

Development In Business Simulation & Experiential Exercises, Volume 21, 1994

THE BUSINESS POLICY GAME

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ABSTRACT

The Business Policy Game published by Prentice Hall is in its third edition. It is a total enterprise simulation featuring extensive finance, marketing and production decisions. The game is designed for use in business policy/strategy courses and in executive development programs.

STRATEGIC PLANNING

Teams are strongly encouraged to develop a strategic plan prior to beginning competition. The plan should include a mission statement, measurable objectives and strategy to accomplish the objectives. Teams produce and market a low cost, unnamed durable product. Game administrators may specify a product to generate enthusiasm among competitors.

A series of work sheets which may be used for planning purposes is located near the end of the player's manual. Spreadsheet templates for the work sheets are distributed with the game software. The following work sheets are included:

- Sales forecast
- Production plan
- Capital investment plan
- Capital budget
- Cash budget
- Pro forma income statement
- Pro forma balance sheet

The pro forma income statement, the pro forma balance sheet and the cash budget are linked in one spreadsheet template. This eliminates multiple entries for data, which apply to more than one of the statements.

Each team implements its strategy by making a series of decisions over several years of simulated time. Decisions are made for each quarter of play. The decision variables, which a team must manage, are shown below.

DECISION VARIABLES

Finance Decisions

- Short-term bank loans
- Bond sales & repurchases
- Stock sales & repurchases
- Dividend payouts
- Certificate of deposit investments

Marketing Decisions

- Four market areas
 - Product price by area
 - Advertising expenditures by area
 - Sales force management
 - Salary
 - Commission
 - Hiring and firing sales people
 - Assigning sales people to areas
- Product quality

Production/Operations Decisions

- Production scheduling
 - Straight time
 - Overtime
 - Second shift Capacity reduction
 - Temporary shut down
 - Long-term deactivation
- Capacity increase
 - New production lines
 - New plant addition
 - New plant
- R&D
 - Product
 - Process

SOFTWARE

Versions of *The Business Policy Game* are available to run on IBM compatibles and on Macintosh computers. The programs are available on 5 1/4" and 3 1/2" disks for IBM compatibles and on 3 1/2" disks for the Macintosh. Both versions use graphical interfaces.

Graphical User Interface

The IBM compatible and the Macintosh versions of the simulation have identical interfaces with pull down menus. The simulation includes software for the administrator and software for the players. The menus for each program are shown below.

Administrator's Program Menu

- World number
 - change worlds
- Simulation
 - run simulation
 - rerun simulation
- Decisions -- context sensitive help new decisions review/change previous decisions new decisions for years 1 & 2
- Reports
 - print reports
 - transfer player's files--individual decision entry
 - set weights for Z-score evaluation
 - set weights for 100-point evaluation Setup
 - central or individual decision entry designate paths for files initialize data files parameters & company names Quit
 - exit program

Players Program Menu

- decisions -- context sensitive help
- reports -- print
- quit

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Special Features

The game has two decision entry options. Decisions may be entered by individual teams on floppy disks. Alternatively, the game administrator may enter team decisions using the central decision entry option. Individual team decision entry is recommended.

Two scoring programs are offered to evaluate team performance. The Z score weighted report evaluates teams on seventeen variables, which may be weighted as desired by the game administrator. The 100-point weighted report evaluates teams on ten variables which can be weighted by individual team. One or both reports may be used.

Spreadsheet macros are included which enable the game administrator and the teams to graph industry performance for fourteen different variables. Graphs may be drawn for yearly data or for the last four quarters. Macros are available for Excel, Lotus 1-2-3 and Quatro Pro.

Ten caselets or vignettes are available to include with simulation output. The administrator simply selects a vignette from a menu and the vignette is automatically included with the output for each team. The vignettes address issues, which are not programmed in the simulation model. They often generate lively discussions among teams. The following vignettes are included:

- Product safety
- International Competition
- Export opportunity
- Foreign buy-out proposal
- Price fixing
- Foreign plant location
- Health care insurance
- Sewage treatment
- Foreign finder's fee
- Acquiring foreign product

Teaching notes for the vignettes are in a README file on the distribution disks.

GAME MANUALS

The Business Policy Game Player's Manual contains a complete description of the simulation in seven chapters. One chapter focuses on the quarterly decisions. There are chapters on the business environment and strategic planning. Multiple chapters cover finance, marketing and production. The decision forms in the manual match the decision form shown on the computer screen when decisions are entered.

The Business Policy Game Administrator's Manual contains material the administrator needs to install and run the simulation. Besides chapters on installation and running the simulation, there are chapters on decision entry, team evaluation, use of work-sheet templates, use of the variable graphing macros and procedures for modifying program parameters. The manual also contains a description of the Z-Score Evaluation Report and the 100-Point Score Evaluation Report.

Each set of distribution disks contains several README text files. These files contain changes and additions that have been made since the manuals went to press and also helpful hints which continue to be collected. The README files can be printed for future reference using a word processor.

HARDWARE

The minimum hardware required to run *The Business Policy Game* is shown below:

IBM Compatibles

- 320K memory
- Printer
- Storage medium
- Hard disk or
- 2 floppy disks or
- Local Area Network

Macintosh

- 1 meg memory
- Printer
- Storage medium
- Hard disk or
- Local Area Network

The Business Policy Game manuals may be ordered from Prentice Hall by calling 800-526-0485. Information and software may be obtained from Dick Cotter at 503-683-7556.