



BUSINESS POLICY GAME

OBJECTIVES

The student shall be able to define different business strategies and opportunities. The student shall deepen in the identification of the economic, financial and market elements that represent opportunities and menaces for the development of the business strategies. Also, the student will learn how to use demand forecasting models regarding the management of the production and commercial areas. The student will comprehend how sales results and benefits affect the capital profitability. Moreover, the student will deepen in the knowledge on how the different functional areas are related and how affect the economic results of the company.

DESIGNED AS A STRATEGIC MANAGEMENT SIMULATION.

It provides:

- A challenging, complex decision-making exercise.

It requires:

- Quarterly operating decisions for each of the following:

Finance

Marketing

Production

Capital budgeting

Simulation Characteristics

Not intended to duplicate any actual industry. It is generic.

- Participants make deductions about relationships within the game.
- Decisions follow use of data analysis and forecasting techniques.
- Two countries: Merica (3 market areas) and Sereno.
- Two worlds with six groups in each world.
- Same starting point for all teams provided by software. The values represent results after two years of operations.
- Game starts with decisions for quarter 1 of year 3.

Getting Ready for the Simulation I

1. Organize your management team:

Assign members of team to functional positions.

2. Prepare forecast of expected levels of economic activity by country:

Real GDP changes will affect the company's sales.

3. Prepare sales forecast by market area:

This is needed to schedule production and to plan for investment in new plants and equipment

4. Prepare a production schedule:

Production must be scheduled for first decision and planned for subsequent quarters of business operation.

5. Prepare an investment plan:

Alternative methods of expanding production capacity and their associated costs may be analyzed using financial tools.

6. Prepare a capital budget:

Capital is required to finance any planned expansion.

Getting Ready for the Simulation II

1. Prepare a cash budget:

Sufficient funds must be provided to finance the expenses and cash outlays required by your operations and investment plans.

2. Prepare *pro forma* financial statements:

You should evaluate your decisions prior to submitting them by preparing a *pro forma* income statement and balance sheet.

3. Formulate mission and objectives and outline initial strategies and policies:

Be specific.

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Regular term's evaluation

The course grade will be determined on the following basis:

Class Participation: 50%

An attendance record below 80% of the term's sessions will carry with it a grade of 0 in class participation. Game decisions will be made in the classroom; therefore, attendance is a must. Decisions must be turned in according to the instructor's timetable. Late submittal will result in the use of the previous decision's data and a penalty in the group members' grade.

Report on Company's (Team) performance: 30%

The report's completion and submittal is a necessary condition to pass the course. In case of not completing successfully the report, a grade of 4 or the final exam's score whichever is lower will be granted.

Exam on game's manual: 20%

September's evaluation

Exam on simulation: 50%

Doing the exam is a necessary condition to pass the course. In case of not attending the exam, the student will receive a "not presented" grade.

The minimum score in the exam in order to compute with the other grading elements (Report on Company's (Team) performance) is 4. In case of not attaining this score of 4, the course's final grade will be the exam's score.

Report on Company's (Team) performance: 50%

The report's completion and submittal is a necessary condition to pass the course. If the report was finished and submitted during the term, the grade will be applied in September. In case it was not completed successfully during the regular term, its submittal will be required at the time of September's exam.