MINI MBA PROGRAM · UNIVERSITY OF ST. THOMAS

hotelred

Seven Rounds. One Disciplined Strategy. The Strongest Case to Win.

Cesim Service Simulation · Final Results Presentation

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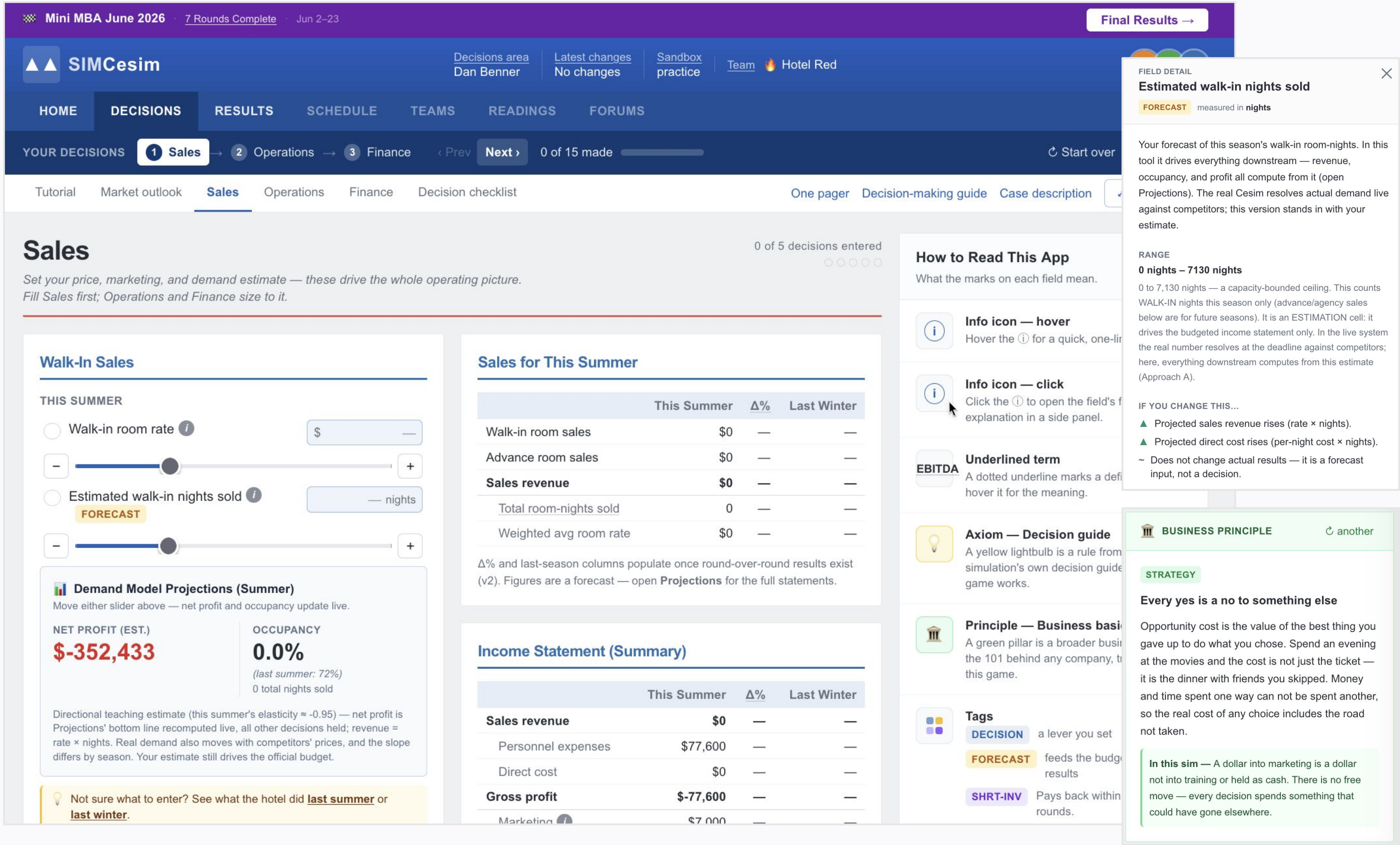
We Built Our Own Training Tool

After Round 1, we built a site to understand the simulator and business language. That's a big reason our strategy stayed this consistent.



What the Site Did

Explained each decision lever and what it actually changed in the simulator.

Taught us business and study guide terms so we'd have contextual learning along the way

Got the whole team on the same page fast, so we could move past learning the tool and start using it.

https://simcesim.vercel.app/

OUR GUIDING PRINCIPLES

The North Star That Never Wavered

Four commitments shaped every decision across all seven rounds, no matter what rivals chased.

Quality, Always

Maintenance and staffing held steady so guest experience never dipped, even in soft rounds.

Modest, Steady Spend

No marketing spikes or panic cuts. Spend stayed in a narrow, predictable band.

Mid-Range Pricing

Rates held in the market's middle ($125-150), avoiding both giveaways and overreach.

Debt Discipline

Lowest gearing in the field (41.1%) and zero short-term loans across the entire game.

Result: profitable in every single round — the only team in the field that can say so.

OUR OPERATING ENVIRONMENT

Reading the Bloomington Market Correctly

Our pricing and growth assumptions weren't arbitrary — they reflected the specific market Hotel Red competes in.

A Mature, Established Market

- Located minutes from MSP International — a steady, recurring base of flight crews and connecting business travelers.
- Adjacent to Mall of America, a decades-old anchor that draws consistent vacation and leisure traffic year-round.
- Bloomington's hotel demand is well-established, not emerging — the market isn't growing in unpredictable bursts.

Our Strategic Read

Plan for seasonality, not surprise.
Summer demand was modeled against past summers, winter against past winters.

Plan for modest growth, not a boom.
An established market like Bloomington doesn't swing wildly year over year, so we planned for steady gains, not spikes.

Count on a stable demand base.
Flight crews, business travelers, and vacationers gave us a dependable floor of demand to price around.

FINAL STANDINGS, SEVEN ROUNDS

Hotel Red Earned More Than Any Team in the Field

Total Shareholder Return ranked us third. Total net profit — the cash actually generated — ranked us first.

Profit Rank	Team	Total Net Profit	Cumulative TSR	Final Share Price
1st	**Hotel Red (us)**	**$846,616 ★**	**10.82%**	**$61.60**
2nd	Hotel of America	$826,896	13.52%	$72.89
3rd	The Northline	$683,621	11.19%	$62.96
4th	Blue	$577,596	7.08%	$47.20

$846,616 in total net profit — the highest of any team. Best gross margin (79.6%), lowest debt (41.1%), and the biggest cash build in the field ($1.21M).

BEST-IN-CLASS METRICS

Four Categories. Four Wins.

On every fundamental measure of operating performance, Hotel Red led the field.

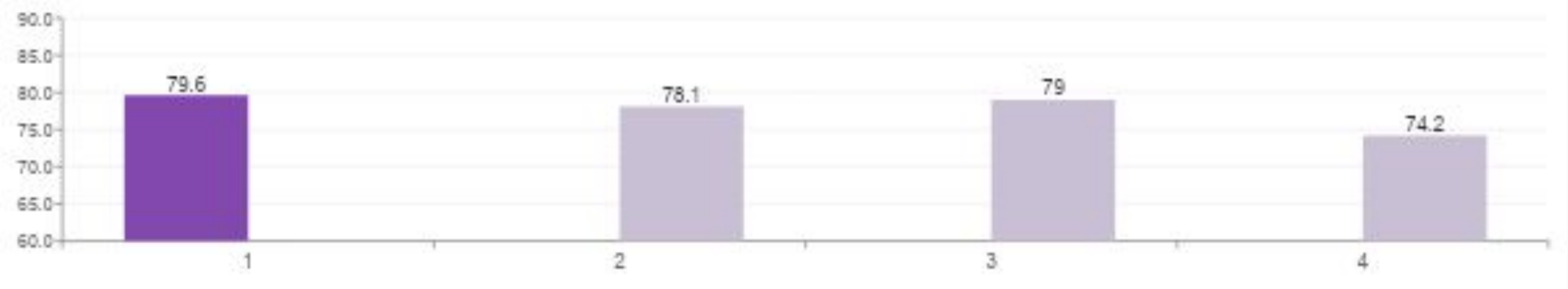
$846,616
Total Net Profit
Highest of any team — every round profitable

79.6%
Avg Gross Margin
Best in class, ahead of Hotel of America's 78.1%

41.1%
Lowest Debt
Lowest debt-to-equity — zero short-term loans, ever

$1.21M
Net Cash Generated
Largest cash build in the field, 3.3x Northline's

Gross Profit Margin by Team (7-Round Average)



ADDRESSING THE GAP

Why We Earned More But Ranked Third in Shareholder Return

Share price rewards timing. We optimized for total profit. That gap explains the difference.

What Actually Happened

- Hotel of America stacked most of its profit into Rounds 6 and 7 — $351K, then $182K.
- We spread ours out. Profitable all seven rounds, no single big spike.
- Share price reacts to recent earnings, so a late spike moves it more than steady profit did.
- Result: their share price rose $47.89. Ours rose $14.60, on a bigger total profit.

Round 7 Net Profit

$182,281 vs. **$139,086**

Hotel of America, left. Hotel Red, right. One round moved most of the TSR gap.

The Question Worth Asking

Should a seven-round game reward whoever's earnings spike right before the final number — or the team that ran the better business the whole way through?

STRESS-TESTED STRATEGY

Discipline Held When the Market Didn't

Two rounds, two very different calls — and only one team avoided the only net loss in the simulation.

Round 3: A Market-Wide Trough

Industry demand fell 21% that round. We dropped to $130 and barely cleared $14,298 in profit, our smallest of the game. Everyone took a hit; Blue lost $90,063.

The honest lesson:

Holding our $150 rate, like Northline did, would have earned more. Winter travelers turned out less price-sensitive than we assumed. A market trough, not a strategy failure, but a real lesson in not flinching.

Round 1: The Only Net Loss in the Field

Hotel of America priced at $250, nearly double the market, and posted the only net loss in the field (-$8,432) at 36.8% occupancy. It took three rounds to dig out.

Our Round 1, by contrast:

Priced at $125, the most competitive rate in the market. 53.5% occupancy, a first-place 56.9% round TSR, and no hole to climb out of.

THE VERDICT

The Team That Built the Better Business

- $846,616 in total net profit, the most of any team. Profitable every round.
- Best gross margin (79.6%) and lowest debt (41.1%) in the field.
- Largest cashbuild in the simulation, $1.21M, with zero short-term borrowing.
- Third-place TSR comes from one team's late spike, not weaker fundamentals.

Hotel Red built the strongest business in this simulation. We're asking the judges to recognize it.