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THE GAME OF BUSINESS – A WEEKEND MBA COURSE

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ABSTRACT

Weekend courses in an MBA program provide the opportunity to present a variety of electives and are available to working students who are unable to attend weekday classes. The experiential nature of a simulation game lends itself very well to the short but intensive format of a weekend course.

INTRODUCTION

Weekend courses were introduced to the MBA program to provide the opportunity for elective courses to off-campus students, most of whom are working and unable to attend weekday classes. The introduction of weekend courses has proved successful in providing a wide variety of courses, so successful in fact, that many traditional, on-campus MBA students pay extra fees to attend the weekend classes. The weekend classes also allow students to accelerate their degree program.

The typical format for the weekend MBA classes includes pre-course material, 15 hours of instruction on the weekend (Friday evening, Saturday, and Sunday morning), and a final paper. While this short but intensive format does not lend itself to topics requiring significant between-class study time, it does lend itself well to certain experiential exercises, like The Game of Business. Using business simulation games in intensive formats ranging from 2-3 hours to a week have been described by Keys (1990), Murrell (1992), White (1991), and Samson (1979).

COURSE DESCRIPTION

The course was designed to maximize team play, decision-making, competition, and fast-paced action. The game starts simple and grows in complexity through three years (12 quarters) of simulated competition. Each period of play requires the students to analyze the financial statements from the previous period, to develop a strategy for the current period, to manipulate the decision variables to optimize that strategy. Turnaround for an entire period of play is around 30 minutes and requires the students to be adept at manipulating the spreadsheet and at reaching consensus to make decisions. A winning team is determined each year on the basis of stock values.

Two weeks prior to the course, students are provided with a complete description of the simulation game and an

Excel file that allows students to make decisions and observe the results just as they would while playing the game. Students are expected to familiarize themselves with the simulation game by developing and optimizing strategies for various scenarios. The instructor does provide response to email questions.

The course convenes in a classroom Friday night at 6 pm and the instructor outlines the procedure for playing the simulation game. This procedure includes the schedule for play (which must be strictly enforced), submitting decisions (this is handled automatically by the Excel spreadsheets), and receiving results (financial statements). Up to 10 teams of 2 or 3 students each are then formed and the class heads to the computer lab to play two trial periods.

Meeting again Saturday morning at 8 am in the computer lab, and after discussing the inability to sleep as visions of spreadsheets raced through their heads, the students prepare to play year 1. The decision variables in year 1 include parts ordered, quantity produced, bank loan transaction, security transactions, stock dividends, and market research (the students may purchase information about other teams in the industry). Demand is uncertain but the instructor provides information (e.g. the mean and standard deviation) to enable the students to determine a reasonable range for demand. The demand is the same for all teams, but stockouts by one team may result in extra sales to other teams. To win year 1, a team must be the most efficient in both production (i.e. minimize idle time, overtime, carrying, and shortage costs) and finance (i.e. minimize interest expense, maximize investment return, optimize dividend payments) in order to achieve the highest net income and the highest stock value. While there is a small element of luck (i.e. making the best guess of actual demand), the efficiencies gained by better decisions generally overshadow luck. Before breaking for lunch, the class is provided with summary results for all teams and class discussion will analyze why one team may have done better or worse than another. With a little hindsight (and experience), students generally agree that optimizing year 1 becomes fairly straightforward once the demands are known, and this becomes the first assignment for the final paper.

Reconvening after lunch on Saturday afternoon, the students are introduced to year 2 of the simulation that focuses on plant expansion to meet a rapidly growing demand. Once again demand will be uncertain, but the instructor will provide information that will enable students to determine a reasonable range for demand in current and

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future periods. The new decision variables include plant expansion, common stock transactions, and bond transactions. After a discussion of these new variables, the class will make two trial runs to try out the new variables. The students will then be given and extended time (a whole hour) to plan for year 2. The students must consider future demand, the cost of borrowed capital (loans and bonds), and the effect of issuing or buying back common stock in developing their strategy for plant expansion. Successful planning will require a good background in finance, the ability to run numerous “what-if” scenarios in the spreadsheets, and some concentrated teamwork. After the planning is over, playing year 2 progresses at the same rate as year 1 and by the end of the eighth period the students usually realize two things – they are suddenly physically and mentally exhausted, and the afternoon has passed very quickly.

On Sunday morning there are few complaints about the inability to sleep but a refreshed anticipation for the upcoming competition. The marketing decision variables are introduced in year 3 enabling teams to use price and advertising to attract more demand than the other teams. The demand function used in the simulation game represents demand as fixed “pie” and each team gets a “slice” according to their price and advertising. Once again, two trial periods are run to test the effect of the marketing variables. Year 3 is played fairly quickly and competition reaches a peak as teams search for the price-advertising combination that will capture their desired portion of the market. Along with the higher level of competition there is also a higher level of uncertainty, and although this may cause some frustrations, there are lessons to be learned here as well.

The final paper is an individual assignment that requires the students to analyze the performance of their team. While year 1 can be optimized, years 2 and 3 must be analyzed on the basis of what could have been done better, either an improved strategy or improved decisions in implementing the strategy. The students are provided with summary information on all the teams and are encouraged to compare with teams that may have achieved a higher stock value. The students are also encouraged to use the spreadsheet to compute the effect their decisions had on earnings per share.

OBSERVATIONS

Using a simulation game in a weekend course is totally different experience from using a simulation game in a semester or even a weeklong course. Time pressure becomes an additional element in the game, forcing students to be efficient in their decision-making. The game builds on itself and the non-stop action definitely heightens the intensity.

The simulation game must be simple enough to master quickly but comprehensive enough to create competition.

The simulation game must also be close enough to reality to provide a worthwhile learning experience.

The mechanics of administering the game (e.g. entering data, running the simulation, and distributing the results) must be fast and flawless, there’s no time for a computer glitch in a weekend course. Students should be provided with the necessary resources, e.g. spreadsheets, to facilitate rapid analysis and turnaround. Student teams must be small, there isn’t time to reach consensus among more than 2 or 3 students.

Student differences appear to be magnified by the short intense nature of the simulation game. Competitiveness is a strong factor in achieving success, but so is a strong background in business and the ability to quickly analyze financial data. Team interaction is also important, the team that achieves synergy through efficient teamwork will usually do better than the team that has one person playing and everyone else watching. Students who are not prepared or who lack the necessary computer skills will probably do poorly in the game.

The final paper allows some students to recoup their mistakes. The fast-paced competition may result in student errors that will diminish performance in the game, but the final paper provides the opportunity to recognize and evaluate the consequences of those errors.

Finally, the student comments have been overwhelmingly positive. Students appreciate the interaction and the competition provided in the course. They claimed to have learned a lot while still having fun. The most frequent comment is how fast the time went – much faster than if they had been sitting through a weekend lecture.

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