

Chapter 1

Introduction

1.1 Rationale

In a very fast-changing and globally competitive business world, strategic management has played an important role, as it can help a business to out-perform competitors and survives in an industry. It has become very popular and has invoked interest in many people from different fields, either private or government sector. Therefore, almost every university teaches the strategic management subject for both undergraduate and postgraduate students.

Undergraduate students normally do not have any real-life business experiences. This is the main reason why students find it difficult to understand contents and details of a strategic management subject. To help students to gain better understanding, a lecturer often provides various kinds of business case studies or business simulation games for their students.

In contrast to undergraduate students, most of the MBA students already have some business experience. However, to have business experience does not mean that all of them understand about strategic management. In order to strengthen their strategic management knowledge, a lecturer normally uses many tools such as case studies or game in the strategic management class.

A business game is one of many effective tools that helps to ease the gaining knowledge of strategic management. The main characteristic of a business game

is to simulate a real business environment into both a spread sheet or a computer programme that offers an attractive, interactive and easy to practice.

1.2 Specific problems

There are many business games available at the moment, developed by both Thai companies or foreign companies. However, the following problems do exist:

1. The price of a business games is expensive. Rental is also possible but the cost is very high.
2. Most of business games available in the market are for stand-alone computers. This means each player plays the games on their own machine and after finishing each session, a facilitator will be the one who will gather all information and process it.
3. A business game that focuses on strategic management is rarely available in the market. Most of business games focus on marketing, business policy or financial management.
4. Most of business games are based on the Western business models which may be different from Thai business models and could be unsuitable for Thai students.
5. Most of business games available are capable of running on a specific computer system. This is a burden for an organisation or a university that has multiple computer platforms to run a game across different platforms.

According to the above limitations, a strategic-focused business game is to be developed as a helping tool for lecturers and students. The main characteristics of the game are:

1. The main theme of the game focuses on strategic management based on the models analysed from world-class Thai business.
2. The game simulates real business environment by studying major factors and variables of the prototype business

3. The game is designed to work on multiple platforms(A platform should support Java Runtime Environment (JRE)).
4. The game is network capable and real-time processing.
5. Any organisation may use the game free of charge with a permission from Chiangmai University.

1.3 Objective

To develop a strategic-oriented business game based on Thai business models that works as a helping tool in strategic management courses. The study focuses on business-level strategy. Value chain model and generic strategies are mainly considered here.

1.4 Benefits of the Study

1. An educational institute has the game as a tool to help students gain their understanding in strategic management.
2. An entrepreneur or anyone who is interested in strategic management can experiment their strategies with the game before implement them with their business. This can help to reduce the risk of implementing a faulty plan with their business.

1.5 Study Scope

In order to design a business strategy simulation game, there must be a prototype business to simulate from. The study uses CRC International Ltd. as a prototype business. CRC is a specialty store selling home style products. It sells to both domestic and international market targeting people who like to decorate their homes in a Western style. The company is located in Sarapee district, Chiangmai province. All relevant information about CRC is gathered and categorised into the following categories:

- CRC's background
- Business direction
- Business strategies
- Competitive advantages
- Marketing strategies

Only important factors and variables in the business-level strategy are considered to form the formulas in the game.

1.6 Study Methodology

The study is an applied research which the prototype business data will be collected, analysed, and transform in order to create a business simulation game. The sources of data are:

Primary Data: The game is based on strategic management frameworks and models which can be taken from strategic management textbooks. Therefore, no primary data is gathered in this study.

Secondary Data: there are different sources as follow:

- frameworks and models are taken from relevant theories in strategic management textbooks
- CRC's business reports are studied to extract information relates to business concepts and strategies
- documents relate to retail marketing

1.7 Study Procedure

The procedures being done in this study involves the following steps:

1. Study CRC's business report to know the characteristics of the business.

2. Analyse CRC using various frameworks, models and concepts ie: five forces model, value chain, retail marketing concept and marketing mix.
3. Categorise all variables and factors into categories. Each categories is based specific framework, model or concept. Form formulas from variables in each category to simulate business environment.
4. Develop a business game using object-oriented design and programming with the following tools:
 - Java 2 Standard Edition - A Java object-oriented programming language package from Sun Microsystem INC.
 - Java 2 Enterprise Edition - A Java client-server libraries package from Sun Microsystem INC.
 - NetBeans Editor - An Integrated Development Environment for Java
 - Extensible Markup Language (XML)
 - JBoss - An application server that complies to Java 2 Enterprise Edition specifications
 - PostGreSQL Database - A free database management system.
5. After the programme is installed, it will be tested by a group of strategic management students. All of programme errors are gathered. However, by the time of this study, there is no student enrolled for a strategic management subject. Therefore, the test is done by a game creator only.
6. Fix the programme according to problems reported.

1.8 Study Duration

The study duration is shown in the following table:

Operations	Duration
Data Gathering	Nov 2001 - Jan 2002
Prototype Business Analysis	Nov 2001 - Feb 2002
Formula Design & Validate	Dec 2001 - Mar 2002
Game Prototype Design	Nov 2001 - Feb 2002
Game Installation & Testing	Mar 2002 - Apr 2002
Bug Fixing	Feb 2002 - Apr 2002
Documentation	Nov 2001 - Apr 2002
Presentation	Apr 2002 - May 2002

Table 1.1: Study Duration

1.9 Study Structure

This study will be reported in of 5 chapters which are arranged in logical order as follows:

Chapter1: Reveals the rationale of the study, specific problems, objective and study methodology.

Chapter2: Studies and short summaries of all relevant theories and concepts such as five forces model, value chain model, retail marketing concept, object-oriented analysis and design concept and n-tier architecture concept.

Chapter3: Prototype business analysis i.e., CRC International Co., Ltd..

Chapter6: Game Modelling.

Chapter5: Game design.

Chapter6: Conclusion and suggestions of the study.