

# BYI Manual

Microsoft & Teamsquare contest



## Round 3



Microsoft®  
**Project 2010**



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## 1 Overview

Let start the final round of the first major phase of the game Build your Island: defining your strategy!

You will launch your marketing campaign and select your suppliers to carry out the construction site of the hotel. As a reminder, your budget still amounts to 100 million euros. If you exceed, all your expenses will appear in the "Loan" field of your pilotage cartridge. Thus, if you borrow, interest rates will be applied!

In this last phase of decision making, you choose:

- The characteristics of your **communication campaign**;
- **Suppliers** for the construction of your resort.



Remember to regularly analyze your monitoring indicators, and estimate an attendance rate as realistic as possible!

*Reminder of the deadline for this round: **Wednesday, October 31<sup>st</sup> at 6:00 pm.***



Note that during this round, the construction period is no longer calculated: it is up to you to estimate! Indeed, to validate the feasibility of your project, you will need to estimate the building duration of your project based on strategic choices you will make in that round. The more your estimate is distant from the actual building duration, plus penalty will be applied to your project score at the end of round! To realize the planning of your project, you are free to use the software of your choice although using **Microsoft Project 2010** or **Microsoft Project 2013** is recommended.

*Tip: To help you calculate your building duration, you can find assistance in building a Microsoft Project Planning to download directly online.*



A **health report** of your project in relation to those of your competitors will be provided each morning. Remember to analyze it carefully your strategy to correct for this round is your last chance to improve the quality of your project before the selection of top 20 teams which will access the Round 4!

*As you can imagine, the actual building duration of your project will not appear in this health report!*

Through this document, you will be guided step by step to make the right decisions in each of the last two stages of your project: **Marketing** and **Suppliers**. So you understand, in this last round, you enter the phase of **market positioning** and **selection of suppliers** in your resort.

Good luck to all!

## 2 MARKETING



Your planning is progressing well and it is time to focus on your **marketing strategy**. In this penultimate stage of your project, you define your **communication strategy** to increase your reputation and your brand image and attract a maximum of customers targeted by your project. Your Marketing score is very important because **it affects all customer segments** with a nearly equal proportion!

*Choose a communication strategy adapted to your overall strategy, for an advertising campaign that does not work is a loss of customers to your hotel!*

The relevance of your advertising campaign depends on the **budget** you allocate it, but also the **type of media** you choose, the **contact rate of your representatives** and finally the **duration of your campaign**. The contact rate made by your representatives in travel agencies will depend on the number and commission rates of your sales allocated to them.

*To you to discover the best weights between these elements and thus succeed in maximizing the impact of your advertising campaign at lower cost!*


Marketing




**Effects**

<b>Costs</b>	<b>Marketing bonus</b>
37 487 500 €	563

**Specifications**

<b>Main marketing target</b>	<b>Marketing budget</b> (5 000 000 - 50 000 000 €)	<b>Campaign duration</b> (max. 500 days)
High Income <input type="button" value="v"/>	7000000	500

**Tour operator partnerships**

<b>Representatives</b> (max. 100)	<b>Commission Rate (%)</b>	<b>Contact rate</b>
30	4	79 %

**Budget details**

<b>Low income budget (%)</b>	<b>Medium income budget (%)</b>	<b>High income budget (%)</b>	<b>Jet-Set budget (%)</b>
20	20	45	15

**Media election**

<b>TV (%)</b>	<b>Radio (%)</b>	<b>Press (%)</b>	<b>Web (%)</b>
100	0	0	0

**Results**

<b>Marketing costs</b>	<b>Commission costs</b>
17 500 000 €	19 987 500 €

## 2.1 Specifications

### 2.1.1 Main Marketing Target

As mentioned in the overview of this Round, Marketing affects all customer segments equally. Nevertheless, it is possible to maximize its effect on your main target. This choice is important and should not be taken lightly. Choosing your target has a significant impact on the attractiveness of one!

*Tip: To help you in your choice, you will find in the Annex 1 the attractiveness score multipliers that are applied on the different segments depending on your selected main target.*



### 2.1.2 Budget Marketing

The more the budget of your marketing campaign is important, the more your communication will be comprehensive and will reach a maximum of potential customers! It is therefore essential to define it carefully.

 **Type:** Free Field for a valid positive integer.

 **Description:** up to you to set the budget you want to allocate to your communication campaign. This budget must be at least **€ 5,000,000**.

*Tip: You gain a +1 bonus on all Marketing invested € 200,000!*



⇒ **EXAMPLE:** You set a budget marketing of 10 million euros. You will get a bonus of +25 points Marketing (5 000 000/200 000).

### 2.1.3 Campaign Duration

The more the duration of your marketing campaign is important, the more time you have to inform a maximum of potential customers! It is therefore as important as the marketing budget!

 **Type:** Free Field for a valid positive integer.

 **Description:** Your campaign will be launched at the end of the construction work and will run until the opening of your resort. This period is recognized in the task Marketing Campaign. The more days you allocate to this campaign, more the opening of your hotel will be delayed, but most customers will rush to open!

*Tip: your Marketing score will be multiplied by  $1 + \frac{\text{Campaign Duration}}{100}$*



⇒ **EXAMPLE:** If you choose 200 days Duration Campaign, your Marketing bonuses will be equal to +150 (= 50 \* (1 +2)).

## 2.2 Budget Details

You are going to detail the allocation of marketing budget according to the different target customer set. Attention to adopt a marketing strategy consistent with your overall strategic positioning!



**Type:** Free fields valid for positive percentages (the sum must be 100%).



**Description:** You can divide your budget Marketing as you want between the different segments. To you to make the **right allocation choice** keeping in mind your main target! But do not forget that all segments are sensitive to your campaign. If a segment is deprived of budget, you may lose some of your customers.

*Tip: whatever the distribution of your budget, it has no impact on your Marketing score. However, this distribution will be taken into account by the team Build your Island when calculating your attractiveness scores on different segments. To help you in your choice, you can use the Annex “Filling Rate” directly online.*



## 2.3 Tour Operator Partnerships

### 2.3.1 Representative

Representatives are another component of your communication strategy with travel agencies. It is essential to define it carefully to enhance your communication with agencies and promote even more your hotel!



**Type:** Free field for a valid positive integer.



**Description:** You have representatives in various travel agencies around the world. These representatives do not need to be many to be effective. The number of your representatives and the amount of their annual fees define your contact rate with travel agencies. It plays an important role in the evaluation of your marketing strategy.

*To you to find the number of representatives that you need!*

### 2.3.2 Commission Rate

For your representatives to be effective and motivated, attractive remuneration policy can only be beneficial to further increase your chances of attracting a maximum of customers to your hotel!



**Type:** Free field open for a percentage **between 0% and 100%**.



**Description:** The contact rate commission paid to your representatives is the percentage of your revenue after tax which will be distributed each year. Your representatives have not fixed salary; remuneration depends solely on the revenue generated by your hotel.

*Tip: Increase the number of representatives without changing their commission rates reduces their pay, which can lead to a drop in motivation and thus performance. Your contact rate can decrease, even if you increase the number of representatives!*



### 2.3.3 Contact Rate

This contact rate is important to estimate the success of your representatives' strategy with travel agencies! More important it is, the better your strategy pays off!



**Type:** Indicator.



**Description:** The contact rate is calculated from the number of agents and their commissions as a percentage of revenue after tax.

*Tip: This contact rate is an driver of your Marketing score because it will be multiplied by (1 + contact rate).*



⇒ **EXAMPLE:** Returning to our first example, let's say your contact rate is 50%. Your Marketing bonus will be +225 (= 150 \* (1 + 50%)).

## 2.4 Media Election

It is also important in any marketing campaign, to define the communication channels most appropriate to reach the target audience. To do this, you will distribute marketing budget following four media types.



**Type:** Free fields valid for positive percentages (the sum must be 100%)



**Description:** You define which media will be used as part of your marketing campaign and to what extent (in %). Four media are available:

- **Television** (TV);
- **Radio** (Radio);
- **Press** (Press);
- **Internet** (Web).

These media do not have the same cost and do not have the same influence on the consumer.

*Tip: To help you in the choice of media, you will find in **Annex 2** the Matrix "Media"!*



## 2.5 Technical Indicators pilotage

A number of indicators summarize the overall costs of your marketing campaign. Remember to analyze them to adjust your strategy!

Results	
Marketing costs 17 500 000 €	Commission costs 19 987 500 €

### 2.5.1 Marketing Costs



**Type:** Indicator



**Description:** This indicator tells you the **direct costs involved in your marketing strategy**. It is the sum of the costs of your budget (after adjustments) related to media selection.

### 2.5.2 Commission Costs



**Type:** Indicator.



**Description:** It gives you the amount of commission paid. This amount equals the commission rate multiplied by your revenue after tax. The sum of the Marketing Cost gives **your total marketing spends**.

## 3 PARTNERS



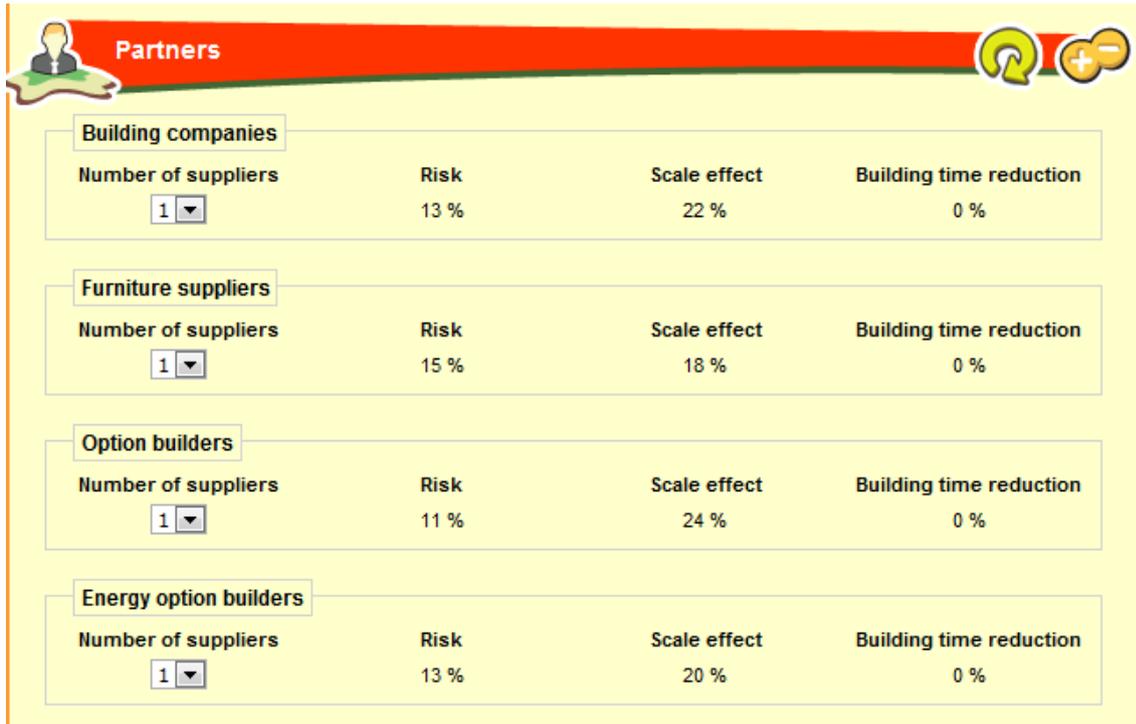
You just have to choose partners who will implement the project according to your instructions. There are four categories of partners respectively specializing in:

- **Structural work** (*Building Companies*) ;
- **Furniture** (*Furniture Suppliers*) ;
- **Options** (*Option Builders*) ;
- **Energy** (*Energy option Builders*).

Within each category, you can choose to work with a company exclusively, or several simultaneously. More partners you choose, the more your building times are reduced and your potential profitability increased!

*Tip: taking exclusive partners, you can maximize your scale effects, which positively impact your bottom line, but increases the risk of your project. This risk can be reduced by diversifying your suppliers: your strategy is then safer but also less profitable since the scale effects collapse with risk. Also note that the more partners you choose, the higher your site will develop quickly. To help you in your choice, you will find in **Annex 3 the Matrix Suppliers**.*





Partners			
<b>Building companies</b>			
Number of suppliers	Risk	Scale effect	Building time reduction
1	13 %	22 %	0 %
<b>Furniture suppliers</b>			
Number of suppliers	Risk	Scale effect	Building time reduction
1	15 %	18 %	0 %
<b>Option builders</b>			
Number of suppliers	Risk	Scale effect	Building time reduction
1	11 %	24 %	0 %
<b>Energy option builders</b>			
Number of suppliers	Risk	Scale effect	Building time reduction
1	13 %	20 %	0 %

### 3.1 Risk

The overall risk of your project registered in your cartridge control defines the **annual interest rate** that you will pay when borrowing. However, the overall risk is calculated as follows:

$$\text{GOBAL RISK} = \text{AVERAGE (PARTNERS RISKS)}$$

Thus, the more partners you choose, **the higher your risk** for each category (structure, materials, options and energy) **decreases!**

Building companies			
Number of suppliers	Risk	Scale effect	Building time reduction
3	4 %	5 %	40 %

⇒ **EXAMPLE:** In the category Building Companies, you choose three partners. In the other three categories, you choose only one. Your overall risk is equal to 10.75% (AVERAGE (4%, 15%, 11%, 13%)).

### 3.2 Scale Effects

**Scale effects** allow you to benefit from significant **cost reduction** when you call a **single constructor** to one of your categories of partners. In fact, as you only have a single point to control all the resources, it makes you enjoy high discounts.

However, if you choose to provide with several partners at the same time, these scale effects are greatly reduced.

### 3.3 Time Reduction

The last possibility offered by your partners is the reduction of your construction time. In the same way that your risk decreases when you select multiple partners, your construction time is reduced.

According to the partners you choose, it is not the same time construction which will be affected:

- **Building Companies:** Only building duration of your **Interior and Exterior Building** are reduced;
- **Furniture Suppliers:** only affects the task **Furniture**, that is to say the standard selected from your rooms;
- **Option Builders:** these partners will help to reduce the construction time of your **options** in both groups (G1 and G2);
- **Energy Option Builders:** reduces the building time of your **electrical and hydraulic systems**.

*Tip: You will find in **Annex 4** for details of building duration affected by your choice of partners.*

You understand your choice of partners is essential! Thanks to them, you can choose if you want to keep construction costs down by taking advantage of **economies of scale**, or if you would rather **reduce the risk** induced by the partners, and therefore borrow at lower rates, while **reducing your building duration**.

## 4 Estimating the duration of your project

As stated in the first part of this manual, the round III presents a **higher difficulty** compared to the two previous rounds. Indeed, in the first two rounds, your building duration hotel was given, and ROI a direct result of this duration.

Here, things change: **it is you** who will have to **estimate your time of construction**. This estimate is not negligible: a poorly estimated building duration has a direct impact on the calculation of ROI, and therefore your score. As a reminder, here is the ROI calculation:

$$\text{ROI} = \frac{\text{PRODUCTS} - \text{CHARGES}}{\text{CHARGES}}$$

Avec

$$\text{PRODUCTS} = \text{DAILY TURNOVER} * \text{OPERATING TIME}$$

If your estimate is wrong, then your operating time will be as bad, **and it will distort your indicators** in your cartridge pilotage: products, ROI and score.

When comparing your project to those of your competitors, the game will take into account the accuracy of your estimate from the actual construction time and **accuracy rate** will be calculated and injected into calculating **your score**.

Here is how to calculate your rate of accuracy:

$$\text{Accuracy rate} = 1 - \frac{|\text{Expected Building Duration} - \text{Real Building Duration}|}{\text{Real Building Duration}}$$

As you can see, this rate is based on an **absolute value**: your estimate is up or down, your error is **taken into account in the same way**.

This rate is then directly integrated into calculating your score by multiplying it with other composting of it:

$$\text{SCORE} = (45\% \text{ Ecology} + 35\% \text{ ROI} + 20\% \text{ Brand Image}) * \text{ACCURACY RATE} * 1000$$

Every morning during the Round III, you can view the health report an index of the accuracy of your estimate:

-  **Green man:** your estimated building duration is good with a margin of error of 5% maximum;
-  **Orange man:** your estimated building duration is wrong with a margin of error between 5% and 20%;
-  **Red man:** your estimated building duration is wrong with a margin of over 20%.

To guide you in determining your construction time, Annex "**ANNEXE\_Building duration\_BYI2012**" is available on the Microsoft Campus, Build Your Island page.

*Tip: You will find in **Annex 5** "building duration" of this manual a first aid calculation of this period.*

## 5 End of the round

To gain access to Round 4, it is important to respect the deadline for registering your project which is set at **Wednesday, October 31st at 6pm!**

*Tip: Remember that a health report of your project is published every morning at 8am! It is essential to refine your strategy until the end of the round. At the end of this round, your strategy will no longer be changed!*



**Attention to determining your building duration!** This provides you with **penalties** if your score is far from the actual length of your building project. Remember to take into account the **color indicator** that is in your health report to adjust your duration.

Estimated score	9 042
Estimated ROI	89.63 %
Ecology	90.13 %
Brand image	92.44 %
Service	90.4 %
Marketing	84.93 %
Building duration	757
Launching cost	118 371 125 €
Budget	0 €
Loan	18 371 125 €
Estimated products	518 567 400 €
Charges	273 469 571 €
Risk	10.75 %



Score report				
Your rank : 4  This page is refreshed every 24 hours				
	Your score	Average	Maximum	Minimum
<b>Real Score</b>	<b>12261</b>	6867	16283	0
Real ROI	110.61%	31.57%	254.91%	-100%
Ecology	90.13%	73.69%	90.13%	0%
Brand Image	92.44%	81.8%	92.44%	49.09%
Service	90.4%	70.87%	90.83%	0%
Marketing	84.93%	54.44%	95.34%	0%
<b>Feasibility</b>				
Expected Building Duration	757	686	1500	0
Real Building Duration	758	876	1483	339
Accuracy Rate	100%	60%	100%	0%
<b>Strategy</b>				
Number of Rooms	360	584	1563	55
Number of Suites	176	100	290	5
Price per Night - Rooms	350	405	900	170
Price per Night - Suites	4000	2263	4000	500
<b>Attractivity</b>				
Filling Rate - Rooms	100.00%	66.65%	100.00%	0.00%
Attractivity on Low inc. segment	100.00%	65.69%	100.00%	0.00%
Attractivity on Med inc. segment	100.00%	67.44%	100.00%	0.00%
Filling Rate - Suites	100.00%	73.20%	100.00%	0.00%
Attractivity on High inc. segment	100.00%	73.33%	100.00%	0.00%
Attractivity on Jet-Set segment	100.00%	72.85%	100.00%	0.00%
Real Filling Rate	100.00%	67.86%	100.00%	0.00%
<b>Financial Results</b>				
Real Products after taxes	575 646 500 €	229 046 891 €	671 846 920 €	0 €
Charges	273 322 481 €	167 607 312 €	473 041 221 €	25 265 350 €



In your **pilotage cartridge**, your score (**estimated Score**) is based on your estimated filling rate (that you estimate - **Expected filling rate**) and your products (also estimated according to the filling rate - **Estimated products**).

**This is only a projection made from your estimation! And which may be very far from reality by integrating the competing hotels!**

In your **health report** (updated every day), check your actual score (**Real score**) and your actual filling rate (**Real filling rate**) compared to other hotels and your real products (**products Real After taxes**)!

Finally, check rankings every Wednesday and adapt your strategy to improve!

At the end of the round, a **general classification** will be published and will let you know if you are one of **the top 20 project teams**. If this is the case, you will have access to Round 4! The planning of the construction site of your complex will begin!

## 6 Annexes

### 6.1 Marketing

#### 6.1.1 Annex 1: Matrix Marketing Target

MKT. TARGET	Direct Costs	Low Multiplier	Med. Multiplier	High Multiplier	Jet Multiplier	Task	Duration
Low Income	0	1,2	1	0,8	0,6	None	0
Medium Income	0	1	1,2	0,9	0,8	None	0
High Income	0	0,8	0,9	1,2	1	None	0
Jet-Set	0	0,6	0,7	1	1,2	None	0

⇒ **EXAMPLE:** You choose as Main Target Marketing the segment Medium Income. Once selected your main target, you see no noticeable difference appear on your ROI or your SCORE as if your choice in this field had no impact. However, on the server side, your choice will be taken into account. Your score will multiplied by 1 the attractiveness of the segment Low Income (no bonus nor malus), by 1.2 on the Medium segment income (20% bonus) by 0.9 on the segment High income (penalty 10%) and 0.8 on the Jet-Set segment (20% penalty).

#### 6.1.2 Annex 2: Matrix Media

MEDIA	Proportion	Direct Costs	Marketing Bonus	Task name	Task Duration
TV	P(%)	Mark. Budget*P%*150%	1,5	None	0
Radio	P(%)	Mark. Budget*P%*120%	1,2		0
Press	P(%)	Mark. Budget*P%*130%	1,3		0
Web	P(%)	Mark. Budget*P%*110%	1,1		0

⇒ **EXAMPLE:** You invest 10 million of marketing budget. You decide to make your campaign on television (60%) and newspapers (40%). The cost of this campaign will be of € 14.2 million instead of € 10 million in the budget (= 10 million \* (60% \* 1.5 + 40% \* 1.3)). In exchange, your marketing bonus will rise now at +71 and not +50 (= 50 \* (60% \* 1.5 + 40% \* 1.3)).

## 6.2 Partners

#### 6.2.1 Annex 3: Matrix Suppliers

SUPPLIERS	Number	Risk	Scale Effect	Time Reduction	Task name	Task Duration
Supplier Building	1	13%	22%	0%	Partner Negotiation 1	5
	2	7%	12%	20%		10
	3	4%	5%	40%		15
Supplier Design	1	15%	18%	0%	Partner Negotiation 2	5
	2	9%	9%	20%		10
	3	6%	5%	40%		15
Supplier Options	1	11%	24%	0%	Partner Negotiation 3	5
	2	6%	12%	20%		10

	3	3%	6%	40%		15
<b>Supplier</b>	1	13%	20%	0%		5
<b>Energy</b>	2	10%	10%	20%	Partner Negotiation 4	10
	3	7%	5%	40%		15

### 6.2.2 Annex 4: Tasks affected by partners

TASKS	Partner implied	Building Time Reduction
<b>Dig Ocean Floor</b>	-	0%
<b>Partners Negotiations</b>	-	0%
<b>Architectural Plans</b>	-	0%
<b>Electric Installations</b>	Energy Suppliers	Up to 40%
<b>Water Installations</b>	Energy Suppliers	Up to 40%
<b>Exterior Building</b>	Building Companies	Up to 40%
<b>Interior Building</b>	Building Companies	Up to 40%
<b>Furniture</b>	Design Agencies	Up to 40%
<b>Options G1</b>	Option Builders	Up to 40%
<b>Options G2</b>	Option Builders	Up to 40%
<b>Marketing Campaign</b>	-	0%
<b>Recruitment Campaign</b>	-	0%

### 6.3 Annex 5 : Building duration

TASKS	Predecessors	Total Task Duration
<b>1. Dig Ocean Floor</b>	None	= Task Duration
<b>2. Partners negotiation</b>	None	= Sum of the 'Partner Negotiation' task durations
<b>3. Architectural plans</b>	Task 1; Task 2	= Task Duration
<b>4. Electric installations</b>	Task 1; Task 2	= Sum of the 'Electric installations' task durations*(1-Time Reduction Energy)
<b>5. Water installations</b>	Task 1; Task 2	= Task Duration*(1-Time Reduction Energy)
<b>6. Exterior building</b>	Task 3; Task 4; Task 5	= Task Duration*(1-Time Reduction Building)
<b>7. Interior building</b>	Task 6	= (Living Space / 50) * (1-Time Reduction Building)
<b>8. Furniture</b>	Task 7	= Task Duration*(1-Time Reduction Furniture)
<b>9. Options G1</b>	Task 3; Task 4; Task 5	= Sum of the 'Options G1' task durations * (1-Time Reduction Options)
<b>10. Options G2</b>	Task 3; Task 4; Task 5	= Sum of the 'Options G2' task durations * (1-Time Reduction Options)
<b>11. Marketing Campaign</b>	Task 8 ; Task 9; Task 10	= Time given in the "Campaign Duration" field
<b>12. Recruitment Campaign</b>	Task 8 ; Task 9; Task 10	= Sum of the 'Recruitment' task durations

*Disclaimer: This manual is issued for informational purposes. The information applies to the construction of a fictional resort in the exclusive Build Your Island 2012 Contest. Microsoft and Teamsquare do not engage the correct and actual information contained in that manual, which serve the purposes of the contest. Any dispute relating to the information contained herein shall not be admissible.*