

Beergame

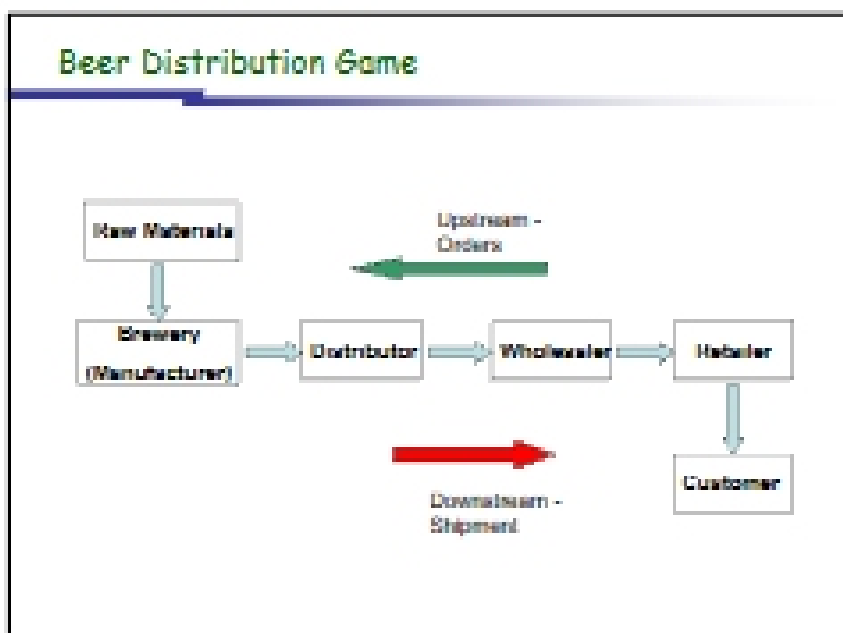
Beer Game - Background

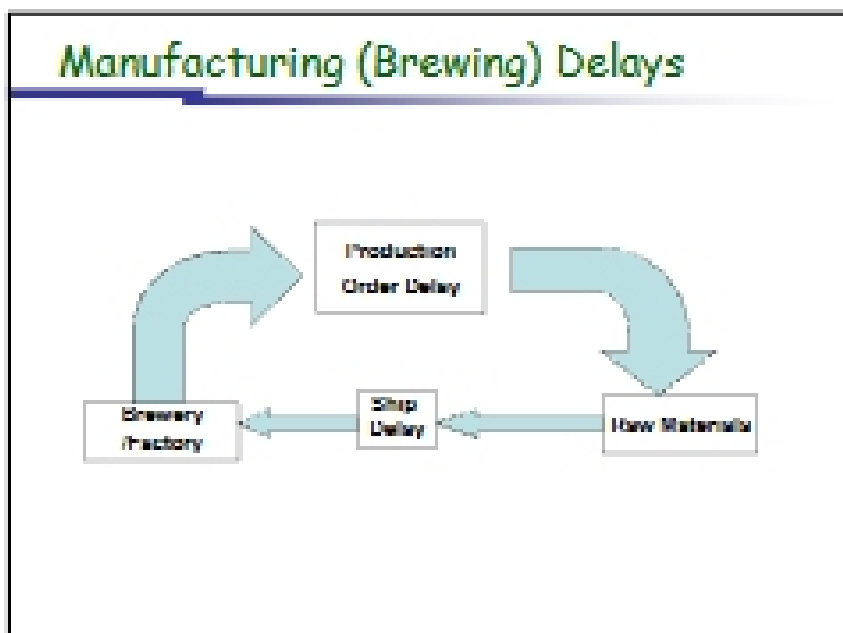
- Originally called the 'production-distribution game',
- The game was developed by Sloan's System Dynamics Group in the early 1960s as part of Jay Forrester's research on industrial dynamics.
- It has been played all over the world by thousands of people ranging from high school students to chief executive officers and government officials.
- Of course, there is no beer in the beer game, and the game does not promote drinking.

Source:
<http://www.mhhe.com/management/EDC/beergame.html>

Players

- Brewery (Manufacturer)
- Distributor
- Wholesaler
- Retailer
- Customer - system
- Goal : Meet demand at minimum cost (Inventory cost versus Backorder cost)





Objective

- Is to satisfy the demand of the customer, while keeping the cost low.
 - cost for holding inventory
 - cost for not satisfying demand (backorder)
 - demand for the product remains until it is satisfied i.e. backorder persists until it is fulfilled.

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Rules

- Objective : Minimize the total costs
 - What are the costs?
- **Shipment of order cannot exceed = customer order + backlog!**
- Cost :
 - Inventory : \$0.50/case/period
 - Backlog: \$1.00/case/period

Beer Game Rules

- Every week
 - New shipments from your supplier
 - New order from your customer
 - Customer order is filled from inventory, any balance goes into backlog
 - Cost
 - Holding cost : \$0.5/ unit
 - Backorder cost: \$1.0/unit
 - You place a new order with your supplier

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Information Card

Game Number: 1, 2
Position: Factory
Password: 2690

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