

Developments in Business Simulation & Experiential Exercises, Volume 13, 1986

ENTERPRISE: A MULTI-PURPOSE MANAGEMENT SIMULATION

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ABSTRACT

Enterprise 111 is a personal computer-based management simulation that was developed for the Introduction to Business student. In its simplest use, the decision set requires minimal conceptual and quantitative skills. However, the player's manual, instructor's guide, and administrator's report expand the sophistication of the simulation making it appropriate for courses in Small Business Management and Principle's of Management.

INTRODUCTION

Enterprise is a computer simulation game that was targeted at the "Introduction to Business" segment of the business school market. In its developmental stage, the game and player's manual followed the table of contents of appropriate textbooks for these classes. Therefore, the play of the game addresses such issues as legal structures of business, the environment, marketing strategies, planning and organizing, human resources, and general concepts of accounting and budgeting. The student manual is somewhat more elaborate than usual with twelve (12) chapters covering, in brief, topics that compare with the Table of Contents of most Introduction to Business textbooks. Each chapter concludes with a set of student exercises that provide the start-up decisions for the simulated company.

As an evolutionary concept, however, the game acquired characteristics that might be embodied in the small business management and principles of management curricula. For example, players are required to do site selection, develop a financing package, select a product line, manage human resources, and demonstrate social responsibility. Thus, by way of Introduction, one might conclude that it has applicability to many courses in the academic and training environments.

Description

Enterprise is a personal computer-based simulation written for the Apple II-Plus series and the IBM-PC and its compatibles. It can be used with a minimal configuration consisting of system unit, 40-character display, one disk drive, and printer. From the user perspective, Enterprise involves a one-time initialization and creation of a decision-set file for each period of play.

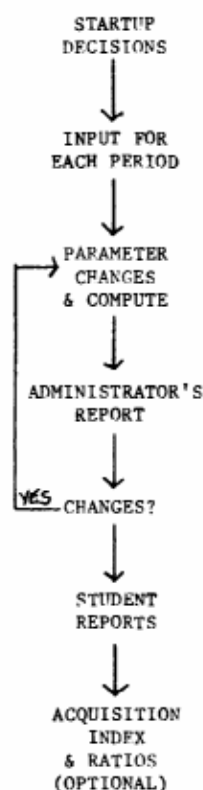
Students start up and operate a "jeans and top" store in a location of their choice. The student team can select the quality level of the merchandise (inexpensive, Western jeans, or premium brand designer jeans). An equivalent line of tops is also available for sale. In addition to inventory, students can select the caliber of staff as well as specify hours of operation. Each period is accompanied by a mini-case incident that challenges the social responsibility of the student to their various "publics."

The instructor has the ability to manipulate the impact of key variables including overhead items, demand, and variable cost of goods sold. The output includes a student report for each team, a recap of decisions, and a "buyout" index that indicates the favorability of purchase of the operation by a third party. The simulation is interactive with the instructor

but processes the data as a batch file created by an input program. Although this emulates mainframe batch activity, the personal computer has created a level of control over the processing of the game that was not possible in the traditional data processing environment. (E.g., drop the cards at the computer center and pick up printouts 24-28 later.)

The control feature is enhanced by an administrator's report that is published before the student reports. A review of this report permits adjustments to student decisions or instructors parameters prior to the printing of the final student reports. The flowchart in Figure 1 shows the processing of the entire simulation.

FIGURE 1



Decision Set and Reported Information

The student decision set consists of sixteen variables that reflect

- Inventory
- Marketing strategies
- Staffing
- Marketing research
- Financial decisions
- Ethical and social responsibility considerations

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The student report contains a profit and loss statement calculated on a cash-accounting basis, and decision-support information (see Figure 2) including:

- Economic index
- Market research as purchased
- Exception reporting regarding staffing and Inventory levels
- Inventory and cash management information
- A discretionary instructor's message
- Response to a mini-case included In each decision set dealing with social responsibility.

A unique feature of this simulation is the “incident” or mini-case feature that encourages discussion of real issues facing the entrepreneur. The example shown below in Figure 2 is discussed by the student team and their choice number is entered on the student decision form. The incidents have stimulated student teams to institute personnel practices, spruce up their community image, and become sensitive to the capriciousness of the business environment.

Another method of use for the Introduction to Business student is the play of the game as a capstone experience. In this approach, the instructor creates a homogeneous industry (provided in the instructor's manual) and the students use their start-up experience to order inventory and develop a simple pro forma expense statement. Either option should allow for 6-8 quarters of play to optimize the learning involved.

When Enterprise is used in this environment, the game is played with all parameters set at constant values throughout the course of the simulation. This will provide predictable outcomes when students become aware of the patterns; however, the players are still required to perform simple analyses to insure that they are socially responsible, have enough *staff*, cash, and inventory, and can respond to the environment of business. The game administrator can thwart violation of the simulation from semester to semester by changing the relationships through the use of parameters.

Using Enterprise In Small Business Management

Because the simulated business is a small retail operation, Enterprise lends itself to use in a Small Business Management course. Peripheral features including construction of the players manual and optional reports are available to increase the sophistication of the game. For example, the instructor's parameter feature permits change in the simulated environment of the business. In addition, a scoring report provides an acquisition index of attractiveness of the business, industry averages of selected ratios, and company-by-company ratios. The report provides enough environmental and internal information to encourage forecasting and facilitate the formalizations of policies and procedures so often overlooked by small business managers.

Conclusion

Enterprise has the flexibility to provide experiential learning in diverse environments. The apparent simplicity of play can be manipulated by use of the player's manual, Instructor's manual, and alteration of baseline relationships in the simulation itself. Its uniqueness issues from the familiarity that students have with the operational media and their ability to develop a world around the simulated environment.

REFERENCES

- [1] Smith, J.R. and P.A. Golden, Enterprise: A Simulation, Boston: Houghton-Mifflin, 1985.

Using Enterprise In “Introduction to Business”

As mentioned earlier, Enterprise was developed to provide an experiential learning exercise for Introduction to Business. This intention is reflected in the structure of the player's manual. For this survey course, the manual can be used on a chapter-by-chapter basis; in this case, the exercises at the end of each chapter become the start-up decisions for the simulation. For example, the completion of the exercises at the end of the chapter on marketing, the student have an opportunity to evaluate push versus pull marketing variables and can develop a marketing plan for their simulated store. The general flow would involve slow entry into the simulated environment and play of the game for the second half of a semester.