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| Happy Valley Business School | | | C:\Users\Sandy\Desktop\New folder (3)\HVBS PNG 1.png |
| Department(s): Master of Business Administration | | |
| Semester: 03 | Section(s): A&B | |
| **Strategic Management** | |  |  |
| Course Instructor(s): Santhosh Raja R | | | |
| Activity : **Blue Chip Game** | | | |

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| **Activity Objectives** |
| * To introduce the concepts of strategy, cooperation, collusion, opportunism, and to   reinforce learning about framing and boundaries. |
| Activity Outcomes |
| * Best Strategies * Cooperation |

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| Materials: 8 index cards (4 blue, and 4 of another color—e.g., yellow ones), and 4 envelopes (preferably thick enough to conceal the content of the cards). If you prefer, you can use poker chips...Overview: Each team submits one card each round (I like four rounds, but it isn't a sacred number); and earns/(loses) points depending on what the other teams do. If everyone submits a yellow card, then everyone wins. But if only one group "defects", then it does best of all. But if everyone defects, everyone loses points.Prior to class: There are four teams in class: each team gets an envelope, and one card of each color. I number the cards and envelopes, so I can keep track of the game more easily. You'll also want to make up a viewgraph (or a class handout), that shows how the game is scored.Cards turned in Blue is worth Yellow is worth0 Blue & 4 Yellow 0 251 Blue & 3 Yellow 75 -252 Blue & 2 Yellow 50 -503 Blue & 1 Yellow 25 -754 Blue & 0 Yellow -75 0In Class: Divide class into four teams, have people set with their groups. Announce the following"This game has four rounds. In each round you'll have 60 seconds to turn in one card, either a blue card, or a yellow card. Your score is determined partially by what you choose, and partially by what the other teams choose. Your objective is to score as many points as possible. There is one rule: You must turn in, using the envelopes provided, 1 card each round. (Note: this rule is optiona l) Turning in two or turning in zero will cost you 100 points. Good luck."After each round, I post the current scores, as well as the cumulative scores for each team. I like to remind students of the rules and the objective, and will banter jokes with teams. After each round I announce there is a secret for winning. Roughly half the time the groups will figure out they can collude with other groups. For the times when they don't, I ask students what the rules are; after some prodding, they acknowledge that collusion is not illegal in this game. About half of the time the groups collude successfully, and half the time they don't.Sample discussion questions:1. How do you win at this game?2. At what point did you realize you could cooperate with other teams?3. What rules did you assume existed that didn't?4. For the "industry" which scenario is most lucrative? How about for individual teams?5. What steps could you have taken to ensure cooperation occurred?6. What made cooperation more difficult?7. Are any teams "untrustworthy", or are they rational?8. How might you address "defections".9. What were the more interesting strategies?10. Can you think of any situations where this situation exists (e.g. cartels like OPEC).11. Can cartels succeed?) |