

# MikesBikes performance

As already noted, after the individual practice and the team practice, you will move into the 'main event' and your team will compete against other teams from the course.

Your grade for the performance of your MikesBikes' firm will be determined by the firm's **Shareholder Value** after the last rollover. Note, there will be two rollovers back-to-back in the last week. This double-rollover stops any 'end-game' strategies, such as selling-off a firm's plant and equipment.

In evaluating the performance of the firm, adjustments are made for a variety of factors, including (but not limited to): the degree to which a subsidiary firm contributed to the firm's SHV, the contribution made by the parent firm to its subsidiaries, how firms sought to get themselves out of insolvency, and so on.

## Grade distribution

Thinking of the [grading criteria](#), what does an A+ (Rare, outstanding) performance look like? When the percentage of the final mark associated with firm performance was small (5%) many students were relatively relaxed about the exact relationship between the grade and their performance.

For this semester, now that a more significant portion of your grade is allocated to firm performance, students want greater transparency on how the grade for firm performance is calculated. The following description is an attempt at making it clearer. However, if — at the end of the day — the scheme is found to produce perverse results, it may be revised.



To 'be in to win' your firm must have 2,000,000 shares after the last rollover (plus or minus 100 shares). In other words, you must end with the same number of shares at the end of the simulation as at the start. This is to prevent students engaging in a purely financial strategy of just buying back their shares to inflate their share price (and hence their shareholder value). You should not underestimate the difficulty of getting back to 2,000,000 shares if you start buying and selling them.

To achieve equivalency, shareholdings will be normalised to 2,000,000 shares when calculating the final shareholder values.

Over the years, the highest SHV obtained in this course is \$509. Furthermore, there is a non-linear relationship between SHV. So, the proposed criteria looks like this.

SHV	
(with 2,000,000 shares)	Group Grade
500	A+
300	A
200	A-
125	B+
80	B
50	B-
30	C+
20	C
13	C-

A passing grade means that you did not destroy shareholder value; the firm is worth at least as much as when you took over its control.

## Extra credit

The highest performing firm in the class will receive a 5% extra credit. This will effectively move their final grade for the course up one grade point. E.g., if an individual was getting a B+ they would get an A-.