In the Module 4 SLP, you will develop your own pricing strategy, running the simulation at least twice. Your objective is to earn the highest cumulative profit, and to expand market share to the greatest extent possible. In this final SLP, you will continue to compete with new entrants; in SLP4, however, the pricing policy of competitors will be more aggressive (i.e., competitors will be increasingly inclined to undercut your pricing).

For this final SLP, go to “Settings” page, and change the following:

1) Competitor Price Policy – *Low*

2) Entry for New Competitors – *On*

3) Be sure to SAVE your changes.

For the Module 4 SLP, you are asked to complete the simulation, making pricing decisions at **2-year intervals**. Leave the process improvement percentage at 5%. Note that you will again need to monitor the market share and financial performance of *new entrants* into the Solar Power industry. Also, you will now find competitors’ pricing to be more highly aggressive.

Run the complete 18-year simulation two times.  For each simulation run, keep track of the pricing decisions you make at each of the four decision intervals. Also, keep your results (note key metrics like market share of new entrants vs. your company’s market share, revenue, margins, profitability, etc). Give justification for your pricing decisions, and using key data, compare your results between Simulation Run #1 and Simulation Run #2.

*The key aspects*

1. Include discussion and analysis of key metrics at the end of each decision point (e.g., among other data, be sure to include total market share, revenue, cumulative profit, consumer net price, modular price, unit cost, etc.).
2. Using Excel, provide a comparative analysis of key data to demonstrate the differences between the results of Simulation Run #1 vs. Simulation Run #2 at key decision points. It is your job to determine which data (and which comparisons) are most significant.
3. Comment on the impact of the more highly aggressive pricing strategies used by competitors. What has been the effect of aggressive competitor pricing on *your* results (profitability, market share, cost to consumer, etc.)?
4. What recommendations would you give to a newly-hired CFO who will be responsible for setting pricing for the company going forward? If you were responsible for orientation of the new CFO, what lessons learned, pricing/ marketing strategies, and other recommendations might you have? Be specific.

<http://forio.com/simulation/solar-test/downloads/SunPower-Henderson.pdf>