

# **INSTITUTO TECNOLÓGICO Y DE ESTUDIOS SUPERIORES DE OCCIDENTE**

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Departamento de Economía, Administración y Mercadología

MAESTRÍA EN ADMINISTRACIÓN



## **RESULTADOS DEL SIMULADOR CAPSTONE TEAM 2 COMPUTING**

Trabajo recepcional que para obtener el grado de

MAESTRO EN ADMINISTRACIÓN

Presenta:

Jesús Ramírez Maldonado

Asesora: Emilie Berard

Tlaquepaque, Jalisco. 26 de mayo de 2016.

## Abstracto

Este documento presenta un resumen de las decisiones tomadas en el simulador CAPSTONE, en el cual se generó una empresa ficticia llamada “Team 2: Computing”, un startup enfocado en el diseño y fabricación de computadoras. El simulador tiene como objetivo que los alumnos se enfrenten a las dificultades que con lleva crear una empresa desde cero, como lo son la creación de la imagen, misión y visión de una empresa, la creación de un producto y cómo hacerlo destacar en un mercado, problemas debido a la falta o exceso de producción, recursos humanos, puntos de venta, sustentabilidad, medio ambiente, mercadotecnia, etc. A partir de ciertos objetivos por cuarto, el simulador califica a los equipos y los posiciona en el mercado según su desempeño en la lectura e interpretación del mismo. En el siguiente documento se puede apreciar la realización y cumplimiento de los objetivos requeridos por cuarto en el simulador.

## Corporate

### Company Name

Team 2 Computing

### Executive Responsibilities

Officer name	Primary responsibility	Secondary responsibility
Hudson, Bernie	President-Overall Leadership	VP-Marketing
Philpott, Brodie	VP-Accounting and Finance	VP-Marketing Research
Evenstad, Peter	VP-Manufacturing	VP-Marketing Research
Ramirez, Jesus	VP-Sales Management	VP-Human Resources

### Goals and Strategy

**Target markets:** 1 - Workhorse, 2 - Mercedes

**Mission statement:** We will design and create innovative computing solutions that exceed the expectations of our customers. We will accomplish this by: 1.) Earning our customer's trust 2.) Acting with the utmost integrity 3.) Creating sustainable shareholder value 4.) Giving back to the community 5.) Being a good corporate citizen.

#### Strategic directions:

##### Corporate culture

- earn customer trust and business every day
- act with integrity in everything we do
- give back to the community
- create shareholder value
- be a good corporate citizen
- deliver value to all stakeholders

##### Market orientation

- focus on value-driven markets

##### Corporate objectives

- cash (ending cash position, cash flow from operations...)
- shareholder value (earnings per share, net equity, net equity per share...)
- stewardship (environment, carbon footprint, energy consumption, green)

#### Corporate strategic thrusts:

##### Short-term vs. Long-term

- Long-term perspective - defer profits in order to build a strong competitive position

##### Willingness to Take Risk

- Cautious - favor safe decisions to avoid risk to firm

##### Market Leadership

- Pioneer - first to market to get ahead

##### Firm's Top Competitive Forces (pick 4 to 6)

- Aggressive pricing
- Superior customer value

- High-volume, low-cost manufacturing
- Strong asset management (productive use of resources)
- Technology leadership
- Embrace conscious capitalism

## Marketing

### Modify Brand

	<b>Clydesdale 1000</b> [new]	<b>Stallion 1000</b> [new]
	<b>Essentials</b>	
Base components	x	x
	<b>Case</b>	
Standard (Desktop)	x	x
	<b>Hard drive</b>	
Standard	x	
Ultra capacity		x
	<b>Office software</b>	
Office	x	x
	<b>Other software</b>	
Bus. graphics		x
Presentation	x	x
Database		x
Bookkeeping	x	
Engineering		x
Manufacturing		x
Games		x
	<b>Monitor</b>	
17" standard (Desktop)	x	
21" high res. (Desktop)		x
	<b>Computing power</b>	
Budget	x	
High speed		x
	<b>Keyboard &amp; mouse</b>	
Standard	x	
Expanded		x
	<b>Special features</b>	
Auto backup system		x
	<b>Networking</b>	
Standard	x	x
	<b>Packaging</b>	
Standard	x	x

## Sales Channel

### Open Sales Office

World Market

Opening: Chicago-NORAM  
 Total sales offices costs: 220,000

## Manufacturing

### Fixed Capacity

Fixed capacity available per day in current quarter: 0  
 Planned increase in fixed capacity: 25  
 Fixed capacity available per day in next quarter: 25

## Finance

### Stock

Stock Type	Name of Owner	Shares	Price Per Share	Total Amount	Quarter
Common Stock	Executive Team	20,000	100	2,000,000	1

### Certificate of Deposit

3-month certificate of deposit account for current quarter	500,000
Quarterly interest rate	1.50
Interest to earn	7,500

## Corporate

### Company Name

Team 2 Computing

### Executive Responsibilities

Officer name	Primary responsibility	Secondary responsibility
Hudson, Bernie	President-Overall Leadership	VP-Marketing
Philpott, Brodie	VP-Accounting and Finance	VP-Marketing Research
Evenstad, Peter	VP-Manufacturing	VP-Marketing Research
Ramirez, Jesus	VP-Sales Management	VP-Human Resources

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#### Strategic directions:

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- earn customer trust and business every day
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- give back to the community
- create shareholder value
- be a good corporate citizen
- deliver value to all stakeholders

##### Market orientation

- focus on value-driven markets

##### Corporate objectives

- cash (ending cash position, cash flow from operations...)
- shareholder value (earnings per share, net equity, net equity per share...)
- stewardship (environment, carbon footprint, energy consumption, green)

#### Corporate strategic thrusts:

##### Short-term vs. Long-term

- Long-term perspective - defer profits in order to build a strong competitive position

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- Cautious - favor safe decisions to avoid risk to firm

##### Market Leadership

- Pioneer - first to market to get ahead

##### Firm's Top Competitive Forces (pick 4 to 6)

- Aggressive pricing
- Superior customer value

- High-volume, low-cost manufacturing
- Strong asset management (productive use of resources)
- Technology leadership
- Embrace conscious capitalism

## Marketing

### Modify Brand

No new or modified brands this quarter.

### Modify Ad

	<b>Workhorse</b> <b>[Clydesdale 1000]</b> [new]	<b>Mercedes</b> <b>[Stallion 1000]</b> [new]
Mention brand name	1	1
Rebate - special price deal	2	2
High speed/execution time		3
Many bundled applications	3	4
Feature office applications	4	
Business graphics applications		7
Bookkeeping applications	7	
Presentation applications	8	
Engineering applications		6
Easy to use, simple design	5	
Smart backup system		8
Easy on eyes with larger screen		9
Link PCs with network/internet	9	
Picture of engineers/scientists		5
Picture business professionals	6	

### Regional Media

#### World Market

<b>Media</b>	<b>Cost</b>	<b>Workhorse</b>	<b>Mercedes</b>
Business Newspapers	23,000	0	1
General Business Magazine	16,000	1	0
General News Magazines	8,000	0	1
Leading Trade Journals	7,500	1	0
Sports Magazines	24,500	1	0
Science & Technology	15,000	0	1
Advertising Expenses		48,000	46,000
Total Advertising Expenses:	94,000		

### Price and Priority

#### World Market

<b>Brand</b>	<b>Available for Sale</b>	<b>Retail Price</b>	<b>Price Rebate</b>	<b>Sales Priority</b>
Clydesdale 1000	<input checked="" type="checkbox"/>	1,999	100	1
Stallion 1000	<input checked="" type="checkbox"/>	3,200	200	2

**Buy Market Research**

Buying for: World Market

Total Expenses: 15,000

**Human Resources****Sales Force Compensation**

	Annual Salary	Health Benefits Package	Weeks of Vacation	Pension [% of salary]	Compensation per year
World Market	40,000	Full coverage	3 weeks	7	55,070

**Factory Supervisor Compensation****Shanghai-APAC, World Market**

Annual Salary	Health Benefits Package	Weeks of Vacation	Pension [% of salary]	Compensation per year
26,000	Full coverage	2 weeks	7	34,984

**Factory Worker Compensation****Shanghai-APAC, World Market**

Annual Salary	Health Benefits Package	Weeks of Vacation	Pension [% of salary]	Compensation per year
13,000	Minimum package	1 week	0	14,637





**Sales Channel****Open Sales Office****World Market**

Operational: Chicago-NORAM

Opening: Shanghai-APAC

Total sales offices costs: 300,000

**Hire Sales People****World Market**

City	Annual Salary	Total Sales People	 Support	 Workhorse	 Mercedes	 Traveler
	<b>Quarterly Training Costs</b>		<b>3,000</b>	<b>2,000</b>	<b>4,000</b>	<b>3,000</b>
Chicago-NORAM	55,070	5	1	2	2	0
Total number of sales people in the prior quarter				0		
Total number of sales people in the current quarter				5		
Net change in number of sales people in region				5		
Cost to employ sales people for the quarter			83,837			

**Manufacturing**



**Fixed Capacity**

Fixed capacity available per day in current quarter: 25  
 Planned increase in fixed capacity: 25  
 Fixed capacity available per day in next quarter: 50

**Operating Capacity**

	Units/Day	Units/Quarter	
Fixed capacity	25	1,625	
Operating capacity	8	520	
Effective operating capacity	6	390	
Demand projection	3.85	250	
Projected factory productivity	70		
New direct labor cost/unit of operating capacity			391
New overhead cost/unit of operating capacity			353
Expense to change operating capacity (to be added to overhead)			80,167

**Inventory Control**

Brand	Produce	Maximum Inventory at the End of Quarter
Clydesdale 1000	<input checked="" type="checkbox"/>	35
Stallion 1000	<input checked="" type="checkbox"/>	30

**System Improvement****Employee Survey**

Cost Buy  
 5,000

**Inspect**

Quality Inspection: Hard drive, Computing power

Estimated Inspection and Defect Repair Cost: 32,737

**Finance****Stock**

Stock Type	Name of Owner	Shares	Price Per Share	Total Amount	Quarter
Common Stock	Executive Team	20,000	100	2,000,000	1
Common Stock	Executive Team	10,000	100	1,000,000	2

**Certificate of Deposit**

3-month certificate of deposit account for current quarter 400,000  
 Quarterly interest rate 1.50  
 Interest to earn 6,000

## Corporate

### Company Name

Team 2 Computing

### Executive Responsibilities

Officer name	Primary responsibility	Secondary responsibility
Hudson, Bernie	President-Overall Leadership	VP-Marketing
Philpott, Brodie	VP-Accounting and Finance	VP-Marketing Research
Evenstad, Peter	VP-Manufacturing	VP-Marketing Research
Ramirez, Jesus	VP-Sales Management	VP-Human Resources

### Goals and Strategy

**Target markets:** 1 - Mercedes, 2 - Workhorse

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- Technology leadership
- Embrace conscious capitalism

## Marketing

### Modify Brand

#### Clydesdale 1001

[modified]

#### Essentials

Base components x

#### Case

Standard (Desktop) x

#### Hard drive

Standard x

#### Office software

Office x

#### Other software

Bus. graphics x

Presentation x

Bookkeeping x

#### Monitor

17" standard (Desktop) x

#### Computing power

Budget x

#### Keyboard & mouse

Standard x

#### Networking

Standard x

#### Packaging

Standard x

### Modify Ad

	<b>Workhorse</b> <b>[Clydesdale 1001]</b> [modified]	<b>Mercedes</b> <b>[Stallion 1000]</b> [modified]
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Mention brand name	1	1
Rebate - special price deal	2	
High speed/execution time	4	3
Many bundled applications	3	4
Feature office applications	5	
Business graphics applications		7
Bookkeeping applications	7	
Presentation applications	8	
Engineering applications		6
Easy to use, simple design	6	
Smart backup system		8

Easy on eyes with larger screen		9
Highest rated brand, Mercedes		2
Link PCs with network/internet	9	
Picture of engineers/scientists		5

## Regional Media

### World Market

Media	Cost	Workhorse	Mercedes
Business Newspapers	23,000	0	1
General Business Magazine	16,000	1	0
General News Magazines	8,000	0	1
Leading Trade Journals	7,500	1	0
Sports Magazines	24,500	1	0
Science & Technology	15,000	0	1
Advertising Expenses		48,000	46,000
Total Advertising Expenses: 94,000			

## Price and Priority

### World Market

Brand	Available for Sale	Retail Price	Price Rebate	Sales Priority
Clydesdale 1001	<input checked="" type="checkbox"/>	2,300	100	1
Stallion 1000	<input checked="" type="checkbox"/>	3,500	200	2

## Buy Market Research

Buying for: World Market  
Total Expenses: 15,000

## Human Resources

### Sales Force Compensation

	Annual Salary	Health Benefits Package	Weeks of Vacation	Pension [% of salary]	Compensation per year
World Market	40,000	Full coverage	▼ 3 weeks ▼	7	55,070

### Factory Supervisor Compensation

#### Shanghai-APAC, World Market

Annual Salary	Health Benefits Package	Weeks of Vacation	Pension [% of salary]	Compensation per year
26,200	Full coverage	▼ 2 weeks ▼	9	35,777

### Factory Worker Compensation

#### Shanghai-APAC, World Market

Annual Salary	Health Benefits Package	Weeks of Vacation	Pension [% of salary]	Compensation per year
13.100	Full coverage	▼ 1 week ▼	10	17,631

## Sales Channel

### Open Sales Office

#### World Market





Operational: Chicago-NORAM, Shanghai-APAC

Opening: Paris-EMEA

Total sales offices costs: 450,000

### Hire Sales People

#### World Market

City	Annual Salary	Total Sales People	 Support	 Workhorse	 Mercedes	 Traveler
Quarterly Training Costs			3,000	2,000	4,000	3,000
Chicago-NORAM	55,070	6	1	2	3	0
Shanghai-APAC	55,070	7	1	2	4	0
Total number of sales people in the prior quarter				5		
Total number of sales people in the current quarter				13		
Net change in number of sales people in region				8		
Cost to employ sales people for the quarter			220,977			

## Manufacturing

### Fixed Capacity

Fixed capacity available per day in current quarter: 50

Planned increase in fixed capacity: 0

Fixed capacity available per day in next quarter: 50

### Operating Capacity

	Units/Day	Units/Quarter
Fixed capacity	50	3,250
Operating capacity	19	1,235
Effective operating capacity	15	975
Demand projection	15.00	975
Projected factory productivity	80	
New direct labor cost/unit of operating capacity		276
New overhead cost/unit of operating capacity		153
Expense to change operating capacity (to be added to overhead)		80,234

### Inventory Control

Brand	Produce	Maximum Inventory at the End of Quarter
Clydesdale 1001	<input checked="" type="checkbox"/>	35
Stallion 1000	<input checked="" type="checkbox"/>	30

## System Improvement

### Employee Survey

**Cost**   **Buy**

5,000  

### Inspect

Quality Inspection: Case, Hard drive, Monitor, Computing power, Keyboard & mouse

Estimated Inspection and Defect Repair Cost: 28,713

## Finance

### Stock

Stock Type	Name of Owner	Shares	Price Per Share	Total Amount	Quarter
Common Stock	Executive Team	20,000	100	2,000,000	1
Common Stock	Executive Team	10,000	100	1,000,000	2
Common Stock	Executive Team	10,000	100	1,000,000	3

### Certificate of Deposit

3-month certificate of deposit account for current quarter	200,000
Quarterly interest rate	1.50
Interest to earn	3,000

## Corporate

### Company Name

Team 2 Computing

### Executive Responsibilities

Officer name	Primary responsibility	Secondary responsibility
Hudson, Bernie	President-Overall Leadership	VP-Marketing
Philpott, Brodie	VP-Accounting and Finance	VP-Marketing Research
Evenstad, Peter	VP-Manufacturing	VP-Marketing Research
Ramirez, Jesus	VP-Sales Management	VP-Human Resources

### Goals and Strategy

**Target markets:** 1 - Mercedes, 2 - Workhorse

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##### Corporate culture

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- create shareholder value
- be a good corporate citizen
- deliver value to all stakeholders

##### Market orientation

- focus on value-driven markets

##### Corporate objectives

- cash (ending cash position, cash flow from operations...)
- shareholder value (earnings per share, net equity, net equity per share...)
- stewardship (environment, carbon footprint, energy consumption, green)

#### Corporate strategic thrusts:

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##### Willingness to Take Risk

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##### Market Leadership

- Pioneer - first to market to get ahead

##### Firm's Top Competitive Forces (pick 4 to 6)

- Aggressive pricing
- Superior customer value

- High-volume, low-cost manufacturing
- Strong asset management (productive use of resources)
- Technology leadership
- Embrace conscious capitalism

## Marketing

### Modify Brand

	Clydesdale 2000 [modified]	Stallion 2000 [modified]
<b>Essentials</b>		
Base components	x	x
<b>Case</b>		
Standard (Desktop)	x	x
<b>Hard drive</b>		
High capacity	x	
Ultra capacity		x
<b>Office software</b>		
Office	x	x
<b>Other software</b>		
Bus. graphics	x	x
Presentation	x	x
Database	x	x
Bookkeeping	x	x
Engineering		x
Manufacturing		x
Games		x
<b>Monitor</b>		
17" standard (Desktop)	x	
21" high res. (Desktop)		x
<b>Computing power</b>		
Budget	x	
High speed		x
<b>Keyboard &amp; mouse</b>		
Expanded	x	x
<b>Special features</b>		
Auto backup system	x	x
<b>Networking</b>		
Standard	x	x
<b>Packaging</b>		
Standard	x	x

### Feature R&D

R&D Feature	Already invested	Cost this quarter and every quarter until finished	Quarter available for design into new	R&D cost if designed in 1 quarter	R&D cost if designed in 3 quarters	Material Cost



**brands**

Hard drive: Fail-proof ultra cap.	0	717,092	6	1,705,542	1,295,931	240
Monitor: 32" wide screen (desktop)	0	836,607	6	1,989,798	1,511,919	325
Packaging: Sustainable	0	298,788	6	710,642	539,970	10
Total Expenses: 1,852,487						

**Confirm R&D****Technologies to Sell**

No new selling contracts this quarter.

**Technologies to Purchase**

No new purchasing contracts this quarter.

**Modify Ad**

	<b>Workhorse</b> <b>[Clydesdale 2000]</b> [modified]	<b>Mercedes</b> <b>[Stallion 2000]</b> [modified]
Mention brand name	3	6
Rebate - special price deal	1	1
High speed/execution time		4
Most powerful PC on market		3
Feature office applications	6	
Engineering applications		5
Easy to use, simple design	2	
More reliable than average PC	4	
Picture of engineers/scientists		2
Picture business professionals	5	

**Regional Media****World Market**

<b>Media</b>	<b>Cost</b>	<b>Workhorse</b>	<b>Mercedes</b>
Business Newspapers	23,000	1	1
General Business Magazine	16,000	1	1
Computer Magazines	5,000	0	1
General News Magazines	8,000	1	1
Leading Trade Journals	7,500	1	1
New Venture Magazines	9,000	1	1
Sports Magazines	24,500	1	1
Science & Technology	15,000	0	1
Advertising Expenses		88,000	108,000
Total Advertising Expenses: 196,000			

**Price and Priority****World Market**

<b>Brand</b>	<b>Available for Sale</b>	<b>Retail Price</b>	<b>Price Rebate</b>	<b>Sales Priority</b>
Clydesdale 2000	<input checked="" type="checkbox"/>	2,300	100	1
Stallion 2000	<input checked="" type="checkbox"/>	3,500	200	2

## Buy Market Research

Buying for: World Market

Total Expenses: 15,000

## Human Resources

### Sales Force Compensation

	Annual Salary	Health Benefits Package	Weeks of Vacation	Pension [% of salary]	Compensation per year
World Market	40,000	Full coverage	3 weeks	10	56,270

### Factory Supervisor Compensation

#### Shanghai-APAC, World Market

Annual Salary	Health Benefits Package	Weeks of Vacation	Pension [% of salary]	Compensation per year
26,800	Full coverage	2 weeks	10	36,864

### Factory Worker Compensation

#### Shanghai-APAC, World Market

Annual Salary	Health Benefits Package	Weeks of Vacation	Pension [% of salary]	Compensation per year
14,000	Full coverage	2 weeks	10	19,257

## Sales Channel

### Open Sales Office





World Market

Operational: Chicago-NORAM, Paris-EMEA, Shanghai-APAC

Total sales offices costs: 350,000

### Hire Sales People

#### World Market

City	Annual Salary	Total Sales People	 Support	 Workhorse	 Mercedes	 Traveler
<b>Quarterly Training Costs</b>			<b>3,000</b>	<b>2,000</b>	<b>4,000</b>	<b>3,000</b>
Chicago-NORAM	56,270	7	1	2	4	0
Paris-EMEA	56,270	5	1	2	2	0
Shanghai-APAC	56,270	7	1	2	4	0
Total number of sales people in the prior quarter				13		
Total number of sales people in the current quarter				19		
Net change in number of sales people in region				6		
Cost to employ sales people for the quarter			328,281			

## Manufacturing

### Fixed Capacity

Fixed capacity available per day in current quarter: 50  
 Planned increase in fixed capacity: 100  
 Fixed capacity available per day in next quarter: 150

### Operating Capacity






	Units/Day	Units/Quarter	
Fixed capacity	50	3,250	
Operating capacity	48	3,120	
Effective operating capacity	36	2,340	
Demand projection	47.65	3,097	
Projected factory productivity	75		
New direct labor cost/unit of operating capacity			279
New overhead cost/unit of operating capacity			76
Expense to change operating capacity (to be added to overhead)			80,679

### Inventory Control

Brand	Produce	Maximum Inventory at the End of Quarter
Clydesdale 2000	<input checked="" type="checkbox"/>	50
Stallion 2000	<input checked="" type="checkbox"/>	75

## System Improvement

### Follow-up Studies

	Areas for Potential Improvement	Study Cost	Initiate Study
	Environmental Concerns	20,000	<input checked="" type="checkbox"/>
	Quality Control	20,000	<input checked="" type="checkbox"/>
	Employee Involvement	20,000	<input checked="" type="checkbox"/>
	Factory Efficiency	20,000	<input checked="" type="checkbox"/>
	Good Neighbor	20,000	<input checked="" type="checkbox"/>

### Inspect

Quality Inspection: Case, Hard drive, Monitor, Computing power, Keyboard & mouse

Estimated Inspection and Defect Repair Cost: 202,068

### Improvement Actions

You have not bought any of the follow-up studies.

## Finance

### Stock

**Stock**

<b>Stock Type</b>	<b>Name of Owner</b>	<b>Shares</b>	<b>Price Per Share</b>	<b>Total Amount</b>	<b>Quarter</b>
Common Stock	Executive Team	20,000	100	2,000,000	1
Common Stock	Executive Team	10,000	100	1,000,000	2
Common Stock	Executive Team	10,000	100	1,000,000	3
Common Stock	Venture Capitalists	50,000	100	5,000,000	4

**Certificate of Deposit**

3-month certificate of deposit account for current quarter	1,200,000
Quarterly interest rate	1.50
Interest to earn	18,000

**Short Term Loan**

No outstanding conventional loans this quarter.

## Corporate

### Company Name

Thoroughbred Technologies

### Executive Responsibilities

Officer name	Primary responsibility	Secondary responsibility
Hudson, Bernie	President-Overall Leadership	VP-Marketing
Philpott, Brodie	VP-Accounting and Finance	VP-Marketing Research
Evenstad, Peter	VP-Manufacturing	VP-Marketing Research
Ramirez, Jesus	VP-Sales Management	VP-Human Resources

### Goals and Strategy

**Target markets:** 1 - Mercedes, 2 - Workhorse, 3 - Traveler

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#### Strategic directions:

##### Corporate culture

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##### Market orientation

- focus on value-driven markets

##### Corporate objectives

- cash (ending cash position, cash flow from operations...)
- shareholder value (earnings per share, net equity, net equity per share...)
- stewardship (environment, carbon footprint, energy consumption, green)

#### Corporate strategic thrusts:

##### Short-term vs. Long-term

- Long-term perspective - defer profits in order to build a strong competitive position

##### Willingness to Take Risk

- Cautious - favor safe decisions to avoid risk to firm

##### Market Leadership

- Smart follower - imitate good ideas

##### Firm's Top Competitive Forces (pick 4 to 6)

- Aggressive pricing
- Superior customer value

- High-volume, low-cost manufacturing
- Strong asset management (productive use of resources)
- Technology leadership
- Embrace conscious capitalism

## Marketing

### Modify Brand

	<b>Stallion 3000</b> [modified]	<b>Pegasus 2000</b> [new]	<b>Pegasus 1000</b> [new]	<b>Clydesdale 3000</b> [new]	<b>Stallion 3500</b> [new]
<b>Essentials</b>					
Base components	x	x	x	x	x
<b>Case</b>					
Standard (Desktop)	x			x	x
Standard (Laptop)		x	x		
<b>Hard drive</b>					
High capacity			x	x	
Ultra capacity	x	x			x
<b>Office software</b>					
Office	x	x	x	x	x
<b>Other software</b>					
Bus. graphics	x	x	x	x	x
Presentation	x	x	x	x	x
Database	x	x	x	x	x
Bookkeeping	x	x	x	x	x
Engineering		x			x
Manufacturing		x			x
Games	x	x		x	x
<b>Monitor</b>					
19" standard (Desktop)	x			x	
21" high res. (Desktop)					x
14" standard (Laptop)		x	x		
<b>Computing power</b>					
Mid-range			x	x	
High speed	x	x			x
<b>Keyboard &amp; mouse</b>					
Standard			x		
Expanded	x	x		x	x
<b>Special features</b>					
Auto backup system	x	x	x	x	x
<b>Networking</b>					
Standard	x	x	x	x	x
<b>Battery</b>					
Standard (Laptop)		x	x		
<b>Packaging</b>					



Picture of business travelers

4

**Regional Media****World Market**

Media	Cost	Workhorse	Mercedes	Traveler
Business Newspapers	23,000	2	2	2
General Business Magazine	16,000	2	2	2
Computer Magazines	5,000	0	2	0
General News Magazines	8,000	2	2	2
Leading Trade Journals	7,500	2	2	2
New Venture Magazines	9,000	2	2	2
Sports Magazines	24,500	2	2	2
Science & Technology	15,000	0	2	2
Advertising Expenses		164,215	201,536	192,206
Total Advertising Expenses: 557,957				

**Price and Priority****World Market**

Brand	Available for Sale	Retail Price	Price Rebate	Sales Priority
Clydesdale 2000	<input checked="" type="checkbox"/>	2,300	100	1
Stallion 3000	<input checked="" type="checkbox"/>	3,500	200	2
Pegasus 2000	<input checked="" type="checkbox"/>	3,000	100	6
Pegasus 1000	<input checked="" type="checkbox"/>	2,100	100	5
Clydesdale 3000	<input checked="" type="checkbox"/>	2,500	100	4
Stallion 3500	<input checked="" type="checkbox"/>	3,700	200	3

**Buy Market Research**

Buying for: World Market

Total Expenses: 15,000

**Human Resources****Sales Force Compensation**

	Annual Salary	Health Benefits Package	Weeks of Vacation	Pension [% of salary]	Compensation per year
World Market	42,000	Comprehensive coverage ▼	3 weeks ▼	10	63,703

**Factory Supervisor Compensation****Shanghai-APAC, World Market**

Annual Salary	Health Benefits Package	Weeks of Vacation	Pension [% of salary]	Compensation per year
28,000	Comprehensive coverage ▼	3 weeks ▼	10	42,469

**Factory Worker Compensation**



## Shanghai-APAC, World Market

Annual Salary	Health Benefits Package	Weeks of Vacation	Pension [% of salary]	Compensation per year
15,000	Comprehensive coverage ▼	2 weeks ▼	10	22,283

### Special Programs

#### Sales Force Professional Training Program

Typical cost per salesperson	1,000
Expenditure per salesperson	500
Total expenditure for this program	15,500

#### Sales Force Contest Program/Special Vacation Trip for Top Third of Sales Force

Typical cost per salesperson	2,000
Monetary value of vacation	1,000
Total expenditure for this program	10,000

#### Sales Force Demonstration Kit Program

Typical cost per demonstration kit	200
Expenditure per demonstration kit	100
Demonstration kit expires in quarter	8
Total expenditure for this program	3,100

Total Planned Sales Program Expenditures: 28,600

### Promotions

#### World Market

Brand	Cash Bonus for Top Third of Sales People Typical: 500	Free Gift (SPIFF) for Top Third of Sales People Typical: 100
Clydesdale 2000	500	100
Stallion 3000	500	100
Pegasus 2000	500	100
Pegasus 1000	500	100
Clydesdale 3000	500	100
Stallion 3500	500	100
Total Sales People in Region	31	
Total Expenses	36,000	

### Sales Channel

#### Open Sales Office

##### World Market





Operational: Chicago-NORAM, Paris-EMEA, Shanghai-APAC

Opening: Sao Paulo-LATAM

Total sales offices costs: 520,000

#### Hire Sales People

## World Market

City	Annual Salary	Total Sales People	 Support	 Workhorse	 Mercedes	 Traveler
<b>Quarterly Training Costs</b>			<b>3,000</b>	<b>2,000</b>	<b>4,000</b>	<b>3,000</b>
Chicago-NORAM	63,703	12	2	4	4	2
Paris-EMEA	63,703	9	2	2	3	2
Shanghai-APAC	63,703	10	2	2	4	2
Total number of sales people in the prior quarter				19		
Total number of sales people in the current quarter				31		
Net change in number of sales people in region				12		
Cost to employ sales people for the quarter				589,702		

## Manufacturing

### Fixed Capacity

Fixed capacity available per day in current quarter: 150  
 Planned increase in fixed capacity: 150  
 Fixed capacity available per day in next quarter: 300

### Operating Capacity

	Units/Day	Units/Quarter
Fixed capacity	150	9,750
Operating capacity	140	9,100
Effective operating capacity	101	6,565
Demand projection	100.63	6,541
Projected factory productivity	72	
New direct labor cost/unit of operating capacity		280
New overhead cost/unit of operating capacity		40
Expense to change operating capacity (to be added to overhead)	83,037	

### Inventory Control

Brand	Produce	Maximum Inventory at the End of Quarter
Clydesdale 2000	<input checked="" type="checkbox"/>	500
Stallion 3000	<input checked="" type="checkbox"/>	500
Pegasus 2000	<input checked="" type="checkbox"/>	500
Pegasus 1000	<input checked="" type="checkbox"/>	500
Clydesdale 3000	<input checked="" type="checkbox"/>	500
Stallion 3500	<input checked="" type="checkbox"/>	500

## System Improvement

### Inspect

Quality Inspection: Case, Hard drive, Monitor, Computing power, Keyboard & mouse

Estimated Inspection and Defect Repair Cost: 390,249

**Improvement Actions****Improvement Actions**

Action to Improve System	Potential Impact on Morale	Potential Impact on Reliability	Cost to Operate	Operate
 <b>Environmental Concerns</b>				
Retrofit factory with system to collect, store, and dispose of all chemicals.	92	64	0	<input type="checkbox"/>
Separate employees from chemicals with protective clothing and gloves.	84	60	0	<input type="checkbox"/>
Control the temperature, humidity, and cleanliness of the work area.	95	90	600,000	<input checked="" type="checkbox"/>
 <b>Worker Training</b>				
Cross-train employees to work on multiple tasks within their department.	94	88	410,000	<input checked="" type="checkbox"/>
Train employees to help with departmental planning, including issues related to workflow, equipment, materials, job assignments, vacation scheduling, etc.	90	86	0	<input type="checkbox"/>
Schedule time for department planning with coworkers and supervisors.	88	82	0	<input type="checkbox"/>
Develop teamwork skills, including interpersonal, communication, and negotiation skills.	87	78	0	<input type="checkbox"/>
 <b>Quality Control</b>				
Set up a statistical process control program to monitor all materials, parts and manufactured components.	84	96	0	<input type="checkbox"/>
Train operators to detect errors and adjust machines so they produce within tolerance.	87	93	0	<input type="checkbox"/>
 <b>Supplier Relationships</b>				
Measure and reward purchasing agents on both the cost and quality of incoming materials, parts, and services.	83	91	0	<input type="checkbox"/>
Work with suppliers to launch and maintain their own quality improvement programs.	85	96	340,000	<input checked="" type="checkbox"/>
 <b>Health</b>				
Provide fitness center for employees.	84		0	<input type="checkbox"/>
Provide daycare services for employees.	82		0	<input type="checkbox"/>
Setup and run a health clinic that includes general practitioners plus a few specialists for employees only.	91		81,000	<input checked="" type="checkbox"/>
Setup and run a health clinic that includes general practitioners plus a few specialists for the immediate families of employees.	83		81,000	<input checked="" type="checkbox"/>
 <b>Good Neighbor</b>				
Set up a grant program to supplement the learning experiences at local schools.	87		165,500	<input checked="" type="checkbox"/>
Provide seed money to create a technical training school				<input type="checkbox"/>

and recruit its students as employees.	85	0	
Help to create bike trails that connect the residential areas, community center and the industrial section where the factory is located.	83	0	<input type="checkbox"/>
Help to create a series of parks throughout the community, but first near the factory.	81	0	<input type="checkbox"/>
Work with local officials to expand and repave the stretch of road from the apartment complexes to the factory.	85	0	<input type="checkbox"/>
<b>Total</b>		<b>1,677,500</b>	

**Finance**

**Stock**

Stock Type	Name of Owner	Shares	Price Per Share	Total Amount	Quarter
Common Stock	Executive Team	20,000	100	2,000,000	1
Common Stock	Executive Team	10,000	100	1,000,000	2
Common Stock	Executive Team	10,000	100	1,000,000	3
Common Stock	Venture Capitalists	50,000	100	5,000,000	4

**Certificate of Deposit**

3-month certificate of deposit account for current quarter	1,200,000
Quarterly interest rate	1.50
Interest to earn	18,000

**Short Term Loan**

Total conventional loans	2,500,000
Annual interest rate	8.59
Quarterly interest rate	2.15
Quarterly interest charge	53,715

## Corporate

### Company Name

Thoroughbred Technologies

### Executive Responsibilities

Officer name	Primary responsibility	Secondary responsibility
Hudson, Bernie	President-Overall Leadership	VP-Marketing
Philpott, Brodie	VP-Accounting and Finance	VP-Marketing Research
Evenstad, Peter	VP-Manufacturing	VP-Marketing Research
Ramirez, Jesus	VP-Sales Management	VP-Human Resources

### Goals and Strategy

**Target markets:** 1 - Mercedes, 2 - Workhorse, 3 - Traveler

**Mission statement:** We will design and create innovative computing solutions that exceed the expectations of our customers. We will accomplish this by: 1.) Earning our customer's trust 2.) Acting with the utmost integrity 3.) Creating sustainable shareholder value 4.) Giving back to the community 5.) Being a good corporate citizen.

#### Strategic directions:

##### Corporate culture

- earn customer trust and business every day
- act with integrity in everything we do
- give back to the community
- create shareholder value
- be a good corporate citizen
- deliver value to all stakeholders

##### Market orientation

- focus on value-driven markets

##### Corporate objectives

- cash (ending cash position, cash flow from operations...)
- shareholder value (earnings per share, net equity, net equity per share...)
- stewardship (environment, carbon footprint, energy consumption, green)

#### Corporate strategic thrusts:

##### Short-term vs. Long-term

- Long-term perspective - defer profits in order to build a strong competitive position

##### Willingness to Take Risk

- Cautious - favor safe decisions to avoid risk to firm

##### Market Leadership

- Smart follower - imitate good ideas

##### Firm's Top Competitive Forces (pick 4 to 6)

- Aggressive pricing
- Superior customer value

- High-volume, low-cost manufacturing
- Strong asset management (productive use of resources)
- Technology leadership
- Embrace conscious capitalism

## Marketing

### Modify Brand

	Stallion 4000 [new]	Pegasus 3000 [new]	Clydesdale 4000 [new]	Stallion 3501 [new]
<b>Essentials</b>				
Base components	x	x	x	x
<b>Case</b>				
Stylish - no lead (Desktop)	x		x	x
Slim - no lead (Laptop)		x		
<b>Hard drive</b>				
Ultra capacity			x	x
Fail-proof ultra cap.	x	x		
<b>Office software</b>				
Office	x	x	x	x
<b>Other software</b>				
Bus. graphics	x	x	x	x
Presentation	x	x	x	x
Database	x	x	x	x
Bookkeeping	x	x	x	x
Engineering	x			x
Manufacturing	x			x
Games	x		x	x
<b>Monitor</b>				
19" standard (Desktop)			x	
21" high res. (Desktop)				x
32" wide screen (Desktop)	x			
14" standard (Laptop)		x		
<b>Computing power</b>				
Mid-range			x	
High speed		x		x
Ultra fast	x			
<b>Keyboard &amp; mouse</b>				
Expanded	x	x	x	x
<b>Special features</b>				
Auto backup system	x	x	x	x
<b>Networking</b>				
Standard				x
High speed	x	x	x	
<b>Battery</b>				
Long-life lithium (Laptop)		x		
<b>Packaging</b>				
Sustainable	x	x	x	x

**Feature R&D**

No R&amp;D Investments.

**Modify Ad**

	<b>Workhorse</b> <b>[Clydesdale 4000]</b> [modified]	<b>Mercedes</b> <b>[Stallion 4000]</b> [modified]	<b>Traveler</b> <b>[Pegasus 3000]</b> [modified]
Mention brand name	4	7	3
Rebate - special price deal	1	1	1
High speed/execution time	2	5	5
Most powerful PC on market		4	
New and improved brand	3	2	6
Global sales/service, all 4mks	5	8	4
Feature office applications	6		
Presentation applications			7
Engineering applications		6	
Easy to use, simple design	7		
Portable design			8
High speed network/internet	9		
Picture of engineers/scientists		3	
Picture business professionals	8		
Picture of business travelers			2

**Regional Media****World Market**

<b>Media</b>	<b>Cost</b>	<b>Workhorse</b>	<b>Mercedes</b>	<b>Traveler</b>
Business Newspapers	23,000	2	2	2
General Business Magazine	16,000	2	2	2
Computer Magazines	5,000	2	2	2
General News Magazines	8,000	2	2	2
Leading Trade Journals	7,500	2	2	2
New Venture Magazines	9,000	2	2	2
Sports Magazines	24,500	2	2	2
Executive Business Mags	29,000	2	2	2
Science & Technology	15,000	2	2	2
Advertising Expenses		255,652	255,652	255,652
Total Advertising Expenses: 766,956				

**Price and Priority****World Market**

<b>Brand</b>	<b>Available for Sale</b>	<b>Retail Price</b>	<b>Price Rebate</b>	<b>Sales Priority</b>
Clydesdale 2000	<input type="checkbox"/>	0	0	0
Stallion 3000	<input type="checkbox"/>	0	0	0
Pegasus 2000	<input type="checkbox"/>	0	0	0
Pegasus 1000	<input type="checkbox"/>	0	0	0
Clydesdale 3000	<input type="checkbox"/>	0	0	0

Stallion 3500	<input type="checkbox"/>	0	0	0
Stallion 4000	<input checked="" type="checkbox"/>	4,100	100	1
Pegasus 3000	<input checked="" type="checkbox"/>	3,100	100	3
Clydesdale 4000	<input checked="" type="checkbox"/>	2,500	100	4
Stallion 3501	<input checked="" type="checkbox"/>	3,900	100	2

### Buy Market Research

Buying for: World Market

Total Expenses: 15,000

## Human Resources

### Sales Force Compensation

	Annual Salary	Health Benefits Package	Weeks of Vacation	Pension [% of salary]	Compensation per year
World Market	44,500	Comprehensive coverage ▼	3 weeks ▼	10	67,495

### Factory Supervisor Compensation

#### Shanghai-APAC, World Market

Annual Salary	Health Benefits Package	Weeks of Vacation	Pension [% of salary]	Compensation per year
30,000	Comprehensive coverage ▼	3 weeks ▼	10	45,502

### Factory Worker Compensation

#### Shanghai-APAC, World Market

Annual Salary	Health Benefits Package	Weeks of Vacation	Pension [% of salary]	Compensation per year
16,000	Comprehensive coverage ▼	2 weeks ▼	10	23,769

### Special Programs

#### Sales Force Professional Training Program

Typical cost per salesperson	1,000
Expenditure per salesperson	750
Total expenditure for this program	39,750

#### Sales Force Contest Program/Special Vacation Trip for Top Third of Sales Force

Typical cost per salesperson	2,000
Monetary value of vacation	1,500
Total expenditure for this program	27,000

#### Sales Force Demonstration Kit Program

Typical cost per demonstration kit	200
Expenditure per demonstration kit	100
Demonstration kit expires in quarter	8
Total expenditure for this program	2,200



Total Planned Sales Program Expenditures: 68,950

## Promotions

### World Market

Brand	Cash Bonus for Top Third of Sales People Typical: 500	Free Gift (SPIFF) for Top Third of Sales People Typical: 100	
Stallion 4000		250	0
Pegasus 3000		0	0
Clydesdale 4000		0	0
Stallion 3501		0	0
Total Sales People in Region	53		
Total Expenses	4,250		

## Sales Channel

### Open Sales Office





#### World Market

Operational: Chicago-NORAM, Sao Paulo-LATAM, Paris-EMEA, Shanghai-APAC

Total sales offices costs: 440,000

### Hire Sales People

#### World Market

City	Annual Salary	Total Sales People	 Support	 Workhorse	 Mercedes	 Traveler
Quarterly Training Costs			3,000	2,000	4,000	3,000
Chicago-NORAM	67,495	14	2	5	5	2
Sao Paulo-LATAM	67,495	13	2	4	5	2
Paris-EMEA	67,495	13	2	4	5	2
Shanghai-APAC	67,495	13	2	4	5	2
Total number of sales people in the prior quarter				31		
Total number of sales people in the current quarter				53		
Net change in number of sales people in region				22		
Cost to employ sales people for the quarter				1,056,314		

## Manufacturing

### Sell Unwanted Inventory

Brand	Inventory Units	Salvage Price	Number of Units to Sell	Price
Clydesdale 2000	256	563	256	144,128
Stallion 3000	256	779	256	199,424
Pegasus 2000	256	918	256	235,008
Pegasus 1000	256	604	256	154,624

Clydesdale 3000	256	687	256 175,872
Stallion 3500	256	995	256 254,720
Total price: 1,163,776			

### Fixed Capacity

Fixed capacity available per day in current quarter: 300  
 Planned increase in fixed capacity: 0  
 Fixed capacity available per day in next quarter: 300

### Operating Capacity

	Units/Day	Units/Quarter	
Fixed capacity	300	19,500	
Operating capacity	265	17,225	
Effective operating capacity	207	13,455	
Demand projection	203.85	13,250	
Projected factory productivity	78		
New direct labor cost/unit of operating capacity			260
New overhead cost/unit of operating capacity			30
Expense to change operating capacity (to be added to overhead)			84,939

### Inventory Control

Brand	Produce	Maximum Inventory at the End of Quarter
Clydesdale 2000	<input type="checkbox"/>	0
Stallion 3000	<input type="checkbox"/>	0
Pegasus 2000	<input type="checkbox"/>	0
Pegasus 1000	<input type="checkbox"/>	0
Clydesdale 3000	<input type="checkbox"/>	0
Stallion 3500	<input type="checkbox"/>	0
Stallion 4000	<input checked="" type="checkbox"/>	500
Pegasus 3000	<input checked="" type="checkbox"/>	500
Clydesdale 4000	<input checked="" type="checkbox"/>	500
Stallion 3501	<input checked="" type="checkbox"/>	500

## System Improvement

### Inspect

Quality Inspection: Case, Hard drive, Monitor, Computing power, Keyboard & mouse

Estimated Inspection and Defect Repair Cost: 321,159

### Improvement Actions

#### Improvement Actions

Action to Improve System	Potential Impact	Potential Impact on	Cost to Operate
--------------------------	------------------	---------------------	-----------------

**on**  
**Morale**      **Reliability**      **Operate**



### Environmental Concerns

Retrofit factory with system to collect, store, and dispose of all chemicals.	92	64	800,000	<input checked="" type="checkbox"/>
Separate employees from chemicals with protective clothing and gloves.	84	60	107,950	<input checked="" type="checkbox"/>
Control the temperature, humidity, and cleanliness of the work area.	95	90	30,000	<input checked="" type="checkbox"/>



### Worker Training

Cross-train employees to work on multiple tasks within their department.	94	88	128,200	<input checked="" type="checkbox"/>
Train employees to help with departmental planning, including issues related to workflow, equipment, materials, job assignments, vacation scheduling, etc.	90	86	0	<input type="checkbox"/>
Schedule time for department planning with coworkers and supervisors.	88	82	130,600	<input checked="" type="checkbox"/>
Develop teamwork skills, including interpersonal, communication, and negotiation skills.	87	78	271,200	<input checked="" type="checkbox"/>



### Quality Control

Set up a statistical process control program to monitor all materials, parts and manufactured components.	84	96	1,129,500	<input checked="" type="checkbox"/>
Train operators to detect errors and adjust machines so they produce within tolerance.	87	93	282,375	<input checked="" type="checkbox"/>



### Supplier Relationships

Measure and reward purchasing agents on both the cost and quality of incoming materials, parts, and services.	83	91	0	<input type="checkbox"/>
Work with suppliers to launch and maintain their own quality improvement programs.	85	96	265,000	<input checked="" type="checkbox"/>



### Health

Provide fitness center for employees.	84		105,300	<input checked="" type="checkbox"/>
Provide daycare services for employees.	82		52,650	<input checked="" type="checkbox"/>
Setup and run a health clinic that includes general practitioners plus a few specialists for employees only.	91		55,300	<input checked="" type="checkbox"/>
Setup and run a health clinic that includes general practitioners plus a few specialists for the immediate families of employees.	83		55,300	<input checked="" type="checkbox"/>



### Good Neighbor

Set up a grant program to supplement the learning experiences at local schools.	87		15,500	<input checked="" type="checkbox"/>
Provide seed money to create a technical training school and recruit its students as employees.	85		555,300	<input checked="" type="checkbox"/>
Help to create bike trails that connect the residential areas, community center and the industrial section where the factory is located.	83		170,000	<input checked="" type="checkbox"/>
Help to create a series of parks throughout the community, but first near the factory.	81		250,000	<input checked="" type="checkbox"/>
Work with local officials to expand and repave the stretch of road from the apartment complexes to the factory.	85		0	<input type="checkbox"/>

Total

4,404,175

## Finance

### Stock

Stock Type	Name of Owner	Shares	Price Per Share	Total Amount	Quarter
Common Stock	Executive Team	20,000	100	2,000,000	1
Common Stock	Executive Team	10,000	100	1,000,000	2
Common Stock	Executive Team	10,000	100	1,000,000	3
Common Stock	Venture Capitalists	50,000	100	5,000,000	4

### Certificate of Deposit

No cash being tied in 3-Month Certificate of Deposit account this quarter.

### Short Term Loan

Total conventional loans	2,500,000
Annual interest rate	9.15
Quarterly interest rate	2.29
Quarterly interest charge	57,162