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UPGRADING THE BUSINESS STRATEGY AND POLICY GAME

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ABSTRACT

The first edition of The Business Strategy and Policy Game (I) appeared in 1980. A second edition was published in 1984. A third edition (this time authored by David Eldridge and James Marshall) will be published in 1992. We will demonstrate and discuss an advanced draft of this new game, and provide an opportunity for conference participants to suggest changes, which may be incorporated into the new edition.

INTRODUCTION

The Business Strategy and Policy Game is, without question, one of the key games which established the use of simulation in policy and strategic planning courses. A number of innovations are included in the new version (e.g. the capacity to simulate the dynamics of any organization by simply modifying the variables presented in the organizational dynamics menu). In a further attempt to optimize the usefulness of the new version, the authors are asking ABSEL members how it can be made more useful to them professionally, at a time when even major changes in the basic model can be considered.

THE BUSINESS STRATEGY AND POLICY GAME

The Business Strategy and Policy Game is a general-purpose simulation which places equal emphasis on marketing, production, finance and human resource considerations. Thus it is an ideal vehicle for a capstone Policy/Strategic Planning course. In order to begin play, all students must become familiar with twenty pages and functional specialists must master specialized chapters of about four pages. Thus, students can begin making trial decisions after minimum preparation.

As originally conceived and later modified, the game is sufficiently complex that students feel overwhelmed by the task facing them as they begin trying to manage the process. It continues to be a major challenge during a trial period and the first two years of play. In the present version, most students master the dynamics of the simulation by the end of the third year.

In the game, each class is its own industry. Industries are made up of 3 to 7 companies. Although teams can be formed with 2-5 players, 4 seems to provide the best learning experience. Team results are partially dependent on the decisions of the other teams.

STRENGTHS OF THE PRESENT GAME

Certainly one of the game's greatest strengths is the way it simulates the major theories of each discipline, so students are constantly reviewing information gained in other core courses. For example, in order to improve productivity, companies make investments which improve the production technology (process R&D), the skill of the workers (training), and motivation (profit sharing). Increasing wages on the other hand does not improve motivation since (as we all know) higher wages are not a motivator.

Other strengths of the present game include:

1. The way it heightens competition, which enhances the negative payoff of making mistakes.
2. Its presentation of two years of history preceding the beginning of play to provide a sense of continuity and to afford students an opportunity to discover cause-effect relationships before play begins.

3. The very sensitive balance it strikes between simplifying the complexities of the real world of business while retaining enough of the complexity so students feel absolutely overwhelmed at the beginning.

In addition to the learning it provides in relation to marketing, production, human resources, and finance, the game has proved to be an ideal vehicle for demonstrating more complex concepts such as how to tease out the relationships which exist between actions of managers and the results which the actions cause and measuring the alternative uses of investment capital.

PROBLEMS WITH THE GAME

The Business Strategy and Policy Game (as it presently exists) is not perfect:

1. Unless it has been modified locally it is still a punched card, batch-process operation.
2. The trend line of the growth of demand for the product is actually an exponential function which is predicted rather accurately by a linear function during the first two years of play but an increasingly positive acceleration starts in year five. This proves an excellent vehicle for demonstrating the problems inherent in using a linear model to predict a curve linear process. On the other hand it creates an opportunity for undeserved gain for those companies who learn the true shape of the demand curve from those who have played the game previously.
3. The effect of many of the most important variables (e.g. advertising, price, R&D, training, etc.) is lagged one or two quarters so that it becomes very difficult for students to learn quickly the effect of their investments.

THE NEW EDITION

In the new edition these and similar criticisms are being remedied:

1. The game is being made completely interactive from the viewpoint of the students and the administrators. Students input their decisions directly into the host computer and can get their output reports at their convenience once the game has been run. Administrators have a complete menu of options including the potential to back the game up one or two quarters and rerun particular quarters' results with new data.
2. The new game can be run on any computer compiler and a microcomputer version is also being made available.
3. A complete setup menu has been developed which will allow game administrators to tailor the game to fit the dynamics of any organization. Defaults establish the original model.
4. New companies can be started and old companies can be deleted at any time during the play to simulate acquisitions and mergers.

SESSION ACTIVITIES

In our session we will:

1. Provide a draft copy of the new game manual.
2. Discuss the game, as it will become when the third edition is published.
3. Describe a companion volume to the new game, which describes planning, and implementing programs through which missions, strategies, and tactics are connected to form a coherent management plan.
4. Form discussion groups, discuss the experience, and collect written suggestions for improving the learning experience, which may be incorporated into the new edition.

BIBLIOGRAPHY

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