

MBA Program introduces ‘The Beer Game’ to Curriculum

Earlier this semester Vafa Saboori-Deilami, MBA, PhD Candidate, an assistant professor in the **Barowsky School of Business**, led his MBA students in a hands-on business simulation exercise originally created by professors at MIT Sloan School of Management in the 1960s to demonstrate a number of key principles of supply chain and operation management.

This high-impact game has a very low-key name: the beer game.

The game is designed to help students understand the importance of communication throughout the supply chain.

Grouped into teams of four, students worked to meet customer demand for a case of beer through the distribution side of a multi-stage **supply chain**. Each team played the role of either manufacturer, distributor, supplier, or retailer.

With a two-week communication gap of orders toward the upstream and a two-week supply chain delay of product towards the downstream, the teams had to decide how much to order from their suppliers. However, none of the groups are permitted to communicate with each other, and the only group to actually know the end demand is the retailer.

“The exercise is a very good way to show students the necessity of transparency at all stages along the supply chain,” Vafa said.

Because of the lack of communication, a little fluctuation in demand in the retailer section will result either in huge losses in orders or an increase in back orders. This results in cost increases on the manufacturing end as one goes upstream in the supply chain.

“This is a hands-on way to show students that transparency and communication is not just important, it is vital for the success of a supply chain,” Vafa added.

The team with the least total costs is the winner. Vafa’s students were surprised by the results, remarking they had not anticipated that huge costs could become a significant factor in a short period of time.

Vafa's course, which focuses on operations management, global supply chain, and sustainability, is part of the Barowsky School's new **MBA program**. His students come from a wide range of backgrounds, including students who already hold doctoral degrees, to business owners and entrepreneurs, and international students from China and Japan. Students range in age from 20 to 60.

"This great mix of students from different backgrounds and different cultures helps bring many perspectives into our class discussions," Vafa said.

December 1, 2014