Exploring Business Simulations

A GUIDE FOR THE CLASSROOM
Case studies have traditionally taken a key role as a learning tool in many business and marketing courses. But studies have shown that real-life experience more effectively teaches concepts than any other method. This is a very common challenge that educators face: how do you give your students real-life experience in the classroom?

Business simulations have become an effective solution to this challenge. They develop new skills for students, who learn from doing, and are therefore interesting additions to traditional learning.

But what exactly does simulation-based learning entail? How can you choose the right simulation for your course needs?

In this guide, we will investigate the following aspects of simulation-based learning in the classroom:

1) **Learning by doing: what makes business simulations stand out?**

2) **Who can benefit from business simulations?**

3) **How to choose the right business simulation**

4) **How to incorporate business simulations in a course**

5) **Tips for making simulations successful in the classroom**
Learning by doing: What makes business simulations stand out?

Simulation-based learning carried out in the form of business games or business simulations, has a primary function: it places learners in various market situations to help them learn essential concepts. The simulations allow them to study a market and its players, and allow them to take strategic or operational actions, and observe the results. Indeed, the most important lessons are learned from experience.

A way to mimic on-the-job learning

Over the years, researchers have formalized the 70/20/10 model, well known in the corporate training world. According to this paradigm, 70% of what people learn comes from experience, 20% from social interactions, and 10% purely from traditional learning such as readings and case studies.

Following this model, simulations are a learning tool that can replicate on-the-job, real-life experiences.
Risk-free risk taking

Business simulations allow students to learn as if they were positioned in a company, except that their potential mistakes won’t have any costly consequences to the business. They can be an effective way to educate. They alter the attitudes and behaviors of students facing a situation. A lot of simulation-based learning works similarly to training ‘on the job’ – even if it is not the only tool for learning this way. Collaborative projects, working with a community, and internships are other forms of experiential training.

Realism

As shown in the 70/20/10 model, business simulations are effective because, when done properly, they can replicate realistic market environments. The essence of the process is to begin with a real and complex situation, glean the essentials from it, and recreate it in a simulation. The workflow should be very detailed and the developers should make a good number of adjustments and test them against corporate environments. The simulation is a success when testers are unable to detect whether a situation was created for the game or is from a real business.
Timing

Unlike in a real business environment, time is limited in most simulations. Students don’t have lots of time to make a decision. This can prove to be beneficial as it forces them to react under pressure, and the decision-making processes become engrained in their minds. It also teaches them how to think on their feet and be able to make quick decisions.

Teamwork

Simulations have the advantage of creating a common culture among the participants. It pushes them to think together, make decisions together, and resolve conflicts together.

After having played, the students share the same competitive values, and spend less time on the details, allowing them to work more quickly. Simulations can be an excellent antidote against “business theatrics”, the non-essential debates and politics than can commonly plague decision-making processes.

The Big Picture

With the broad range of challenges that students face within a simulation, they tend to be better apt at grasping big picture concepts. They get to play an actual job role, and not just read and analyze. They make their own decisions and then see the results of their decisions as well as the response of other players.
Business simulations are geared towards a wide range of participants.

**University-level students**

Business simulations work quite well at the university level, either in undergraduate or graduate courses for students who have not yet entered the workforce.

MBA and Masters students in Marketing can benefit from a strategic marketing-focused simulation. Students taking core business and marketing courses at the academic level can take advantage of this type of learning in order to effectively prepare for entering the workforce.

**Executive education participants**

Simulations can also be used in executive education, targeting experienced marketers and other working professionals, executives and business leaders who have already entered the workforce. Business simulations in this context can help strengthen and perfect already-developed skills in the working world.
In the business simulation world, there is a huge range of possibilities to choose from. Simulations can be as simple as a replicated single basic concept, or they can encompass an entire marketspace and embed multiple concepts. They can be classified according to several properties:

<table>
<thead>
<tr>
<th>Business Simulation Dimension</th>
<th>Description of alternatives</th>
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<tbody>
<tr>
<td>Functional or Total enterprise</td>
<td>Designed to focus specifically on problems of decision-making as seen in one functional area; OR Designed to give participants experience in making decisions at a top executive level and in which decisions from one functional area interact with those made in other areas of a firm.</td>
</tr>
<tr>
<td>Competitive or non-competitive</td>
<td>Whether the decisions or participants influence the results of other participants or not.</td>
</tr>
<tr>
<td>Interactive or Non-interactive</td>
<td>In an interactive game participants respond to the questions at the computer, receive an immediate response, and then submit additional decisions. In a non-interactive game decisions are submitted to the game administrator.</td>
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<tr>
<td>Industry specific or generic</td>
<td>In an industry specific game the authors attempt to replicate closely the actual industry. In generic games only general business relationships are replicated.</td>
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<tr>
<td>Played by teams or individuals</td>
<td></td>
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<tr>
<td>Determined or unpredictable</td>
<td>Does the simulation allow for random chance elements to come into play or not.</td>
</tr>
<tr>
<td>Degree of complexity</td>
<td>Two dimensions of complexity: (a) game decision input variable complexity, (b) the computer model complexity</td>
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Here is a checklist to follow when choosing a simulation

Ensure that key learning outcomes match your class objectives. There are many offerings available on the market ranging in subject matter. Some business simulations touch on basic concepts, whereas others can go in-depth into various subjects.

Get to know the simulation before using it in class. An instructor should always play the simulation game before hand and carefully examine the material that comes with it. This will help in having a better overall view of the simulation and if it is a good fit for the class.

Estimate how much time you want to dedicate with your class for the simulation. Formats can range from a couple of hours to several days.

Computer-based or board game? Computer-based sims will drive learning through detailed modeling and can be team-based, or stand alone. Board games can drive learning through simplicity of modeling.

Pricing. Simulation costs can vary. It can be cost-effective to become certified in teaching certain simulations. Having an all-inclusive program with instructor package may cost more but can facilitate the process.

Take into account your class size. Many simulations are better suited to be divided up into teams of four. Others can be more flexible. Be sure to choose one that is right for the number of your students. There is an option for almost any number.
Depending on your course objectives and your time constraints, a business simulation can integrate easily into most curriculums.

Mini-simulations can be completed in as little as ½ of a day, whereas more elaborate 4 or 5-day intensive strategic marketing simulations can span over the course of a few months. Simulations can also be 100% on site or a used as blended approach with remote work. Here are a few examples:

**4-Day Agenda (Simulation + Exercises + 8 Sessions)**
2-Day Agenda with remote work

½ Day Agenda
Use the simulation to bring theory to life. Linking theoretical information to the appropriate elements of the simulation can help students grasp the concepts being taught. Students can find it useful to be presented the theories, see real-life examples and then try it out themselves through the simulation.

Assign pre-work for students to prepare or let the students practice the simulation a few days before actually starting a real simulation scenario. It can help clear up confusion and provide students some time to develop their strategies.

Push students to role play within their company teams. They can choose to be the Marketing Director, CEO etc. This can bring another realistic element to the game. You can also have them change the roles from round to round to give them a different perspective of the process.

Use peer review to avoid non-participation within a group. In simulation-based courses, teamwork is essential and at times there are students who feel they are carrying more of the weight than others. Having peers review each other can help combat this issue. This grade review can help go to the final grade of each student.

Align simulation use with clearly defined objectives. A lot of the content found within simulation games corresponds well with global marketing, strategy and capstone experiences. Make sure that the simulation you choose fits the goals you want to accomplish for the curriculum.
**StratX Simulations** offers you risk-free simulation platforms for testing and implementing ideas any way you want to. Participants leave the experience with a more analytical way of thinking and thus are more prepared for the real world’s challenges.

It was over 30 years ago that our founder, Jean-Claude Larréché, Alfred H. Heineken Professor of Marketing at INSEAD, began searching for ways to have his students apply the business concepts he was teaching them in realistic contexts.

The StratX approach reinforces competitive thinking and market understanding. Each marketing or business simulations early reflects the impact that a sudden competitive move or a change in customer needs can have on a company.

Learn more about StratX Simulation’s range of business & strategic marketing simulations.

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