



# **Solutions to Organic Growth Enablement through Capital Allocations**

Case Study: Management Utilities Srl.

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Abstract:	
<p>This study evaluates the strongest capital allocations which could help the case company (involved in the business simulation industry) to achieve accelerated organic growth. The thesis is divided into theoretical framework and case study which are used to identify the improvements that can be made within the company and how to allocate its resources in order to exploit its potential.</p> <p>A literature review was carried out and it allowed to design a theoretical framework through which the case study was analysed. In the theoretical framework, it is possible to find a thematic analysis of different strategies to business management of successful software developers/vendors.</p> <p>The theoretical framework has also helped to create questions to be asked to the case company users/customers and managers, to understand the capital allocations that would be more effective for its growth.</p> <p>The case company is an Italian firm: Management Utilities Srl. This case study is characterized by a mixed methods approach through surveys and interviews divulged amongst the people that are connected to the company, and by an action research approach that is characterized by a personal experience of the author (working for the company as a business developer).</p> <p>After this thorough research, it was possible to reveal an encouraging answer to the research question. The capital allocation solutions rely on a change in structure for a better division of tasks. Through the investments in technology and a recruitment process for IT, business development, salesforce and marketing, the managers at Management Utilities considered that it is possible to tackle technological, qualitative, marketing, networking, sales and organizational issues and achieve organic growth.</p>	
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## FOREWORD

The thesis aim is to analyse what could be the best capital allocation strategy which Management Utilities (the case company) could use to ensure a positive return and result in a positive organic growth.

The reason behind writing this paper and the selection of this topic is to help the case company and suggest to the business owner how to choose an effective strategy.

M&U (Management Utilities) is a family-owned SME where I, the author, work as a business development specialist; thus, reporting and suggesting strategical investments that might drive to successful outcomes is a matter of great importance given the relationship with the firm. Working closely with the team, makes the case study more detailed, with higher chances of effectiveness.

First of all, I want to say thank you to the CEO of the company Carla H. Valle, who has been so kind to have helped with the findings and granted the possibility of analysing and attempt to improve the company. I am also thankful to all the people (employer or customers) that took part to the interviews and surveys to perfect the strategy of the company.

A special thanks goes to my supervisor Patrik Pehrsson who helped me a lot to narrow down my topic, find the most suitable research question and give it a good structure.

Lastly, I would like to thank my friends and family that supported me in this hard months of writing.

Matjas Ulessi

25.11.2020

# **1 INTRODUCTION**

Recurring speculations are made to understand if it is possible to identify those capital allocations which any company has to distribute within its business to produce the best outcome in terms of growth.

This study analyses what are these positive capital allocations which could specifically help the case company (involved in the business simulations industry) to achieve accelerated growth and how specific strategic approaches can aid this development. The initial analysis of different strategies used by successful companies in a field somewhat similar to the case company's (Software developer/vendors) could be useful to define the strategy that the case company can adopt to succeed. By applying the most suitable findings mentioned in the theoretical framework, the paper aims to individuate specific questions that can be asked to users, customers, partners and managers, in order to focus on the right ways to allocate capital within the firm, resulting beneficial in terms of organic growth.

The study is thus centred on the capital allocations of the case company. Financial management is crucial to any business, as it used to strategically source capital to the business and assess its return. Ever since a business is created, the financial plan defines the strategy that the company is adopting from that moment on and aims to predict its quarterly/yearly performances; not by chance, the allocation of resources and capital on the different departments of a company, is the first subject to be delineated and it has an enormous impact on the revenue of the firm, as one single mistake could result in negative outcomes and compromise its survival. (Tauringana, 2013)

“If you fail to plan, you are planning to fail.” – Benjamin Franklin

## **1.1 REASON FOR TOPIC SELECTION**

Organic growth is an intriguing topic, as small business owners must come up with smart and innovative strategies to produce higher amounts of cash over time, in a very competitive environment (Business Case Studies LLP, 2013). The case company has a high level of potential growth, but the delivery of competitive products and services is not the only factor affecting its evolution. A well-designed plan of action that stimulates organic

growth would result valuable to Management Utilities in order to individuate the capital allocation and investments which are needed to thrive.

## **1.2 REASERCH AIM AND QUESTION**

It is true that an ongoing business must be given a lot of attention to, due to the countless factors affecting it (Ortiz, 2014), but this paper presents analyses that aim to define the possibility of specifying those choices which guarantee a higher likelihood of success for the case company. The research aim is threefold:

1. The theoretical framework is used to achieve an overall understanding of different strategies on the capital allocations and investments to be done that might help Management Utilities to grow organically, through the thematic analysis of three successful software developers/vendors.
2. The case study presents firstly a quantitative study of a sample of about 400 users to understand the perceived value of the services provided by the Management Utilities. The Users' answers are used to implement the quality of the products and services, as well as identify allocations and specific actions to make this possible.
3. The case study also presents a qualitative study that is conducted through interviews with the managers at Management Utilities, who have additional insights on the capital allocations to make the company grow, after analysing the findings from the theoretical framework and surveys.

This research study gives great importance to the way that finances and resources are managed and distributed within the business. Hence, the research question focuses on the best investments to achieve business growth:

- ▶ How can the case company enable accelerated growth through their capital allocations?

## **1.3 REASERCH DESIGN**

To achieve a positive conclusion and deliver a helpful answer to the research question, the document is divided in two main parts with specific aims: theoretical framework and company case study.

In the first part of the thesis, primary attention is given to the analysis and understanding of how different approaches to capital allocation impact on the business growth. A qualitative thematic analysis of few companies is also carried out to help to understand the right and wrong approaches to business management of a software developers/vendors, and create questions that can be asked to the case company's customers and users to identify its areas of focus.

According to Phillips (2011), different allocations weigh differently on the performance of the company that needs a detailed examination of its chances of success and the methods to achieve it. Planning the right strategy is now fundamental not only for the survival of the company, but also for its effectiveness on the market and consequential growth. These strategies depend on many different internal and external factors, thus a good understanding of the outcomes that the investments could bring to the company is fundamental in order to build a winning strategy. Tauringana (2013) also explains how in a potentially growing business, it is necessary to invest resources and capital on the areas which affect the most its development. Important investments of capital depend on the sector where the firm operates and could be dedicated to improving customers reach through enhancing marketing campaigns and approaches to customer service, or could be dedicated to improving customer experience through the development of better products and services.

The second part of the thesis is dedicated to the case study of the Italian company mentioned in the research question: Management Utilities Srl. This company has been involved in the business simulation industry for almost three decades. The work of the company consists in the development of such simulations and sell them or provide teaching services to partners through them (including business schools, universities or companies recruiting or forming employees). After many years of existence, the managers have been wondering about the reason behind its incapability of growing. Being quite small, the company does not have a concrete idea of the right investments to make growth possible, but this case study, presented through mixed methods and action research approaches, aims to best define future possible capital allocation strategies that could fit the situation of Management Utilities and be useful for its organic growth.



## **1.4 LIMITATIONS**

Growth is vital to any company and it can be divided in two categories: organic (achieved through a company's own resources) and inorganic (achieved through mergers or acquisitions). There is not a best option for a specific company as it depends also on its characteristics, its market, and its competition. (Agnihotri, 2014)

This research concentrates on the company's organic growth through internal capital allocations, so mergers and acquisitions are out of scope.

## **2 THEORETICAL FRAMEWORK**

There are different situations in which capital allocation is considered, but in this Chapter the focus is given to Organic Growth (as opposed to debt reduction, share buybacks, dividends, and mergers/acquisitions) (Kenton, 2020). A benefit of such growth investments is to improve the competitive advantage and strategic positioning. According to Phillips (2011) almost every active business focuses on business economic growth and seeks to find the solution to build flawless, simple, and straightforward allocation strategies to back up their development.

Organic growth is the simplest form of capital allocation, where managers invest excess capital into the business operations for different purposes which aim to bring value to the company and improve its profitability; as a matter of fact, organic growth is achieved through the company's internal processes, relying on its own resources (Chen, 2020) . The optimization of these strategies of reallocation characterize this form of capital allocation and aim to ensure a successful outcome (Kenton, 2020).

So, capital allocation involves the distribution and the investments of the financial resources in such ways that the business would increase its efficiency and maximize its profits. It is crucial to determine the future performance of a company and the decisions to achieve this organic growth are the key for yielding tangible results. This chapter analyses how the decisions to keep employees focused on customers (through marketing, sales, or innovation), could improve the overall performance of the company. (Kenton, 2020)

## **2.1 TIMING THE CAPITAL ALLOCATION STRATEGY**

Organic growth through capital allocation is not straight forward as growing a business through its own resources requires meticulous attention. It is important to know the strategy ahead of time, looking after key factors such as the generation of enough capital to cover its investments and the potential for growth of the business on the market. (Mau-boussin, 2014)

While growing a business, the strategy to pick has to be specific and it is important to set achievable goals in order to succeed. According to Stahl (2012) it is essential to know the perfect customer to target with the products or services, so that it would be easier to understand eventual needs and wants that are not being fulfilled. Identifying and getting to know the ideal buyer is another step towards building a successful strategy.

Not only there is the need to identify the ideal customers, but it is also vital to target them with the product/service that matches them the most. An important achievement to reach before investing in capital allocation strategies, is the identification and classification of the best products/services that can be offered to a bigger number of clients. This classification of importance of the offerings of the business can be made through customer feedback, reliability of the product, number of sales (etc.), so that it would be easier to know which products to offer, advertise and focus on the most. (Kromer, 2014)

Once the business has laid the groundwork for coping with the market demand, it is time to set up the decisions to the capital allocation strategy. The objective is to create an estimation of the allocations which are most likely to bring a profit to the company and ensure its organic growth (R&D, product/service improvement, marketing etc.). However, allocating capital is not easy; a company may achieve organic growth only by adopting consistent strategies with unbiased and balanced investment decisions. Moreover, it is important to know that organic growth does not happen overnight; this is a long-term strategy where tracking and comparing yearly cash flows is vital. (Kromer, 2014)

## **2.2 CUSTOMER FOCUS TO CRAFT ACCURATE ALLOCATIONS**

In the previous paragraph it is made clear that the customer is at the centre of the business strategy. Crafting strategical customer-driven decisions is important because they are the

main source of income. To be growing a company looks forward to expanding and achieve to a much higher revenue, hence attract more customers, and keep existing ones from choosing competitors. Customer acquisition is as an important tool as customer retention, both valuable in the short- and long-run to obtain a greater income. (Stahl, 2012)

This is the reason behind the investments on R&D or the creation/improvement of the company's products/services as a capital allocation strategy to achieve organic growth. Companies also pursue organic sales growth including promotions and improved customer service to draw customers in. As a matter of fact, investments on a high-quality customer service reflect on the company's image and, not only it is used to support and preserve the existing clients, but also to attract potential ones; as a matter of fact, customers acquisition is never a poor choice. Satisfying a vaster range of consumers is a good idea to bring more value and cash inflow to the company that can be used to back up growth. It is a matter of a good investments on the services that could attract more. (Stahl, 2012)

As prospects get attracted following the investments on given departments of the company, it is prior to the business to focus on customer retention and invest in loyalty packages and programs. These actions reflect on customers' needs, wants, and values, and get them to choose more than once over time guaranteeing the inflow from faithful consumers. (Stahl, 2012)

## **2.3 STRATEGIC DECISIONS TO REACH ORGANIC GROWTH**

Capital allocation is crucial to determine the future performance of a company and the decisions to achieve this organic growth are the key for yielding tangible results. This chapter analyses how the decisions to keep employees focused on customers (through marketing, sales, or innovation), could improve the overall performance of the company, strengthen its image and attract more customers to secure a greater return and better chances of growth.

Investments in the marketing strategy are needed to inform, attract, and maintain the customers; it helps to grow in sales through a higher conversion of customers (Patterson, 2007). The basics of marketing demonstrate the importance 4Ps rule, describing the fea-

tures of what the business has to offer: the product, its price and location of sale; it includes also “promotion” which consists in any type of direct or indirect advertising that the company develops in order to strengthen the brand image and increased the customers’ perceived value of the products offered (Resnick, 2016). Social media is also an effective marketing tool used for the promotion of the business itself, as well as its products and services. As an integral part of people’s lives, maximizing social media presence on specific platform, can provide competitive advantage on the market. (Husain, 2016)

Investments on R&D and innovation have huge impacts on the performance of the company and possibilities of achieving growth. Missing these potential capital allocations can lead the business to offer obsolete products and become an outdated company with a ruined image. Investments to automatize internal processes and improve products/services can result in an increasement in productivity and reduction of costs, and cope with the latest trends to gain advantage on the competitors. (Muhammad, 2017)

Everything tied to the organic growth of a business comes from within the company itself. All of the investments and capital allocations mentioned, from customer service to marketing strategy, link to the employees meticulously executing specific task for the bigger picture. HR-related decisions are important to the company and they are not to be hurried, as mistakes could cost the company futile losses. Employees are the most valuable resource of a business and depends on their ability to execute strategies: building an efficient team is the key to success. Hiring ideal candidates for a job is crucial to have a strategical advantage on the competitors and timing the employment is a necessary to select the perfect fit, as new employees have an impact on the quality of the services. (Kleiner, 2002)

These are only a few ideas of allocations that could work for a company; to achieve organic growth through capital allocations there are many more details and operations to focus on, also depending on the business. It is important to know the business inside out to come up with the perfect allocation strategy and maximize the return. (D'mello, 2008)

## **2.4 STORIES OF SUCCESS: KEY ALLOCATIONS TO ORGANIC GROWTH**

The previous paragraphs have given a broad overview on what capital allocation is and how organic growth is achievable through decisions related to it. This Paragraph is characterized by a thematic research, a qualitative research with the purpose of analysing three case studies of successful software vendors and the areas that these firms have focused on in order to be successful and grow. This approach aims to provide a deeper understanding of the overall resource allocation process within the case company by proposing theories that have been applied to other software developers (Anderson, Lees & Avery, 2015).

The first study is carried out by John J. Scarpino (2011) from the Robert Morris University, on the software firm and supplier: Notify Technology Corporation. This study shows the importance of innovation, efficient employment and employees' training within a company that wants to deliver the best service to cope to a constantly increasing customer demand and the growth of the company itself. For this specific company it is crucial that the development of software systems adhere to high quality standards. The fast-paced online and mobile media growth shows that this company could not keep up with Quality Assurance (QA) related processes. A Researcher conducted a two-days analysis and discovered problems within the software development process that can be changed in order to make the service more effective and satisfy the costumers, keeping up with the growth of the company. In this process, the test cases should be broken up, have fewer steps and be related to the functional specifications. Consequential analysis of the areas of bigger impact, risks and defection should be carried out as well. The testing group involvement and a general awareness of the processes by all departments is crucial for the survival of the business and delivery of a perfect service. Creation of positions, such as product manager, shows importance of a smart employees' exploitation and employment. QA Training, development of new position and the increasing communications within the company aim to increase product quality and customer service, resulting in a more harmonious growth of the business. Most importantly, the software development process is to be changed into an agile process, with small groups working in the same area.

The second study is carried out by Arto Ojala and Pasi Tyrväinen (2011) and shows the development of Game Cluster software offering and business model (a software firm that uses cloud architecture in the gaming market). The study examines the reasons of the evolution of the software provided, and the growth and benefits related to the change of the business model. The study is conducted through the years 2000 and 2010 and shows the influence of strategic partnerships on customers and return.

At the beginning, main focus was given to products and services development and networking to reach to potential partners and later on it started concentrating on marketing and sales and by two years later, the revenue of the company was shared amongst the partners (portals, network operators, and game licensors). In 2010 the business model had fewer actors due to changes in the prospects and software provided. The demand for free games decreased the income per game, it increased the total volume of available games. Moreover, there was a decreasing dependency on third parties which at this point acted only as marketing and sale resources; network operators still played a vital role in the firm as they can guarantee a proper QA, have customer contacts, and have the infrastructure for operating cloud services. However, the simplification of the value chain and reduction of the partners resulted in an increasing profitability and growth with an average revenue doubled.

The third study is a two-case comparative study from Parry S., Jones R., Rowley J. and Kupiec-Teahan B. (2012), in which two anonymous small software firms compare the degree of customer orientation and innovativeness displayed, to understand contributing factors for success and failure. The SME's ability to achieve growth depends on managerial style, communication between firm and customers, business planning and promotion.

1. Management styles: both SMEs differed quite significantly. Company A has highly motivated owner that took all crucial decisions, while Company B has two partners who did not share the same values, negatively impacting the firm. Lack of communication and conflict within the company created a demotivated environment.

2. Communication: this is a recurring theme within both SMEs, both internally and externally. Company A kept in contact with customers throughout the buying process and the software delivery. Moreover, it kept a strong internal communication with meetings. Company B did not contact customers and lacked strong internal communications.

3. Business Planning: Company A's short and long-term plans proved an effective way of organising and managing work, following work schedules, and achieving deadlines. Company B had formulated plans to attract government funding and to satisfy lending from the bank, but they did not have a strategic plan.

4. Promotion: company A promises to prospect on-time delivery of the software, guaranteeing attractive assurance. Failure to deliver due to internal problems are used to restructure the company, fixing remaining issues for existing clients, learning from mistakes, and creating a new business. In the meantime, Company B struggled to deliver and complete their product, damaging reputation and reducing attractiveness and prospects' conversion.

## **2.5 FINDINGS**

This thematic analysis shed light on few factors and areas that also the case company could focus on and also those decision to avoid; the findings from the three case studies from Chapter 2.4 and their similarities can be summarised as it follows.

A recurring aspect was given by the customer-driven decisions, meaning that the successful companies were keeping up to date with the latest needs and wants by simply listening to the customers' feedback and communicating with them. This same method can be utilized in the case company; as a matter of fact, this is the reason behind the creation of the surveys that are divulged among existing customers and prospects, in order to better understand how to improve the case company services, provide it to more satisfied users and consequentially enable growth. It is also crucial to invest resources and time into understanding customers' needs or wants and come up to the perfect service to fully meet them.

Not only it is important to understand what the customers demand, but it is also necessary to invest working capital in those areas that could produce a greater level of attraction. The three studies show how the quality assurance (QA) of the service provided is as important as the promotion of the for the service itself. In the chapter 2.4, is and with the creation of new and exclusive features of the software provided, it is necessary to guarantee its perfect functionality; it is useless to promote a software that does not reflect the customers' expectations or does not function properly.

Another important aspect is found in the readiness and the ability of the employees to carry out their tasks within the company. Not only is important to recruit competent individuals and keep them up to date with the company's growth through training to avoid to incur in futile losses, but it is also effective the creation of positions that have specific tasks that are beneficial to given departments in the firm. Moreover, the studies show how the general awareness of business processes is needed to avoid confusion and ensure growth.

Lastly, a business model must provide added value to the actors in the supply chain, benefiting all partners in order to reduce the threat of competition. Strategic partnerships are important and useful if they somehow benefit both parties.

These findings are useful to understand the areas of focus that the case company could allocate its capital on. The information gathered is also necessary to develop the aforementioned surveys to be distributed amongst user and customers, and the interviews created for the managers. This whole process aims to get a specific strategy for the case company and, hopefully, determine the amount of capital to be invested to finalize the decisions.

### **3 METHODOLOGY**

This thesis presents a research on the capital allocation strategy used by Management Utilities which could result in a sustainable organic growth of the business. The main objective is to provide to the case company a new sight on the crucial capital allocations which could increase its revenue, reduce futile costs, and enable its accelerated growth. The research question is answered through a mixed-methods approach (Curran, 2008) formed by surveys and interviews, which questions are created through the theoretical framework. In fact, in the theoretical framework, not only it is possible to find a thorough research about the key activities of capital allocation strategies for a growing company, but also (on Chapter 2.4) a thematic analysis (Anderson, Lees & Avery, 2015) with the purpose of analysing three case studies of successful software vendors, focusing on their optimal decisions taken throughout their early stages of growth. This was also done to



give already a general understanding of what companies go through when it comes to capital allocation and organic growth.

### **3.1 THE MIXED METHODS APPROACH**

The theoretical framework showed the weight which customers have on a company and the great importance of higher conversion to achieve organic growth. The data gathered in the theoretical framework drives the case study to be analysed through a mixed methods approach, in order to give a good understanding of how the case company, its products and services are perceived by the consumers and how the managers have intention to cope with the customers' and users' expectations to drive sales higher and achieve organic growth through their strategic allocation.

The quantitative method was conducted through the analysis of surveys given out to the participants taking part to one or more business simulations in the past 3 years (students from universities and business schools, and employees in targeted companies). This was done to identify those users' needs that would make of the case company's business simulations, the perfect educational experiences. The surveys have been very helpful to understand the area of concern to give importance to in order to deliver high-quality and competitive products which could improve the sales of the case company. Through the understanding of the effectiveness of the existing products and the analysis of the overall user's satisfaction with the service, the surveys' aim of fully understanding the target's points of view intends to help the managers to create a winning and successful capital allocation strategy.

The qualitative method was conducted through the analysis of the interviews featuring managers, employers, and partners of the case company, who had an open discussion based on the analysis of the surveys backed up with the findings in the theoretical framework. Innovative suggestions and solutions to create more valuable capital allocations emerged from the interviews; these insights from people working in close contact with the company are used to increase the company's chances of success, by gaining knowledge on the know-how of the management of the finances and resources. Focus is not only given to the analysis of the surveys, as they mostly reflect on implementation that could be done to the products and services, but also to strategic internal actions that

could attract more customers and drive sale upwards (e.g. promotion, marketing, networking, partnering, etc.).

In the case study it is possible to see how this approach has been effective to Management Utilities, in order to identify the strengths that its model was lacking and build innovative and modern capital allocations.

## **4 CASE STUDY**

The case company is Management Utilities Srl, a company which has been involved in the business simulation industry for almost three decades. The work of the company consists in the development of such simulations and sell them or provide teaching services to partners through them (including business schools, universities or companies recruiting or forming employees). The performance of the company has been fluctuating since its foundation, with ups and downs in terms of revenue, until in 2016 the situation stalled and gave time to the management team to evaluate the opportunities of growing sustainably. With a steady operating profit of €90k per year, in 2020 many ideas to increase the revenue in the upcoming years were presented.

This case study includes those decisions that are aimed to answer to the research question and that would reach the conclusion to what is the best capital allocation strategy that the case company could undertake to achieve organic growth and gain financial stability. With the support of the theoretical framework (which is used to shape the surveys and interviews handed out to the users and employers linked to Management Utilities), this Chapter aims to identify what could be the most suitable decisions to focus on in order to increase the chances of success.

### **4.1 GROWTH WITH BUSINESS SIMULATIONS**

It is important to understand why companies approach to business simulations industry. Nowadays, this type of simulations has an enormous impact in learning, as the users actively learn by experiencing and managing decisions in a fictive environment. In business simulations learners face a virtual scenario that takes real life situation to be handled

without repercussions, allowing the users to develop or deepen their knowledge about specific topics explored in detail. Business simulations are used in many universities and firms to deliver an authentic experience of many business-related processes. (Newbery, 2016)

Business simulations are very valuable for the formation of both students and employees (or employers), and this huge range of potential targets is the reason behind the approach to this industry, with firms trying to deliver high-quality learning experiences to companies and school.

## 4.2 STUDY 1: SURVEYS

The first method used in the case study is a quantitative method involving the developments of semi-structured interviews handed out to the past and current users of the simulations developed by Management Utilities. It is important to know that the users are almost never the customers purchasing the simulations and/or the teaching serving: users can be students or employees of a university or company delivering an education experience through the simulations of the case company. So, this study firstly looks forward to understanding the level of satisfaction that the users have with the service provided, the quality of the service and the product, as well as the quality of the experience (Stahl, 2012). This has been done to identify potential features that the current simulations are lacking, to meet with improvements to the existing services and products or creation of new ones (Muhamad, 2017).

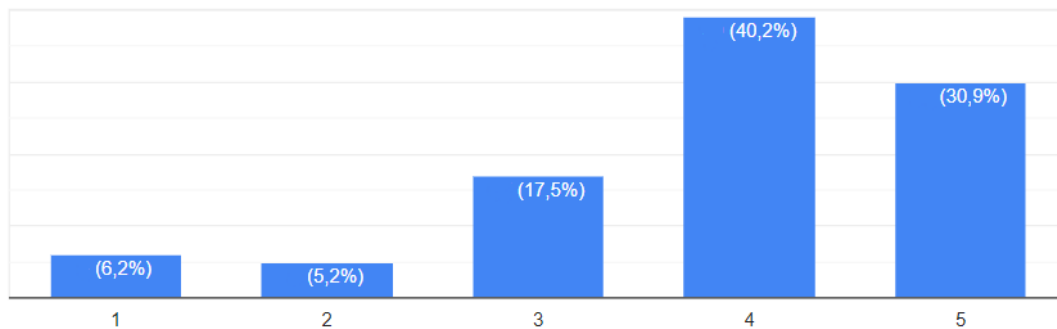
The table below shows the survey given to a sample of over 400 users who have participated to various events or courses featuring different simulations in the past 3 years. The aim of this survey is to understand how the product and the service is perceived by the participants experiencing the simulation and teaching service, through the support of the lecturer as well as the supporting material.

<b>Nr</b>	<b>Question</b>	<b>Type of question</b>
1	Which Simulation you have participated to?	Multiple Choice
2	How do you evaluate the simulation?	Scale 1 to 5

3	How do you evaluate our support?	Scale 1 to 5
4	How do you evaluate our supporting material?	Scale 1 to 5
5	What did you learn?	Open Question
6	What could be improved?	Open Question
7	Would you do it again? Why?	Yes or No + Open Question

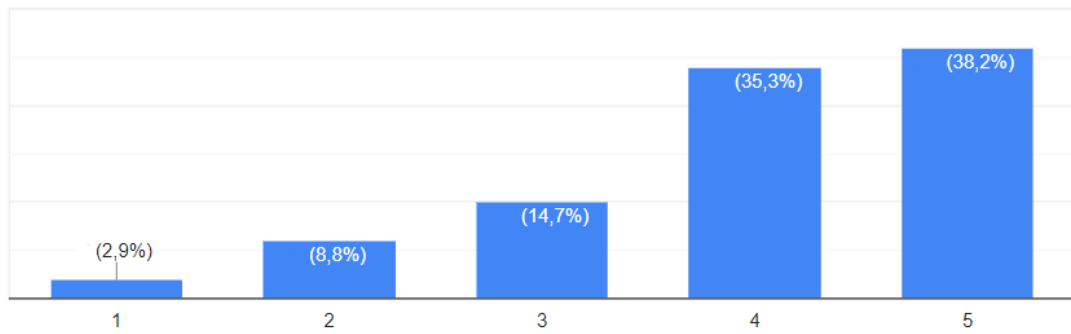
**Table 1.** Questionnaire/Survey to users and Participant (M&U 2020)

Each question has its specific purpose and helps the case company to individuate the first capital allocations needed to improve the perceived value of the service and the simulations and teaching services.

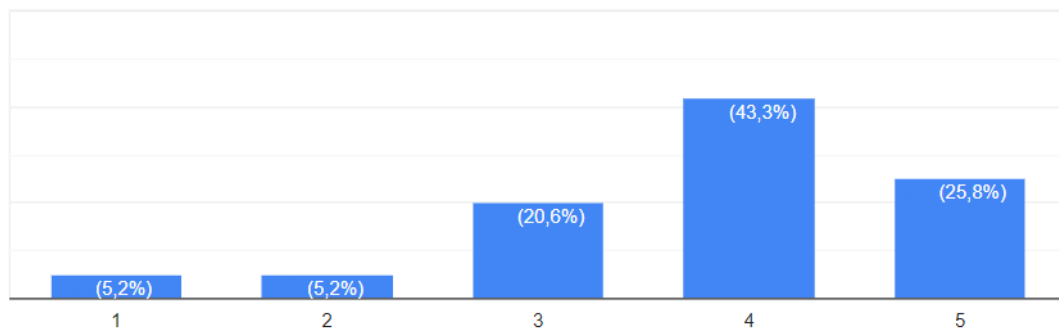


**Figure 1.** Average Answers to "How do you evaluate the simulation?"

Question number 1 and number 2 are used to understand how the specific simulations are perceived by the users and they help to carry out a detailed analysis in order to categorise and rank the simulations based on the popularity and the number of applications throughout the years. These questions can eventually help to get rid simulations which have not been in use in the most recent years or were not appreciated by the participants. Alternatively, some flawed simulations can be improved, but the general idea is to stop wasting money, resources and manpower on products that are not attracting customers and users, and that are not considered useful by them.



**Figure 2.** Average answers to “How do you evaluate our support?”

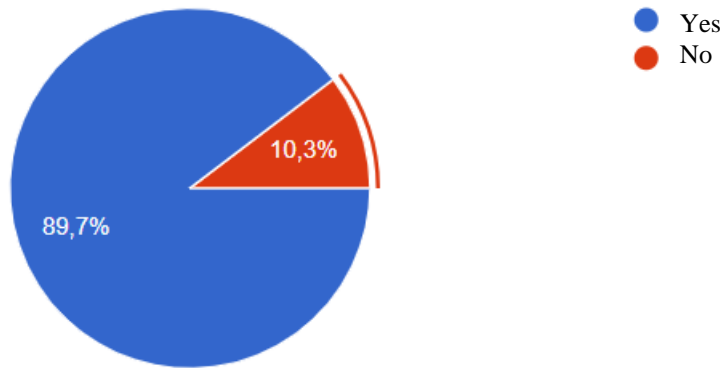


**Figure 3.** Average answers to “How do you evaluate our supporting material?”

Question number 3 and Question number 4 are used for an evaluation of the support during the lecturers and materials provided to the users to face the simulation (introduction documents, manuals, and glossaries). Spending time to make the user-friendly supporting material and get pointers by the participants on how to facilitate their learning can result in the delivery of a much higher-quality content and improved overall satisfaction of the product and learning experience (leading better endorsements and better future opportunities).

Question number 5 is used to keep track of what has been learnt throughout the different simulations and double check that the users’ learnings are in line with what is supposed to be taught. This process is useful to understand the efficiency of the simulations on educating the participants in those areas which they want to master; also, it tracks down the ones which are not functioning and do not serve good educational purposes. These are simulations that can be worked on or simply removed

Question number 6 is used to understand the main problems faced in the simulations (if they could not be deduced by the other questions, such as the supporting materials evaluation).



**Figure 4.** Average answers to “Would you do it again?”

The last question is the most important because it makes the case company understand if it is delivering a competitive service that is useful to users who had a productive and effective learning experience. The combination of the answers to this survey are considered the first step to build a capital allocation strategy through the decisions intended to deliver a competitive service and sets of high-quality simulations with precise and accurate educational purposes.

From the answers of the it was possible to individuate the best performing simulations where the learnings were in line with the ones that the product were created for:

- 6 top performing which most of the focus must be given to ensure a high-quality product which functions properly.
- 7 good simulations considered worth saving, to focus after perfecting the top ones.

Nearly a dozen simulations were archived as they were considered obsolete by the managers due to a many reasons: either because they had not been in use in the past 3 years, or the scores from the scale questions were very low and the answers to the open questions were really negative. The simulations did not have a enough scores to be kept in consideration for further use, based on their effectiveness and the users’ inclination to take part to the same simulation again (Question 7: Would you do it again?, graph at p.22).

Even though several simulations were well-appreciated, some suggestions to enhance their quality were given in the surveys (Question 5: What could be improved?). These improvements can be categorised under two different issues: visual and supporting.

On the visual level, the design of the simulations was considered outdated by the users and it was not appealing to them. The technology used since 2010 has never been updated and the simulations were considered far from modern products. This allows the case company to develop thoughts on how to invest on up-to-date technology in order to develop more user-friendly simulations and platforms to cope with this issue.

On the supporting level, the materials to guide the users throughout the whole length of the experience (introduction documents, manuals, and glossaries) were considered confusing and incomplete, also depending on the simulation, its complexity, and its length (it is visible that they haven't received high scores in the Question 4: "How do you evaluate out supporting material?" if compared to Question 3 about the evaluation of the teacher's support, p.21). The participants need to access easily to the simulation, being involved and understanding how to progress and learn. Supporting materials and teacher's support have been perceived very differently, but it is obvious that time must be spent on their review and implementation: when a course lasts for a longer period of time (up to 6 months) the support of the teacher is not constantly required which means that the materials (manuals etc.) have to be very thorough, yet easy to read and understandable; on the other hand, when the time available is as much as a couple of days, the user's knowledge relies for the most part on the teacher's lectures. This sheds light on the issue related to specific materials based on the time management of each simulation, which has not been given enough importance to.

Through the use of the surveys, it was possible to identify the major flaws of the business simulations and it was a big organizational help to set the first model of the capital allocation strategy in order to improve the users experience and their involvement.

### **4.3 STUDY 2: INTERVIEWS**

In the previous paragraph, the users' needs while facing a business simulation have been analysed and the bases on how to improve the experience, the products and the services offered have been laid. However, the answers given by the users are not the only aspect

needed by Management Utilities to achieve organic growth through capital allocation, as they do not entirely reflect on what could be done strategically within the company to attract more customers and drive sale upwards, by doing something not related to the improvement of the service.

Based also on the results of the surveys handed out to the participants, managers and partners have evaluated and analysed the situation giving an overview on what are the possible solutions not only to implement the quality of the products, but also to perfect the internal processes to drive up sales and achieve organic growth. This is why the thesis presents three simple and more open questions about the strategy of the company to be asked to its managers.

1	What can be said by analysing the answers in the survey?
2	What studies from the theoretical framework can be useful to the company?
3	What capital allocations can the company do to improve its turnover, sales, and conversion?

**Table 2.** Questions to Managers at Management Utilities (M&U 2020)

The founder and COO, says:

“(...) There has always been the feeling that our simulations weren’t perfect, but up until this moment it was very hard to understand what changes were supposed to be made. The technology of 1990 created the basis for building a world of business simulation with specific features and the specific purpose of being adapted to realistic contexts for educational purposes. This goal has given birth to transversal and flexible simulations easy to customize for any didactic purpose, weather it is general management, marketing, sales, finance or project management. Unfortunately, there are some gaps in our services that are needed to be filled, to mention a couple that can be deduced by the surveys: a more suggestive learning experience through modernised simulations, and updated and improved support materials. (...) It is now known to us that in the many years of its existence, Management Utilities did not keep focus on the technologies, sales opportunities, customer satisfaction, user support and more, and these are the elements we want to start from to build a functional company. I think much of what has been said in the theories



can be used in our company, from the customer feedback (that has already been immensely helpful) to the crucial allocation to satisfy our users, customers, partners and ourselves. (...) Understanding how to develop specific solutions for our customers, creating the simulation with features that best match them, focus on the involvement of each and every participant creating a top-notch didactic experience, focus on the company structure and its ability to become sustainable and find ways to speed up its growth; these are just some of the key factors that Management Utilities is trying to accomplish, accomplishments that are achievable through allocated capital into a precise hiring processes, a massive technological solution development, territorial expansion and networking strategies.” (Founder of M&U, 2020)

The IT manager talks about the implementation of the new platform and portal to cope with the technological issues faced by Management Utilities:

“By the answers given by the users taking the survey it is very clear that the technology used in the simulations does reflect their expectations of a modern and innovative learning solution. The most important thing that comes to my mind is the development of a more user-friendly and modern technology both for our portals and for the business simulations: all in all, a more captivating environment which will include the new versions of each simulation. Missing investments in technology have been negatively affecting the quality of the simulations throughout the years, that are not being valued for what they are, simple learning tools. (...) However, the answers show the fact that many users have been quite lost in such an outdated environment and had trouble taking decisions because of this lack of visual comfort. (...) Nowadays customers of software-based solutions need a visual impact to be considered of the best quality. There aren't many theories that can be used by our company, although there is a paragraph that I have enjoyed about Quality Assurance. This is something that is going to be touched, throughout the development of the new environment and the importation of the simulations. They are not perfect tool and can present some mistakes; we need to review and double check the perfect performance of all the functionalities within each one of our products, fixing errors to increment even more the value of the simulations. (...) The idea is to invest on the implementation of the new platform based on JS interface with Mongo, a database capable of maintaining all the rules of all models without having to carry out any software translation; in other words, building an integrated system structured on the importing of the know-how and

calculation engines of all models, on the creation of development and test areas of the interface, and on a new portal integrated with a database for data management which also allows advanced services, such as rankings of global competitions and blogs.” (IT manager at M&U, 2020)

The business development manager talks about the importance of marketing and networking to increase awareness of the company, increase conversion of the customers and expand the reach of Management Utilities not only to other entities in the current areas targeted, but in other countries as well:

“The surveys and the feedback from our users have been somewhat useful also for the development of our networking and marketing strategies. The better understanding of what goes through in the participants’ minds before, throughout and after the experience with our simulations, helps us to create specific values for them and for the potential customers. Based on their answers we can come up with new and improved solutions, knowing what is best for them and delivering a product that shows every time more effectiveness on the field. All of this positive feedback that we can create, can be used in our marketing strategies as a leverage to improve sales and growth in more directions. (...) importance of networking, marketing and promoting the company and its products to increase awareness of the company, increase conversion of the customers and expand its reach. (...) There are two categories of capital allocations that my team is looking into: investments in salesforce and networking strategies to increase the chances of improving the customer range and conversion, and market positioning, and investments in marketing to increase the perceived value and brand of the company. Business development is crucial to us to expand our network not only in the country where we already operate (UK, Finland and Italy) but all around the world, in as many places as possible; we are constantly developing conversion strategies through the use of history and users lists, as well as through university boards to find both prospects and ambassadors, which could help us to expand our network.”

(Business development manager at M&U, 2020)

The CEO talks about the organisational challenges faced by the company, suggesting solutions focusing on the capital availability point of view:

“The theoretical framework together with the surveys have pointed out the huge impact of customers on any business, not only ours. To ease up this conversion is needed to identify the perfect targets, revise specific supporting material for them and identify partners and references for both visibility and recruitment. Also, a change in business model where the tasks are divided in a much more organised way is more effective for growth and the capital allocation we make should be done to build this specific model, granting enough resource (human and capital) to each department improved or created (as it is the case of our objective of creating a specific division for purely marketing purposes).

More specifically, the reorientation of priorities through the simulations ranking would revolutionize the way that our company presents itself and ease many of our tasks by sorting the exportation of the models on the new platform on a time schedule based on their ranking. After that we can test the online versions and revise them to build the final matrix of each model to have the best simulations ready for sale and boost the company’s income. Promotion strategies of the company, of the product and of the engaging events and experiences that can be done both in team and individually, both synchronously and independently, are also a crucial aspect for us. Poor visibility and poor knowledge of business game concepts by potential customers, companies and business schools must be tackled, and the participants are to be involved in this innovative world.” (CEO at M&U, 2020)

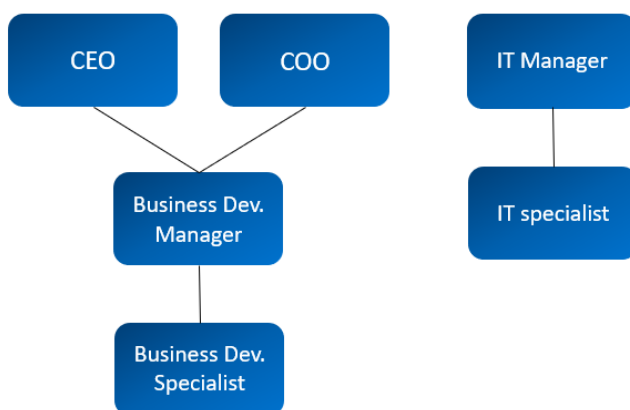
## **5 ANALYSIS AND DISCUSSION**

Chapter 2 has brought to the attention how the potential organic growth of a company depends on ability to attract the targeted customers through its strategy and it has also suggested balanced customer-driven (Stahl, 2012) investments in Quality Assurance (Chapter 2.5) and marketing (promotion and sales) (Patterson, 2007) to do so. In addition to that, the case study has presented a mixed methods research (Chapter 4.2 and 4.3) which strategy was to get a better understanding of the capital allocations that would reflect a positive outcome specifically for the case company, thus answering the research

question. Conducting the quantitative method first through the surveys was done strategically in order to help the managers to have unbiased opinions on the case company before deciding to give their input to help it through capital allocations strategies.

Following the learning from the theoretical framework, the first thing to do is to identify the elements and features which describe the perfect customers targeted by the company (Stahl, 2012). The identification of specific targets is valuable to improve strategies to attract more of such prospects; as a matter of fact, through the surveys, the creation of lists built on previous customers and potential clients (from interested companies or university boards), and through the business developers' networking, the managers at the case company have been able to discover customer-centred capital allocations could help the business to grow.

Founder and managers have agreed that improving the networking strategy is a first step to increase the sales and revenue to be able to grow organically in vaster areas, and strengthening the workforce is helpful to achieve a greater territorial development (Chapter 4.3). At the case company, this is dealt with through the hiring process of ambassadors and translators (paid by commission) which would work as product/area managers to take over the market in more and more countries. It is imperative to specify the method of payment by commission, as there is a need in Management Utilities to guarantee sales, plus the budget for the operations does not allow the managers to spend on new salaries yet.



**Figure 5.** Current model of Management Utilities Srl, 2020

Looking at the current model of Management Utilities, the CEO has pointed out the clear challenges faced by the company, if its aim is the one to expand to new territories and that is exactly the reason behind starting by strengthening the sales force. Though, focusing only on sales is useless without a concrete and competitive product and brand; much more has to be done within the company to deliver a high-quality experience, service, and product. From the survey and the subsequent interviews, many ways of improving the services have emerged, always keeping in mind capital availability and strategic ways to allocate it.

Both the users in the surveys (replying to Question 6 about the suggestion on what could be improved, p. 20) and the IT manager in the interview have pointed out issues related to the technology of the simulations which were considered outdated and in need to be modernised. The IT manager as offered a solution (maybe the biggest faced by the company) consisting in the development of a new portal and platform to access easily to the simulations, to cope with the users' expectations and to reverse the negative reviews that the simulations received on the topics of technology, display and graphic (in the question number 6):

“I would suggest a more modern layout with the same content” (user 1)

“The IT platform of the business simulation would have to be updated; it was slightly cumbersome to use it” (user 2)

“Obsolete web platform, complex navigation.” (User 3)

“Portal not user-friendly and web pages” (User 4)

“Make the platform modern.” (User 5)

“Technology.” (several users simply used this word)

The CEO has planned a greater focus on the resources to the IT group and a greater availability of resources given to SW-developers and IT specialists, as well as the opening more positions in this division. Entrusting the new platform to experts of modern solutions able to restart and update obsolete ones and solve all the generation-compilation problems, allows the possibility to be even more flexible and develop customizations even at single simulation levels (interface, languages, parameters, methods, concepts, etc.).

This is also an opportunity to dedicate attention to the much discussed QA (quality assurance) by the IT managers in the interview, as well as in the Chapters 2.4 and 2.5, having the opportunity to focus on the simulations that have been considered “top performing” after the survey (p. 22), managing to propose a product and a service that is not only competitive, but also of excellent quality. In fact, these chances are increased by the ranking of the simulations, removing the unusable ones for a cutting cost strategy and leaving space to develop the ones with the most potential to result in higher sales and revenue for the company, so that more focus is given to concrete new opportunities and a much faster growth can be achieved.

Another issue faced regards the difficulty in the comprehension of the support materials by the users (based on their answer to the question 6 of the survey, p. 20)

“The manual need to be corrected, updated and completed” (user 1)

“Clearer manual” (user 2)

“If we had a guide, with basics explanation about, for example, how sales division is important to expand sales, or how long machinery need to be bought until arrive in the game... it is a kind of information that is important while playing the game.” (User 3)

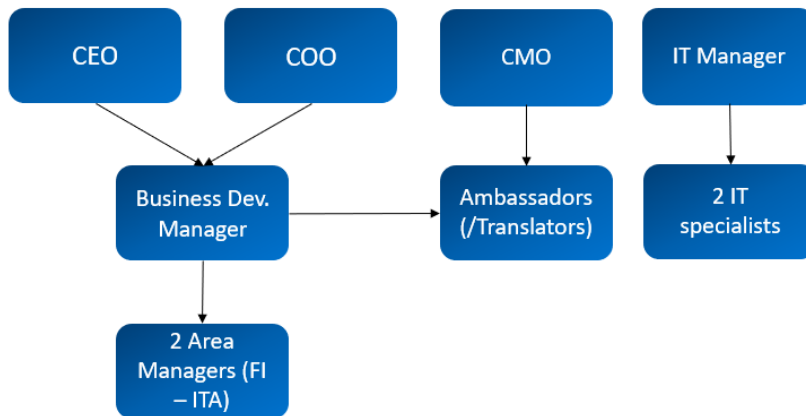
“I would suggest a better explanation of the various contents, especially for small details that are not explained in the manual” (User 4)

“Weakness: simulation instructions” (User 5)

In order to improve the overall experience and the learning of the participant, creating value for them and for the customers, the managers have agreed that it is a need to invest time and resources in the improvement of the documentation regarding each simulation. The strategy consists in building a series of documents in standardized formats that follow clear paths and processes for the specific services: from the invitation to participate to the simulation to the launch of the event, from the explanation of the navigation into the system to the glossary, from the release of materials and feed-back to documents and reinforcement links. Not only is this vital to make the experience of the participants manageable and ensure their flawless navigation into the platform with the perfect knowledge on what to do, but it is also important to follow-up with the feedback from both parties

with messages, comments, scores and comparisons to the benchmark. This helps the company to keep track of the satisfaction levels and the learnings of the participants, making sure that the products do not have gaps, lack information or are not useful for learning purposes set.

Coming back to the topic of attracting more customers, in the theoretical framework some attention is given on the importance of marketing to increase the awareness of the company (Stahl, 2012). Allocating capital into a strategy of creation a marketing division which would take care of promoting the brand and products through different platform could be useful to get a hold of prospects (Patterson, 2007). Moreover, the focus on digital marketing increases the chances of this happening through the acquisition followers and subsequential growth to get noticed by more potential customers (Husain, 2016).



**Figure 6.** Designed model for the future of Management Utilities Srl, 2020

The final model for Management Utilities was designed by the founder and the CEO also to overcome administrative problems by revising the division of the tasks from within the company and allocating capital strategically in order to facilitate the responsibilities of each department. This model does not reflect an immediate change for the case company, nor it displays its final model; rather it corresponds to a gradual change of what can be achieved by Management Utilities over time, by allocating its capital in strategic ways that would help to grow organically and steadily. This gradual change is also ideal as the company intends to increase its sales and build strategic partnerships to have a higher inflow in order to complete its strategy for a consequential expansion.

The distribution of tasks will finally see the CEO and the COO overseeing the whole processes of the company from start to finish, solving the tiniest issue and following up with every investment and measuring the capital to allocate for each strategy. (Izquierdo, 2016)

The capital allocation behind the little strategic recruitment in the marketing and business development divisions aims to help out branding, expansion, and general awareness of Management Utilities. The Business Development Manager relies on the ambassadors and translators as important middlemen to approach the potential customers in new countries breaking the language barrier while proposing a product available also in the local language. The actual sales are still to be handed over to the business developers to carry out deals and build possible new partnerships. The CEO considers that a new marketing manager (or “CMO”) is needed to coordinate with the ambassadors and translators to work towards the promotion of the company and its services in the countries with high potential for growth which are going to be under examination (as well as the countries where Management Utilities already operates).

Last but not least, allocating capital on the implementation of the IT group is crucial for the development of the much-needed updated simulations and the opening of positions in this department are needed to bring in fresh views on modern solutions.

This strategy has to be undertaken in the order presented in this chapter, because the availability of capital is not excessive and the issues are needed to be faced step by step, prioritizing what could bring more customers and more money to complete the following objectives. As mentioned in the first study By Scarpino J. (2011) in Chapter 2.4, an agile strategy would be proper for a better division of tasks, moving on a clear path and completing objectives step-by-step with the ability to follow up on every action taken (p. 16).

## **6 CONCLUSION**

After a thorough research made through a theoretical framework which has helped to develop questions to ask to people that have been and are involved in the history of Management Utilities, it was possible to reveal an encouraging answer to the research question:



- ▶ How can the case company enable accelerated growth through their capital allocations?

The theoretical framework on Chapter 2 has been important to understand the focus that Management Utilities has to put on its users and customers (Chapter 2.2, p. 10-11) (Stahl, 2012). This has helped the managers to understand the value of the customers and has pushed them to create the surveys to analyse how the company's products and services were perceived and how to create specific allocation strategies to increase the simulations quality - through the users' feedbacks.

The Chapter 5 regarding the analysis and the discussion of the data collected, has suggested capital allocation solutions through the investments in technology and a recruitment process aimed to reorganize the responsibilities within the company important to tackle technological, qualitative, marketing, networking, sales and organizational issues. This chapter has been used to analyse the data from the theoretical framework and the surveys, and to discuss the interviews to the managers (which were an analysis of the first two as well); its discussion has presented the managers' main idea for the capital allocations to be made to make Management Utilities successful and aid its organic growth. (p.27-32)

Some capital allocations have been already been done throughout the year 2020, but the final structure of the company presented by the CEO (Figure 6, p. 31) has not been yet reached. So far, the capital has been allocated into the IT group - which is formed by new members who have developed the new portal to access to the simulations and the new platform - to increase the quality of the products and services (as theoretical framework suggested on Chapter 2.5, p.16 and IT manager has confirmed on Chapter 4.3, p.25-26). This capital allocation has already helped to export 2 of the 6 top games in their repertoire (Identified through the surveys, p.22). The recruitment process has been also taken seriously (Kleiner, 2002) by the company which has ambassadors/translators for the Swedish and Russian markets which are going to be reached as soon as possible. No capital allocations have been done yet for this purpose as these new recruits have not started to contact potential customers yet, but will be paid based on the deals with the prospect brought in. Moreover, marketing strategies, social media management and promotions are still made by business developers, although a marketing manager is being searched for to take over these tasks (Resnick, 2016).

The way to go is still long, but the few capital allocations that have been made to improve technology and products' and personnel's quality have shown very positive results and resulted in additional sales to Italian, English and Finnish customers who have already purchased the new version of the simulations and were left very satisfied with the experience. The next steps regard the allocations of capital into the new platform to export all of the remaining simulations, in order to have a wider selection of choice for the prospects, as well as the increasing recruitment of ambassadors to conquer new markets. For marketing and promotions, no allocations have been made yet as the excess capital is not enough to manage big strategic marketing approaches (Hoang, 2018), which as of right now are just restricted to social media (Husain, 2016). However, managers do believe that this is the right path for Management Utilities to achieve organic growth and are working towards making the final capital allocations possible.

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## APPENDICES

### 1. SURVEY

Nr	Question	Type of question
1	Which Simulation you have participated to?	Multiple Choice
2	How do you evaluate the simulation?	Scale 1 to 5
3	How do you evaluate our support?	Scale 1 to 5
4	How do you evaluate our supporting material?	Scale 1 to 5
5	What did you learn?	Open Question
6	What could be improved?	Open Question
7	Would you do it again? Why?	Yes or No + Open Question

Sample of 400 Students (circa) who have played of 20 different simulations in several different editions.

### 2. INTERVIEWS

1	What can be said by analysing the answers in the survey?
2	What studies from the theoretical framework can be useful to the company?
3	What capital allocations can the company do to improve its turnover, sales, and conversion?

Questions in the interviews to the Founder, IT Manager, Business Development Manager and CEO.