



APPLIES TO ACADEMIC YEAR 2014/2015

## ELE 3744 Business Dynamics

### Programme

Elective, Exchange Program

### Responsible for the course

Kim van Oorschot

### Department

Department of Leadership and Organizational Behaviour

### Term

According to study plan

### ECTS Credits

7,5

### Language of instruction

English

### Introduction

Many of the problems organizations face arise as unanticipated side effects of their own past actions. All too often the solutions they implement to solve important problems fail, make the problem worse, or create new problems. Effective decision making and learning in a world of growing complexity requires us to think differently. We need to think outside the box and develop tools to understand this growing complexity and learn how solutions sometimes create problems instead of solving them.

This course introduces students to *business dynamics* as a method for analyzing and modeling business problems and strategies. This method enables us to increase our understanding of business behavior. The method also enables us to simulate organizational behavior (or the behavior of parts of an organization, like a team). These simulations allow us to create "management flight simulators" that can be used to understand the past and predict the future. As pilots learn how to fly in a flight simulator, managers learn how to make better decisions by testing out different scenarios in their management flight simulator. When we understand the past and can predict the future, we can improve business performance.

This course is especially applicable for students that want to learn a *new way of thinking about business processes*. Furthermore, the course gives students, interested in a future career as consultant or business analyst, a competitive edge in the job market. This new way of thinking applies to all kinds of businesses and problems; therefore, the course is suitable for students from all bachelor programmes.

### Learning outcome

**Acquired**  
**knowledge**

After completing the course, students will be able to explain what the underlying causes are of typical business' behavior and performance. Furthermore students will be able to understand how well-meant decisions or rules often (unintended) *create* business performance issues, rather than *solve* them.

**Acquired**  
**skills**

After completing the course, students will be able to develop simulation models of businesses, and perform *what-if* scenarios with these models. Based on the outcomes of the what-if scenarios, students will be able to develop better decisions leading to higher business performance.

**Reflection**  
**n**

After completing the course, students will be able to reflect on their "old way of thinking" and how it differs from the new way of thinking. Students will be able to recognize when a problem is dynamic, and when they should apply the "new way of thinking". Students will learn to look at business or social problems from a broader perspective.

### Prerequisites

None.

## Compulsory reading

### Collection of articles:

Kim van Oorschot. 2013. Collection of articles: ELE 3744 Business Dynamics. Handelshøyskolen BI

### Recommended reading

#### Books:

Sterman, John D. 2000. Business dynamics : systems thinking and modeling for a complex world. Irwin McGraw-Hill

### Course outline

- Introduction, course overview, objectives, rules of the game
- Overview of business dynamics and interrelations of business structure and behavior, causal loop diagramming
- Stocks and flows diagramming
- Typical business behavior: S-shaped growth, delays & oscillations
- Decision-making & modeling human behavior
- Supply chains
- Term paper introduction

### Computer-based tools

Vensim PLE (software, free download available at [www.vensim.com](http://www.vensim.com))

### Learning process and workload

There will be different means of learning in this course, for instance lectures, individual exercises, group work, and presentation about real-life examples of applications of business dynamics. Firstly, studying the course material (lecture slides and compulsory literature) is required to get a grasp of basic concepts. Secondly, different kinds of exercises will be given to practice the new way of thinking. These exercises must be completed in order for the student to be well prepared for the examination. Finally students have to deliver a group assignment based on a case study in a given topic. The assignment can be executed in groups of up to 4 persons.

plan will be provided at the start of the semester.

A reading

Student

### Workload

Activity	Hours
Participation in lectures	27
Preparation for lectures/Reading literature	68
Assignments & Working with software tool	25
Exam (preparation & participation)	10
Term paper based on a case study/practical project	70
<b>SUM</b>	<b>200</b>

### Use of hours

27 hours - Lectures

8 hours - Working with software tool (instructions, supervision)

10 hours - Term paper (Case study - group work) supervision, providing feedback

45 hours total

### Examination

Final grade in the course will be based on following activities and weights:

Part 1 – A three-hour individual multiple-choice exam, counts 40 % of final grade

Part 2 – Term paper (case study, max 4 students per group), counts 60 % of final grade

### Examination code(s)

ELE 37441 - Multiple Choice exam, accounts for 40 % of the grade in the course ELE 3744 Business Dynamics

ELE 37442 - Term paper, accounts for 60 % of the grade in the course ELE 3744 Business Dynamics.

### Examination support materials

Examination - All support materials are allowed (except computer (laptop, iPad, iPhone, etc.).

Group assignment - All support materials are allowed.

**Re-sit examination**

A re-sit examination is offered the next time the course is scheduled.

All parts must be passed to obtain final grade in the course. Re-sit exams are however possible to do separately.

**Additional information**