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**A DEMONSTRATION OF BUSSIM STRATEGY A TOTAL
ENTERPRISE SIMULATION**

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ABSTRACT

BusSim® Strategy is the last simulation of the BusSim® family of simulations. This integrated business instruction system is a compilation of six programs and companion cases that allow business students to apply business decision-making to a single enterprise. The programs are divided into three levels: the introductory level, the analytical level and the comprehensive level. BusSim® Strategy is the program at the comprehensive level and is designed to integrate all the business functional areas and focus on strategy development and profitability.

INTRODUCTION

The primary goal of a business simulation is to replicate the complexity of today's dynamic business environment. A greater appreciation of the interconnectedness of topics and the systematic nature of business organizations can be achieved by simultaneously focusing on the variety of decisions a manager must make over a period of time. This simulation seeks to model the decisions made by managers of a small manufacturing business. Three different products are produced by the manufacturing facility. Twelve quarters of simulated operation are provided with this simulation. The student/teams are responsible for setting strategy, developing budgets and scheduling all the resources necessary to produce and sell these products.

DESCRIPTION OF SIMULATION

BusSim® Strategy uses parts of the four functional level programs to form a Total Enterprise (TE) environment. Students familiar with the other simulations in the BusSim family should find this simulation more

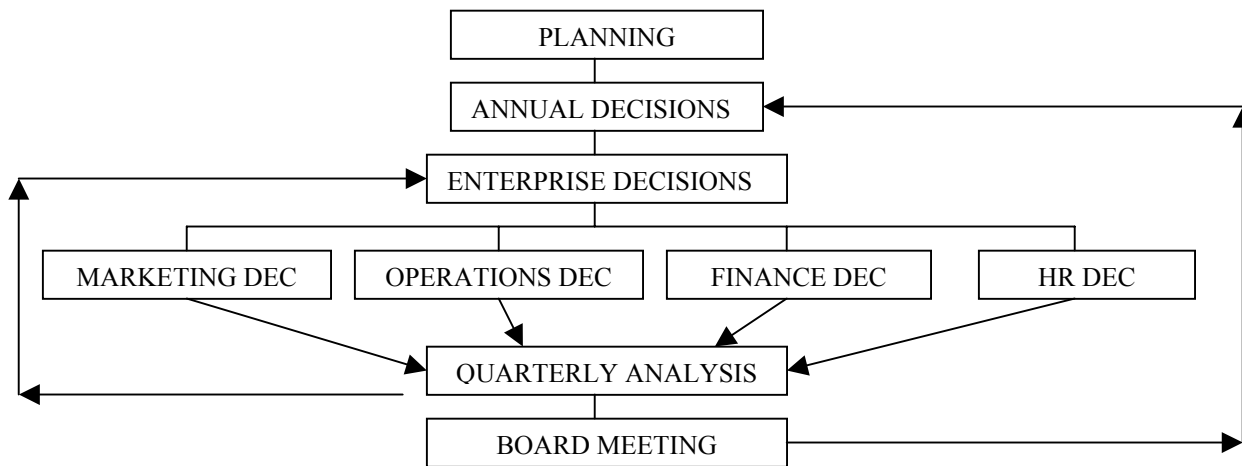
challenging, while the business environment stays the same. Some levels of complexity at the functional level are left out of this TE simulation so that the strategy level can be implemented. At this top management level teams perform two important activities, set policy and approve budgets. Determining the strategies they will follow in six categories sets the overall direction of their company. These categories include 1) product definition, 2) TQM, 3) firm growth, 4) marketing behavior, 5) financial risk and 6) HR policies. Central to this top level of decision-making is the development of budgets. These annual planning documents will force teams to plan ahead or find themselves without resources during their quarterly decisions. To standardize these documents Excel spreadsheets are provided at each level of the decision making process.

Outdoor Limited, Inc. is the company used to provide the framework for the simulation decisions. This company employs around sixty people and produces bags (Paks) that can be used for a variety of activities. The principal product is the OutdoorPak. The hiking enthusiast primarily utilizes this backpack. Outdoor Limited is an ongoing small manufacturing company with a single facility. The goal of BusSim® Strategy is to take this company through a life cycle change and provide the dynamics so those students can experience the decisions associated with these changes.

**BUSSIM STRATEGY USED WITH
POLICY/STRATEGY CLASS**

Figure 1 below suggests how we intend to use BusSim® Strategy in our strategy capstone course this semester. Students are formed into four person teams, each person representing a functional specialty. We use our concentrations to determine the assignments.

Figure 1 BusSim® Strategy Decision-Making Process



Before the simulation is started each team must develop a business plan for managing their small company. They must determine the overall strategies that will be used to guide their decision-making. Once the strategies are decided upon a complete set of annual plans must be submitted. These include plans for each of the functional areas: marketing, operations, finance and human resources. An annual budget, complete with supporting analysis, must also be submitted before the simulation begins.

Once the planning phase is complete, each team goes into the decision-making phase. There are three levels of decision-making in BusSim® Strategy. The first level is the annual decision-making level. Here decisions that affect the whole year, such as budgeting, forecasting and compensation are made. The second and third level of decision-making takes place each quarter. The team meets as a group to make the enterprise level decisions. These include any new managers to be hired, equipment to be purchased and building space to be constructed. The final level of decision-making is the functional level. Here individual team members enter the decisions associated with their specialty. For example, the marketing specialist determines how much is to be spent on advertising and the media to be used. The operations specialist sets production parameters such as scheduling, inventories and purchasing. The human resource specialist selects new workers, determines training and manages incentive plans. The finance specialist must provide funding for all the resources necessary to operate the business.

When the four quarters in a year are completed each team must present a summary of their performance and their plans for the next year at a Board-of-Directors meeting. This Board is comprised of Business faculty from our department. In this real world activity it is our job to guide the student teams in this unique learning experience. This level of feedback is time consuming but necessary to

provide our students with the complete strategic picture while being responsible for all levels of decision-making.

We hope that this session assists you in assessing the benefits of using a total enterprise simulation, the challenges associated with it, and to better determine the role of simulation in your curricular design.