GET YOUR FACULTY INVOLVED

Ronald L. Decker, University of Wisconsin-Eau Claire

ABSTRACT

Many faculty who do not use simulations are critical of their use in the educational process. One way to increase their appreciation of the use of simulations is to actually have them actively involved. This paper describes one means of involving several faculty members in the simulation exercise as members of company boards of directors.

INTRODUCTION

One of the surest ways to convince fellow faculty members of the benefits to be gained from student participation in business simulations is to have the faculty actively involved in the exercise.

At the University of Wisconsin-Eau Claire all business majors are required to take a business policy course. Several sections of that course include participation in a general business simulation. The simulation activity comprises about 40 to 50 percent of the course grade and effort. Always the simulation used requires expertise in the major functional areas of business management (marketing, production, and finance).

Student managers are divided, by major, into companies in such a way that each company has an accountant, marketing person, and production manager. Because only seniors may enroll in the course, they should all have sufficient preparation to perform in any of the areas; however, groups are assigned on the basis of major.

The companies make decisions on a quarterly basis with one week of class time representing one quarter. Simulations used are always too sophisticated to expect one group member to do even-thing alone. A well-organized group is strongly encouraged, if not required. Quarterly company decisions include production scheduling, marketing effort, inventory planning, work-force maintenance, forms of financing (both internal and external) and other “typical” decisions.

At the outset of the simulation each company is told they as managers are responsible to a Board of Directors who represent their stockholders’ interests. Furthermore, they will meet with their boards at the end of year one and again after year two.

There are typically seven or eight companies competing in each industry: the small appliance industry where each company may sell up to nine different products in up to four different geographic territories.

Student participants are told their simulation grades will be based equally on three factors: (1) their overall performance in the industry in terms of return-on-investment, market share, growth, etc., (2) their Annual Report to the stockholders, a formal written document summarizing their company’s recent history and future plans and patterned after traditional companies’ Annual Reports, and, (3) a formal presentation to their Board of Directors in which they (the managers) will try to convince their directors they should be retained as management in year three.

A successful simulation is one in which participants make realistic decisions, take the exercise seriously, and are responsible and accountable for their decisions. Students take the exercise very seriously when they find their boards of directors typically contain C.P.A.’s, production and marketing professors, economists, and practicing attorneys among others.

A single format has been utilized for several years with well over two hundred companies and at least sixty different boards of directors. Boards of directors and company managers meet after the first year (four quarters of decisions, about midpoint of the semester) in a thirty minute private session to get acquainted, review the first year and to make plans with management for year two. Boards will have received financial statements from their companies prior to the first meeting as well as a written statement of the company’s corporate objectives, plans and strategies.

Each board will meet with three or four different companies--usually companies competing in separate industries to avoid conflicts of interests. Directors and managers are told the first meeting is informal and no grading is to take place.

The second, and very important, board meeting is after year two of the simulation and just before the semester ends. For this meeting each company is told to prepare an Annual Report following the same format all publicly held companies follow. They must also make a 10-15 minute presentation to the board with the objective of convincing the board to retain them in the future. Following the presentation is about a twenty minute question and answer period conducted by the directors.

Directors are asked to rate the companies on the basis of their overall performance, their annual reports, and their presentation. Each director receives, before the final board meeting, copies of the annual reports, an industry wide company comparison chart showing relative sales, expenses, profits, assets, etc., and the companies’ revised objectives and strategies for the future.

Getting faculty to participate has not been the problem many might expect because they have become convinced the simulation exercise is a worthwhile educational experience. Faculty involvement has grown over a number of years without loss of enthusiasm.

Several factors seem to be necessary to obtain and maintain faculty involvement in this type of activity:

1. The boards of directors must feel honored to be selected by the simulation administrator. Previous members have included the School of Business Dean and regularly include department chairmen and almost exclusively senior faculty members from at least four academic departments, and a practicing attorney (former student participant).

2. Boards of directors must have compatible personalities with a good mix of backgrounds and expertise. No boards contain more than one rookie.

3. Board members must be fully informed about the simulation, its use, and the administrator’s expectations of the students and board members.

4. Board meetings must be scheduled to fit members' schedules and preferences and must be professionally handled on the part of faculty and students.

5. No board will have more than four different companies. Thus, industries typically have two or three competing boards of directors for the industry's six to nine companies. Directors become more involved (and competitive) when their colleagues' companies are outperforming their own.

Because faculty receive no extra compensation, release time, or other incentive to participate, one might well ask, "Why should they spend the extra ten hours or so per semester?" and do so year after year, The answer seems to be because many faculty are truly dedicated to business education and after exposure to an experience of this type are willing to spend the time and effort necessary.

Each semester we use at least eighteen different board members, a number representing nearly 30 percent of the entire school of business. The questions are virtually always of the nature, "Are you going to ask me to sit on your board this term?" not, "Is it THAT time again?"