

### *Management Training*

In each simulated month, starting with month No. ... **the level of achievement of the following Educational Effect (effect No. 2) will be graded:**

*Student is able to use the developed system DSS\_G in preparing (working out) forecasts of the economic and financial situation of a simulated company as well as to identify the main reasons for the discrepancies between these forecasts and the real (actual) situation of that company.*

The grade will be based:

1. On the accuracy of the predictions (calculations) of the following two financial ratios (values), made with the help of the DSS\_G system:
  - Profit before taxation *ProfBefore*
  - Cash at the end of month *CashAtEnd*.

The accuracy will be measured by the absolute value of a difference:

$$(RealValue - PredictedValue)$$

2. On the detailed explanation of the causes of the discrepancies between the real and predicted values (*ProfBefore* and *CashAtEnd*). Each COMPANY must have strong (economic, financial) arguments for all the decisions taken and for the predictions concerning among other things:
  - demand forecast (in pieces) for full quality products manufactured by the COMPANY as well as sale of full quality products,
  - total number of products manufactured in each production stage,
  - number (fraction) of defective products manufactured in each production stage.

**All steps made in order to achieve more accurate predictions at the expense of the financial (economic) situation of the COMPANY (indices W1-W5) will result in a negative grade (2.0).**

**The necessary (but not sufficient) condition for a positive grade ( $\geq 3.0$ ) is a positive grade achieved for the explanations described under item 2 above.**

The impact of the prediction accuracy of *ProfBefore* and *CashAtEnd* on the grade will be explained in detail during the classes. The idea of this impact is presented in Tables 1-2. Please remember, that Tables 1-4 exemplify only some of the possible situations. Other cases will be analyzed individually.

Tab. 1 (No. of companies = 7)

| No | Prediction Accuracy of <i>ProfBefore</i> [Rank] | Prediction Accuracy of <i>CashAtEnd</i> [Rank] | Grade      |
|----|---|--|------------|
| 1  | 1   | 1-3  | 5.0        |
| 2  | 2-3   | 1-4  | 4.5        |
| 3  | 4   | 1-4  | 4.0        |
| 4  | 5   | 1-5  | 3.5        |
| 5  | 6-7   | any  | $\leq 3.5$ |

Tab. 2 (No. of companies = 6)

| No | Prediction Accuracy of <i>ProfBefore</i> [Rank] | Prediction Accuracy of <i>CashAtEnd</i> [Rank] | Grade      |
|----|---|--|------------|
| 1  | 1   | 1-3  | 5.0        |
| 2  | 2   | 1-3  | 4.5        |
| 3  | 3   | 1-4  | 4.0        |
| 4  | 4   | 1-5  | 3.5        |
| 5  | 5-6   | any  | $\leq 3.5$ |

Tab. 3 (No. of companies = 5)

| No | Prediction Accuracy<br>of <i>ProfBefore</i><br>[Rank] | Prediction Accuracy<br>of <i>CashAtEnd</i><br>[Rank] | Grade |
|----|---|--|-------|
| 1  | 1   | 1-3  | 5.0   |
| 2  | 2   | 1-3  | 4.5   |
| 3  | 3   | 1-3  | 4.0   |
| 4  | 4   | 1-4  | 3.5   |
| 5  | 5   | any  | <=3.5 |

Tab. 4 (No. of companies =4)

| No | Prediction Accuracy<br>of <i>ProfBefore</i><br>[Rank] | Prediction Accuracy<br>of <i>CashAtEnd</i><br>[Rank] | Grade |
|----|---|--|-------|
| 1  | 1   | 1-2  | 5.0   |
| 2  | 2   | 1-2  | 4.5   |
| 3  | 3   | 1-3  | 3,5   |
| 4  | 4   | any  | <=3.5 |