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VISION QUEST: AN ALTERNATIVE APPROACH TO INDUSTRY ANALYSIS FOR MBA COURSES IN STRATEGIC MANAGEMENT

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ABSTRACT

This session explores the conceptual development and successful implementation of an alternative approach to industry analysis in the graduate-level strategic management course. This instructional methodology transfers current thinking in strategic management into project requirements that create a superior “deliverable” appropriate for a capstone course.

Specific guidelines for the project are provided to assist participants in successfully incorporating the project into their own course designs. Finally, this session reports the benefits that accrue to students who successfully complete the project and encourages experiential educators to incorporate the project into their own course plans.

INTRODUCTION

Capstone courses in strategic management traditionally combine conceptual material and case studies so learners can integrate the functional areas of business and gain a visionary or “big picture” perspective of the relationship between organizations and their macroenvironments. Computer-based simulations (e.g., Cotter & Fritzsche, 1995; Smith & Golden, 1995; Thompson & Stappenbeck, 1995) have also been developed and adopted to provide more experiential strategic decision making opportunities than were previously afforded by static, secondary accounts of decision making situations found in case materials (Gentry, 1990; Malik & Howard, 1995).

The first business simulation game was used at the University of Washington in 1957 (Watson, 1981). It has been estimated that more than 200

different simulations or business games are in use within schools and colleges of business (Faria, 1989). Specific to the strategic management or business policy class, there are at least 15 different total enterprise simulations applicable to this course (Snyder, 1994). Simulations are generally held to be one of the best pedagogical tools for integrating business content knowledge and skills into a single learning endeavor.

Certainly, there are concepts, models, and analytical techniques (i.e., competitive advantage, resource-based theory of the firm, distinctive competence) that learners may not have been exposed to prior to the capstone course, and these merit coverage in a course in strategic management. Equally important to course design, though, is the incorporation of methods that encourage learners to apply concepts, models, and analytical techniques to real organizations and industries. Thus, traditional pedagogy includes case studies and business simulations to facilitate this transfer of theory into practice.

As such, the strategic management course lends itself very easily to integrative projects throughout the term and at the end of the semester. These include case reports that propose specific recommendations to address key issues facing a firm, industry analyses, and annual reports for simulated businesses.

While these deliverables meet the need to apply theoretical concepts to real-world settings, they often are criticized (Mosca & Howard, 1997) for lacking real meaning to learners. As a specific example, learners who conduct an analysis of the aerospace industry and a company analysis

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of Boeing or Lockheed-Martin may have mastered the analytical tools of strategic management and learned a lot about that specific industry and firm, but how relevant is such specific industry knowledge to that learner and his or her future occupational success?

Comprehensive knowledge of any firm and its industry could be quite useful for learners, but chances are slim that learners actually will enter the fields they analyze in traditional case approaches. The problem inherent to traditional case projects and industry analyses appears to be one of relevancy and salience to both immediate learning and subsequent applications.

This paper proposes an alternative type of deliverable, the Vision Quest project, that (1) accomplishes the goal of integrating contemporary theory and practice into a solid outcome product and (2) links the strategic management process to students' career interests. The background of the concept is discussed, guidelines for its adoption are provided, and several specific benefits are described.

BACKGROUND

In their best-selling book *Competing for the Future* and the *Harvard Business Review* article of the same name, Gary Hamel and C.K. Prahalad (1994a, 1994b) criticize top managers of large U.S. firms for essentially falling asleep at the wheel. The authors trace the failure of major strategic change efforts to management's unwillingness to face the future of their own industries.

Their view is echoed by futurists who decry a lack of vision as a key ingredient in the problems that many organizations have faced in these turbulent economic times (Nanus, 1992; Staed & Staed, 1997). When the need for organizational change arises, managers rely on restructuring and reengineering to solve their firms' competitiveness problems. These methods have repeatedly failed to provide

companies with significant competitive advantage.

Ashley and Morrison (1996) have gone so far as to suggest that if the U.S. is to succeed in the global business arena of the future that anticipatory management tools must be more widely used to gauge the nature of an evermore uncertain future.

While traditional strategic planning processes are legitimate and often necessary tasks, they do not address the underlying issue of creating competitive advantages in dynamic industries. The authors challenge managers to become architects of the future, to build new competencies, and to pursue new market opportunities. Competitiveness is not a question of adapting to today's environmental contingencies; rather, competitiveness requires creating the future.

Strategic change must begin with an understanding of the future of the industry and what it will take *in the future* to be successful. Firms gain and sustain market leadership by regenerating core strategies, not reengineering core processes.

In their discussions with senior executives of market leading firms, Hamel and Prahalad pose a series of questions for consideration by practicing managers (see Table 1). They suggest that market leaders will only retain market leadership if senior executives respond with clarity to the "future" questions and evidence significantly different perspectives from responses to the "today" questions.

Additionally, the authors open the process of creating the future to people throughout the organization. "Concern for the future, a sense of where opportunities lie, and an understanding of organizational change are not the province of any group; people from all levels of a company can help define the future" (Hamel & Prahalad, 1994b, p. 127). Clearly, there are opportunities for new members of the organization,

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particularly those with in-depth industry knowledge, to contribute to this process.

for a transformation of the brain of the organization.

Hamel and Prahalad propose a new strategic paradigm that builds upon the traditional view of strategic management yet incorporates much of the literature dealing with futurism and emerging views of strategic business thinking (Burkan, 1998; Mitroff & Linstone, 1993; Ray, 1992). The authors place emphasis on creating the future rather than merely adapting to it. Whereas previous theorists and management consultants have called for organizations to become leaner and more fit, these authors call

The brain (Morgan, 1983) the authors have in mind “is not the brain of the CEO or the strategic planner. Instead it is an amalgamation of the collective intelligence and imagination of managers and employees throughout the company who must possess an enlarged view of what it means to be ‘strategic’” (Hamel & Prahalad, 1994a, p. 26). Clearly, tomorrow’s organizational brains will include tomorrow’s new organizational members, our MBA students of today.

TABLE 1. Understanding Today versus Creating the Future	
<u>Today</u>	<u>In the Future</u>
<ul style="list-style-type: none"> • Which customers do you serve today? • Through what distribution channels do you reach customers today? • Who are your key competitors today? • What is the basis for your competitive advantage today? • Where do your profit margins come from today? • What competencies make you unique today? 	<ul style="list-style-type: none"> • Which customers will you serve in the future? • Through what distribution channels will you reach customers in the future? • Who will be your key competitors in the future? • What will be the basis for your competitive advantage in the future? • Where will your profit margins come from in the future? • What competencies will make you unique in the future?

Adapted from *Competing for the Future*, by Gary Hamel & C.K. Prahalad, 1994.

VISION QUEST PROJECT

The Vision Quest assignment draws upon the work of Hamel and Prahalad to enable MBA students to learn about the future of industries or sectors of their choosing. Like conventional industry analyses, Vision Quest incorporates analyzing industry structure (Porter, 1980), scanning macroenvironmental trends and developments (Andrews, 1980), and developing competitor profiles (Hofer & Schendel, 1978). This assignment, though, *differs in its focus* from traditional industry analyses in two ways. First, rather than have the learners study only

The history and present challenges and opportunities within an industry, they are also asked to ponder the future direction of the industry and the various scenarios that may evolve 10 to 15 years out. Second, learners are encouraged and guided to choose industries in which they intend to work upon graduation. As such, the project contributes additional relevance and salience to student learning outcomes at a time when they soon will be entering their chosen industry’s workforce.

Each analysis addresses the following: Who are the key players and how do they compete in the

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market? What are the dynamics of competition? What are the industry's driving and restraining forces that shape the market and the industry (i.e., what environmental forces are changing the industry over time)? What macroenvironmental trends and developments (e.g., economic, sociocultural, demographic, technological, and political forces) are significant? Who will be the market leaders and how will they succeed? What will it take for firms to be successful in the industry in the future?

Research for assignment preparation is culled from both primary and secondary sources. Industry reports (e.g., Moody's, Dun & Bradstreet, Standard & Poor's, Hoover's) providing stock analysts' views are useful starting points and are supplemented by industry outlooks and company profiles published in the popular business press (e.g., *Fortune*, *Business Week*, *The Wall Street Journal*). Much of this published information is readily accessible to students in various industry databases and through the Internet. Additionally, content reviews of annual reports and informational interviews with prominent managers within the industry provide primary, though not necessarily objective, information to enrich the published sources.

Simply reporting what equity analysts, business journalists, and a small number of practicing managers see as the future of a given industry is insufficient. A key requirement of the assignment requires learners to synthesize these reports and draw their own conclusions. After all, synthesizing competing perspectives and dealing with ambiguity are key responsibilities of organizational strategists.

As a comprehensive search of published literature and informational interviews will reveal conflicting perspectives, learners' imperative to rationalize these views adds greater realism to the project. Like practicing managers, learners must form their own judgments based on the perspectives of experts

in the field. Key grading criteria include comprehensiveness of research, integration of multiple perspectives, and the extent to which students justify their conclusions.

BENEFITS TO LEARNERS

The Vision Quest project has been used successfully in the graduate strategic management course of an academically-challenging regional private university for four semesters. Learners have targeted industries such as retail banking, investment banking, telecommunications, accounting services, and management consulting, which traditionally hire MBA candidates for staff positions and management training programs.

Interestingly, the graduate course in strategic management at the reference university is required of MBA candidates as well as learners pursuing the Master of Accountancy degree. Accounting students overwhelmingly choose to focus their analyses on the Big Five segment of the professional accounting services industry, yet are charged with applying concepts and analytical tools from outside of their academic discipline to gain insights regarding the future of their chosen career field.

Hence, there is a higher interest level in a subject that could otherwise be viewed as a "non-accounting" required course. Pursuing generalist degrees, MBA students vary widely in their career interests and objectives. Industries targeted in previous terms range from the aforementioned traditional career fields to more entrepreneurial interests (for instance, the bed & breakfast industry), family business interests (glass containers and automobile distribution), and emerging areas of interest (e-commerce and enterprise resource networking).

The project appeals particularly to learners pursuing their degrees on a part-time basis while maintaining a full-time position in their chosen career fields. Consider, for instance, the tremendous changes taking place in the retail

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banking industry. Technological developments, industry consolidation, strategic outsourcing, and the growth of a consumer orientation are key forces changing the competitive dynamics within the industry. Individuals working in the banking industry have much at stake in the pattern of industry evolution taking place.

Upon successful completion of the Vision Quest project, learners often acquire an in-depth knowledge of their competition and the key success factors of the future. Such insights can be applied to their upward movement in their present employment or even prompt them to exit the industry and seek opportunities elsewhere.

Further, Vision Quest benefits those learners who are unsure of their career aspirations. MBA students are traditionally trained to assume staff positions within medium to large organizations and little attention is paid to the industries in which they might find employment opportunities. The pace of environmental change, though, favors those job candidates who can articulate an understanding of the future of particular industries.

Career development counselors have long encouraged job seekers to research targeted firms and industries in preparation for employment interviews and office visits. Successful completion of Vision Quest provides such insights and can help “undecided” candidates on the job market to begin thinking about career interests and more effectively direct their efforts.

Finally, successful completion of the Vision Quest project allows learners to assess their own likelihood of success in a wide range of career fields. As each learner presents his/her project in class, other class members gain knowledge of numerous industries. Learners thus share information that is beneficial to one another; they often comment that they gain career insights from others’ presentations.

Learners also benefit from the opportunity to scan various industries and spot career opportunities. This can result in a broadened perspective regarding their careers.

CONCLUSION

Vision Quest effectively accomplishes several learning goals inherent to the capstone strategic management course. First, assigned within the context of Hamel and Prahalad’s research, the project is useful to introduce learners to current thinking and conceptual foundations in strategic change.

Second, the project provides a framework for the discussion of environmental scanning, competitive analysis, distinctive competence, competitive advantage, and career development and placement for the future. As learners gather knowledge, information, and insight for and from their projects they begin to form their preliminary judgments, discuss varying perspectives on both industry and macroenvironmental futurism and gain “real world” examples relevant to a wide range of industries.

Third, the project provides learners with an opportunity to apply strategic management concepts and analytical techniques to industries of particular interest to them at a time when they are faced with making complex career choices.

Our experiences reveal that Vision Quest is a useful learning tool. Many learners comment that it is the most insightful and useful project of their MBA curriculum. Additionally, recent graduates who have entered the industries that were the subject of their Vision Quest assignments report not only that the project was beneficial to their formal educational experiences, but also that it has prompted them to continue to think in terms of creating the future in their own organizations and industries.

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