

Business Games



LM WINE MANAGEMENT

Booklet for students



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I. Organization

A. What you need to play this business game

- A laptop
- An Internet Connexion

B. Learning goals

- ✓ Work in team
- ✓ Define and implement a strategy
- ✓ Make marketing strategy
- ✓ Elaborate reporting
- ✓ Make forecasts
- ✓ Negotiate (with customers and partners)
- ✓ Manage crises
- ✓ Present your results to your shareholders

C. Management of the team

Identify the competences of the members of the team

You must design your organization in order to allow all members to share information efficiently. The monitoring of the decisions and the coordination of the members are very important

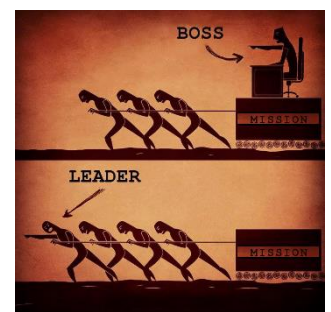
You need at least

- ✓ a general manager
- ✓ a financial manager
- ✓ a cost controller
- ✓ a marketing manager

The manager gives the decision to the animator of the business game

- ✓ He controls the datas
- ✓ He takes the decisions quickly if necessary (if there is some lack of information or if some figures seem to be wrong).

You will have to make some challenges in the same time than decisions



*It is indispensable to conduct a clear distribution of the tasks
between the team members.*

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This distribution must consider the expertise of each and the complexity of the decisions to take.

The circulation of information between the team's members, as well as the coordination and the cooperation of the participants are indispensable to the success of the project.

The leader's role is essential in this organization. He must be informed of everything and capable to verify the consistency of the decisions.

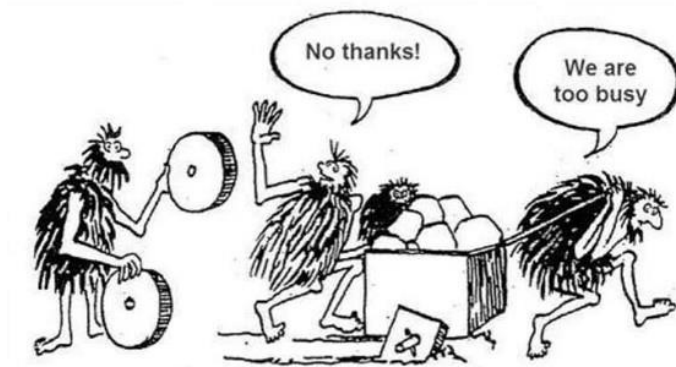
D. Monitoring tools

*You must be able to verify that the accounts are good, it
means there is no problem with your accountancy or
diversions of fund in your company.*

Such a situation would be evidently very damaging for the managers.

It belongs to you therefore to implement the necessary tools to verify the accounts that will be given to you for every decision. The lack of detection in possible mistakes will be considered like a weakness in the monitoring of the management by your shareholders. It is therefore important that you have some expectations in relation to the numbers that will be given to you and that you are able to verify the consistency of it.

E. Decision making tools



The tool of decision must permit to know the results of the variations of some components of the mix-marketing.

The development of a control panel permitting to underline the variables or the information necessary to the decision making are therefore indispensable.

Thus, variables as those that represent below must be listed:

- ✓ Information on the competition
- ✓ Information on the environment
- ✓ Information on the satisfaction of the partners
- ✓ Elasticity of demand for the different mix-marketing parameters

These reporting must be achieved by every decision-maker in his particular field. They must permit to select the information necessary to the decision making and to count the effects of the decisions in the time to permit to adjust the strategies during the time.



II. Presentation of the company

You run a company who produce different kind of wines with several qualities.

A. Wine classification in France

Wines in France are categorised under the following classifications¹:

- AOC (Appellation d'Origine Contrôlée, regulated wine of origin)

Wines with AOC status are usually of higher quality. They are strictly ruled. Those rules cover methods of growing and producing, locality, grape-variety, minimum contents of alcohol etc. All these wines are analysed and tasted regularly. This very strict legislation guarantees the excellent quality of AOC wines. The word “Origine” is often replaced by the name of the place of origin of the wine, for example “Appellation Corbierès Contrôlée”.

- AOVDQS (Appellation d'Origine Vin De Qualité Supérieure, Higher Quality Wine of Origin)

In the hierarchy of wines, those come just after the AOC. They are also strictly controlled by the “Institut National des Appellations d'Origine” (INAO). Rules apply to the zone of production, grape-variety, minimum alcohol, methods of growing and producing. An AOC classification acts as a consumer guarantee that a wine is of a particular quality and, generally, of a particular style. It also states that the wine has been made in a designated area, in accordance with local wine production laws and regulations. All AOC appellation titles are derived from the place in which the wines are made, although the degree of geographical specificity varies greatly.

- IGP (Indication Géographique Protégée/Vin de Pays, Country Wine)

Winemakers must use specific grape varieties suggested by the “Conseil Interprofessionnel” (Joint Committee of Professionals). The regulations controlling IGP/VDP's are less restrictive than for AOC wines. IGP/VDP wines are becoming increasingly popular as they are more reasonably priced and are perfect for every day drinking, now!

- Vin de France/Vin de Table (Table Wine)

About 40 to 50 percent of all wine produced in France fall under the Table Wine category. “Vin de Table” is the every day drinking wine of France. There are few restrictions and the rules governing this classification are set by the European Union. Typically a Vin De Table wine is a mix of several grapes and the labels do not have to mention the area of origin. If all the grapes used are grown in France then it would be called “Vin de Table Français”.



¹ Source : <http://www.welikewine.co.uk>

B. Location of your winery

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You are on the right bank of Dordogne and Garonne rivers



The production is mainly on red wine:

➔ grape varieties: merlot, cabernet-sauvignon, malbec, cabernet franc

but you can find some white wine

➔ grape varieties sauvignon, muscadelle and colombard

Côte de Bourg represent 3900 ha and a production of 190 000 hl.



C. Purchases of lands

In a first time, you need to create your company and to buy lands to produce your wines.



You have a global amount to invest at the beginning of the game (check on the parameters file).

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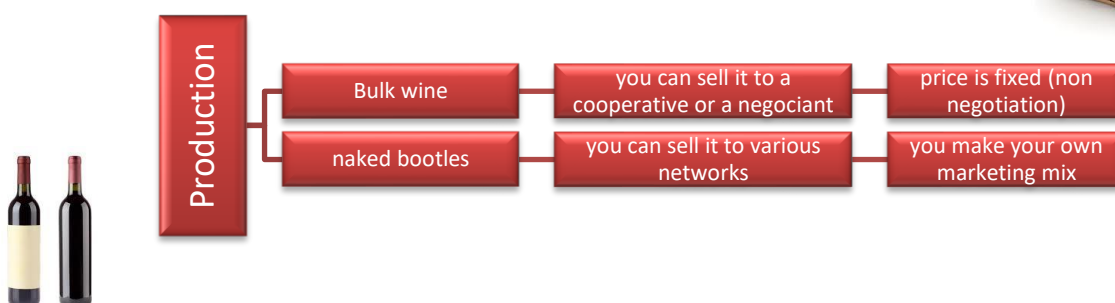
You can choose a combination of the different lands above :

Number of ha	Code for decision file	Price /ha	Quality min	Quality max
10	1	20 000	1	2
15	2	21 000	1	2
18	3	21 200	1	2
10	4	24 000	3	4
12	5	25 200	3	4
13	6	25 440	3	4
15	7	28 800	3	4
18	8	30 240	3	4
5	9	40 000	5	7
8	10	42 000	5	7
10	11	42 400	5	7
14	12	48 000	5	7



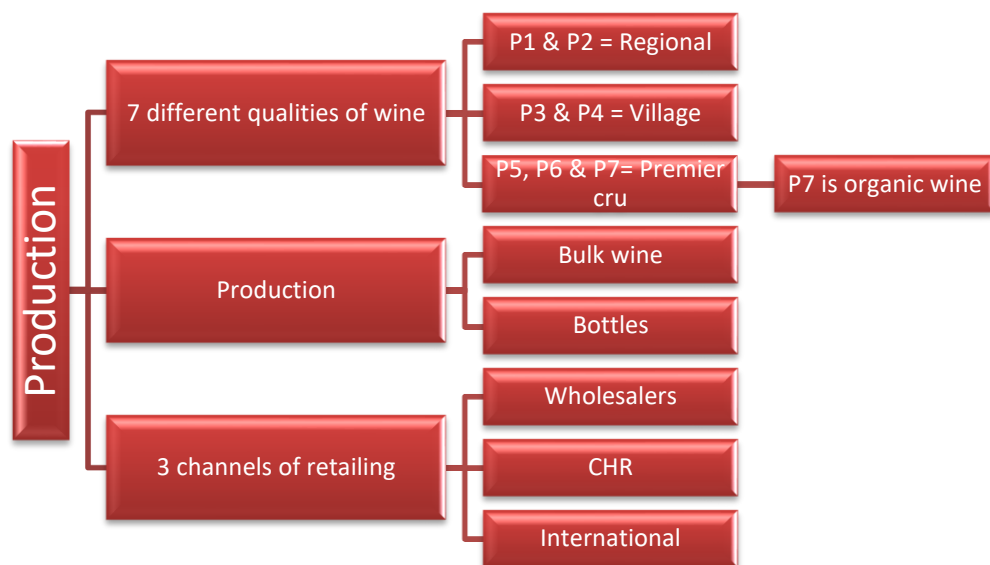
D. Production and quality

You can have two kinds of production



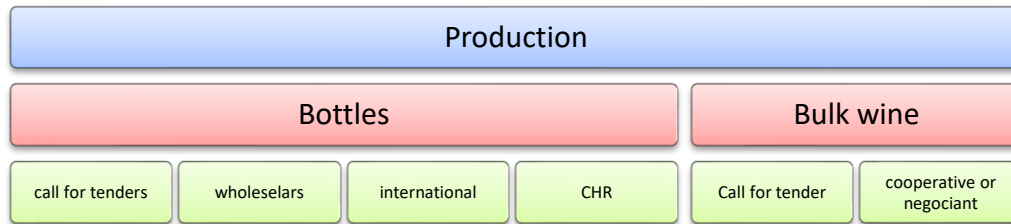
You have different qualities of wines

Quality	Number of months in the cellar	Remark	Standard quantity of production /ha	Risk on production (average)
1	6	Appellation Régionale	100	10%
2	6	Appellation Régionale	80	13%
3	12	Appellation village	50	16%
4	12	Appellation village	40	19%
5	18	Appellation 1er cru	25	22%
6	18	Appellation 1er cru	20	25%
7	18	Appellation 1er cru bio	15	28%



The balance sheet is from 1st of July to 1st of July

III. Sells



A. Sells for bulk wine

- Bulk wine can be sold at a cooperative for a fix price every year.
- Some call for tenders can also be organized.



B. Sells for bottles

You can sell you products on different networks

- Wholesalers
- café bars hotels and restaurants
- International networks



Mix marketing variables for wholesalers

- ✓ Price for P1 to P7
- ✓ Terms of payment
- ✓ Advertising budget
- ✓ Promotion
- ✓ % end of year discount
- ✓ Number of sellers
- ✓ Wages of sellers
- ✓ % on turnover for sellers

Mix marketing variables for café bar hotel and restaurant

- ✓ Price for P1 to P7
- ✓ Terms of payment
- ✓ Advertising budget
- ✓ Promotion
- ✓ Number of sellers
- ✓ Wages of sellers
- ✓ % on turnover for sellers

Mix marketing variables for international networks

- ✓ Price for P1 to P7
- ✓ Terms of payment

- ✓ Sampling (5 à 10% d'échantillon)
- ✓ Number of sellers
- ✓ Wages of sellers
- ✓ % on turnover for sellers

C. Call for tenders and negotiation

Some call for tenders are organized by different channels. You can propose your products ... if you have a good price.

Some negotiations are organized also. Generally, only one team gets the deal.

IV. Surveys

You can buy various surveys to understand:

- The market
- Your competitors' strategies
- The motivation of your staff
- ...

If you don't buy some surveys you are blind and you can lose some millions because you try to save the price of the survey.

V. Financial decisions

A. Loans and shareholders' account refunding

Shareholders' accounts

You have some shareholders' accounts in you balance sheet. You can refund the shareholders accounts if:

- you have enough cash
- if you don't need to invest anymore
- It is better to refund the shareholders account before you distribute some dividends.

Loans

You can make some new loans during the game.

You must negotiate the loan with your bank (the teacher) before to take it.

You have already one at the beginning of the game (pay attention to the balance sheet in the students' parameters sheet).

B. Dividends

You can give some dividends to your shareholders. You make a distribution for the previous year. You cannot give more than the result of the previous year to your shareholders.

For more information

- <http://www.cotes-de-bourg.com/les-cotes-de-bourg/the-appellation/?lang=en>
- <http://www.vignobledebordeaux.com/vinif.php>
- http://www.vignobledebordeaux.com/region_blayais.php