

APPLYING SHOCKS TO TE SIMULATIONS: A DEMONSTRATION

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ABSTRACT

Most total enterprise simulations model a range of variables. Unfortunately, the modeling they present the players is continuous. Players submit decisions, and make decisions based on continuous changes in variable parameters. This demonstration will present a method of applying shocks to total enterprise simulations to enhance and stimulate the experiences of players in the game.

INTRODUCTION

There are a wide range of Total Enterprise (TE) simulations on the market for industry or academic use. By total enterprise simulation, I am referring to the standard ABSEL definition of a simulation that attempts to model the interrelationships between functional areas in an organization and fit these interrelationships underneath an overall model of strategic decision-making.

All of the TE simulations are modeled after a process of allowing player inputs of quarterly or yearly decisions affecting the various functions of the organization. Although some simulations allow for customized industry parameters, such as changing exchange rates between markets or Gross Domestic Product, once the industry is underway, the model is continuous.

Applying Shocks

A method of applying further stimulating and challenging players is to apply shocks to the simulation. These shocks can include work stoppages due to strikes, natural disasters, and dynamic shocks.

The purpose of the demonstration is to show ABSEL conference attendees how to use such

shocks, how to time their implementation, and how to conduct the exercise so that players receive the maximum from the experience.

The Demonstration

The demonstration will be arranged according to the following outline:

What are TE Simulations?

What is a "shock"?

Why are shocks a valuable tool in TE simulations?

How to implement shocks?

How to assess the value of shocks?

Pitfalls to using shocks in TE simulations.