GUIDELINES ON PREPARATION AND CONDUCTION OF BUSINESS SIMULATION GAMES
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Introduction

Four Business Simulation Games were developed by six partners from Latvian and Lithuanian cross-border regions¹ in the framework of “Ready for Business” project co-financed by Interreg V-A Latvia – Lithuania Programme 2014-2020.

The games, which incorporate experience, ideas, know-how, viewpoints and perceptions of all partners, were created using an integrated approach that includes multiple elements: a) principles of informal game-based learning; b) main principles of business disciplines; c) experience of existing entrepreneurs; d) real-life business cases. Developed games considered issues of Wholesale and Retail business, Production and Services.

The games are mainly aimed at students and recent graduates in business science, young people who have a business idea and/or willing to start their own business and founders of newly-established enterprises. The goal of the games is to make young people prepared for the world of business and succeed in it by helping them strengthen business-related knowledge and develop a set of crucial transversal skills, such as systems thinking, strategic vision, analytical skills, problem-solving skills, creativity and communication skills. The format of the games allows looking at entrepreneurship from different angles, thus providing an all-round understanding of it.

These Guidelines are oriented at educational institutions, training centres, regional development centres, business incubators, business support organisations, youth centres and all other interested parties who wish to conduct the games themselves.

¹ Latvia University of Life Sciences and Technologies, Klaipeda Science and Technology Park, Daugavpils University, Visaginas House of Creativity, Ventspils Youth Council, Public Institution Panevezys Labour Market Training Centre
1. Overall games description

Each developed Business Simulation game consists of sessions as shown below:

- **Introductory Session**
  - Teams’ presentations

- **Session 1**
  - Study of background information
  - Short verbal task 1
  - Main task 1 / Team work method

- **Session 2**
  - Short verbal task 2
  - Main task 2 / Team work method

- **Session 3**
  - Short verbal task 3
  - Main task 3 / World cafe method

- **Closing Session**
  - Summing up, award procedure

Duration of the game is 6–7 hours depending on the number of teams. Minimum number of players is 20 persons or 4 teams with 5 players in each. It is recommended to limit the maximum number of players to 36 (6 teams with 6 players in each). The players must have at least a basic knowledge in entrepreneurship, ability to act as a team player, motivation to learn and have an idea of launching his/her own business. No special equipment is needed, as all required materials should be provided by an organizer.

In order to conduct a game, the following persons are needed: moderator, moderators’ assistants, jury members and an organizer responsible for administrative tasks. It is also highly recommended to invite external experts, who has an in-depth knowledge in various entrepreneurship-related aspects.

More details on game participants’ functions please see in the section below.

2. Game participants and their functions

**Game players and teams**

In order to ensure a diversity of opinions and approaches and make a game exciting, 20–36 players should participate in the game. The players are broken down into 4–6 teams with 5–6 persons in each. Teams’ composition is determined before the start of the game by drawing lots. All players receive badges with the number of their team. Each team then sits at a separate table.

**Team leaders**

Each team must have a leader. At first, leaders are appointed on a voluntary basis. In case nobody wants to become a leader in a team, the method of drawing lots is applied. The same procedure is carried out if several team members wish to become its leader. Each team leader receives an additional badge.

A team leader organizes task discussions and preparation of presentations within a team. He or she then makes an oral presentation in front of the audience or, alternatively, may instruct any team member to do so. Team leader performs a role of a ‘host’ during Session 3 with an application of a World café method (please see part “Game course” of this document) and prepares a presentation.

If necessary, team leaders ensure communication with a moderator/ his or her assistants, an expert, a game organizer and the chairperson of the jury.

**Moderator and his/her assistants**

The moderator should have an experience in public speaking, an ability to attract and hold attention of the audience and to be knowledgeable in business processes. His/her assistants should have strong communication skills and understanding of business. The moderator and his/her assistants (preferably 2 persons) run the game: explain its course, rules and tasks to the players, coordinate the course of the game, control the schedule, resolve disputes, and participate in the discussion of team presentations and results.

**External experts**

External experts are experienced businessmen, representatives of universities or people successfully running recently established companies. The experts move from one table to another and briefly participate in teams’ discussions of business situations. They also take part in the general discussion of teams’ presentations and can give their opinions to the jury, both about summing up of the overall results and evaluation of individual game participants (for example, a prize for the most active player).
Jury
The jury consists of 3-5 members and is headed by the chairperson. The jury assesses solutions to short verbal tasks and tasks/presentations at the end of each of three working sessions (1 – 3) and assigns points according to the given scale using special evaluation forms. When the game is finished, the jury sums up results and awards winners together with an organizer.

Organizer
An organizer is responsible for support functions: venue selection, drawing procedure, preparation, distribution and collection of assessment forms and handouts, provision of equipment for presentations, organization of coffee and lunch breaks, preparation of prizes, etc.

3. Business Simulation Games preparation

Organizational issues
The organizer is responsible for the following tasks:
- Selection and booking of an appropriate venue;
- Arrangement of tables for 4-6 teams comprising 5-6 players;
- Arrangement of a table for the jury consisting of 3-5 members;
- Preparation of technical equipment (laptops, screens, laser pointer, etc.);
- Preparation of miscellaneous materials (paper, posters for notes, pens, markers, badges, teams numbers for tables, numbers and a bag for the drawing procedure);
- Preparation of a participants’ list;
- Printing of game handouts for the players:
  - 1 Time schedule per table (Annex 1)
  - company background information (Annex 2 – 5, part Company background information) for each player
  - tasks (Annex 2 – 5, part Tasks, each one on a separate sheet) for each player
- Printing of game assessment forms (Annex 7, 1 for each player)
- Printing of evaluation forms for each member of the jury (Annex 6);
- Provision of 2 coffee breaks and a lunch;
- Provision of prizes.

Development of a Time schedule
The draft of a Time schedule of Business Simulation games is provided in Annex 1. The organizer can adjust the document depending on the planned number of participants, the start time of the game and the conditions for its holding.

Preparation for Game presentation
In order to make the game more understandable and attractive to its participants, the event organizer develops its presentation. The conduction of the game is based on this presentation (see section 6). The presentation example on the basis of the developed game Production is given in Annex 8.
4. Course of the game

Each game consists of the initial stage, three working sessions and closing session in accordance with the developed timetable. The breaks are scheduled too.

Registration stage
Game participants arrive, register in the prepared list, receive a name badge and team number (by draw).

Participants sit down at any available places of concrete tables with their team number which are arranged according to the Cluster scheme. Players select a team leader.

Introductory session
During this session, a moderator requests players to come up with a team’s name and slogan, and prepare an interesting and possibly humorous presentation about the team members. The aim of this task is to break the ice among the participants and help them get acquainted.

*The duration of the introductory session is 25 minutes: 7 minutes for team work and 3 minutes for the presentation of each team.*

Session 1
At the beginning of the Session 1, the moderator gives one short verbal task (No.1) to the players (see Annex 2 – 5, part Short verbal task 1). The task comprises 2 – 6 lines of text describing an unusual situation in relevant business and a question in a “What would you do?” format. Since the task is relatively easy and does not require a long time to solve, its purpose is to create a friendly and open atmosphere during the game, as well as remind the players about the necessity to think logically and apply creativity. Answers are given orally by team leaders.

*The response time for this task is 10 minutes- 3 minutes for discussions within teams and 1 minute for team leaders to present answers.*

Then the teams receive a background information about a business they will analyze during the game (see Annex 2 – 5, part Company background information for a concrete game). The document covers such topics as an environment the company operates in, products or services offered, team and their responsibilities, business model, clients and partners, financials. It is crucial to bear in mind that the information should respond to interests and capacities of target group representatives – young people, who should be able to relate themselves to the business described. Figures must be realistic for Latvian and Lithuanian cross-border regions.

*The teams have 10 minutes to study the background information and ask questions to the moderator, his/her assistants and/or an expert.*

Afterwards, the teams receive the Task 1 with a description of a challenge the business is currently facing and 4-5 solutions to it, i.e. 4-5 possible further business development options (see Annex 2 – 5, relevant Tasks 1). The task is solved by Team work method meaning that all members are involved in the discussion facilitated by team leaders.

Game participants discuss all possible steps the business can take and suggest a solution by choosing one or more answer options on the basis of an in-depth discussion within a team. Teams are also welcome to provide their own solutions. During the discussion, each team prepares a presentation on large paper sheets and presents it in front of the audience. Team leaders may present the results themselves or attract other team members. Presentations should be prepared in a paper format and submitted to the moderator to ensure that the players do not copy presentation parts from each other.

*The response time for the Task 1 is 50 minutes- 25 minutes for discussions within teams and 4 minutes for each team’s presentation. Expert comments and common discussion- 15 minutes.*

*Overall session duration- 1h 25m.*

Session 2
Session 2’s format is the same as that of the Session 1 apart from the background information, which is provided only once during the game and relates to all tasks given further. For short verbal task 2 please see Annex 2 – 5 (concrete game). For task 2 please see Annex 2 – 5, concrete game).

*The response time for the short verbal task is 10 minutes: 3 minutes for discussions within teams and 1 minute for team leaders to present answers. The response time for the Task 2 is 50 minutes- 25 minutes for discussions within teams and 4 minutes for each team’s presentation. Expert comments and common discussion- 15 minutes.*

*Overall session duration- 1h 15m.*
Session 3
Session 3 starts with a short verbal task 3 (see Annex 2 – 5, concrete game). Afterwards, the Task 3, which should be solved using the World cafe method, is provided (see Annex 2 – 5, concrete game, Task 3). The essence of this method is as follows: each of six tables receives a topic for discussion/ a problem to solve. Team leaders automatically get a role of “café hosts” and remain at the same table during the whole session. Other players move from one table to another every round, which lasts for four minutes. When a group sits at a new table, a host of the café first tells them what was discussed with a previous group, which ideas were generated and decisions were made. A discussion then continues from this point. After six rounds, the teams return to their initial tables and make presentations together with team leaders.

Such an approach allows capitalizing on others’ ideas and generating a wider variety of solutions.

After all the presentations are made in front of the audience, the expert comments on the solutions given, all the players engage in a free and open discussion about the presentations, the jury sums up and announces results of the session.

The response time for the short verbal task is 10 minutes: 3 minutes for discussions within teams and 1 minute for team leaders to present answers. The response time for the Task 3 is 1 hour 10 minutes: 24 minutes for 6 discussions with café hosts, 10 minutes for presentations’ preparation and 4 minutes for each presentation’s delivery. Expert comments and common discussion: 10 minutes. Overall session duration: 1h 20m.

Summing up of game results and awarding
When summing up the results, the jury takes into account such factors as an ability to make effective decisions within a team, logical thinking, understanding of business processes’ fundamentals, strategic vision of business situations and their further development, participation of all team members in the game process, communication, creativity, novelty and originality of presentations. The following rating scale for the tasks was developed:

Short verbal tasks:
- Creativity – 3 points maximum;
- Logical thinking – 3 points maximum;
- Situation understanding – 2 points maximum.

Description of assessment criteria is presented in the table below:

<table>
<thead>
<tr>
<th>ASSESSMENT CRITERION</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creativity</td>
<td>Poor creativity</td>
<td>Some creative ideas</td>
<td>Fully creative approach</td>
</tr>
<tr>
<td>Logical thinking</td>
<td>Poor</td>
<td>Moderate</td>
<td>Excellent</td>
</tr>
<tr>
<td>Situation understanding</td>
<td>Poor understanding</td>
<td>Good understanding</td>
<td></td>
</tr>
</tbody>
</table>

Long tasks:
- Strategic approach – 5 points maximum;
- Vision of possible business scenarios – 5 points maximum;
- Communication skills – 5 points maximum;
- Creativity and novelty of presentation – 5 points maximum.

Regardless of the fact that long tasks have 3-4 predefined answer options, they only set a direction for further thinking. The players are free to amend or merge some directions or invent their own direction. The teams are required to provide a strong argumentation to prove their unique answer and make a well-thought-out action plan. Such approach allows assessing creativity within or out of set directions.

Description of assessment criteria is presented in the table below:
<table>
<thead>
<tr>
<th>ASSESSMENT CRITERION</th>
<th>SCORE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Strategic approach</td>
<td>Poor</td>
</tr>
<tr>
<td>Vision of possible business scenarios</td>
<td>Poor vision of business development scenarios</td>
</tr>
<tr>
<td>Communication skills</td>
<td>Poor</td>
</tr>
<tr>
<td>Creativity and novelty of presentation</td>
<td>No or low creativity and novelty</td>
</tr>
</tbody>
</table>

At the beginning of each session, jury members receive evaluation forms, fill them in and pass them to the Chairperson of the jury, who calculates total session results and announces them to the audience. At the end of the game, the Chairperson calculates total game results and awards the winners together with the organizer. Jury evaluation forms and summary form are presented in Annex 6.

In addition to teams ranked 1-3, additional prizes are ensured for the most active participant, the boldest player and the most original solution.

The best team leader is awarded separately. The jury selects him on the basis of the following criteria: an ability to organize an effective and productive communication and discussions in a team, level of presentations prepared, performance of a "café host" role during Session 3.

**Evaluation of the game by players**
All players are given an assessment form for the evaluation of the game upon its completion; furthermore, a small open discussion of game results can be held. Game assessment form is presented in Annex 7.

5. Business Simulation Games content

Business Simulation Games content comprises the following documents: background information on the company for consideration, 3 tasks about company’s business and 3 short verbal tasks about business from the branch in general.

Content of Business Simulation Game on Retail is provided in Annex 2.
Content of Business Simulation Game on Wholesale is provided in Annex 3.
Content of Business Simulation Game on Production is provided in Annex 4.
Content of Business Simulation Game on Services is provided in Annex 5.
6. Game conduction

The game is conducted in line with a presentation. The example of complete presentation for Business Simulation Game on Production conduction is provided in Annex 8.

(1) **Game’s participants:**
- 6 teams of players / Leaders
- Moderator and 2 assistants
- Expert
- Organiser
- Jury

(2) **Teams’ presentations:**
- Team name
- Team slogan
- Team members’ presentations
  - 7 minutes for team work
  - 3 minutes for each team presentation

(3) **Criteria**
- Jury evaluation
- Short verbal tasks:
  - Creativity – 3 points max
  - Logical thinking – 3 points max
  - Situation understanding – 2 points max
- Business situations:
  - Strategic approach – 5 points max
  - Vision of possible business scenarios – 5 points max
  - Communication skills – 5 points max
  - Creativity and novelty of presentations – 5 points max

(4) 
- Short verbal task: Question → 3 minutes for discussion → 1 minute to present the answer (each team)
- Company and its Environment presentation [10’]
- Task 1: Team work method
  - description and possible answers → discussions and preparation of presentations on posters [25’] → presentations [4’ for each team] → common discussion [10’] → jury [5’]

(5) **3 owners: Inga, Arturs and Raimonds**
- Responsibilities:
  - Inga – Managing Director, generation of ideas for illustrations and texts, processing of information, preparation of texts
  - Arturs – design, make-up, creation of illustrations, photos
  - Raimonds – work with Sales Assistant (Ivars)
  - Ivars – communication with existing clients and attraction of new ones

(6) **Business model:**
- Development of overall game concept
- Preparation of game content
- Design creation for cards and boxes
- Printing of cards and boxes and their assembly
- Delivery of goods from the printing house to company’s warehouse
- Delivery of games to clients

(7) **Clients:**
- Latvian bookstores
- Board game shops
- Toy shops for kids
- Souvenir shops
- Supermarkets
- Corporate clients

(8) **Teams’ presentations**
- 4 minutes for each team
- Common discussion

(9) **Decision of the jury**

(10) **Summing up and awarding**
- Thank you for the participation!
- Please fill out evaluation form
6. Reviews

During the implementation of the project, a pilot game on Retail was held in Jelgava [Latvia], and then each of the developed games was played twice: once in Lithuania and once in Latvia.

All games were held at a high organizational and professional level, which was noted by the project partners during brief discussions on the completion of the events. The individual comments made were taken into account in the preparation and conduct of subsequent Business Simulation games. A certain problem during the discussions in the teams was the insufficient knowledge of English by its individual participants. At the same time, both game moderators, assistants and invited experts tried to help in communication between the players.

After each game, the organizers handed out assessment forms and then prepared the appropriate reports. Almost all participants of the event filled out forms and expressed their opinion both in open and multiply choice questions. The developed reports demonstrated an extremely high appreciation by the participants of the games of both the event as a whole and its individual elements.

Many participants spoke about how important it was for them to participate in the game, that they checked their business ideas in work/ believe in them, made new friends and like-minded people.
# ANNEX 1

**BUSINESS SIMULATION GAME**

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## Time schedule

**DATE:** 

**LOCATION:** 

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>09.30 – 10.00</td>
<td>Registration, team building, selection of team leaders &lt;br&gt; Welcome coffee</td>
</tr>
<tr>
<td>10.00 – 10.10</td>
<td>Opening the event and introduction to the game</td>
</tr>
<tr>
<td>10.10 – 10.35</td>
<td><strong>Introductory Session</strong> &lt;br&gt; Teams’ presentations</td>
</tr>
<tr>
<td>10.35 – 12.00</td>
<td><strong>Session 1</strong>&lt;br&gt;Short verbal task 1 (10')&lt;br&gt;Business background information (10')&lt;br&gt;Task 1: discussions and presentations (Team work method, 1h 5')</td>
</tr>
<tr>
<td>12.00 – 12.20</td>
<td>Coffee break</td>
</tr>
<tr>
<td>12.20 – 13.35</td>
<td><strong>Session 2</strong>&lt;br&gt;Short verbal task 2 (10')&lt;br&gt;Task 2: discussions and presentations (Team work method, 1h 5')</td>
</tr>
<tr>
<td>13.35 – 14.30</td>
<td>Lunch</td>
</tr>
<tr>
<td>14.30 – 15.50</td>
<td><strong>Session 3</strong>&lt;br&gt;Short verbal task 3 (10')&lt;br&gt;Task 3: discussions and presentations (World café method, 1h 10')</td>
</tr>
<tr>
<td>15.50 – 16.10</td>
<td><strong>Closing Session</strong>&lt;br&gt;Summing up, award procedure</td>
</tr>
<tr>
<td>16.10 – 16.20</td>
<td>Game assessment</td>
</tr>
</tbody>
</table>
ANNEX 2

BUSINESS SIMULATION GAME ON RETAIL:

Part 1. BACKGROUND INFORMATION

Stella

A small enterprise Stella was established in the city N 3 years ago. At the moment Stella is registered as a VAT payer (21% rate for both Latvia and Lithuania).

There are about 100,000 inhabitants in the city of N, 46% of which are men, 54% are women. The average age of residents is 38-40 years.

The average income of the population is 10% higher than the average income in the country’s cities due to the fact that several large enterprises of the leading branches of the economy are located in the city. In the center of the city there are traditional shopping streets, but now the main retail business is moved to shopping malls.

The company Stella opened a tea and coffee store in one of the city’s central shopping center.

In the shopping center there is a large supermarket of the famous network, as well as a number of general stores, service companies and entertainment venues.

The store is open 12 hours a day, 7 days a week.

The business is developing successfully, the company employs 6 people: director (including accountant functions), marketing specialist, 4 shop assistants. The management places emphasis on the following positions: motivated staff, an excellent location in a shopping center, a quality product at an adequate price and a high level of service.

The store area is 40 m\(^2\) including small office and warehouse, the rent is 30 EUR / m\(^2\). Rent also includes utility bills of the store, security service and Internet.

The base goods of the store are high quality loose leaf tea and coffee by weight, as well as pre-packaged tea and coffee of leading trade brands that are not represented in the supermarket.

The price of original tea (without additives) is 6.00-7.00 EUR/100 gr, tea with additives — 4.50-5.80 EUR/100 gr. The price of 100 g of coffee in beans is 3.50–4.00 EUR. In addition, the store offers tea mugs, kettles and accessories for tea procedures.

In the shopping center the company does not have direct competitors, in the supermarket of traditional it is sold pre-packaged tea and coffee of an average level of quality. Direct Stella competitors are located in two other shopping centers, but the range of products they offer is much smaller, and the service is not so customer-focused.

The average price of the sales receipt is 11 EUR, on average 4 purchases per hour occur in the store. The percentage of Gross margin is 63.6%.

The shop’s furniture and fitting were ordered from a local manufacturer at a price of EUR 15,000 due to a bank loan.
GUIDELINES ON PREPARATION AND CONDUCTION OF BUSINESS SIMULATION GAMES

Initial purchases of goods and suppliers were made at the expense of attracted funds from relatives of the business owner (without interest). At the moment, the debt is returned and operating the company provides its regular cash flow by building sound financial relations with suppliers of goods.

The average monthly expenses of the company are presented in the following table (last operating year, excluding VAT):

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Amount / EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages with taxes</td>
<td>4200.00</td>
</tr>
<tr>
<td>Rent</td>
<td>1200.00</td>
</tr>
<tr>
<td>Communication costs</td>
<td>60.00</td>
</tr>
<tr>
<td>Sales costs</td>
<td>250.00</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>100.00</td>
</tr>
<tr>
<td>Advertising costs</td>
<td>400.00</td>
</tr>
<tr>
<td>Depreciation of Fixed assets</td>
<td>250.00</td>
</tr>
<tr>
<td>Other expenses</td>
<td>100.00</td>
</tr>
<tr>
<td>Interest on the loan</td>
<td>70.00</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>6630.00</strong></td>
</tr>
</tbody>
</table>

Part 2. SHORT VERBAL TASKS

**Short verbal task 1**

You are the owner of a small lingerie store on one of the main shopping streets of the city.

In the morning you come to the store and see that the window facing the street is broken.

Your actions?

**Short verbal task 2**

You are the director of a small store in a large shopping center.

You are standing at a bus stop waiting for a bus to take you to work. You are almost late. A passing motorcyclist snatches your bag from your hand and disappears. In the bag you had a wallet, phone and the keys to the store.

**Short verbal task 3**

Before the opening of the store, representatives of the marketing company come and hang advertising materials on the windows with a mistake in the information that does not correspond to the content of the promotion scheduled for store staff.

What will be the actions of the store management?
Part 3. TASKS

Task 1
In early December two Stella sales assistants reported their intentions to resign after 2 weeks. Your actions in this case?
- Prepare a proposal to increase the wages of these two sellers by 20% from the new year and discuss with them the opportunity to continue working further;
- Offer them a bonus in the amount of their salary in the event that they remain working until the end of December;
- Build a schedule for more intensive work in the «hot» season of all other store employees, plus invite schoolchildren to work (without liability);
- Apply to outsourcing companies for the urgent search for new shop assistants;
- Your suggestions

Task 2
Two months before the end of the space lease contract, Stella company received a notice from the shopping center management stating that there will be a sharp increase in the rental price (100 EUR/m² instead of 30 EUR/m²). How to operate a company that has been successfully developing its business in the shopping center for three years in this case:
- Prepare arguments and negotiate with the management of the shopping center about the best rental price;
- Stay in the mall taking into account the new rent, but increase the price offer for the goods in order to maintain the indicators of store profitability.
- Start looking for another place out of the shopping center to move the store there, by preparing a list of required characteristics.
- Close the store and transfer activities to the online store.
- Your suggestions.

Task 3
The turnover of the Stella store significantly decreased compared to the previous year. What solutions do you offer?
Table 1: Analyze the market in general and competitors
Table 2: Conduct an advertising campaign
Table 3: Consider the issue of seasonality and suggest measures to increase profit in the «quiet» period (seasonal products in the assortment of the store, reduce hours of sales assistants’ work, organize a summer club in the store for books readers and so on)
Table 4: Significantly expand the range of offered (complimentary) goods, introduce gift sets
Table 5: Open a small cafe in the store
Table 6: Overview the price policy (price increase, change of product category, change in prices for individual goods — the principle?)
ANNEX 3

BUSINESS SIMULATION GAME ON WHOLESALE:

Part 1. BACKGROUND INFORMATION

BLOOM

Anna and Edgars were in the final year at university studying Economics. Every day they have been busy writing their graduation theses and surfing job advertisements on the Internet. Ahead there was an important achievement to make – find the very first job! But things went differently...

Anna’s brother, Ivo, has just came back from a business trip to South Korea, where he spent almost a month. Being overwhelmed with emotions and impressions, he invited the couple for dinner and started a long, long story about the amazing Asian country. He brought some gifts with him: a pig-shaped air moisturiser for Anna and a shaving kit for everything but face for Edgars (Ivo was well-known for his bitter sense of humour). He also told about other popular products in South Korea that he considered surprising. At this point Anna and Edgars realized that they have a business idea – unusual Korean products in Latvia and Lithuania.

Anna began to study Korean products and their manufacturers, while Edgars made a research on local market opportunities and competitors. The couple decided not to limit themselves to their city of residence, but to extend business to other cities from their region as well as neighbouring areas. Edgars remembered about Darius, whom he had met during a business simulation game and who now owned a wholesale company in Kaunas. Darius agreed to cooperate and distribute Korean products in Lithuania.

Anna and Edgars started their business and became co-owners of the company BLOOM Ltd., that was based on 6 pillars.

(1) Business model
The company operates according to the scheme shown below.
Manufacturers of goods/suppliers → Shipping (sea/air) → BLOOM [warehouse] → Distribution → Clients

BLOOM orders goods from a manufacturer/supplier. Then it makes an advance payment for the goods and their delivery. The manufacturers ensure the delivery of goods to the company’s warehouse, as they have permanent contracts with logistics companies. Delivery of goods by sea takes approximately 40 days and costs 5% of the cargo value, while the delivery by air takes on average 1 week and costs 15% of the cargo value.

BLOOM pays customs duties and places the goods in its warehouse. Afterwards, the goods are distributed to retailers, who make payment for the goods after they are fully sold in accordance with an invoice (usually this period equals 1 month). Generally, depending on the transportation mode, it takes 7-12 weeks from the moment when money is paid to a manufacturer/supplier until the moment money is received from retailers. The Lithuanian wholesaler pays for the goods in advance and arrives with its own transport to collect them.

(2) Product range
The following Korean products were selected for sale: rice cookers for various kinds of rice that keep it fresh and warm for up to 3 days, funny animal-shaped air moisturisers, portable mini ventilators that can be used...
outside and inside, and electric blankets. Competitive advantage of BLOOM is unique products for a reasonable price and their novelty in the Latvian and Lithuanian market.

(3) Manufacturers/suppliers
BLOOM established contacts with 2 South Korean manufacturers who agreed to supply goods in relatively small quantities and 2 large wholesalers (intermediaries) who confirmed a supply of a wide range of products in similar quantities.

(4) Clients
The company’s clients are retail chains, separate stores and wholesaler in Lithuania (Darius). Darius established his company specializing in home products from Scandinavian countries 2 years ago and has been successfully supplying the products in bulk to retail chains and separate shops in Lithuania. He buys goods from BLOOM with a smaller mark-up and is fully responsible for its promotion and sale in Lithuania.

(5) Staff
BLOOM employs 4 persons on a full-time basis. Strategic issues remain for Anna and Edgars to solve. In addition, Anna works with manufacturers/suppliers and fulfills marketing tasks. She is also responsible for administrative duties. Edgars communicates with existing clients and attracts new ones. Customs-related issues are on his shoulders, too. Warehouse worker prepares invoices and assembles orders. Driver delivers goods to clients with his own van.

BLOOM has also signed contracts with 2 freelancers, who perform duties of sales representatives and receive a commission for the turnover generated.

(6) Financials
In order to actively start business, Anna and Edgars needed 20 000 EUR to cover current expenses and make advance payments to manufacturers. They received a loan of 7 000 EUR with an annual rate of 5% from a finance institution with state support (e.g. Altum in Latvia/Invega in Lithuania) after presenting a business plan. They convinced their relatives to borrow the remaining 13 000 EUR.

As of now, BLOOM has been operating for 1 year. The company shows stable growth dynamics and the following figures (for the last quarter): average monthly turnover is 26 200 EUR, including sales to retailers (Sales = 18 200 EUR, Mark-up = 72.4%, Gross Margin – 42%) and sales to the Lithuanian wholesale company (Sales = 8 000 EUR, Mark-up = 25%, Gross Margin – 20%). BLOOM’s expenses are presented in the table below.

Please note: COGS (Cost of Goods Sold) = purchasing product price + shipping cost + custom duties
Mark-up, % = (selling price – COGS) / COGS
Gross Margin, % = (Sales – COGS) / Sales

<table>
<thead>
<tr>
<th>Expenses per month</th>
<th>Amount, €</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries for the employees (including taxes)</td>
<td>5 400</td>
</tr>
<tr>
<td>Commissions to freelancers</td>
<td>400</td>
</tr>
<tr>
<td>Rent of the office + utilities</td>
<td>130</td>
</tr>
<tr>
<td>Rent of the warehouse</td>
<td>300</td>
</tr>
<tr>
<td>Communication costs</td>
<td>100</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>100</td>
</tr>
<tr>
<td>Outsourcing costs (accounting and IT services)</td>
<td>150</td>
</tr>
<tr>
<td>Advertising costs</td>
<td>600</td>
</tr>
<tr>
<td>Depreciation of fixed assets (IT)</td>
<td>80</td>
</tr>
<tr>
<td>Transportation expenses</td>
<td>600</td>
</tr>
<tr>
<td>Interest on loan</td>
<td>30</td>
</tr>
<tr>
<td>Other expenses</td>
<td>100</td>
</tr>
<tr>
<td>Total expenses</td>
<td>7 990</td>
</tr>
</tbody>
</table>
Part 2. SHORT VERBAL TASKS

Short verbal task 1
A wholesaler has ordered 13 pallets with toilet paper packages. When the goods arrive, the entrepreneur sees 33 pallets instead of 13, as he made a mistake in one digit when placing the order. There is no space for so many pallets in a warehouse and it is impossible to send the cargo back. What are your actions in this case?

Short verbal task 2
A vegetable distributor has received cucumbers that are in many different shapes and sizes. Large grocery stores order only long and straight cucumbers, while smaller grocery shops agree to purchase medium and long-size straight ones. After doing all the logistics, you have extra cucumbers left that you need to sell, but you have no idea how. What are your actions in this case?

Short verbal task 3
A small Lithuanian-Latvian wholesale company, which is selling Chinese products to retailers, is planning to diversify its portfolio and start selling an insole for shoes that increases the height of a man. However, this product is very sensitive for some customers, as nobody wants to admit they have a complex because of height. So, the company needs to find a right approach for selling it and right retailers. What are your suggestions for them?

Part 3. TASKS

Task 1
Anna, who is responsible for marketing, noticed a comment in one of popular Facebook groups about an accident with a BLOOM blanket – cat’s burn. It can hardly be true, but a wave of shares and comments about unsafe products is growing. Some retailers and their clients are also aware of this information. How will you deal with this situation?
• Ignore it and follow an idea that even negative information can be favourable in terms of wider product recognition.
• Take time to prepare a detailed and reasoned denial, place it on Facebook and distribute among the retailers.
• Try to identify a source of information and request that fake or misleading reviews be removed.
• Urgently organize an active promotional campaign about safety of the products and positive feedback from customers.
• Provide your own idea.

Task 2
Darius, BLOOM’s partner, came to a meeting with Anna and Edgars. He asked to decrease prices for his company by 15%. “Competition is strong, – he said, – and promotion of products is expensive. At the same time, the last thing I want to do is increase prices in Lithuania.” What will you do in this situation?
• Agree with the proposal under condition that Darius will double purchases from BLOOM.
• Reject the proposal and start looking for another wholesaler in Lithuania to replace Darius’s company.
• Take a time-out and prepare an analysis explaining Darius why BLOOM can decrease prices for him by 8% maximum.
• Agree with the proposal, because you are afraid to lose a reliable partner.
• Provide your own idea.

Task 3
BLOOM has been operating for a year now. Anna and Edgars analyzed success and problems the company had and set an ambitious goal – to increase sales by 100% until the end of the second year. What actions do you suggest BLOOM owners should take to reach the goal?
Table 1: Substantially expand product range.
Table 2: Launch an own Internet shop (risks and opportunities).
Table 3: Create a shop on well-known Internet sales platforms (Amazon, Ebay, etc.)
Table 4: Analyze a possibility to open a company in Estonia (staff, investment, etc.) or find a partner wholesaler.
Table 5: Conduct an impressive advertising campaign for certain types of products.
Table 6: Hire additional sales representatives vs. freelancers (motivation schemes).
ANNEX 4

BUSINESS SIMULATION GAME ON PRODUCTION:

Part 1. BACKGROUND INFORMATION

PlayGame

Inga, Arturs and Raimonds have been close friends since secondary school. All of them took different paths in life, but they still loved meeting for a cup of coffee or a round of their favourite game “Monopoly”. Inga worked as a journalist in a well-known women’s edition, but got a bit tired of writing numerous suggestions on how to make a guy fall in love. Arturs worked as a graphic designer in a web studio and enjoyed drawing, painting and taking photos in his spare time. Raimonds was a Sales Manager in a company specializing in home appliances.

Once the friends discussed the story behind the creation of “Monopoly” and how the game quickly became popular around the planet. Inga noticed that physical board games become even more valuable today, in a digital world, as they allow people to meet face-to-face, socialize and share emotions while putting gadgets away for a little while.

“Let’s invent our own game and get rich,” – made a joke Raimonds. But Arturs was more serious. He offered to develop a Memory Game with funny drawings that would suit both adults and children. The other two looked surprised, but Arturs briefly explained that each of their trio has unique skills and talents, which should be drawn together to reach a synergistic effect and, therefore, succeed in business.

Arturs is responsible for design, make-up, creation of illustrations, photographing or selection of appropriate images in photo banks.

Raimonds takes a less active role in PlayGame. However, he suggested his former colleague, Ivars, for a position of a Sales Assistant. Ivars is employed by the company now and Raimonds performs responsibilities of his mentor and trainer, defines goals and evaluates intermediary results. Raimonds is also responsible for interactions with subcontractors (e.g. printing house, packaging companies).

Ivars is responsible for communications with existing clients and search and attraction of new clients by email, phone and personal meetings.

Accounting function is outsourced.

Currently, Inga, Arturs and Raimonds work in PlayGame only part-time, as they decided it would be too risky to quit their main jobs.

(3) Business model

At the beginning stage of a game creation, an overall concept is developed. Then, content is prepared (illustrations/texts/photographs). Cards and boxes are designed. The materials are further submitted to a printing house, where cards and boxes are printed and assembled. The goods are delivered to a warehouse of PlayGame by the printing house’s transport. Finally, the games are delivered to clients by own transport.

PlayGame makes an advance payment to the printing house upon order placement (20%) and final payment upon completion of works (80%).

Clients pay to PlayGame upon sale of a batch of goods (regular games). If a game is customized, a client pays a 50% advance payment and 50% upon goods’ delivery.
(4) Clients
PlayGame’s clients are Latvian bookstores, board game shops, toy shops for children, souvenir shops, and supermarkets. As of now, PlayGame had only one client who ordered customized games.

(5) Financials
In order to start business, the entrepreneurs borrowed 10,000 EUR from family members. So as to minimize expenses soon after the company’s establishment, they decided to work from home and only rent a small warehouse, as well as set modest salaries for everybody involved.

<table>
<thead>
<tr>
<th>Results after 1 year of operation</th>
<th>Amount, €</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>36,000</td>
</tr>
<tr>
<td>Expenses</td>
<td>28,460</td>
</tr>
<tr>
<td>Printing and assembly services</td>
<td>10,200</td>
</tr>
<tr>
<td>Salaries</td>
<td>15,200</td>
</tr>
<tr>
<td>Rent of the warehouse</td>
<td>600</td>
</tr>
<tr>
<td>Outsourcing costs (accounting)</td>
<td>600</td>
</tr>
<tr>
<td>Advertising costs</td>
<td>1,200</td>
</tr>
<tr>
<td>Transportation expenses</td>
<td>360</td>
</tr>
<tr>
<td>Other expenses</td>
<td>300</td>
</tr>
<tr>
<td>Result</td>
<td>7,540</td>
</tr>
</tbody>
</table>

Annex on Background information

Memory (Memo) Game
The game contains 72 cards with illustrations (36 matching pairs). The cards are mixed and put face down on a flat surface. Players then one after another turn any two cards picture-side-up. A player makes a match if the two cards are identical. When a match is made, the player takes both cards and places them in front of him/her. A player who collected the most cards wins.

“Create your fairy tale” game
The game is an excellent tool for children that helps creating own fairy tales by randomly selecting cards and inventing stories related to them. The game contains 20 cards (puzzle pieces) printed on both sides, which can be interchanged to allow for all kinds of plots.

Port of Riga quiz
The game contains 50 cards with a question and four answer options on the front side and the correct answer and its detailed description on the opposite side. Players draw cards in turns and answer questions. The one who answered the most questions wins. The game is customized and was created especially for the Freeport of Riga Authority covering such topics as life at the port today and its history, Riga, Baltic sea, marine, etc. The whole batch of goods (1,000 in Latvian, 500 in English, 500 in Russian) was delivered to the Authority, which then used the games as gifts to employees, clients and partners, as well as during public fests.
Part 2. SHORT VERBAL TASKS

Short verbal task 1
You own a small art studio, which produces flowers, bouquets, accessories and figurines out of a Japanese air-dry polymer clay. One day your brooch is noticed on a host of a famous TV show. Your orders via an Internet shop rocket, but you do not have necessary human resources to fulfill even one third of them. What would you do?

Short verbal task 2
Your company produces handmade lollipops without preservatives and artificial colourants. You supplied a batch of goods to your new client – an organic grocery store. One month later you received a call from a store manager, who requested to take the whole batch back because its best before date had expired. You arrived to the store and discovered that the lollipops had been kept in a warehouse all this time and had not even been seen by consumers. What are your actions? What will you do to avoid such situations in the future?

Short verbal task 3
Your company produces cotton bags with funny phrases on them, which you invent yourself. The bags become very popular among young people, who sometimes own two or three of them. But at some point you get overwhelmed with work, family responsibilities and obtaining an MBA degree and your inspiration disappears. You cannot come up with any humorous phrases anymore. What will you do in this situation?

Part 3. TASKS

Task 1
Inga, Arturs and Raimonds analyzed company’s operations within the last year and made a conclusion that production of customized games was the most profitable business line. They see a great potential in further development of this business direction; however, the guys were unable to reach an agreement on how to promote customized games to corporate clients. What should they do? Please provide a strong argumentation and draft an action plan for the option/options you choose.
1. Create an own database of large companies in Latvia and send detailed offers to their marketing departments.
2. Take part in international exhibitions of corporate and representation gifts.
3. Delay all promotional activities and concentrate on a production of at least 6-7 game samples.
4. Send press releases to well-known media saying that corporate quizzes is an innovative method of presenting a company to clients and partners, as well as building customer loyalty.
5. Your suggestions.

Task 2
PlayGame has received an order for a kids’ game from a large bookstore chain. The potential client has emphasized that they are particularly interested in a
book-style box with a magnetic closure. However, during preliminary negotiations with the printing house, its Sales Manager declared intentions to increase the price for such box type by 50%. What should the guys do?  
1. Arrange the second round of negotiations with the printing house’s Director and persuade him not to increase prices with well-thought-out argumentation. What arguments could they provide?  
2. Convince the client to go for a simpler and, therefore, cheaper box. What design could PlayGame offer and how could they convince the client to change his mind?  
3. Understand the manufacturing process of book-style boxes with a magnetic closure and hire a team of temporary workers to complete the order. What risks would PlayGame face?  
4. Search for a subcontractor with lower prices in China and decide on a transportation mode: 1,200 EUR per 1,000 boxes by air (delivery in 5 days) and 550 EUR per 1,000 boxes by sea (delivery in 40 days). How could PlayGame find a reliable subcontractor in China?  
5. Your suggestions.  

**Task 3**  
PlayGame has been operating for a year now. Inga is becoming more and more passionate about the business and would like to quit her other job to dedicate all her time to PlayGame. At the same time, she understands that the company must boost sales to be able to pay her a decent salary. Which actions should be taken? Please provide a strong argumentation.  
Table 1. Invent and publish new types of games (for example, foreign language learning games for adults).  
Table 2. Create a shop on famous Internet sales platforms (Amazon, Ebay, etc.).  
Table 3. Solve language-related issues and sell already developed games to foreign markets.  
Table 4. Launch products complementary to children’s games, such as colouring books and 3D figurines.  
Table 5. Attract sponsors/advertisers and publish a game about Latvia, which will be distributed in touristic locations across the country free of charge.  
Table 6. Develop a feasible marketing strategy on reaching corporate clients and offer them customized games.
ANNEX 5

BUSINESS SIMULATION GAME ON SERVICES:

Part 1. BACKGROUND INFORMATION

Beauty Parlor

Ivo and Vilius are students of business management. After third year at university they decided to spend 2 gap years in Asia. The experience they gained and money they earned encouraged them to come back to the Baltics and look for the possibilities to create their own business venture here. They met Luna, who felt burnt-out after secondary school, considering the possibilities of the future career. The parents and teachers persuaded her to choose prestigious medical or law studies in university, but she felt she would like to become a hairdresser as her beloved aunt.

She took a short vocational training course for it and decided to continue to improve her professional knowledge during various specialized courses for hair stylists. Ivo gained a barber experience in Singapore and Vilius had a chance to do traineeship at famous make-up artist academy here.

The chosen place for this service business was Klaipėda. Klaipėda is the 3rd largest city in Lithuania, near the sea. Nowadays, Klaipėda is an industry, business, education and science, health, tourism and recreation centre with more than 154 000 inhabitants (54 % women and 46 % men). Average net salary is 730 EUR. Average age for men is 38 years, for women – 44 years.

They sketched a business plan, agreed on common vision and decided to take it to action. The idea they came up with was Beauty Parlor: a full-service beauty salon dedicated to consistently providing high customer satisfaction by rendering original approach and client oriented service, enjoyable atmosphere at an acceptable price/value ratio.

Market research showed that there are few similar style salons in the Klaipėda county, which already have their regular clientele and brand names, so the team decided to start their active marketing campaign creating their own salon story – young, full of enthusiasm team, ready to respond to even crazy ideas of the clients. The defined target group – 18-35 year-old women and men, who care about their personal style but cannot afford the salons with the brand names.

Team agreed to provide these kind of beauty services slightly less expensive compared to market average and increase prices gradually, depending on the growing number of the salon clients.

The chosen legal form of the company – small partnership. There is no defined sum for the start-up capital, which is formed out of individual contributions of company partners. Ivo and Vilnius have had their own savings and Luna has borrowed the sum from her family.

Partners’ contributions for the company capital were distributed as follows:

Ivo 4000 €
Vilius 4000 €
Luna 2000 €

The person who operates as the director of the company is Vilius, but the team agreed to make the most important decisions together as partners. The legal requirements of business establishment were solved with the help of a local business consulting centre, and Luna’s aunt helped to solve the issues related to legal requirements for the beauty salon.

Patiently searching for two months for the perfect location, they finally found one in the city centre. This location (120 square metres) provides an easily accessible location for the target group customers.
GUIDELINES ON PREPARATION AND CONDUCTION OF BUSINESS SIMULATION GAMES

Start-up costs/coverage:

<table>
<thead>
<tr>
<th>Costs</th>
<th>Price, EUR</th>
<th>Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold improvements</td>
<td>4,500</td>
<td>Own capital</td>
</tr>
<tr>
<td>Rent deposit</td>
<td>2,000</td>
<td>Own capital</td>
</tr>
<tr>
<td>Salon equipment/supplies</td>
<td>1,170 + 6,630</td>
<td>Grant from the local Labour office*</td>
</tr>
<tr>
<td></td>
<td>Total: 7,500</td>
<td>Own capital</td>
</tr>
<tr>
<td>Total</td>
<td>14,000</td>
<td></td>
</tr>
</tbody>
</table>

From the start of the beauty salon operation, they have been struggling to create friendly and inviting atmosphere, to be very attentive and observant to details and demonstrate creative and open environment at the same time. The team tries to build client loyalty by giving discounts for the next possible times and/or beauty products, invitations to take part in beauty salon’s events (meetings with young fashionists, bloggers, beauty product suppliers),

* Grant for the people under 29 years, eager to start microbusiness and establish work place(-s)

Today, working for 1 year already, the beauty parlor sells wide range of beauty services: quality hair, nail, skin services.

- Hair: cuts, relaxers, perms, colours, shampoo, conditioning, curling, reconstructing, weaving, waving, styling.
- Nails: manicures, pedicures, polish, sculptured nails.
- Skin Care: European facials, body waxing, massage, relaxation procedures.
- Make-up artist: regular and thematic make-ups.

Working hours are from 7:00 a.m. till 9:00 p.m. from Monday to Saturday. They are also working on demand (e.g. parties, other special events), out of the salon.

Personnel: 2 hair stylists (Luna and one more colleague), 1 barber (Ivo), 1 make-up artist – Vilius, 2 nail technicians, 1 facialist, and 1 massage therapist.

In total there are 8 beauty service professionals. The colleagues of Luna, Ivo and Vilius were invited just after studies at a vocational school and do not have a regular clients base – the whole team agreed that it goes in line with their strategy.

Luna, Ivo and Vilius, as members of the small partnership, work without work contracts, and are able to withdraw funds for personal needs (personal taxes are based on this sum). 1 hair stylist, 2 nail technician, 1 facialist, and 1 massage therapist rent the working place (250 EUR per month) in the salon and work as self-employed individuals.

They also contracted 1 salon receptionist/ sales assistant (FB, other promotion).

Quantitative performance of beauty professionals

| Hair stylist | average 30 EUR per client | Approx., 4 clients per day |
| Barber       | average 35 EUR per client | Approx. 2 clients per day |
| Nail technician | average 26 EUR per client | Approx., 4 clients per day |
| Facial and massage therapists | average 30 EUR per client | Approx., 3 clients per day |

**MONTHLY sales of the company**

<table>
<thead>
<tr>
<th>Average bill/ No. of clients/ No. of working days</th>
<th>Total, EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hair stylist, Luna 30x4x21</td>
<td>2,520</td>
</tr>
<tr>
<td>Barber, Ivo 35x3x21</td>
<td>2,205</td>
</tr>
<tr>
<td>Make-up artist, Vilius 30x3x21</td>
<td>1,890</td>
</tr>
<tr>
<td>Rent 250x5</td>
<td>1,250</td>
</tr>
<tr>
<td>Sales of beauty products 80x26</td>
<td>2,080</td>
</tr>
</tbody>
</table>

Total Sales: 9,945
Part 2. SHORT VERBAL TASKS

Short verbal task 1
You are an interior designer in a studio with four employees. You love your profession, but the company owner, who is also your boss, is very authoritarian and tyrannical, often humiliates the staff and yells at everybody. So you leave and establish own small business. Your former boss regularly calls you and threatens to do harm to you in case you steal her clients and ideas. How are you planning to attract clients? What would you do to solve the situation with your former boss?

Short verbal task 2
Restaurant “Oliver” has been one of the best in the city for 3 years. However, recent reviews on the internet made it look bad: people are complaining about the quality of service, especially about the waiters being really slow. Imagine that you are the owner or manager of this restaurant. What are your actions?

Short verbal task 3
You are the owner of a popular fitness club located in the city centre. Recently, you have received several complaints about young mothers who bring small children with them to the gym. The kids run around, scream and disturb club members. Moreover, some moms take sons to women’s changing rooms. What would be your actions in this case?
Part 3. TASKS

Task 1
Luna, a hair stylist at the beauty parlour, provided services to a new client – a famous blogger in Klaipeda. Luna, as usually, did her best and the client left the salon being happy with a platinum hair colour and a trendy haircut. After one week, the client began to publish sarcastic posts on Facebook saying that her hair colour turned into ugly yellow and blamed the beauty parlour. Luna, who was very worried, discussed the situation with a supplier of the hair dye, who said that it is simply impossible. What would you do in this case? Please provide a strong argumentation.

1. Get involved in the discussion on Facebook and explain why such situation is impossible.
2. Invite the blogger to the parlour, provide her a range of beauty services free of charge and ask her to present the information about the salon in a positive way.
3. Provide free beauty services to other popular bloggers and persuade them to participate in a “war of bloggers”.
4. Hire a private detective to prove that the blogger was acting by order of a competitor.
5. Your suggestions.

What are the risks in each case and how would you overcome them?

Task 2
One day on the way to work Luna noticed an advertisement on a window “New hair studio will be open soon! Visit us on Facebook @TopHair.” The new salon was just around the corner of the Luna’s and her friends’ one, so she decided to get acquainted with the competitor closer. She opened Facebook and discovered that the studio was established by the wife of a well-known businessman in Lithuania. She purchased an expensive ultra-modern furniture and equipment and attracted the best specialists in town. At the same time, starting prices were moderate. In a couple of months, the friends noticed a decrease in the number of clients. Both nail technicians terminated rent contracts and moved to TopHair salon. What would you do in this case? Please provide a strong argumentation.

1. Reduce prices for some or all beauty services. / Describe your pricing policy.
2. Create an impressive marketing campaign using various channels. / Provide a draft marketing plan.
3. Completely change the overall strategy of the beauty parlour. / Describe its main characteristics.
4. Offer TopHair’s owner to cooperate instead of competing. / Describe conditions under which both salons can cooperate.
5. Your suggestions.

Task 2
Currently, average monthly sales of the company are 9945 EUR, which are composed of revenue generated by Luna, Ivo and Vilius, rent payments for workplaces and sales of beauty products. After one year of operations, the co-owners are considering ways to increase company financial indicators. Several opportunities have been outlined. Which actions should be taken? Please provide a strong argumentation.

Table 1: Hire one more barber and create a special men’s corner with a fashionable and brutal design popular among men.
Table 2: Conduct master classes and workshops on beauty related topics (for example, modern trends in make-up, taking care of colour treated hair, etc.)
Table 3: Define unoccupied market niches and develop a strategy on how to penetrate them.
Table 4: Define target groups more precisely and elaborate a plan on how to attract each group. Now target customers are described as 18-35 year-old women and men.
Table 5: Increase prices for some beauty services.
Table 6: Amend contracts with specialists who only rent a workplace in the parlour: start charging a percentage of sales in addition to 250 EUR rent.
ANNEX 6

BUSINESS SIMULATION GAME

PLACE, DATE

Jury evaluation form

PROJECT PARTNER: ___________________________  JURY MEMBER: ___________________________

SESSION 1. SHORT VERBAL TASK.

TEAM #1
Factor 1 2 3 TOTAL (sum)
Creativity
Logical thinking
Situation understanding

TEAM #2
Factor 1 2 3 TOTAL (sum)
Creativity
Logical thinking
Situation understanding

TEAM #3
Factor 1 2 3 TOTAL (sum)
Creativity
Logical thinking
Situation understanding

TEAM #4
Factor 1 2 3 TOTAL (sum)
Creativity
Logical thinking
Situation understanding

TEAM #5
Factor 1 2 3 TOTAL (sum)
Creativity
Logical thinking
Situation understanding

TEAM #6
Factor 1 2 3 TOTAL (sum)
Creativity
Logical thinking
Situation understanding
### SESSION 1. TASK 1

#### TEAM #1

<table>
<thead>
<tr>
<th>Factor</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>TOTAL (sum)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic approach</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vision of scenarios</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communication skills</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creativity and novelty of presentation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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**GUIDELINES ON PREPARATION AND CONDUCTION OF BUSINESS SIMULATION GAMES**

**BUSINESS SIMULATION GAME**

**PLACE, DATE**

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**Jury evaluation form**

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**SUMMARY**

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**ANNEX 7**

**BUSINESS SIMULATION GAME**

**PLACE, DATE**

*Game evaluation documents for the game participants*

Please complete the evaluation form. Your feedback is very important for us to improve the games. Please rate your answers [range from 1 — very poor till 10 — excellent].

<table>
<thead>
<tr>
<th>No.</th>
<th>Question</th>
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<th>3</th>
<th>4</th>
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<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
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<tr>
<td>1</td>
<td>How much did you like the game in general?</td>
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<td>2</td>
<td>Please evaluate the game schedule.</td>
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<td>3</td>
<td>Please give your evaluation to the description of the company business.</td>
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<td>4</td>
<td>How interesting were the short verbal tasks?</td>
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<td>5</td>
<td>Please rate the Task 1.</td>
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<td>6</td>
<td>Please rate the Task 2.</td>
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<td>7</td>
<td>Please evaluate the application of the World cafe method during the game.</td>
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<td>8</td>
<td>Please assess the overall level of teamwork.</td>
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<td>9</td>
<td>How clear are the principles and scheme of the jury's work?</td>
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<td>10</td>
<td>Please give your assessment to the work of the moderator and his assistants.</td>
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<tr>
<td>11</td>
<td>Please evaluate the level of organization of the game.</td>
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<td>12</td>
<td>Please evaluate information provided before the game.</td>
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<td>13</td>
<td>Please assess lunch / coffee breaks.</td>
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<td>14</td>
<td>Did you manage to learn something new and interesting for yourself?</td>
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Please provide your suggestions for improving the game.


Thank you for your participation in the game and for completing the evaluation form!
ANNEX 8

The presentation
is given in the attached file Annex8.pptx