

Return on Equity, Earnings per Share, Stock Price: Rounds 1-8

Round	Start	1	2	3	4	5	6	7	8
ROE	8.7%	3.1%	0.2%	-4.0%	-35,7%	-7.3%	20.2%	20.3%	17.8%
EPS	$2.09	$0.82	$0.07	($1.07)	($6.92)	($1.11)	$0.82	$5.22	$5.83
Stock Price	$34.25	$35.15	$29.85	$21.57	$1.00	$1.00	$29.93	$49.48	$60.63

Our company had a good start as the round 0 with $101 M in sales and the company's profit was $4.1 M, so the profit margin was 4.14%. Our company's ROE (Return of Equity) had 8.7%, EPS (Earnings per Share) was at $2.09 and the closing stock price was average as $34.25. Even though, the company's sales were increasing eventually from $126 M in round 1 to $148 M in round 2, our company's profit decreased dramatically from $4.1 M at the beginning to $0.18 in round 3. Also, ROE, EPS and our company's stock price dropped to 0.2%, $0.07 and $29.85 per stock in round 3. The company has faced the biggest problem in round 4 followed by round 3 which we were in huge debt and needed an emergency loan. The sales were $140 M but the profit was in negative of $24.3 M and our stock price was at the bottom of the market that each stock was only $1, ROE had -35.7% and EPS was negative of $6.92. However, after finding the problem out which made the company go down we started looking back to the reports of all previous rounds and we found the new strategy and solution for the company. Even though our company still made negative profit in round 5, it has been improving hugely. Thanks to the new strategy we had been figured out, starting of the round 6, our company was back which the amount of $224 M in sales and $16.1 M profit, the profit margin raised significantly from -3.22% in round 5 to 7.2%. Therefore, our company's ROE got back to 20.2%, EPS increased to $0.82 and stock price was also back to the market with $29.93 per stock. The company kept increasing unstoppably throughout next 2 years, the company's sales were $267 M and the company's profit was ended up at $25.7 M in round 8, which was the most that the Digby company has ever made and serves as a new milestone for our board to follow along the right path for the following years to come. Our company's profit margin reached the highest percentage at 9.62% in round 8 compared to other previous rounds. ROE and EPS were ended up at 17.8% and $5.83, and closing stock price also hit the better price in market at $60.63 per stock.

As a result, after year 2025 the Digby Company currently owns 16.8% of the total market share in our industry ranking in at number three behind industry leaders, Chester and Ferris, on the most market share owned for the following year. Our company managed to amass at least 10% of our profits out of our overall total sales through our sheer performance on all four functioning areas in our firm as well as having the least amount of depreciation costs out of all five companies to manage per sale at below 3%. On our cash flow statement survey the Digby company received the greatest net change in cash position at $54.143 M due to us being the only team to have both a positive gain in our inventory with $23.008 M and be the only team in as late as year 2025 to be profitable in sales of common stock which gained the company $10.396 M for the following year. Since we currently manage a small to medium-sized company in comparison to our industry leaders we able to manage the least amount of total assets compared to all our competitors at just $157.754 M. This was due to our firm having the least expense from all other companies in all of our non-current assets with our plant and equipment generating $136.750 M, accumulated depreciation only costing us $64.609 M which gives us our total fixed assets standing at a mere $72.141 M. On our income statement survey our company was the most cost-efficient out of all our competitors in managing depreciation which costed us $9,117 M or just under $10 M while we also saved much more from other key investments from fees, write-offs, TQM, and bonuses for a combined cost of only $242 M. Also for after year 2025 was that the Digby company didn't decide to borrow any short-term or long-term debt at all while all other companies decided to do, though at the expense of between nearly $10 M to a little over $20 M in interest costs, which saved our firm money from interest costs in the short-run.

V) What are the reasons behind our success & failure?

Financials

In order of and in accordance to the balanced scorecard criteria my board had our second most successful financial performance in the first round. This was due to my board deciding to maximize our stock price rating, which raised the dollar value of our shared stock, by raising our stock price and also by not issuing any dividends in the first round and so forth in consecutive rounds. In addition, in the same round, round one, we decided that our leverage ratio of assets to equity rating would also be maximized, while not to mention this also carried on consecutively round-wise all the way to round three and then was maximized again in round six, in which round six had turned out to be our most successful round financially-speaking. The way my board maximized our leverage rating was by reducing our company's equity, with exact statistics of its aforementioned on the summary of overall performance section of our stockholder report, issuing a small percentage of stock being done in the later rounds, and retiring bonds also which was also done in the following rounds after round one. Our company's most successful year in terms of our financial performance came to fruition in round six. At this period our company successfully maximized our leverage rating for that round through once again reducing equity, issuing some stock, and retiring bonds which significantly contributed to breaking our company's best financial performance record from round one. Meanwhile our company's worst losses appeared in consecutive rounds in rounds five and six. At these years our financial performance ratings based on our balanced scorecards were at our lowest. This was due to our both our stock price rating for both rounds and profit ratings for round five and six at a near zero. My board didn't issue any dividends during these years to help boost our stock price while we couldn't neither fully reduce our overall company equity, issue a significant amount of stock, nor retire all of our bonds which all lowered our leverage rating incrementally all leading to the accumulative failure for these couple of rounds.

Internal Business Process

Referring back to the balanced scorecard aforementioned from our financial performance section our company's most successful internal business process performance manifested in rounds one and three. During round one our plant utilization actions were prioritized in which we maximized our plant utilization rating of it by not having to pay significant amount depreciation and interest on underused assets, especially in almost all of the early rounds, and significantly utilizing our second shifts on projects in the production side of our business while in round three our contribution margin was another big priority for our board of which we successfully raised our company's overall contribution margin to be over thirty-percent on the income statement through increasing the sales proportions of each of our end's revenues which contribute to overhead and profits. In other words the way my board did it was by pricing our ends high enough to be multiplied by the total sensor units sold higher than the labor, material, and inventory carrying costs combined and then divide it by the price itself. In addition in round three our board decided to prioritize our days of working capital for that year and ended up maximizing our days of working capital rating on it by having enough cash at the end of the round while making sure that it was around roughly five to eight percent of Digby's total net profit in the income statement which is a good sign to see in a company much like Digby. In addition, to our days of working capital performance we checked that our assets were much greater than our liabilities in terms of days which contributed to creating one of our two greatest internal business process performance years in round three. Meanwhile, referring back to round one my board successfully dealt with stock-out costs because we didn't lose any sales due to any stock-outs from any of our ends during this early of a year in our company which contributed to that year's great internal business process performance. On the other hand, our biggest failures in dealing with our internal business process came from round five followed by round four. In round five my board was unable to provide for significant days of working capital as our cash at hand for that year was nowhere near the five to eight percent of profit range in our income statement for that year. For the case in round four my board was unable to significantly utilize our plants due to our lack of utilization on our second shift in our production which led to our plant utilization rating being rated close to zero in our team's balanced scorecard for that round, round five.

Customer Criteria

In terms of our customers the Digby company's best results came to fruition in the later years of rounds eight followed by rounds seven and then six. In year six my board heavily prioritized our customer buying criteria by primarily focusing on finding the right balance pricing each of our sensors and adjusting their specifications to be within each end's perceptual circle while weighing sales. In doing so in this round the Digby company received a perfect customer buying criteria rating on the balanced scorecard for that round which is a first or a milestone more-so for the Digby company in terms of pleasing many of our diverse group of sensor-buying customers. For both rounds, six and seven, customer awareness was one of our priorities and by boosting sales budgets in accordance to the percentage of growth that each thousand dollar brought at the least and, thus, we were able to fully capitalize on maximizing our customer awareness rating on the balanced scorecard for both rounds six and seven which led Digby to having its highest overall customer criteria in a round out of the entire simulation. The great success that Digby had in rounds six and seven was also a result of our board's decision to prioritize the minimization of our company's total SG&A expense by reducing our material and administrative costs, undergoing cost-saving decisions in our research and development, that we found to take up a significantly large percentage of our sales which needed to be reduced. Digby received a perfect rating on its SG&A expense afterwards which only helped to further boost our overall highest rated customer criteria in rounds six and, especially, seven. Round eight was our absolute most successful year in pleasing our customer criteria because not only were our customer buying criteria, customer awareness, and SG&A expense managing performances rated perfectly by the balanced scorecard but also our customer accessibility was too through being able to finish fully investing significantly both on each of our sensor's sales budgets and also on our TQM channel support systems. During our worst customer criteria performances that took place in rounds one and four, the two major reasons behind this failure came from a lack of attention to improve customer awareness and reduce SG&A expense respectively of which both received close to zero ratings on the balanced scorecard for those two rounds, rounds one and four.

Learning and Growth

For the Digby company both human resources and TQM performance has significantly contributed to our board's learning and our firm's overall growth from both our board's past successes and failures. Rounds two and three for the Digby company has achieved maximum efficiency in performance on both the firm's human resources and TQM performance according to the perfect rating in the learning and growth criteria in the balanced scorecard for those rounds, rounds two and three. One reason for such great success stems from our board's decision to have a well-balanced performances in human resources, from an improved employee turnover rate and increased employee productivity, to heavy investing in TQM leading to a reduction in material costs, R&D cycle time, administration costs, and increased product demand for each sensor's end. Employee productivity was maximized in next round as well, especially in round four, by maintaining costs for a significantly substantial investment in recruiting expenditure. Even so, Digby's human resource performance and TQM was at its worst in rounds one followed by round four. Though, this is acceptable as my board did not have full control of operating our human resource sector at the time of the first year.

Major Successes and Failures

One of our overall major successes manifested in the performance and high end through the creation and help of one of three new products that we released in rounds one, two, and three. This came into fruition as soon as my board had successfully drifted one of our two former high-end products down to the performance end. Plant utilization and having strong customer awareness has often been Digby's highest rated performances through rounds one to eight, especially in round six followed by round seven, as shown and proven in our balanced scorecard. In speaking of which and overall, the Digby company's most successful year came at the result of round six and then seven being our board's second best year. The reason being rounds six was our most successful years was that the growth rate of our company's total sales, net income, and profit margin had began to reach new heights and peaked in an positively unprecedented manner primarily because of our strong performances through significantly investing in the customer criteria, human resources, and TQM sectors of our business aforementioned elaborately in the previous paragraphs.

Our biggest failures overall came from the result of round four in terms of profitability. We had invested way too much on TQM in that round, specifically it costed us $7 million. We had borrowed too much long-term debt which was maxed out and it costed us so much interest cost for the following round. We had produced too many units in our low tech and did not modify our low tech's performance and size to be within the low end's perceptual circle in research and development and, thus, produced even more undesirable products in the market overall. Consequently, our company ended up overstocking way over a thousand units of low end products, specifically 1,623 of them, which led the Digby company to suffer from high depreciation costs for the following year, especially low tech depreciation costs. Profits and stock pricing have more so been the Digby company's lowest rated performances compared to the rest of our operations in accordance to the company's balanced scorecard throughout the entirety of our board's timeline.

IV) If given a chance, what would we have done differently? (also what hasn't been hit)

Our board should've prioritized profit maximization more so than company leveraging for better internal business processing as a substantial amount of this investing left us lacking much more capital that would've better helped the Digby company to become more profitable as the saying goes "it takes money to make money." Meanwhile, some of our board members' roles and responsibilities could've been better delegated in ways that would've prevented both miscommunications and mismanagement in the Digby company from forming. One suggestion is that in case of next time at least one of our members can serve as both as an overseer on all current business performances and an informant to check to see and then report if our company is making any mistakes or actions that contradict with what another board member has done or will do. Another suggestion on behalf of the board is that there should've been someone serving as a business analyst on the macro-environment looking over our competitor's performances and seeing how our company's actions compare and stack up as this would've been even more advantageous for the benefit of the Digby company to capitalize from.

Our board's performance during round 4 was our worst for a year during our whole timeline so it would have been best for us to have changed our former strategy at the time primarily for that round. Our focus at the time was to invest heavily to gain optimal leverage for our company, though it unfortunately contributed to the Digby company having to pay a hefty emergency loan for the following round, which we were fortunate enough to pay off in the span of two years. TQM spending should have reduced drastically as well in round 4 and should not have been touched at all since our company was still losing a significant amount of profit before it could invest in TQM. In round 4 we should have made it a priority to modify our low tech in the research and development sector of our business to keep it within the requirements of customer taste and preference in the low end segment in accordance to the perceptual circle in the map. If this was implemented then our company wouldn't have ended up overstocking on over a thousand units of our low end product after that round and would've continued to compete in the low end segment with low end products having a much higher contribution margin to sell with.

While Digby did a mediocre overall performance, we could have seen much more success through minor adjustments. The company's approach was to invest heavily in automation while introducing new products each year. This required intense borrowing of long term debt and issuing max stock for the first few years. By doing this, Digby needed to have an increasing amount of cash on hand each year in order to pay off the long term debt interest. By year four, the company's cash on hand was underestimated, thus having Digby go under and receive an emergency loan. This was during the same time that TQM was now opened up. Now that we were under on money, Digby was not able to invest fully into TQM like their competitors. Also, during this time, we were still in the process of getting our newer products up to speed in the market. If we were to go back eight years, we would practice more methods of effective communication and annual goal settings to avoid mistakes. Also, we would also not release as many products in the early rounds since the company was new and still in the process of learning all segments of running a business. By delegating tasks more efficiently amongst the board of directors, the company would have seen an overall better performance across all segments. If Digby wanted to try their same market strategy again, it would be wise to have a member calculate the exact cost they owe from their borrowed long term debt. Also, looking at the income statement may have helped with looking at where the company stood each year.

Last, but not least, referring back to our company's balanced scorecard there were several components that revealed what we did poorly performance-wise. It was too often the case how our team struggled to increase the market cap for the Digby company, being at just 7.3/ 20, and so we wished we would've raised our company's stock value by raising the price of our shares, especially at times when the opportunity was ripe for the taking. Though, we would then find a way to issue dividends once our company was substantially more profitable which my board didn't have the luxury to see this unfold halfway through the years. The other issue was our failure to reach our internal business process potential performance even halfway on our operating profit, remaining at 19.9/ 60 on the balanced scorecard. My board would've wished that we knew about all the finer details of raising profit from our operations and should've leveraged the firm more conservatively half-way in our timeline so to be more profitable as a company in both long and, especially, the short-term as well. Lastly, my board performed the worst on our profits to employee cumulative ratio on the balanced scorecard, scoring only 2.8/ 20 on it, and for that my board should've put more focus on managing and fully utilizing our company's HR budget along with the accompanying recruiting and training hours for it next time. Although, even though it would further help the Digby Company next time if my board were to better apply a more efficient second-shift utilization strategy from our production sector to boost our profits to employee cumulative ratio in this scenario it did not neither significantly nor singlehandedly caused our company to perform as badly as it did in our worst rounds, 4 and 5. Of which round 4 had a balanced scorecard rating of 46.2/ 100 followed by round 5 with a 51.9/ 100 rating and that there were more performance factors that played a part into leading the Digby Company into facing the worst of times as my team most wishes we could've done much differently on strategy-wise.