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THE USE OF INTERNAL AND EXTERNAL ASSIGNMENTS WITH A MARKETING
SIMULATION GAME

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In this paper we will explore various types of assignments that can be used in conjunction with a simulation competition. We have been using various combinations of these assignments in our marketing management courses over the past two years along with our simulation game Compete¹. Naturally, these assignments that we will talk about can be successfully used along with any simulation competition. We have classified these assignments into internal activities and external activities and when used properly along with the simulation competition can be used as the entire course content.

INTERNAL ACTIVITIES

We refer to this first group of assignments as internal activities because they are directly related to the period by period simulation decision making of the student teams. The three types of internal activities that will be discussed in this section of the paper are financial statements, consulting and an activity that we refer to as “stimulators”.

Financial Statements

In a “Marketing Game”? Most assuredly! It has never ceased to amaze us how naive most of our junior and senior students are with respect to accounting for profits. Many, in fact, feel that profits appear by “magic” on the bottom line after some fancy financial manipulation. We ask our students to play the simulation in terms of profit orientation (also a new mode of thought for many), and by having them compile their own financial statements they soon learn that there is no "magic" involved in profit generation.

Further, it is only through the students’ efforts at completing the financial statements (balance sheet-income statement) pertinent to the results of a given decision session, that they may clearly reveal to themselves the interaction between the major marketing variables found in the simulated situation. One of the keys to the successful play of any simulation is the ability on the part of the participants to integrate and coordinate ALL of the game variables, not just a few. Usually, after working through the financial statements for the first few initial decision periods, the student is better able to identify the relationships between the variables and is then far better equipped to deal with the computed (and printed)

¹ This refers to Compete: A Dynamic Marketing Simulation, Faria, Johnstone and Nulsen, Business Publications, Inc., (Dallas, Texas), 1974. Before its recent publication by Business Publications, Inc., we had printed the game ourselves and used it in our marketing management classes for over two years.

Simulations, Games and Experiential Learning Techniques, Volume 1, 1974

financial statements provided throughout the course of the Compete and most other computer scored simulations. In essence, the detail work of formulating the financial statements prepares the students to recognize variable interrelationships and to better understand the computer printed statements. Our students are typically required to complete a consecutive series of financial statements during the initial three periods of play. After this initial orientation, the requirement is lifted and the computer statements are used for the remainder of the simulation.

Student reaction to the financial statement requirements is embodied in what we call the “Listerine Effect”. They hate it, but they do it three times a game. The vast majority of our student participants have indicated (after the simulation has been completed) that this particular exercise has been extremely valuable to them both during the competition and later when they attempt a post-simulation performance evaluation.

Consulting

Consulting, as its name implies, simply refers to the practice of giving advice to the student participants. When the students have questions or problems they themselves cannot handle, they may visit the instructor (privately) and obtain, for a fee deducted from team income, his assistance. The availability of the instructor acting as a marketing consultant makes it possible for those companies with a specific problem to gain professional insight with respect to solving that problem, thus becoming a more knowledgeable company and a better competitor. This factor becomes critical when the instructor finds that he must support a viable level of competition, i.e. several bad competitors can ruin the competitive environment through faulty and/or inconsistent decision making. To this end, consulting adds a desirable touch of realism to the simulated competition.

The consulting function demands that personal Interaction and instruction take place between the instructor and each competitive unit. If handled properly, student-teacher rapport may be enhanced significantly. We have found this type of interaction to be extremely rewarding to both students and instructors, particularly instructors.

“Stimulators”

This name was coined to describe the various problematical situations (decision-making obstacles) that we have utilized as tests of adaptive decision-making ability. Once the competitors are thoroughly familiar with the simulation and the nature of its various decisions (usually sometime during the second year of competition), the administrator may find it beneficial to utilize a “stimulator” to see how well the various competitors react to a “crisis” situation.

We have presented most of these stimulators to the student teams in the form of news releases and several require two or three periods for their complete stair-step introduction and assimilation. Several require that the students draw on their knowledge in the area of decision theory in order to successfully cope with the problem. In the past we have used railroad strikes halting shipments, new taxes, increased costs of imports,

Simulations, Games and Experiential Learning Techniques, Volume 1, 1974

new competitors entering the market, etc. as stimulators. Once the teacher has the “feel” for stimulator usage, he will find that he enjoys creating new situations for his students each quarter. In this way, his ideas and personality may be injected into the simulated competition. Further, the simulation may be made quite timely (current) through the creative and imaginative ability of the individual instructor.

One final note is in order with respect to the overall conduct of the simulation exercise, and particularly regarding the three factors discussed above. The simulation administrator should be aware of the effect that his presence and attitude have upon the simulated competition. His initial and continued enthusiasm toward the competition and the competitors can have far-reaching consequences regarding the success of the total exercise. Enthusiasm is contagious, and as it spreads throughout the competing firms, a more intense competition along with a heightened sense of esprit de corps between members of the individual management teams is sure to develop. Initial enthusiasm generated by the simulation administrator will pave the way for the student-generated enthusiasm that usually occurs as the companies begin to receive the results (feedback) of their individual corporate decisions. Simulations are designed to breed involvement and intensity on the part of the participants, a little help from the simulation administrator at the outset will, however, go a long way.

EXTERNAL ACTIVITIES

As opposed to the internal activities which directly influence the period by period performance of the student teams, the external activities only indirectly influence performance. However, although only indirectly influencing each period's results, the external activities are very important in enhancing the overall competition. The major types of external activities that will be discussed in this section are written assignments, video-tape commercials, reading assignments and case assignments.

Written Assignments

The written assignments, as the name implies, take the form of business reports that are submitted by the student teams to the simulation administrator. Besides getting the students more involved in the simulation competition, the written assignments also serve to give the participants more experience with report writing which does not seem to be the forte of most undergraduate business students. The written reports which we have been using include team objectives reports, one-page reports and team final reports.

The team objectives report outlines the goals that the team hopes to achieve during the simulation competition and details the strategy that the team is going to use to achieve the stated goals. The purpose of the objectives report which is submitted either before competition is begun or very early in the competition is to force the team members to formalize their ideas and to give direction to their decision making.

Simulations, Games and Experiential Learning Techniques, Volume 1, 1974

Without a clear cut idea of what they are trying to achieve or in what direction they are going, it is very easy for a team's decisions each period to become very haphazard and, in fact, for the decisions of one period to counteract the decisions of the previous period. The objectives report gives direction to the participants and points up to the students that there is a relationship between the objectives that they are attempting to achieve and the strategies they should use. Although the relationship between objectives and strategies would seem obvious, it is not always obvious to students competing in a simulation for the first time.

In addition to the above, the objectives report also gives the simulation administrator an opportunity to help certain teams early in the competition who, by their objectives reports, would seem to be in need of help. Some teams will come in with pie-in-the-sky objectives that are simply unachievable while other teams will state very ordinary, easy to achieve goals. The importance of stating reasonable, workable goals which gives the team an objective to strive for during the simulation competition should be brought out by the simulation administrator. Furthermore, those teams that submit reports where the strategies are not in line with the stated objectives may require some assistance so that they do not simply become dead weight in the industry in which they are competing.

It is also important to mention with regard to the objectives report that if the simulation administrator expects his teams to engage in performance evaluation, this can best be done in relation to the achievement of goals. The student teams should be allowed to revise their objectives report as the simulation progresses so as not to be tied to originally stated goals and strategies. It may be wise for the teacher to devote a few lectures early in the course to the importance of defining objectives and strategies. Relatively all successful business firms have clearly defined objectives.

The next type of written report, the one-page reports, which are submitted along with each decision are short reports in which the student team is asked to justify their decisions for that period. The students are asked to explain why they made the decisions they did and what they hope to achieve from that period's decisions. The purpose of these one-page reports is to force the students to give adequate thought to their decisions. The educational value of a simulation competition is completely lost if students begin receiving the results of their previous decisions and quickly, off the top of their heads, making the next round of decisions without giving much thought to them. The one-page reports prevent this from happening and act to further enhance the learning experience of the simulation competition. The one-page reports further act to improve the decisions made by the student teams as these reports force the teams to give more thought to their decisions.

The team final report is submitted at the end of the competition and provides an overall summary report on the team's performance over the course of the simulation. Teams that did a good job on their objectives report and one-page reports will find that they already have much of the input into their final report. The final report may take the form of a

Simulations, Games and Experiential Learning Techniques, Volume 1, 1974

quarter by quarter analysis of the team's decisions and an explanation of the results of those decisions. Also included in the final report would be a performance evaluation, an explanation of why the team reacted as it did to any of the stimulators injected into the competition, an examination of each of the decision making areas of the simulation competition and what changes, if any, the team would make if they were to compete in the simulation again.

The purpose of the final report is to get the teams to examine the two or three years of competition as a whole. During the competition the teams are concerned with each period's decisions individually. The final report integrates the whole competition by now asking the teams to combine and examine all of their decisions and the results of those decisions. The purpose of this is to once again enhance or expand the learning environment of the simulation.

One of the often expressed difficulties of using a simulation game is the problem of determining grades. An obvious advantage to the teacher of these written reports is that they provide valuable and tangible input into determining the students' final grades.

Video-tape Commercials

In order to enlarge the scope of the simulation competition, the simulation administrator may desire to incorporate some additional outside assignments. One type of additional assignment that we have been using on which we have received very good feedback from the students is the use of video-tape commercials. We have asked our students to write and act out a one minute TV commercial for their products. Near the end of the competition when all of the commercials are recorded on video-tape, we then play all of the commercials back to our classes.

The students enjoy seeing themselves on TV and seeing the creativity displayed by the other teams. These commercials expand the scope of the simulation by getting the students to write a TV commercial which most of them have never done, add to the enjoyment of the competition and contribute a further touch of realism to the competition.

If video-tape equipment is not available, radio commercials could be recorded on simple cassette tape recording equipment. Students could also be asked to design magazine or billboard campaigns. Our experience has been that the students enjoy these opportunities to exhibit some creativity.

Reading Assignments

The purpose of the reading assignments is to further broaden the scope of the course and to aid the student in the simulation competition. In the past we have used as reading assignments short paperbacks covering the marketing process, readings books and reading lists composed of chapters from books and articles which the student could find in the library.

If possible, the reading assignments, to be of most benefit to the

Simulations, Games and Experiential Learning Techniques, Volume 1, 1974

participants, should cover the topics of setting objectives, determining strategies, formulating the marketing mix and evaluating performance². Since a simulation competition asks the participants to draw upon their knowledge, the reading assignments expand the background upon which they can draw and bring additional new knowledge into the course.

Case Assignments

Case assignments can be used to accentuate specific marketing problems or situations. Cases can be used very effectively along with the simulation competition, especially in semester length courses, to further broaden the scope of the course and enhance the learning experience of the simulation.

When using cases along with the simulation, it is preferable to use short cases (2—5 pages) that focus on a business problem rather than long cases requiring the students to analyze large quantities of data³. The students have enough data to analyze in the simulation. In addition, the teacher should be careful not to attempt to cover too many cases so that too much student time is taken from the simulation.

CONCLUSION

A simulation competition in and of itself can provide a very valuable learning experience for students. However, this learning environment created by the simulation can be greatly enhanced through the effective utilization of the internal and external assignments discussed in this paper. These assignments add more meaning to the simulation, enhance the learning of the student, broaden the scope of the course and add more realism to the competition.

Our experience in two years of experimenting with various combinations of internal and external assignments has been that when these assignments are used along with the simulation, as opposed to the situation where the simulation is used alone, competition is keener, overall industry performance is better and, based on course evaluations, student enjoyment is higher and student opinion of the educational benefits of the simulation are higher when additional assignments are included. The

² The Instructor's Manual for Compete: A Dynamic Marketing Simulation, Faria, Johnstone and Nulsen, Business Publications, Inc., (Dallas, Texas), 1974, provides a complete description and discussion of possible reading assignments that can be very effectively used along with a simulation competition.

³ The Instructor's Manual for Compete: A Dynamic Marketing Simulation, Faria, Johnstone and Nulsen, Business Publications, Inc., (Dallas, Texas), 1974, provides a complete description and discussion of many casebooks that can be used along with a marketing simulation competition. Most of the reading assignments and casebooks included in the Instructor's Manual have been tried by the authors in their classes.

Simulations, Games and Experiential Learning Techniques, Volume 1, 1974

internal and external assignments seem to add to the competitive environment and clarify the purpose of the simulation. Of course, all of the internal and external assignments discussed in this paper cannot be used in one course. They would simply be too time consuming for the students. However, the selective use of these assignments can greatly add to the value and enjoyment of the simulation competition.

For the teacher, the selective use of these assignments allows the teacher to individualize the course, adjust to current real world situations, change the course from quarter to quarter so that it does not become too routine and provides more criteria on which to base the students' grades.