

Strategic Management Games – innovative teaching method for business education**The Teaching Notes Form****Revised version**

PART I. INTRODUCTION	
Name of the scenario	Snowflake
Authors of the game scenario	
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PART II. GAME SCENARIO DESCRIPTION	



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Refrigerators are used to cool down perishable food items, thereby preventing action of mould, yeast and bacteria. Their market is one of the fastest growing segments of consumer home appliances industry worldwide as refrigerators have become a crucial item of every household.

The technologies that have been applied to produce refrigerators have changed dramatically. Namely, the use of Freon in the manufacture of the refrigerators was discontinued, and since then, the companies have been using only ecologically clean raw materials and parts. The innovative technologies include R600a refrigerant, A+ and A++ energy efficiency indicators and the like, which are environmentally friendly and very easily determine electricity consumption. For instance, A++ energy efficiency refrigerator consumes up to 60 per cent less energy than other A class refrigerators. They could be equipped with automatic defrosting system, which vaporizes water. Differently from refrigerators with No Frost system, they always have optimal level of humidity to keep food fresh for a longer time. The new generation of refrigerators has got the antibacterial safety system, protecting against hazardous bacteria. It has been achieved by saturating the internal walls of the refrigerators with harmless special material with silver ions which constantly “attack” micro-organisms, remove water and inhibit their multiplication.

The global refrigerator industry is dominated by a few giant players but there are quite a few nationally famous companies that produce different types of refrigerators and have been gaining pace in the expansion of their product range and new markets.

The company *Snowflake* in the game is one of them. With the main production facilities in Lithuania, the company’s expansion policy has been focused eastward to such countries as Russia and Kazakhstan. The countries differ in terms of the number of potential customers, their income level and preferences. Therefore, the market entry strategy should be considered thoroughly. Market research discloses that in each market there are at least three segments of customers. These groups differ in preferences (rationale), lifestyle (stylish) and purchasing power (budgeted). Thus, to be successful, the company needs to design and deliver a product that will meet their expectations, usability and price.

To make their refrigerators visible and recognisable in the chosen markets, the company has to use its marketing efforts accordingly by taking into account all three customer groups. Considering the means of promotion, the company should empower the advertising devices like ads in the press, TV commercials, social media or company website by estimating their impact on the targeted customers.

Participants of the game can grow their business in one of the assigned countries or in all markets simultaneously. The aim is to gain competitive advantage on the market share, effectiveness of the marketing activities, maximisation of the profit and potential business growth in the future.

PART III. Level of education

Target audience	Managers, Entrepreneurs, undergraduate students, executive school students
The trainees’ prior knowledge	Basics of economics, business and management



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PART IV. Type of course	
The principal subject areas of the game scenario	Strategic management, operations management, finance management, marketing management, human resource management
Teaching and learning objectives	<p>To name the main principles of strategic planning and management, to be able to analyse in practice the strategic alternatives based on the company or organisation competitive environment and its resources, to create an outline of a strategic plan and to foresee tactical actions to implement the strategy;</p> <p>To forecast the influence of economic and financial decisions not only in a financial context, but also in the wider context of business or organization management, to estimate the effect of economic and financial decisions on the processes of a company or an organization, the motivation of company's human resources, product and service quality, customer satisfaction, brand strength, corporate social responsibility;</p> <p>To be able to analyse a company or an organization as an integral unit, which strives for certain goals in a market or social environment by effectively distributing their finite resources among objects and business activities and obtains synergies from coordinated function planning, organization and management;</p> <p>To be able to plan and to organize manufacturing, service provision and other company's business processes in short and long term, in national and international markets;</p> <p>To select and to apply in practice theories and models of company's or organization's business organization, planning, management, motivation and control ;</p> <p>To be able to identify new possibilities in national and international markets, to foresee, to analyse and to assess target markets, their potential, to adapt the old products and services and to develop the new ones for these markets, to communicate effectively one's proposals to the market;</p> <p>To describe and to analyse economic, legal, political and social environment of companies and other organizations; to identify and to evaluate internal and external changes and to make necessary decisions to keep the firm's or organization's economic and financial stability;</p> <p>To describe and to analyse financial management and financial decision making processes in companies and other organizations, to solve problems of different levels of complexity in financial and management accounting</p> <p>To apply modern information technologies in the data gathering, analysis and communication</p> <p>To apply a systematic, critical and constructive thinking in problem identification and solving</p> <p>To develop independent learning skills necessary to continue studies on a higher level</p>



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Level of game difficulty	Moderate/average	
PART V. Teaching Plan		
Number of trainees in one team	2 - 5	
Number of teams in one game	3 - 5	
Number of decision rounds	10	
Time for decision making for one decision round	1 hour	
Rules of collaboration within each team	Different management roles within the company are assigned, the decisions are taken by the consensus of the team; however, in case of any disagreement, the final decision is made by the CEO of the company.	
Rules of collaboration between team and trainer	Players should make their decisions in their own right without any additional acceptance of the trainer, but it's possible to ask questions about the game to the trainer. Trainer should always give some advice, but he is not allowed to make any decisions.	
Rules of making decisions	The decisions are taken by the consensus of the team; however, in case of any disagreement, the final decision is made by the CEO of the company.	
PART VI. Gaming		
Decision suggestions for each round (decisions required for proper market functioning)	Round 1	Assign player roles, name the company, prepare your strategy, build or develop sales offices and production lines. Think about promotion and products, choose your supplier.
	Round 2-10	Analyze financial results, develop sales offices and production lines, employ staff, produce your products, transport products to sales offices, establish prices, promotion and trainings for employees, react to current situation in the game.

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Events in the game	Event in round	Tips for game master how to balance the game with events	
	4	Financial bonus – 100000Lt. The company will apply for the European Structural Funds to get financing for the training of employees in the areas of innovation and development, environment protection, ways of energy saving, and innovative ways of operations management (Kaizen, lean manufacturing, just-in-time manufacturing and the like). This event helps to maintain business spirit.	
	5	Kazakhstan area is gone. Appearance of a new strong competitor on the market - a Japanese company which built a new manufacturing facility in Europe and to produce refrigerators. The factory is planned to produce about 1 million refrigerators per year and to satisfy the growing demand for refrigerators in the Eastern and Central Europe. The new entrant on the market became very successful and increased its market share in Kazakhstan to 30 per cent by heavy advertising and promotion. <i>Snowflake</i> dropped to the position of market follower in this market. The company has to re-assess its strategy in the country of interest and re-think its competitive advantage objectives. It is a negative aspect for the teams who concentrated mostly on one sales area. ON the other hand, it facilitates critical thinking and develops crisis management skills.	
Applied optimization parameters description	Financial results are the most important aspect of the evaluation, but sales, market share and production are also very important.		
How to read optimization parameters in gameplay context	The better score, the better company is managed.		
PART VII. Assessment of trainees' activity			
Possible trainees evaluation criteria (e.g. market share, financial situation)	Factors that are taken into consideration in the process of evaluation of trainees are: market share, employee satisfaction, marketing activities efficiency, financial potential and future prospects. These evaluation criteria are multiplied by the financial results / profit. Then, the teams are ranked accordingly.		

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Possible trainees evaluation rules (e.g. results of the game, presentation of the company's strategy, participation in the game)	After the grades are assigned and in case the difference in the value of the grades at the different ranking levels is less than 20 per cent , the lower grade can be increased to the level of the previous grade.
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