

The MARGA Experience

After several months of intense courses in finance, operations management, economics and other subjects, ESMT's Full-time MBA students are given the opportunity to apply the acquired knowledge in the form of a holistic and intense business simulation.

Once the team was formed and the instructions were given, the look of consternation in the team was obvious. "We have no experts in finance or marketing, how are we going to do this?" was the first comment. This comment revealed the initial state of confusion our team was in. Additionally, with the 3-hour time constraint for our first period, we had little time to figure out our company strategy, roles and, most importantly, the team dynamics. However, this turned out to be a blessing in disguise because it forced us to focus our strategy on a simple concept. We defined our main strategy as KISS (keep it simple, stupid). With this in mind, we decided to give specific roles to each person, set the product strategy for each market, decide on the process to follow and above all, agree that we would be consistent in our strategy from beginning to end.



Team OZ, ESMT Full-time MBA, Class 2014

With all these details in place and little time to spare, we proceeded to enter the values for the first turn. Before submitting, we checked our forecasted balance sheet to see the expected impact our decisions would have. That is when we realized that we had made a few inaccurate assumptions and miscalculated our prices. We quickly adjusted the numbers in order to make the submission deadline and, frustrated, went for lunch.

With our bellies full and our minds eager for the preliminary results, we went to class where the MARGA team was expecting us with big grins, which made us even more nervous. Behind the murmuring about production, financial and marketing strategies, it was clear that every team was struggling with the task at hand. After the MARGA team's masterful presentation of the results for the first round, our team looked at each other in partial disbelief that we were actually doing well.

Once back in the strategy room, there was a bittersweet feeling about how our simplistic approach had fared so well in comparison to others. The consensus was that we had a good plan and that we just needed to polish our process to continue with our strategy. This is exactly what our team did. After round two, it was clear that we were becoming swifter, the roles were becoming more solid and our vision was certainly converging. With each gut-wrenching presentation of results, we kept systematically applying our not-so-conventional strategy since, to our surprise, it was actually working. Round after round, we were becoming more efficient at our primary goal, which allowed us to pay attention to other details of the simulation that could provide us additional benefits. For example, we realized that cutting costs should not be necessarily achieved by reducing the size of the workforce or saving on it, but rather investing in their training and keeping the employees happy with fringe benefits. Such approaches led to increased learning curve effect and eventually helped us to become the most cost efficient producer in our MARGA universe.

At the start of the MARGA board of directors meeting, everyone was looking tired and nervous. Each team took turns to present their approach for the simulation, and with each great strategy used by other teams, our anxiety kept increasing. For the final results, once again the MARGA team proved to be the masters of the show, staging each result step by step, keeping all the teams on the edge of their seats. Finally, they announced: "The winners of universe II is Company 3". In awe, we looked at each other and started laughing, we could not believe that after all this time our simplistic approach to a complicated problem made us the winner of the competition. For us, this was a valuable lesson, stick to what you know and be consistent with your strategy. As Michael Porter said, "strategy must have continuity, it can't be constantly reinvented."

Overall, this was an exhausting, yet extremely rewarding experience. Aided by great simulation software and amazing MARGA instructors, we were able to put into practice a number of MBA concepts that we thought were already forgotten. For many of us, it was also the first time we were able to see how all the different aspects of a company as well as external factors such as competition and markets interact and influence success.