

International Sales (SoSe22)
May 21 to 25, 2024

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Overview

In this course you will be a member of the executive team of a start-up organization and asked to make decisions typical for this level in an organization. Based on your interpretation of the present and future macro and competitive environment, you will formulate and defend a strategic vision for your firm and integrate the various functional areas to successfully implement this vision. Importantly, you will need to achieve your objectives within a set of financial constraints and imperatives, which will require you to make trade-offs to optimize your firm's performance. As a manufacturer of carbon fiber bicycles using 3D printing technology, you will be competing in a dynamic market and competitive environment. Not only will you formulate your firm's strategy, but will review and modify your strategy as needed, thereby gaining greater insight into what it feels like to be a member of the executive team of a firm.

Simulation

Rather than starting in the middle of the story (a mature firm), we use a venture situation to start at the beginning of the story. You will see how various tools and ways of thinking become useful as the firm expands its operations and must take on new tasks and responsibilities. In this way, the logic of our business practices will become more intuitive. Through computer simulation, you will be placed into a very realistic international business setting. You will be responsible for making decisions relating to all aspects of the business, including operations, forecasting, marketing, IT, accounting, finance, supply chain management, e-business, HR, social media, and so on.

You will be competing against other start-up companies in the same industry. The consequences of your decisions are quickly revealed in the simulated marketplace. Players learn to adjust their strategy to become stronger competitors by studying end-user opinions, smart competitive moves, and their own operational and financial performance. Over the course of the entire exercise, your understanding of the linkages among the functional areas of business will grow at an exponential rate.

The learning strategy is to gradually build the business and thus, gradually introduce new issues, which must be mastered by you and the other players. Each quarter or decision period has a dominant activity and a set of decisions, which are linked to it. These dominant activities take you through the business life cycle from start-up, to development, to growth, and ultimately to near maturity. As you work through the business life cycle, new decisions and managerial content are phased in as they become relevant to the current decisions.

Each quarter's activities result in new material not only being introduced, but also builds on the prior content so that there is considerable repetition. Business activities such as cash flow planning, value creation in product design, production scheduling, profitability analysis, and strategic planning require repetitive exercise in order to set them into your natural thinking.

Here is a list of what you will do:

- Analyze market research data
- Plan and roll out a marketing campaign
- Design and price brands to appeal to different market segments
- Select and develop distribution channels
- Devise advertising, search engine, and social media marketing campaigns
- Allocate scarce funds to R&D, manufacturing, advertising, and distribution
- Select and prioritize R&D projects, leading to new product features
- Negotiate strategic partnerships with competitors for new technology
- Initiate and defend lawsuits over false advertising
- Hire employees and set competitive compensation packages
- Schedule production and manage plant capacity
- Manage cash
- Negotiate equity and debt financing for new business development
- Compete head-to-head with other business teams
- Adjust strategy and tactics in response to operational and financial performance, competitive tactics, and customer needs

The specific goal of the exercise is to develop your management skills by giving you an integrated perspective of the entire business operation. In terms of specifics:

- Develop strategic planning and execution skills within a rapidly changing environment
- Crystallize the linkages between business decisions and financial performance
- Instill a bottom line focus and the simultaneous need to deliver customer value
- Internalize how important it is to use market data and competitive signals to adjust the strategic plan and more tightly focus business tactics
- Develop teamwork across functions, opening up new communication links
- Promote better decision-making by helping you see how your decisions can affect the performance of others and the organization as a whole
- Facilitate learning of important business concepts, principles, and ways of thinking
- Experience the challenges and rewards of the entrepreneur by starting up and running a new business venture
- Build confidence through knowledge and experience

Chronology of Events

Here is a brief overview of the activities that the players will undertake by quarter:

Quarter 1: invest personal savings to start up the company, organize the team into functional responsibilities, analyze market research, establish the firm's strategic direction and set up shop (build a plant, design brands and open sales outlets).

Quarter 2, 3: test market brands, prices, ad copy, advertising campaigns, sales staffing, and compensation package. Study the market's response, competitive tactics, your own operational and financial performance, and make adjustments in strategy.

Quarter 4: prepare a business plan and obtain a second round of financing from venture capitalists.

Quarter 5 & 6: undertake an international rollout campaign based upon the business plan. Adjust the strategy to market opinion, competitive tactics, and operational and financial performance.

Quarter 7: prepare a Final Team Report regarding 1) the firm's performance to date, 2) departures from business plan and justification, 3) the firm's preparation for future competition, and 4) lessons learned.

Team Effort

You will team with other students to form an entrepreneurial firm that will compete in a business "war game." During the course, you will take your fledgling business through the natural stages of business growth, including emergence and development. We only cover 6 quarters, so will not hit market maturity. Along the way, you will learn to develop and refine your strategies and tactics.

Roles on the Executive Team

Management of your firm will be a challenging task. Successful firms divide up the responsibility and share the workload. You will need to take on one or two of the following roles:

- VP Marketing
- VP Sales Management/Human Resources
- VP Business Analytics
- VP Manufacturing
- VP Finance and Accounting

The team selects one person to lead the team, the president. This person can also take on the human resource management position or possibly one of the other positions listed above. It is important to keep in mind, however, that your primary role is as part of the Executive Team so while you may present the views of your functional specialty you are responsible for the overall health and success of the business and so are expected to assume a wider perspective than a single functional area.

Recorded Lectures

Fourteen lectures have been recorded for this class. These are brief lectures of 10 minutes or less on each topic. Please consult the Simulation Schedule in this syllabus for the lecture viewing schedule. All recorded lectures can be found on Moodle. Note that two 5 minute recorded lectures should be viewed prior to the beginning of class on **May 21**.

Class Briefings

Each morning, except for Friday, there will be a live briefing on Zoom. There will be a second briefing on Tuesday at 1:30 p.m. You should have viewed the recorded lectures and read the Help files for the day prior to class.

Zoom Team Meetings

On Wednesday and Thursday there will be a 20-minute team meetings held via Zoom. Each team will be assigned a meeting time starting with the first team at 1:30 p.m.

Microsimulations

Each microsimulation focuses on a specific business concept that you need to master to do well in the simulation. Microsimulations will appear in different quarters throughout the simulation game. They are not team-based, and you will complete them individually on your own. At the end of each microsimulation, you will receive a score from zero (0) to 100 based on your comprehension of the key learning points. You can repeat the exercise as many times as you wish and improve your score. Your scores on the microsimulations will be considered in your peer evaluation score.

Required Software

You will be assigned to a team of 5 people. Prior to the beginning of the class, you will receive a License Number and Game Number to register for the simulation at <https://game.ilsworld.com>.

Grading

Tactical Plan & Pro Forma	30 points
Final Team Report	25 points
Peer Evaluation	20 points
Simulation Performance.....	<u>125 points</u>
..... Total	200 points

Grade Scale:

1,0	190 – 200	2,3	146 – 156	3,7	102 - 112
1,3	179 – 189	2,7	135 – 145	4,0	91 - 101
1,7	168 – 178	3,0	124 - 134	5,0	Below 91
2,0	157 – 167	3,3	113 – 123		

Tactical Plan and Pro Forma Cash Flows, Income Statement & Balance Sheet (30 points)

On Day 3 (**Thursday, May 23 before 7 p.m.**), you will email me your team’s Tactical Plans for Q4 to Q6 along with the corresponding Pro Forma for Q4 to Q6. These Plans will be evaluated on their appropriateness for your firm’s competitive and financial position in the simulation. You should consult the Help files listed for Day 3 for instructions on how complete the Tactical Plan and Pro Forma inside the simulation. You will receive additional instructions in the Class Briefing for Day 3.

Final Team Presentation (25 points)

The purpose of this presentation is to review your performance and discuss the lessons learned through doing the simulation. This presentation will be made to the faculty and class. Your team’s presentation will take no longer than 15 minutes in total plus 5 minutes for questions and answers. Your presentation should consist of information demonstrating that you understood what factors affected the industry and your company’s performance. The most important part of the presentation is the lessons learned. These lessons should focus on what you learned that will be helpful in your future professional career.

In the Appendix, please find details regarding this presentation under The attached Final Report Rubric will be used to grade the presentation.

Peer Evaluations (20 points) You will be asked to complete a peer evaluation online by 2:00 p.m. on Saturday. Instructions for accessing the peer evaluation in the simulation will be provided.

Given the structure of this class, you are expected to attend and participate in all group decision-making and attend all class sessions, including the presentations on Friday. Most of your participation will be within your groups, e.g., making decisions, debating strategy, analyzing results, preparing your presentation. Accordingly, I will seek feedback at the conclusion of the course from your team members regarding the quality of your participation. Corroborative information will include time spent on the simulation and scores in the microsimulations.

See “Team Member Evaluations” in Appendix for questions asked in peer evaluations.

Simulation Performance (125 points) A Balanced Scorecard will be used to measure your firm’s performance. The team’s total business performance will be based upon its financial performance, marketing effectiveness, market performance, manufacturing productivity, human resource management, investments in the firm’s future, asset management, creation of wealth, and financial risk. A total score will be computed for each firm.

In the simulation, you will receive each quarter a cumulative balanced scorecard report which is an average of the previous quarters. More recent performance tends to be more heavily weighted. For example, a strong performance in quarters five or six will typically influence the balanced scorecard more than a strong performance in quarter three. Your simulation performance will be judged by your firm’s cumulative balanced scorecard at the end of quarter six.

At the end of the exercise, each team will be ranked in the order of performance for the total score. A letter grade will be assigned depending upon the best performing team’s BSC score vis-à-vis all other teams that have competed in the simulation, ranking within the course, and how close it is to the team(s) BSC above or below it.

Simulation Schedule

Prior to the first class on Tuesday, May 21:

- You will receive a License Number to register for the simulation.
- Register online and explore Marketplace (instructions will be emailed to you)
- View lectures: Introduction (10 minutes) and Chronology of Simulation Events (5 minutes).
- In the simulation be sure and read the information under the Help File tab (upper right-hand side of the screen) for important information on *Venture Strategy - Bikes* simulation at <https://game.ilsworld.com/>.
- You will also find it most helpful to go through all the material associated with the Decision tabs on the left-hand side of the screen paying particular attention to the Lecture tabs associated with each decision.

Day 1 – Tuesday, May 21

9:30 – 10:00 a.m.	Class Briefing	Simulation Overview (30 minutes)
	Recorded Lectures	Quarter 1 Overview (5 minutes) Build a Plant (5 minutes) Design Brands (10 minutes) Distribution Channels (10 minutes)
	Help Files	Brand Design Internet Marketing Sales Territory Development Production Capacity
	Microsimulations	Fundamentals of Product Design Fundamentals of Strategic Planning
1:00 p.m.	Q1 Decisions due	
1:30 – 2:00 p.m.	Class Briefing	Quarter 2 Thoughts (30 minutes)
	Recorded Lectures	Quarter 2 Overview (5 minutes) Setting Prices (10 minutes) Advertising Decisions (10 minutes) Human Resources & Operations (10 min.) Sales Force Management (10 minutes)
	Help Files	Brand Price Sales Force Management Advertising Decisions Forecasting Demand & Production Scheduling Accounting & Cash Flow
	Microsimulations	Fundamentals of Production Scheduling Fundamentals of Online Marketing Fundamentals of Pricing

5:00 p.m.	Q2 Decisions due
<u>Day 2 – Wednesday, May 22</u>	
9:30 – 10:00 a.m.	Class Briefing Quarter 3 Thoughts (30 minutes in class)
	Recorded Lecture Quarter 3 Overview (10 minutes)
	Microsimulations: Fundamentals of Accounting Price Elasticity in Practice
1:30 p.m. Start	Zoom Team Briefing (20-minute time slots)
5:00 p.m.	Q3 Decisions due
6:00 p.m.	First Peer Evaluations due (instructions to access peer evaluations will be provided)
<u>Day 3 – Thursday, May 23</u>	
9:30 – 10:00 a.m.	Class Briefing Quarter 4 Thoughts (30 minutes in class)
	Recorded Lectures Quarter 4 Overview (10 minutes) Technology Licensing (5 minutes)
	Help Files Preparing a Tactical Plan Preparing Pro Forma Financials
	Microsimulations: Online Paid Advertising Product Design & Market Response Functions
1:30 p.m. Start	Zoom Team Briefing (20-minute time slots)
7:00 p.m.	Email me (b.cron@tcu.edu) your Tactical Plan, Cash Flow, Income and Balance Sheet Pro Forma Statements. Q4 decision due
<u>Day 4 – Friday, May 24</u>	
1:00 p.m.	Q5 decisions due
5:00 p.m.	Q6 Decisions due
<u>Day 5 – Saturday, May 25</u>	
Morning	Work on Team Presentation
1:00 – 2:30 p.m.	Team Final Presentation
5:00 p.m.	Final Peer Evaluations due (instructions to access peer evaluations will be provided)

Your company will be fined \$100,000 for every minute that a decision is late. For example, if you submit a decision at 5:03 p.m. for Q2, a \$300,000 fine will be deducted from your cash balance. Remember, you can always submit your decision early!

APPENDICES



Professor William L. Cron

William Cron received a BSBA from Xavier University in Cincinnati and an MBA and DBA from Indiana University, Bloomington. Professor Cron has served on four editorial review boards including the *Journal of Marketing* and the *Journal of the Academy of Marketing Science*. He has published over 80 refereed marketing and sales management articles and manuscripts and has been recognized as one of the top ten sales and sales management researchers in the United States.

He has been invited to speak, conduct doctoral seminars, and/or teach graduate courses at a variety of universities, including internationally at Erasmus University in Rotterdam, Ruhr University in Germany, the University of Bern in Switzerland, Warrick University in Great Britain, Bacconi University in Italy, Wuhan University in China, Dijon University in France, Universidad Mayor in Chile, University of South Africa in South Africa, and at Technologico de Monterey in Mexico. He has also co-authored one of the leading sales management texts in the U.S. and Canada, *Sales Management: Concepts and Cases* (John Wiley & Sons, Inc.).

His graduate marketing courses have been recognized with awards at five universities: Ruhr University – Bochum, Neeley School of Business, TCU, Wuhan University, China, Cox School of Business, SMU, and the Kelly School of Business, Indiana University.

Professor Cron has served on the Board of Directors of the American Marketing Association (Chairman of the Board); Midmark Corporation, (Chair of the Strategic Oversight and Nominating & Governance Committees); Park Plaza Medical (Lead Independent Director); Advanced Medical Supply; the AMA Foundation (President); Health Industry Distributors Association; the Healthcare Education Foundation; and the North Texas Chapter of the National Association of Corporate Directors (Chair of the Fort Worth Committee). In addition, he has consulted with a variety of health care companies such as Johnson and Johnson Medical, Bristol-Myers Squibb, Physician Sales & Service, Inc., VHA Inc., and the Baylor Health System. His non-health care related consulting/executive development work has been with clients such as GTE, Samsung Electronics - America, Haggard Apparel Company, and Safeguard Business Systems.

Peer Evaluations

After the Final Team presentation, a peer evaluation will be completed for each person on a team. Ratings are on a 5-point scale with 5 being completely happy with a person's contributions to a team in this area and 1 indicating complete dissatisfaction with how a person contributed in this area. An overall rating of 5 will result in a person receiving full credit for participation in the simulation. Lower overall scores will result in deductions in peer evaluation points.

I will seek feedback from your team members regarding the quality of your participation in the following areas:

- Participates in team activities.
- Completes their share of the work.
- Performs all tasks in a diligent and timely manner.
- Contributes useful ideas to the team.
- Considers other points of view
- Treats other team members with dignity and respect
- Gives credit to the work and ideas of other team members.
- Is a self-directed and reliable teammate.

Final Team Presentation

Each team will deliver an oral presentation and a final report to during the last class on Day 5.

The presentation should consist of no more than 8 - 10 slides with everyone on your team participating in some manner, e.g., preparation, presenting or answering questions. Plan on the presentation taking 12 to 15 minutes followed by 5 minutes of Q&A from other teams. The presentation itself should cover four areas.

- Assessment of your Business Strategy and Performance in Quarters 1 thru 3. What you did particularly well? Where you could have done better? How did your strategy and performance evolve?
- Assessment of your Business Strategy and Performance in Quarters 4 thru 6. What key opportunities did you take advantage of during these quarters? What opportunities could you have leveraged better during these quarters? If you had it to do again, what would you do differently? What were the key potential threats to your strategy?
- Lessons Learned. This is the most important section to me. Please name two or three things you learned from the simulation experience that will apply to your work and life. What do you now know that you didn't know before? What do you appreciate more now than before?

The communication style should emphasize objectivity and candor. See the Rubric below for further guidance on how the presentation will be evaluated.

Final Team Presentation Rubric

	NEEDS TO IMPROVE/WEAK	VERY EFFECTIVE/STRONG	SCORE
<i>Assessment of Team Strategy and Execution in Quarters 1 thru 3</i>	Team got bogged down in the details and failed to communicate the important opportunities and threats faced during these quarters and to clearly state how they chose to address these opportunities and threats. No key data was provided.	Unusually candid and insightful. Kept the discussion at a high level, but also touched on the important information. Identified key opportunities and how their strategy and tactics addressed these opportunities. Same for threats. Key data were provided in support when appropriate.	_____ out of 4
<i>Assessment of Team Strategy and execution in Quarters 4 thru 6</i>	Team got bogged down in the details and failed to communicate the important opportunities and threats faced during these quarters and to clearly state how they chose to address these opportunities and threats. No key data was provided. No discussion of firm valuation for VC Fair.	Excellent review and assessment of strategy and performance. Strategy and tactics were well integrated across functions. Unusually candid and insightful. Kept the discussion at a high level, but also touched on the important information. Identified key opportunities and how their strategy and tactics addressed these opportunities. Same for threats. Key data were provided in support when appropriate. Valuation was clear and strategic and tactical adjustment were discussed.	_____ out of 4
<i>Lessons learned</i>	The team cited vague lessons and/or missed several opportunities to learn from its experiences. Lessons mentioned were about the simulation itself	The team highlighted and illustrated insightful business & personal lessons learned. It could envision how the knowledge and interpersonal skills gained from their simulation experience could be transferred to other situations. The discussion was authentic and on point.	_____ out of 8
<i>Professional Delivery</i>	The presentation was not very stimulating. Some team members mostly read from notes. The team was not able to finish the presentation in the allotted time. Audience engagement was low. Presentation methodical. Slides were too crowded with information as opposed to insights.	The presentation was engaging. Facts, analysis, and opinions were presented in novel ways that commanded one's attention and involvement. The team was very engaging when interacting. The slides were creative, even serendipitous. Speakers demonstrated depth of understanding and enthusiasm for their information. The presentation was finished in the allotted time.	_____ out of 4