

Clean Sweep Simulation

A Competitive Financial Simulation



What is the Clean Sweep Simulation?

Ososim's financial simulation is set in a competitive market environment with four teams competing against each other. It provides participating teams the opportunity to learn about the interaction between the three fundamental financial statements while running a business subjected to the pressures of a dynamic marketplace. The simulation is applicable to participants from many industries, giving them understanding of the general principles behind financial statements and the drivers of value creation.

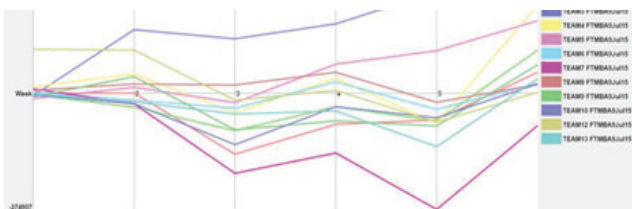
The simulation is set in a futuristic robotics industry with products targeted for home consumer use. The business covers both manufacturing and service components for which decisions need to be made about supply as well as market positioning. Participants make strategic choices on where to focus investment and operational decisions to implement those choices. The goal for the company's

managers is to achieve the highest Economic Value Added for their business over the course of four years.



Simulation in Practice

During the simulation participants work in small groups managing companies competing with each other on the same market. After each simulated year they receive feedback on their business results and information about the market and their competition. To make effective decisions they need to analyse the information available, as well as collect additional input from various sources to inform their decisions.



They have access to their company's financial statements both in the form of projected results to use while forecasting the impact of different decision combinations and as historical results documenting the performance of the business over the course of the simulation. Their results depend on their own decisions as well as on those of their competitors on the market.

Sales revenues	\$85,600,000
- Cost of goods sold	\$50,950,000
- Distribution cost	\$13,410,000
= Gross profit	\$21,240,000
- Sales, general & admin expenses	\$2,960,250
= Net operating profit	\$18,279,750
- Net financing costs	\$278,747
= Profit before tax	\$18,001,003
- Taxes	\$5,400,301
= Profit after tax	\$12,600,702

Clean Sweep Simulation Key Learning Outcomes

- Provide insight into the impact of management decisions on the three main financial statements: the Cash Flow, the Income Statement, and the Balance Sheet;
- Understand the differences, the linkages and the specific purposes of each of the financial statements in managing a competitive business;
- Experience the impact of competitive market dynamics on the short and long-term results of a business.

Secondary learning may also be emphasised in the areas of team decision making process and dynamics, data analysis, and dealing with complexity and ambiguity.

ABOUT THE AUTHOR



Jonathan Knight
Ososim's Chief Executive Officer

He began his career in investment banking and then spent 10 years in strategy consulting. He was part of the leadership team that established Accenture Learning, focused on transforming and managing the delivery of learning and training for large corporations. He was a founding member of the EU's eLearning Industry Group.

Jonathan has an MA from Cambridge University and an MBA from INSEAD, France.

