



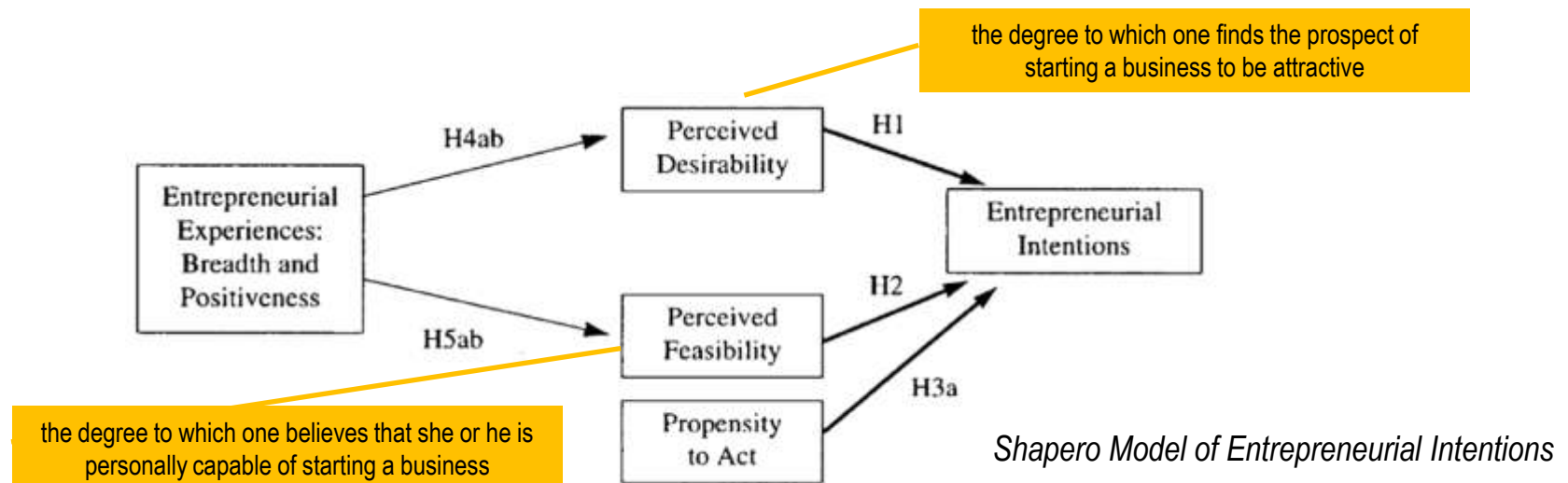
Teaching Entrepreneurship with the Use of a Simulated Business Game

Dr Vassiliki (Vicky) Bamiatzi, PhD, MBA
Lecturer in Entrepreneurship and Strategy
[Email: V.Bamiatzi@lubs.leeds.ac.uk](mailto:V.Bamiatzi@lubs.leeds.ac.uk)

Key Assumptions

- ✓ Entrepreneurship is undoubtedly a new beast in management research; so complex and chaotic that cannot be taught in the traditional way we used to teach management courses. (Vesper and McMullen 1988; Kent 1990)
- ✓ The very lack of linearity and predictability permeating entrepreneurship practice and research makes it almost impossible to justify a teaching pedagogy which monolithically focuses on either the “entrepreneur world”, the “process world” or the “cognition world”. (Neck and Greene 2011)
- ✓ A multi-dimensional, multi-discipline view of the world is required nowadays when teaching entrepreneurship...

“Approaching entrepreneurship as a method means teaching a way of thinking and acting built on a set of assumptions using a portfolio of techniques to encourage creativity. The method forces students to go beyond understanding, knowing and talking. It requires using, applying, and acting”...
(Neck and Greene, 2011: 62)



LUBS1890: Starting Your Own Business

Level 1 – 10 Credits module

General Info: A rather practical module providing the students with the experience in envisioning, setting-up and running a business. Oriented towards the development of a real, potential business idea which is perceived both feasible and desirable from the students.

Learning Objectives - Students should:

- Recognise & apply basic general management skills in the areas of organising, managing, planning & controlling of a business.
- Demonstrate familiarity with and application of standard management practices, which are required to run ones business such as committee meeting procedure, action-planning, evaluation, and decision-making.
- Employ functional concepts and operations in activities such as management, finance, sales & marketing, operations, etc.

The Module – The Steps



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- Step 1:** The students come up with a novel business idea they are interested in; this can be related to any product or service they would aspire to offer in the market
- Step 2:** The idea is tested and re-tested numerous times throughout the course in order to verify its feasibility.
Students take upon weekly tasks in which they have to consider the importance of the market and the competition; the needs of the customers and the changes in the environment; the allocation of resources both tangible and intangible and specifically the amount of financial resources required to transform their ideas into specific, physical products or services.
- Step 3:** The students also test their knowledge and decision making skills in a simulated environment, via a business game called “SimVenture”
- Step 4:** A business plan to describe and discuss all previous steps systematically is developed (*first assessment*).
- Step 5:** The students are asked to reflect back on the experience and knowledge they gained throughout the course - *understanding the process (reflection-on-practice) and actions (reflection-in-practice)*

SimVenture: The Business Game



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What does SimVenture do?



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- ✓ SimVenture allows people to SETUP and RUN their own virtual company and learn / test their knowledge about all aspects of a business.
- ✓ SimVenture is a business game driven by DECISIONS made by the user.
- ✓ The reality of the business simulation combined with the on-screen information makes it a rich learning resource.
- ✓ Award winning team-building exercise on decision making

What will YOU & your TEAM do?



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- ✓ In SimVenture you are an entrepreneur assembling and selling computers.
- ✓ At the start of a 'New Game' it is **January 1st** and it is your job to make decisions about all aspects of the business and then 'Run the Month'.
- ✓ Your job is to find the right balance between :
 - attracting new customers,
 - using your time effectively &
 - ensuring enough money is flowing through the company

The Business Game Elements



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The Core Areas of the Virtual Environment

- ✓ Virtual Market Segments
- ✓ Direct Competitors
- ✓ Your Customers

The Core Areas of Your Business

- ✓ Sales & Marketing
- ✓ Operations
- ✓ Organisation
- ✓ Finance





Bank Balance	Unit Price	£370
	Costs of Sale	£259
	Gross Profit	£111
	Margin	30%
	Sold	97
	Variable Costs	£31.15
	Fixed Costs	£3,185
	Income	£36,537
		£1,537

SimVenture Elements: Sales & Marketing



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Decisions to be made

Students are requested to:

- Check the Market.
- Check the Competitors.
- Check the Customers and what the Customers think about their company.



They select target segment . Choose among 6 segments of the market.
Details of each segment are provided in the market research report.

They select the appropriate marketing strategy by choosing:

- the appropriate selling points;
- the appropriate marketing promotions (e.g. Advertising, tv, radio, websites);
- the appropriate pricing;
- the appropriate sales channels and customer support

SimVenture Elements: Operations



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Decisions to be made

Students design the most suitable product for their target market & customers



Further actions:

- Link the production line to the products in order
- Check the purchasing deals and negotiate if possible the best ones for their company
- Check and change the quality control elements as needed

SimVenture Elements: Organisation



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Decisions to be made

Check the available resources:

- The manager's skills
- Employees and their skills
- Location
- Resources



Select employees. Choose the most suitable employees, recruit and train them according to the tasks required. Do the manager need any training?

Select the appropriate location: Is it big enough for the production?

Other legal issues to be considered: e.g. employee or supplier contracts

Decisions to be made

Students check available financial resources

Decide on the appropriate funding source if needed:

- Bank loans, F&F, Overdrafts, Other

Monitor the creditors. Make decisions about your credit control policy (4 different options are available)

Monitor the Accounts: P&L accounts, CashFlow and Balance Sheet charts are all available for all previous months

Other tools needed:

- Forecasting and Budgeting;
- General Performance Ratios (e.g. ROCE, Gearing, Liquidity).



SimVenture: The Competitions!



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Highest Company Evaluation after the 12th month

The company in SimVenture is valued based on 2 main factors:

- 1) The net assets of the company, taken straight off the balance sheet.
- 2) The potential profitability of the company going forward



The net asset value is the minimum value that the company can have. Added to this is the weighted average profitability over the last year -weighted means that more emphasis is given to recent months-, multiplied by a **factor** which rates the companies financial health.

The **factor** used to rates the companies financial health is based on the following measures:

- Company Age
- Liquidity (Current assets / current liabilities)
- Gearing (Long term loans / Capital employed)
- ROCE (Net profit / capital employed)

SimVenture Tutorial



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Quick Introduction (Tutorial 1)

<http://www.simventure.co.uk/the-product/how-does-it-work>

<http://simventure.co.uk/learning-zone/video-tutorials>

The Role of Simulations in Teaching



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Key Assumptions

Engagement with computer games, especially under a controlled - training - environment, seems to overall enhance students' skills. Computer games enhance:

- ✓ **Knowledge acquisition and cognitive skills:** students can better comprehend underlying theory (content understanding), exercise and develop problem solving competences whilst strategically conceptualise their actions.
- ✓ **Motor and technical skills:** students familiarise with certain tools and methods used for the decision making process, presentation skills etc.
- ✓ **Social Skills:** students develop team-working, communication, negotiation and leadership skills.

(e.g. Garris et al., 2002; O'Neil et al., 2005; Wouters et al., 2009; Connolly et al., 2012)

Survey Results 1 Prescriptive Analysis

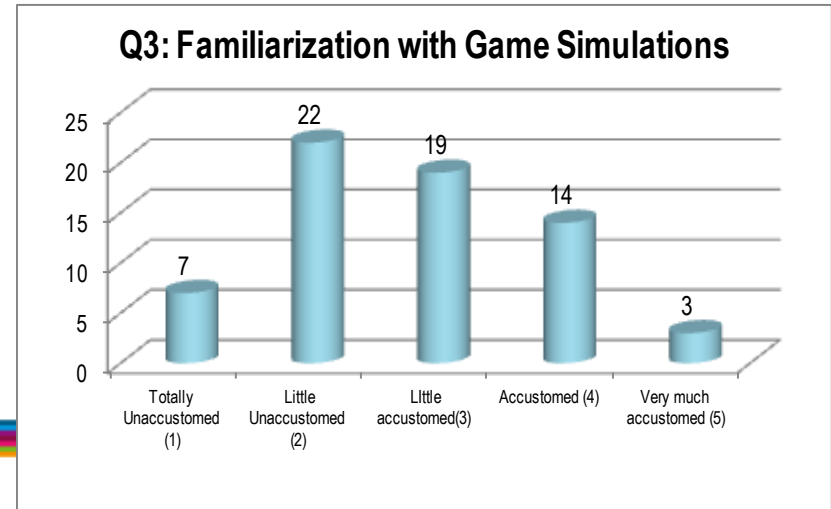
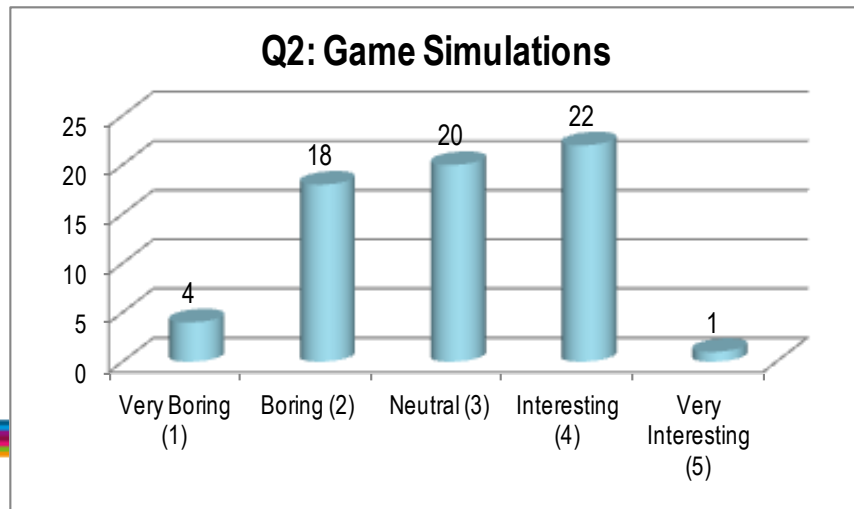


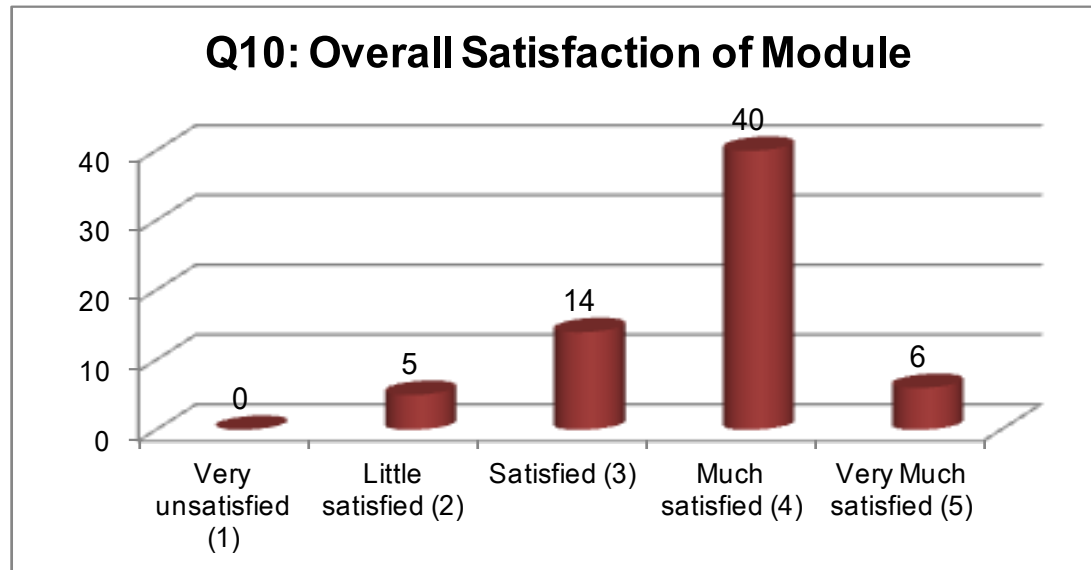
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Results from anonymised feedback questionnaire, focusing specifically on SimVenture. The questionnaire discussed their understanding of theory using the simulation, team building skills and their overall experience in running a business.

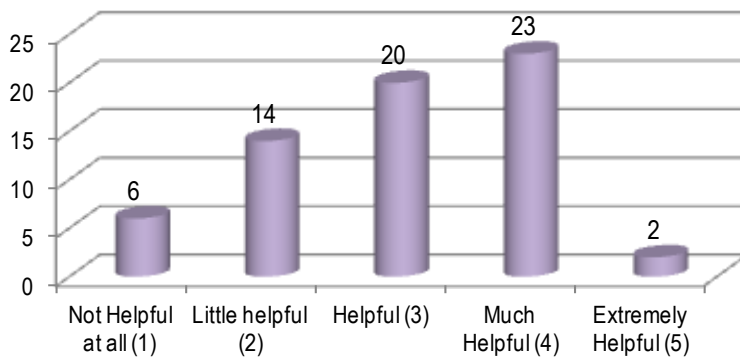
The Sample: 65 students - 40 female & 25 male - accounting for 66% of the class (98 students)

Control questions about their gender and their overall familiarity with game simulations were also used to minimize bias problems:

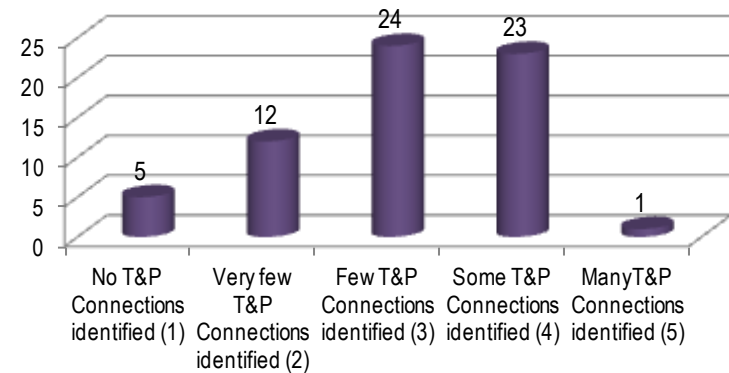




Q6: Theory Understanding



Q7: Connections between T&P



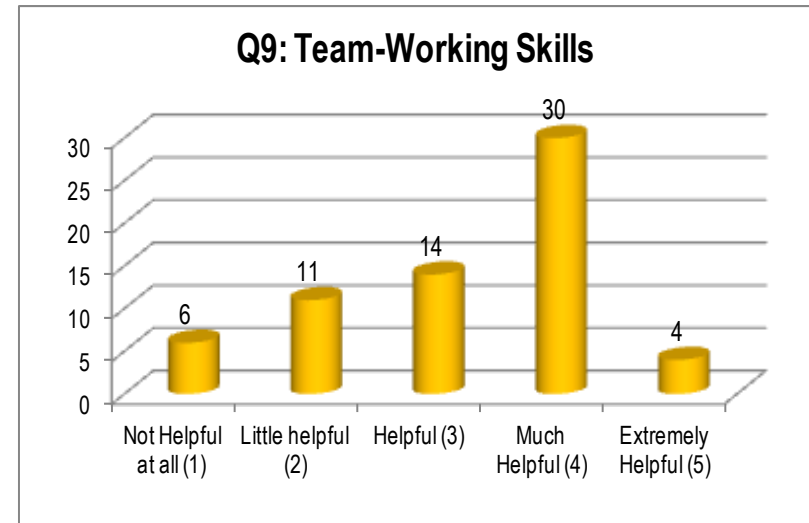
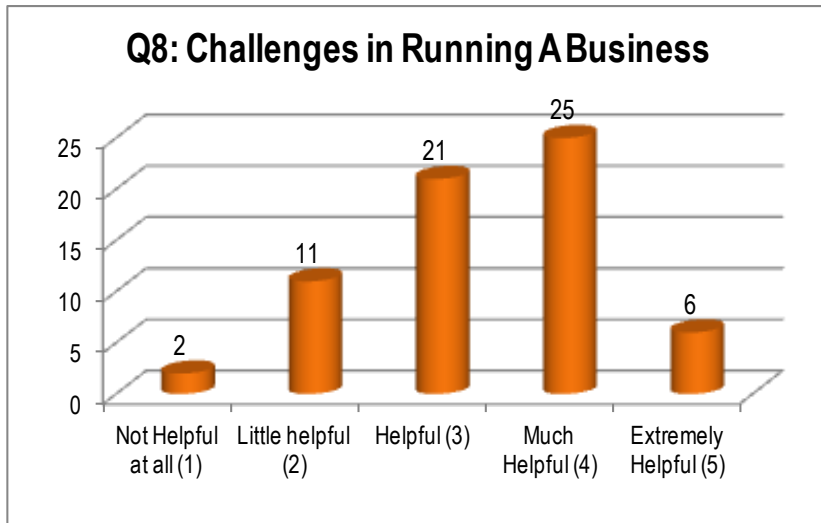
*It was helpful to see how different marketing promotions affect sales and number of orders...
...putting the theory thought into practice, you had the experience of what the theory meant and how you dealt with certain problems.*

It helped me to understand more about the relationship between departments and the outcomes of any changes in the business.

How my decisions on the strategy reflects on the business (sales, profit, enquiries etc.).

Developed understanding on the different kinds of research; market, customer and competitor.





People within the group have different ideas so you have to compromise and listen to others. Each member of the team had their own role but we all made decisions together as we all listened to each other and gave each member a chance to develop.

We had to identify a specific problem and discuss them which enable us communicate in a business way, so I found this very helpful.

Everyone is linked into the subject, trying to solve the problems arising in the simulation.



Survey Results

5 Unexpected results



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- 9% of the students did not seem to get any usefulness in using the simulation to either theory understanding or connectivity with practice, although almost all commented on its usefulness in understanding the challenges of business.
- Familiarization with virtual games is correlated with their satisfaction from the module → **higher computer efficacy does positively affect learning outcomes, training satisfaction and motivation** (Orvis et al., 2005, Davies, 2002)
- Team working skills enhancement was also highly related to students' pre-disposing against game simulation. Those positively pre-disposed to the game identified the benefits of working together, and the connections between theory and practice.
- Overall the results indicate that the learning training outcomes of the simulation were significantly affected by **students' prior experience** with virtual games and their **overall attitude** towards them. The latter seems to be highly influenced by the complexity of the simulation, negating their aversion towards the game (24 students thought the simulation was difficult to learn).