FinGame Online 5.0
The Financial Management Decision Game
Participant’s Manual
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FinGame Online 5.0: The Financial Management Decision Game is a comprehensive multiple-period finance case. The game helps the student develop and enhance skills in financial management, financial accounting statement analysis, and general decision making. FinGame operates on the McGraw-Hill Internet site, enabling Web access worldwide.

The multiple-period decision-making setting provided in FinGame cannot be duplicated with standard cases or problems. In the game, feedback on the results of prior decisions is received every period of play. Good or bad decisions immediately impact the company’s performance and its relative position to other companies. Like the real world, and not like standard cases, the good or bad decisions in the game generally have long-term continuing consequences that plague the firm with the poor decision and strengthen the firm with the better decision. This positive and negative reinforcement throughout the game promotes learning of financial definitions, analytic tools, and appropriate solution techniques.

A multiple-period environment also forces students to recognize the importance of maintaining future flexibility in making decisions. Flexibility is retained by avoiding decisions that eliminate a large set of feasible future company decision options. With single-stage problems, the consequences of the future restrictions caused by a given decision are usually never recognized, and clearly never experienced. Static single-period cases and models fail to adequately capture the complexities of an actual environment.

The manager’s and company’s long-term prosperity and competitiveness come from a planned effort to control the breadth of the future set of available decisions through the manager’s current decisions. FinGame provides this experience.

The primary focus of the game is directed toward finance. Participants in the game control the major financial decision areas of a company. The decisions include both the internal management of the firm and the external acquisition of assets and financing. The FinGame company managers have approximately the same degree of control as actual companies in paying dividends; issuing or retiring preferred and common stock; and issuing, retiring, and refunding several different types of debt. Additionally, decisions are required on short-term investments, the
risk level of short-term investments, sales discounts, capital budgeting projects, and various production decisions that affect the finance function.

This fairly complex company environment enables students to gain insights into the interrelationships among financing, capital budgeting, liquidity management, accounting, production, and capacity management. Few constraints are placed on the set of decisions in the game that are not found in actual companies. This makes the game more realistic.

Yet, to better enable student learning, the number of decision options found in actual companies is purposely not available in the game. Too many decisions that have interactions with each other become much more difficult to evaluate and manage successfully. With greater experience and more complex decision models, students can successfully tackle the more difficult ones when their experience and monetary rewards are far greater. As an analogy, a child has to learn to crawl before she can walk and walk before she can run. Our hope in FinGame is to get the participant from the equivalent of the crawling stage to at least the walking part, even if then a bit shaky.

FG provides a simulation requiring the application of theory, analytical tools, and solution procedures that must be learned outside the game. The game and manual are supplements to be used with standard texts; they are not replacements for texts. In this context, the game is a dynamic multiple-period case that provides the student with many different types of problems requiring solution.

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