Chapter 9: Ways to use Business Simulations

Content

Introduction

This chapter describes ways in which computerised business simulations can be used for executive development. It is based on my Churchill Fellowship study where I analysed why companies used business simulations on their courses and had discussions with course designers, trainers and HR executives in the UK, Europe and the USA. Ways of using are as follows:

- **COURSE FINALE**
- **COURSE STARTER**
- **COURSE THEME**
- **TO REINFORCE A TOPIC**
- **AS A "BREAK"**
- **STAND ALONE**
- **CONFERENCE GAME**
- **DEVELOPMENT/ASSESSMENT CENTRE**
- **SPARE TIME LEARNING**
- **GRADUATE RECRUITMENT**
- **PROMOTIONAL CONTEST**

For each the main reasons for use are listed and discussed. Example or examples of actual use are provided. Practical issues are listed and practicalities discussed together with how the simulation links to other learning.

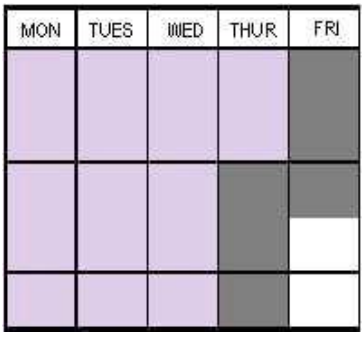
Although each section is designed to stand alone, it may be useful to read the "Course Finale" section first.

Suitable Simulations

Simulations should be chosen based to match their content with development objectives and the time available.

For one-week courses, typically from half to a day is budgeted and suitable simulations range in complexity from simple to intermediate. For general management simulations, the number of decisions made each period range from three or four (simple) to between nine and a dozen (intermediate).

For two-week or longer courses the budget is between one day and two and a half days. So, intermediate to complex simulations can be used. Complex simulations involve making a score or more decisions each period.



COURSE FINALE

The most usual use of simulations for executive development is as the ending session on general management courses. Here they serve to:

- **INTEGRATE THE COURSE**
- **EXPLORE DYNAMIC INTERACTIONS**
- **REVISE, REVIEW AND REINFORCE**
- **ACT AS ENDING "EXAM"**
- **STIMULATE AND EXCITE**
- **PROVIDE A MEMORABLE "HIGHLIGHT"**

Integrating the Course

The typical general management programme consists of several different sessions covering different business topics and management skills. Except for the most basic business appreciation course, different subject specialists present these sessions. Yet, a key general management development need is to understand the whole business. A

general management simulation covering finance, marketing and operations with its team working, planning and strategic management bias integrates all these course sessions.

Explore Dynamic Interactions
Besides integrating subjects the use of the simulation demonstrates the complexity of business in terms of the dynamic interactions between functions, products and markets. For instance, although price changes may have an immediate effect on sales, promotional changes will not. Increasing growth may or may not effect profitability depending on the relationships between fixed and variable costs and capital. Increasing profits may be attractive but may not be viable because of liquidity. All these and other interactions can be described but, until faced with "real" problems, the implications often do not register.

Revise, Review & Reinforce
The time pressure and mix of delegates on a course often means that participants believe that they understand a topic when, in actuality, they do not. For instance a financial exercise (such as Financial Analysis) at the end of a financial appreciation course or at the end of the finance module on a general management programme serves to identify "gaps" in the executives financial understanding. Often, one discovers that participants do not fully understand profitability and liquidity and, faced with a high level of capital gearing (leverage), not only do not understand the implications in terms of bankruptcy risk nor what actions are needed to correct.

Acting as Ending "Exam"
Unlike academic programmes where it is normal to examine students this is unreasonable on executive short courses. The "practical" nature of the simulation allows the tutor to assess participant knowledge. (Simulations are a powerful tool when used in Assessment Centres.) This parallels the revise, review and reinforce purposes but for the benefit of the course director. (The simulation tutor soon discovers which of the earlier course sessions were effective and which were not!)

Stimulating and Exciting
Executives, especially successful ones, are action oriented as anyone who has "lectured" to a group will appreciate. The practical and participative nature of the simulation is synergistic. As a result, even after a long course where the normal working day is from 8:30 am to 10:30 pm, executives will enthusiastically take part in the simulation. Once, after briefing a group after dinner, four groups worked until 2.30 am, a further group until 4.30am and the final group, in shifts, all night. It is advisable to define firmly when you, as tutor, will be available and, if possible, keep you room secret!

Memorable "Highlight"
It is desirable for executives to leave a short course with a feeling of well being. As paying customers they will demand value for money. Therefore, all sessions, especially the last one must be satisfying. Simulations are this. However, this is a two edged sword. On several occasions, where individual sessions have been less than desired, a simulation as "saved" the day (I shall not cite instances). Equally, a badly managed simulation, one that is too complex or too simple or does not address the course content can be disastrous.

Examples of Course Finales

1. Technique was developed for Philips BV to provide an integrating session on their two week Advanced Management Course. The business simulated was a generic high technology manufacturing business and involved product design, marketing, operations and finance. These, coupled with the team working aspects of the simulation and formal planning meetings and a "board presentation", ensured that the simulation revised the whole course.

2. SMART, developed for Ashridge Management College, was designed to integrate a marketing management programme. As such it focused on the marketing mix, how

this interacted and the financial consequences of marketing action. To make effective decisions marketing research was necessary. Thus the simulation integrated the separate sessions on pricing, promotion and communication, market segmentation, product offering, marketing research, etc.

Linking with Other Learning

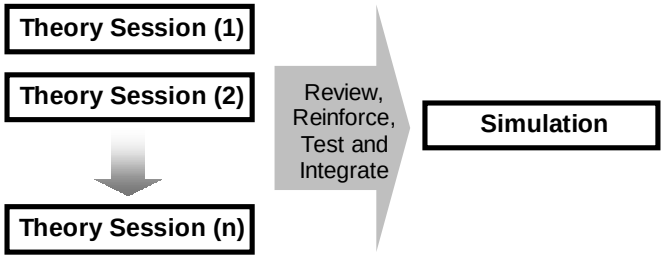


Figure 9.01: Course Finale linked to the course

Practical Issues

- **INTEGRATION**
- **KNOWLEDGE NEEDS**
- **MOTIVATIONAL ISSUES**
- **TEAM FORMATION**
- **TEAM SIZE**
- **PERCEIVED COMPETITION**
- **FACILITIES**
- **COURSE DINNER**

Integration

To integrate the course the chosen simulation must match the course learning objectives. The simulation tutor needs to know both the content and the learning effectiveness of proceeding sessions.

Knowledge Needs

The very fact that the session revises, reviews and reinforces preceding sessions and acts as an ending exam means that weaknesses in previous sessions and participants" knowledge are identified. This provides an opportunity for correction but also places a burden on the tutor. He or she may need wide ranging business knowledge if remedial work is to be done successfully and is perceived as such.

Motivational Issues

Participants may view the simulation as a "game" rather than a learning experience. This is especially likely if earlier sessions have been unsatisfactory. During the briefing the tutor should emphasise the student directed perspective of the simulation. It should be emphasised that it will not be possible to make perfect decisions. The simulation provides an opportunity to test understanding and organise knowledge in a "risk free" environment. Often, participating is an emotional experience. Therefore, team formation should allow for any problematical course members.

Team Formation

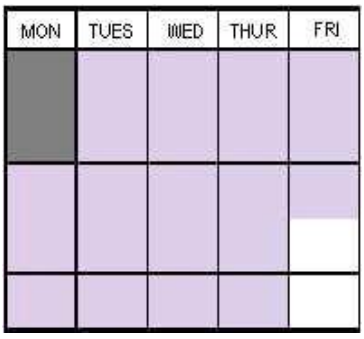
Teams should be balanced in terms of knowledge, functional experience and personality. Perhaps the most important is functional experience. If teams perceive they lack the necessary functional skills they will be demotivated. This is despite, for instance, marketing and financial content was fully covered by the course. There are several psychological instruments that help team formation that may have been used on earlier course sessions. However, experience suggests, especially on in-company courses, that there may not be a sufficient mix of psychological styles for this to be useful.

Team Size
Depending on the simulation, team sizes should be between four and six. Below four the workload will be too great. Above six team-working will be chaotic and individuals may dissociate themselves from the rest of the group. If the simulation is interactive there should be three or more teams to ensure a reasonable level of interaction. (If there are only two teams the tutor can always run a dummy team taking passively reactive decisions.)

Perceived Competition
Any syndicate activity, whether it is a role play, case study or simulation, will engender competition. The quantitative thrust of simulations means that performance can be assessed in "hard" objective terms. Thus teams may perceive that they are losing. This will be demotivating. It is important not to choose a winner and to discount and discourage this aspect. This cannot be totally successful. However, both during the simulation and during the review it is always possible to identify strengths in the losing teams and the weaknesses of the winning ones!

Facilities for Course Finale
Although the simulation will be briefed and reviewed with the group as a whole in a large room, most work will be done with the teams in individual "board rooms". These allow teams freedom to discuss (and argue). If each team chooses an appropriate team name and this is displayed on the door of their "board room" this increases their sense of "ownership". Ideally, the syndicate rooms should be clustered around the master computer facilities. Each syndicate room should have the usual facilities (flip chart, etc.).

Course Dinner
It is quite usual for a course to end with a formal course dinner. Even if this is not so course delegates like to celebrate the course end. If the timetable is such that this dinner or celebration occurs in the middle of the simulation this should be considered. Delegates, on the morning after the dinner, are likely to have some of their faculties impaired. Obviously, this will affect learning no matter the ending session. To some extent, the use of a simulation limits damage. Knowing the risk, teams will prepare for the morning on the previous day (and therefore exercise their planning and forecasting skills). The competitive nature of the simulation may encourage a degree of abstinence. Even if individuals are operating at less than full efficiency or are missing there should be sufficient of the team to ensure progress. (It goes without saying that coffee, analgesics, fruit juice and fizzy drinks should be available and appreciated.)



COURSE STARTER

Here the simulation is used at or close to the start of a course to:

- **BREAK DOWN INHIBITIONS**
- **BUILD THE TEAM**
- **RAISE EXPECTATIONS**
- **HELP ASSESS NEEDS**

Break Down Inhibitions
Most, successful, executive short courses are highly participative. This means that inhibitions must be broken down. The stimulating and active nature of simulations does this. Early use of a simulation accelerates breaking down inhibitions.

Build the Team
Competitive team activities help build the course group. Members of individual teams relate to each other. Since, suitable simulations are simple and the activity takes place at

the start of the simulation, the effect of "losing" is not major. If anything, it encourages greater effort in later sessions.

Raise Expectations
The highly participative and student centred nature of simulations helps raise expectations. This is particularly true for delegates, whose previous learning experiences have been pedagogic at school or college. Simulations, by utilising and recognising participants' knowledge and experience, are particularly appropriate for the adult learner. Especially the executive who has industry experience and is in a responsible position. (Obviously, if the following sessions consist of lectures and are non-participative, the use of a simulation at the start of the course is counter productive.)

Help Assess Needs
A particular need for executive courses is to match content against existing knowledge and experience. If course content is simplistic delegates will regard it as a waste of time. Equally, if it is too advanced, then delegates will be equally, vocally, dissatisfied. Course design & style and team working (where delegates share knowledge) are major success factors. However, an early session, which challenges delegates' knowledge can help the tutor assess levels of knowledge and experience and from this, proactively, change the course.

Examples of Course Starters

1. Although designed as the ending, anchor session for financial appreciation courses, the Financial Analysis Exercise has been regularly used at the start of an advanced financial appreciation course. Here it serves to remind of financial knowledge and allow the tutor to assess the level of knowledge. Since the course was designed for non-financial managers, they might have not been able to apply the knowledge obtained from previous courses. Thus Financial Analysis provided crash revision. With any advanced course a tutor needs to adjust the course level to match its delegates actual prior knowledge rather than their perceived prior knowledge.
2. Sales Mix, a simple, three hour simulation, has been used to provide a, business oriented, starting exercise in place of a "tower building" exercise. Besides providing understanding of the links between price & promotion and sales & financial performance, Sales Mix addresses behavioural, team formation and team building issues.

Linking with Other Learning

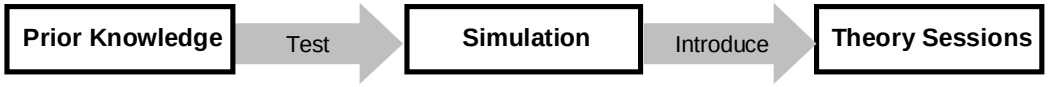


Figure 9.02: Course Starter linked to the course

Practical Issues

- **DIRECT USE OF SIMULATION**
- **TEAM FORMATION**
- **COMPETITION**
- **LOGISTICS**

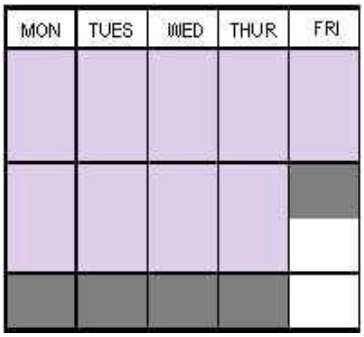
Direct Use of Simulation
Since little time can be budgeted for this activity, suitable simulations involve participants entering their decisions directly into the simulation. This means that teams can enter decisions and receive results independent of the other groups with the model simulating direct competition.

Competition
Despite the model simulating competition teams will see themselves in competition. Where simulations are used in other ways it is generally to attempt to de-emphasise this.

However, this is not necessary here. The "fun" and learning aspects of the session should be emphasised.

Team Formation
Without experience working with participants and before it has been possible to assess fully their knowledge and experience it is not possible to build balanced teams. This rarely causes problems and division on a "random" basis is acceptable. However, it is sensible to split executives from the same company and provide an even mix of genders in each team.

Logistics
Instead of running the simulation with each team using a separate syndicate room it is attractive to run the simulation in one large room. This improves the tutor's ability to assess teams and individuals (having to move between syndicate rooms makes this difficult). If there are any problems with computer use this can be rectified quickly. Working one room allows comparative team results to be displayed on a central black board or flip chart, improving the process and learning. Finally, this form of working emphasises the integration of the group.



COURSE THEME

Here the simulation is spread through the course, acting as a theme and linking subjects. It:

- **LINKS THEORY WITH PRACTICE**
- **PROVIDES A CHANGE OF PACE**
- **ONGOING TEST OF UNDERSTANDING**
- **INTEGRATES THE PROGRAMME**
- **RESULT ORIENTATED LEARNING**

Links Theory with Practice
Learning consists of several stages. Knowledge acquisition on its own is "bitty" and, without application, theoretical. By unifying the simulation with the course, formal session build knowledge and the simulation allows participants to link this with existing knowledge and relate it to the "real-world".

Provides a Change of Pace
The workload on a short course is often very high with executives working from 8:30am nearly continuously until 10:00pm or even later at night. The effect of this, very long day can be reduced by a change of pace. For instance, if the simulation is run in the evening, then this simulates the group that, otherwise, would be tired after a long day.

Ongoing Test of Understanding
By testing understanding as the course progresses the tutor can provide remedial sessions to correct learning problems or increase the pace of the course if the necessary.

Integrates the Programme
The course sessions designed to build knowledge tend to focus on one area of knowledge. This is often stressed by having different session tutors. Using a simulation as a theme integrates these sessions. (Alternatively, the simulation as a course "finale" does the same.)

Result Orientated Learning
The counter pointing of knowledge acquisition with knowledge application emphasises the relationship between learning and its practical use to improve business performance. Since most executives are results oriented, this will be motivating.

Examples of Themes

1. The PROTEST Project Management Simulation was designed to be the theme for the GEC Management College's Winning and Managing Major Projects course.
2. A Management Experience was used to provide a theme for a financial appreciation course. Here it was linked to sessions on basic financial accounts (P & L Account, Cash Flow & Balance Sheet), financial measures, pricing, cost & profit centres, discounted cash flow, standard costing etc.
3. Casino Challenge was developed from the Service Challenge simulation to be used as the theme on a business appreciation course for casino management.

Linking with Other Learning

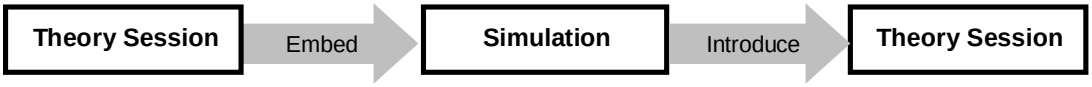


Figure 9.03: Course Theme linked to the course

Practical Issues

- **INTEGRATION & CONTINUITY**
- **TIME TABLING**
- **EMPHASIS**
- **CHOICE OF SIMULATION**

Integration & Continuity

The tutor must ensure that the simulation integrates with the course and continuity is maintained. This involves relating the learning issues raised to the other sessions. This is particularly important if different tutors run the other sessions. Continuity is improved if the tutor running the course runs the simulation.

Time Tabling

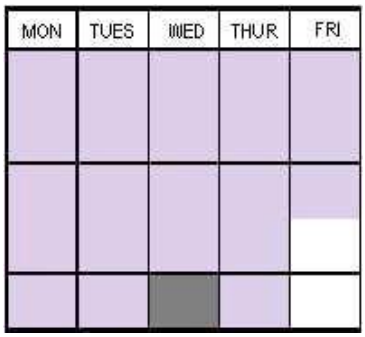
The simulation can be timetabled into the after lunch and after dinner sessions where a stimulating session is required. If decisions are submitted at the end of these timetabled sessions, processing can be done in the tutor's "spare time"! The results should be returned at the start of the next simulation session to ensure that teams do not work on them during the other sessions.

Emphasis

A problem is that the simulation's active, participative nature may contrast unfavourably with other sessions and may become the tail wagging the dog. As suggested above, working on the simulation should be constrained to the sessions time-tabled. This can be done by not returning results before the start of the next simulation session. Additionally, the tutor running the simulation and the tutors running the other sessions should link the two.

Choice of Simulation

The simulation chosen can be more complex than suggested by the time budgeted suggests. This is because teams will have time, probably subconsciously, to reflect on the simulation. Also, integration means that issues will be raised during other sessions. The processing of decisions and printing of results in "spare time" does not waste time.



TO REINFORCE A TOPIC

A short simulation is used instead of a case study or discussion to:

- **REINFORCE LEARNING**
- **TEST UNDERSTANDING**
- **ADDRESS QUANTITATIVE ISSUES**
- **EXPLORE BUSINESS DYNAMICS**
- **CHANGE PACE**
- **STIMULATE**
- **COMPLEMENT CASE STUDIES**

Reinforce Learning

Knowledge acquisition is only part of the learning process. It is necessary for new knowledge to be used and linked to existing knowledge and experience. Case studies, role-plays, discussions and simulations do this.

Test Understanding

A good presenter can make course delegates believe they fully understand a subject but unless, this understanding is practically tested it is not proven. If this testing occurs "on the job", possibly several months later, remedial action is not possible. By following knowledge building sessions by practice sessions, understanding is tested and the tutor can take remedial action.

Address Quantitative Issues

By their nature simulations are number based. With the computer doing the necessary arithmetic executives can concentrate on the implications of their actions rather than do arithmetic. This is not to say that, in some circumstances, it is necessary for participants to do arithmetic. For instance it can help learning if some calculations are done once to ensure participants fully understand how the results are derived.

Concentration on implications is an essential factor. Often, while teaching statistics for instance, all the emphasis is computational. This concentration on implications ensures that the executive can relate the session to the "real world" job. If this is not done the session may be perceived as a waste of time and, consequentially, learn little from it.

Explore Business Dynamics

Business is not static. Actions taken yesterday have an effect today or even tomorrow. New products do not appear instantly, promotion takes time to percolate into the market, and inventories cannot be beamed, instantly, like a Star Trek actor to the four corners of the world. Because simulations are time based these dynamics can be explored in a way impossible in lectures and case studies.

Change Pace

Often, in the interest of efficiency, there is a tendency to have heavy periods of knowledge input. Changes of pace both refresh delegates and provides an opportunity to reflect, think and discuss concepts and issues. The change of pace provided by simulations is particularly effective since the work is practical and active (rather than passive and theoretical).

Stimulate

The practical, active test and challenge provided by a simulation also stimulates - both thought and morale.

Complement Case Studies

Case studies are immensely powerful at exercising participants' ability to analyse critically a business problem and the recommendation of solutions. Except the discussion, during the review, of what actually happened, they do not address the implementation of the

proposals. Further, they often emphasise the qualitative aspects of management at the expense of quantitative aspects.

Simulations complement this. The emphasis is on implementation, decision-making and control, with results being measured in quantitative, financial terms. To ensure a balance, courses should include both case studies and simulations.

Examples of Reinforcement Use

1. A simple production management simulation (Operations) was used half way through an Accounting for Managers course (an appreciation level course) explore financial forecasting, budgeting, control and costing.
2. A planning simulation (Market Strategy) was used to explore the links between marketing and finance on a market strategy and business development course. This, after a series of sessions on finance, allowed participants to explore the links between price, promotion, product performance, inventory availability and debtor policy on sales revenue, profits, profitability and cash flow. Financial measures including return on investment, residual income, net present value and internal rate of return.

Linking with Other Learning

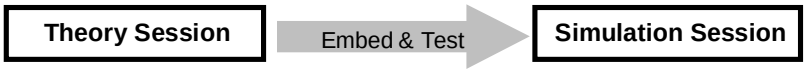


Figure 9.04: Reinforcing a Topic

Practical Issues

- **DURATION & TIMING**
- **DIRECT USE OF SOFTWARE**
- **MANAGING THE PROCESS**

Duration & Timing

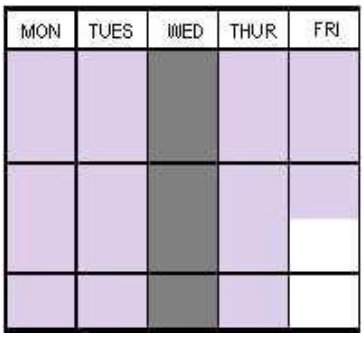
The amount of time that can be budgeted for reinforce a session is very limited. This means that simulations must be simple, lasting from two to three hours. This duration, half a day or less, means that the simulation can be used in a morning or afternoon. Another, attractive option is evening use after dinner. (Delegates are usually willing to work after the normal ending time.) If the simulation is briefed just before meal breaks, participants can reflect, think and discuss during the meal saving further time.

Direct Use of Software

Short durations and time pressures means that suitable simulations are non-interactive where teams' decisions do not affect the results of others. These usually involve teams making direct use of a microcomputer. Each team must have access their own microcomputer and printer or share one with one or two other teams. Sharing can be beneficial since teams are forced to think and discuss between using the simulation (rather than "playing" with the computer).

Managing the Process

The main problem facing the tutor is to ensure that each team spends enough time reflecting, forming concepts and discussing. There is a tendency for teams to become mesmerised by the computer and, thoughtlessly, ask what-if questions. If the simulation does not limit active experimentation then the tutor must "drag participants screaming and kicking from the microcomputer" and encourage them to discuss and think!



AS A "BREAK"

A simulation may used to divide a long course into two parts. It is used to:

- **OVERCOME THE "ENERGY GAP"**
- **SEPARATE TWO PHASES**
- **TEST UNDERSTANDING**
- **AS A WEEKEND TASK**

Overcomes the "Energy Gap"

In the middle of most longer courses (those lasting two or more weeks) delegates tire and learning diminishes. Sessions at this time must help overcome this. The active, stimulating and student directed nature of simulations overcomes this "energy gap".

Separates Two Phases

Using a simulation lasting a day or so provides an opportunity to separate clearly the two phases of a course. An example of this is described below. This clear separation helps where subject matter and therefore teaching processes change. Where a long course consists of several, separate, residential periods, a simulation provides a link between these.

Tests Understanding

The simulation can be regarded as a "mid-term exam". If a lack of understanding is suggested this can be remedied either by personal tuition (where individuals have problems) or additional group sessions (where there is a more general problem).

Weekend Task

Working course members over a weekend is an interesting experience. Even those who normally would not take an interest in sport, their family or working around the home develop compulsive interests in these! Yet, especially where delegates have come a long way to the course, there is a need to work them over a weekend. Weekend working also increases the effective length of the course. Most one-week courses consist of only four and a half working days. Yet, a two-week course, with weekend working, has eleven and a half working days. By providing a student centred, stimulating and, possibly, competitive weekend activity dissonance is reduced.

Examples of Use as a Break

1. A two-week international management course was structured so that team working and the behavioural aspects of management were covered in the first week and strategic, financial, operational and marketing aspects in the second. The INTEX simulation run over the intervening weekend provided a link between the two weeks. Also, its active nature meant that weekend working was stimulating and the time passed rapidly. (INTEX was designed for the Benson & Hedges Management Challenge in the Arabian Gulf. Therefore it addresses the issues of management in a rapidly developing nation.)
2. RESERVE was developed for use about two thirds of the way through a course for senior scientific and engineering staff. To provide a break and a link between research and development and commercial success, RESERVE helped the course participants understand and appreciate this.

Linking with Other Learning

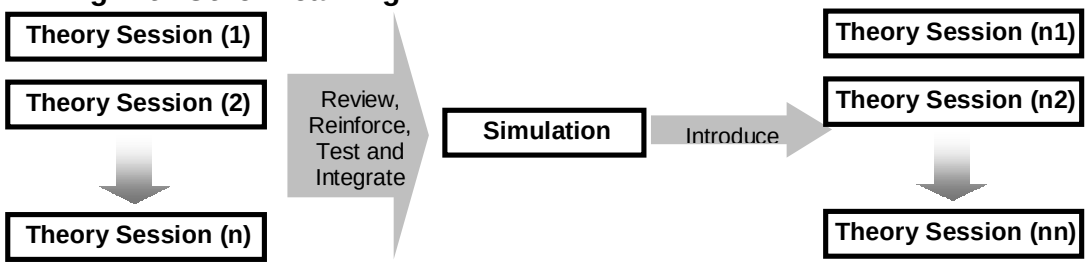


Figure 9.05: Linked two parts of a course

Practical Issues

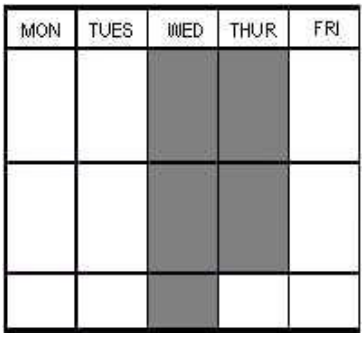
- **POSITIONING**
- **INTEGRATION**

Positioning

The simulation should be positioned to act as a natural division between different parts of the course, or to provide an opportunity to refresh and test understanding. On longer courses running the simulation over a weekend is particularly attractive.

Integration

The simulation must be integrated into the course structure. Its tutor should be able to link it with proceeding sessions. Also, it can provide a foretaste of later sessions. Tutors running later sessions should be informed of these expectations and told of learning needs.



STAND ALONE

Pressure on the efficient use of executives' time means that there is a move towards shorter courses and e-learning (personal development). But, certain learning activities are not fully or effectively addressed in this way. A stand-alone simulation provides an opportunity to:

- **INTEGRATE PRIOR LEARNING**
- **SHARE KNOWLEDGE & EXPERIENCE**
- **CHALLENGE UNDERSTANDING**
- **REVISE LEARNING**

Integrate Prior Learning

By separating training into short, one or two day courses coupled with e- learning (personal development) there is a tendency for each course to address separate knowledge needs. These courses may be seen as separate entities. But management, especially general management, also requires the combination of knowledge.

Share Knowledge

Distance learning can be a lonely activity. If issues are discussed it is with the computer rather than with other executives. To balance this there is a long term need for executives to get together (on courses, at conferences and using a simulation).

Challenge Understanding

In contrast to integrating previous learning the simulation challenges participants' understanding. This means that both the tutor and participants can assess their development needs. This information can be used to decide future development - whether this is general or individual.

Revise Learning

People forget. By running stand-alone simulations at regular intervals participants are reminded of past learning. This is particularly useful in areas that are peripheral to the executive's current job. For instance, an executive from marketing or operations may

have attended a financial appreciation course. This, financial, knowledge may not be exercised on the job and therefore will be forgotten.

Examples of Stand Alone Use

1. The Forecast and Control simulation was developed for Henley Management College for a course for regional sales directors of the ICL (the Computer Company). The simulation provided the sales directors with the opportunity to analyse sales trends, forecast and then be measured on the accuracy of their forecasts. The alternative was to "lecture" on forecasting and the costs of poor forecasts.
2. The Distribution Challenge was used as a stand-alone session at the end of a management development programme. This programme consisted of a series of individual short (two day) courses and self-development modules. Distribution Challenge was used to denote the end of the series, integrate the session and allow participants to identify their future development needs.

Linking with Other Learning

Figure 9.06: Refreshing prior knowledge and finding learning needs

Practical Issues

- **NECESSARY KNOWLEDGE**
- **ACCOMMODATION**

Necessary Knowledge

A power of simulations lies in the way they allow participants to apply their knowledge and experience practically. This builds understanding and integrates knowledge. On a business course the course tutor has a view of this knowledge base. But, where a simulation is used as a "stand alone" session the tutor has no prior knowledge of participants' knowledge and experience. He must attempt to assess this based on the participants' previous course attendance, managerial position and the organisation they work for. If a third party (personnel officer, training manager or training consultant) provides this information the skills and experience of participants may be overstated!

Accommodation

Accommodation may be a problem. The simulation may be run in a hotel or even in company offices. Syndicate rooms in hotels usually range from poor to totally unsuitable (this is especially true if they are converted bedrooms). They may be too small, with inadequate lighting, no provision for displaying information on the walls and geographically spread in the corners of the hotel. In-company offices often suffer from the same problems. Additionally, telephone calls (both received and made) can disrupt the process.

CONFERENCE GAME

Team-working challenges are attractive events at business conferences. But, often these have little relevance to business. In contrast the Conference Business Game retains the team building elements but adds a business success dimension. It provides:

- **TEAM WORKING**
- **PROBLEM SOLVING**
- **DEVELOPS RELATIONSHIPS**
- **BUSINESS ORIENTATION**
- **PROFIT EMPHASIS**
- **SAFE**
- **STIMULATING & MOTIVATING**
- **DEVELOPS COMPETITION**
- **SKILLS ASSESSMENT**

Team Working

Team working activities are attractive events at business conferences. However, often, they have no business relevance. The conference business game combines the two. Where each member of a sales force works in isolation and where there is little face to face contact with "head office" team working and building is very important.

Problem Solving

Simulations involve participants comprehensively in "problem solving". During the simulation teams must assess the need to take actions, generate options, evaluate these and choose the "best". The simulation model will implement this. Following this, teams must assess whether the solution is successful and change it if necessary.

Develops Relationships

The purpose of many conferences, especially sales conferences, is to provide an opportunity for executives to meet, build relationships and "network" with fellow executive with whom they had only spoken to on the phone or via Fax. Team formulation can be done with this in mind.

Business Orientation

Simulations involve working on a comprehensive mix of business problems (finance, marketing, operations, behaviour etc.). Thus they differ from other participation events (such as bungy jumping, go-karting, paintball, inflatable sumo wrestling etc.).

Profit Emphasis

Beyond the business orientation aspect of Conference Games they are concerned with money - profits, profitability and cash flow. A common need at sales conferences is to explain and emphasise to the sales force the need for profitable sales rather than just making sales (growing unit sales volume no matter what!)

Safe

Many executives are not as fit as they could be, should be or as they believe. Physical, team-building activities are not without risk. If business or peer pressure is high these activities can be positively dangerous. In contrast the Conference Business Game still challenges team working but thorough mental faculties rather than physical strength and stamina. A challenge that is, perhaps, more appropriate for the successful businessperson.

Stimulating & Motivating

The competitive and active nature of a Conference Business Game is very stimulating. Teams will become very involved even to the extent of working on the game rather than visiting the bar - surely the ultimate test of involvement on a business conference!

Develop Competition
In contrast to formulating teams to develop relationships, teams can be formed from individual business units. This helps build the unit's team and competitive spirit.

Skills Assessment
The business oriented, team working and problem solving nature of simulations challenges delegates and provides an opportunity for senior management to observe staff "in action". (Simulations are also used in formal Assessment Centres). If the apparent role of the senior management is to "coach" teams the assessment dimension can be disguised. (Disguising is sensible since, otherwise, conference delegates might be constrained and not have fun!)

Examples of Conference Use

1. Sixty delegates from an industrial consumables company, divided into two groups of five teams, played a general management business game over one day, with the winning teams being announced at dinner. This action oriented business activity contrasted with the previous conference where lectures although informative had been perceived as boring.
2. Forty plus delegates from the marketing department of an FMCG manufacturer played a marketing strategy management game to kick off a three-day conference.

Linking with Other Learning

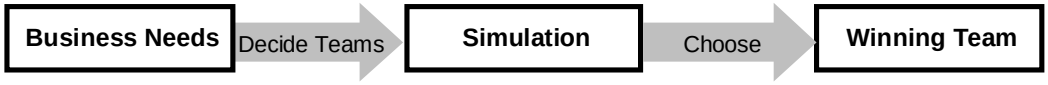


Figure 9.07: Conference session focussing on business needs and success

Practical Issues

- **NUMBERS**
- **ABBREVIATED TIME TABLE**
- **FACILITIES**
- **THE "TEAM"**
- **CHOOSING A WINNER**

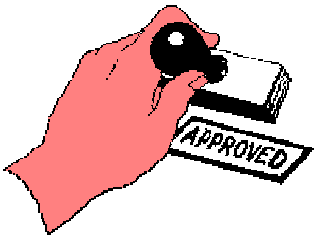
Numbers
On a course a simulation may be run with twelve to thirty delegates. At a conference the numbers may be from forty to a hundred or more. This may require several games to be run in parallel. This, coupled with an abbreviated timetable, demands experienced tutors and careful planning.

Abbreviated Time Table
Although conference use is a learning experience this is usually not the prime purpose. This allows the period between decisions to be shortened and the number of periods simulated abbreviated. For instance, on a course, the decision cycle might be one hour reducing to thirty minutes with eight periods simulated. The same simulation, on a conference, would involve decision cycles reducing from forty minutes to twenty minutes and only six or five periods simulated. Finally the review and debriefing period can be shortened to a few minutes. This means that it may be possible to halve the duration of the simulation. However, the increased number of teams and logistics must be considered.

Conference Facilities
Although conference games can make use of separate syndicate rooms there are advantages in running the simulation with teams sitting at separate tables in one large room. This reduces privacy and the ability to use flip charts but, significantly, simplifies control of the event and speeds the process. (This is particularly true where, in a hotel, the syndicate rooms are widely spread.)

The Directing "Team"
On a course a single tutor might run the simulation. At a conference, the additional numbers and tight time table means that several tutors may be required. For the sixty delegate example the team consisted of three and for the forty delegate example two. All were kept very busy and had little time for coaching and assessment. The coaching and assessment role can be usefully provided by senior management (who otherwise would expect their team to win!)

Choosing a Winner
Unlike short course use, where it is not usual or desirable to choose a winner, it is normal to choose a winning team at a conference. This choice of winner can either be based on a single objective measure or more subjectively based on several measures. The single measure approach is quick and clear but it will lead to most groups developing the same strategies, attempts to "beat" the game and may be demotivating for the losers. Using several measures to assess past, current and future performance about profitability, growth and survival is a more realistic measure of "business success". Further the range of measures means that most teams will have some areas of strength.



ASSESSMENT CENTRES

Simulations provide a powerful way of testing a businessperson's business acumen, identifying development needs and promotion potential. On Assessment Centres they:

- **TEST A WIDE RANGE OF SKILLS**
- **ARE HIGHLY INVOLVING**
- **REDUCE PRESSURE**
- **HAVE A TRAINING DIMENSION**

Skills & Knowledge Assessed
The skills and knowledge tested by simulations can include:

- **BUSINESS SENSE**
- **DECISION-MAKING**
- **VIGOUR**
- **PERCEPTIVE LISTENING**
- **FLEXIBILITY**
- **ADMINISTRATIVE ABILITY**
- **ANALYTICAL ABILITY**

Are Highly Involving
Participants become very involved with the simulation. This means they are likely to behave in a natural manner and be less aware of the assessment process.

Reduce Pressure
Involvement and the adrenaline of competition means that the simulation can reduce the pressure associated with a development centre.

Training Dimension
Finally, there is the opportunity to debrief the simulation and provide training input.

Example of Development Centre Use

Management Challenge (one of a series of general management simulations) is usually used at the end of a business appreciation course. However, in an accelerated manner, it has been used at middle management development centres. Thus, a simulation usually lasting a day, was run in half a day at the development centre. It provided, for teams of four delegates, a pressurised test of their business acumen (as above).

Linking with Other Learning

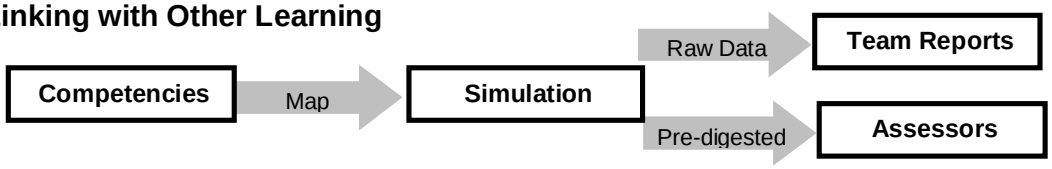


Figure 9.08: Using a simulation to assess competencies

Practical Issues

- **TIME TABLE**
- **MANNING THE ACTIVITY**
- **SUPPORTING THE ASSESSOR**
- **FACILITIES**
- **LEARNING EXPERIENCE**

Time Table

Development centres are expensive. Simulations can take considerable time. These conflict. However, it is possible to accelerate a simulation and position it on the development centre so that it is economically viable. If the group is briefed, prepare and make their first decision after dinner, the rest of the simulation can be run the following morning with a short debriefing at or immediately after lunch.

Manning The Activity

Besides the assessors, the team running the simulation should consist of two - One experienced with the simulation and its practical use. The other for clerical support, collecting decisions and delivering results to teams and the assessors. The experience with using the simulation is important because delays cannot be allowed to waste time and because of the image presented to the assessees.

Supporting the Assessor

The assessors should be provided with copies of the reports received by the teams. The assessors should receive further information high lighting the issues that teams should be considering (strengths, weaknesses etc.). Thus the assessors have pre-digested information that pre-identifies problems and allows them to concentrate on observing the assessees.

Assessment Centre Facilities

The syndicate rooms must be close together and to the simulation control room. Equipment in the control room should not only consist of the microcomputer and printer but also, if possible, include a photocopier. Also, if the printer allows it, three-part paper should be used to print results.

Learning Experience

A short review at the end of the simulation provides an additional learning dimension to the activity. This is generally perceived by the executives being assessed as a major benefit.

SPARE TIME LEARNING

The increasing pressure to reduce costs and improve learning efficiency while maintaining learning effectiveness leads to running simulations in "spare time". Where costs are minimised by running over several months with participants meeting after work for a few hours each week. These simulations are used to:

- **IMPROVE & REFRESH LEARNING**
- **SHARE KNOWLEDGE & EXPERIENCE**
- **BUILD & MIX TEAMS**
- **MINIMISE TUTORING**
- **USE SPARE TIME**

Improve & Refresh Learning
Classically, training consists of sending executives on short courses and relying on them to remember what they learned. Even if this is backed by distance learning packages this is done on a voluntary, individual and, often, unmanaged basis. With simulations, there is the opportunity to improve and refresh knowledge without the heavy cost of a course or the uncertainty of individual development.

Share Knowledge & Experience
Personal development though distant learning or CBT is a lone activity. The complexity of business and management requires a wider knowledge base. Working as a member of a group provides this. Also, group working is catalytic, with members triggering each other into thought.

Build & Mix Teams
A general management simulation requires a mix of functional skills. With teams being made of executives from different functions (such as finance, operations, marketing etc.) there is an opportunity to build contacts outside one's own function (often for the first time). Not only does this provide a rich mix of skills but improves understanding of the problems facing others.

Minimal Tutoring
Although it is possible to run simulations with no tutorial input, as described below, to ensure effective learning, a tutor should be involved. However, this involvement is much less than required for a normal course.

Use Spare Time
Much of the work done by participants is in their "spare time". Except the briefing, tutor visits and the review, work can be done outside office hours. Thus, unlike conventional courses, participants are not off-the-job and there are little or no accommodation costs.

Examples of Spare Time Use

1. Global Operations was run to provide members of a small business club the opportunity to experience running a business. Except the briefing and review where all the teams met together, participating teams met one evening every two weeks. During this phase the teams had a telephone help line and were expected to provide short explanations of their strategies and objectives.
2. FINESSE was developed for Barclays Mortgages, General Insurance, Life and Pensions, to run a 'virtual' business in a competitive market place.

Linking with Other Learning

Figure 9.09: Refreshing and developing knowledge for *free*

Practical Issues

- **DISTANT LEARNING**
- **TUTORING/MENTORING**
- **COMPLEXITY**
- **TELEPHONE/FAX/E-MAIL SUPPORT**
- **TUTOR SUPPORT SYSTEM**
- **MANAGEMENT CONTEST**

Distant Learning
Probably the key business resource today is people. To capitalise on this resource it is necessary to develop and refresh skills. Unfortunately, skills development, especially on residential courses, is costly. To reduce this there has been a move towards distance

learning where executives develop their skills in their spare time. Although effective for many skills areas, distance learning is a lonely activity and does not provide an opportunity to share ideas. Sharing ideas is important for management development where, at best, the subject is nebulous. The "spare time" simulation is a hybrid. It lies between distance learning and residential courses. It has many cost benefits of distance learning but with the learning effectiveness of a tutored course.

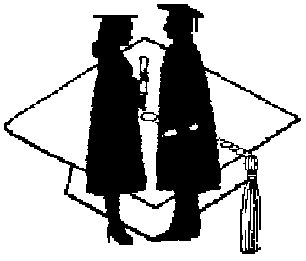
Tutoring/Mentoring
Although it is possible to run this activity with no tutor involvement, this does not ensure learning. It is suggested that the tutor should be directly involved towards the start of the activity, once during the simulation and at a review session. Throughout the simulation telephone support should be provided. Involvement at the start of the simulation might be a briefing for the group as a whole. Or the tutor might arrange to visit each team in turn after they have stated their preparing their strategies, organised themselves and set initial objectives but before they have made their first decision. Half way through the simulation, perhaps at year-end, each team should be visited and required to present a management plan. At the end of the simulation the group as a whole should meet with each team making a presentation. An alternative is for a senior manager to mentor each remote group.

Complexity
In order for the simulation to challenge the participants it must be quite complex with several dozen decisions being made each period. This level of complexity is necessary because although the group may only be meeting for only an hour or possibly two each week they will be reflecting on the simulation at other times. Therefore a simulation that might be too complex for short course use would be suitable here.

Telephone/Fax/E-Mail Support
Because of the complexity of the simulation and to ensure that the tutor remains in contact, telephone/fax/e-mail support should be available. The telephone support must at fixed times, otherwise the tutor will be constantly interrupted!

Tutor Support System
The design of the simulation can help. If, beside normal team reports, a series of reports are produced that explain results, identify weaknesses etc. This simplifies telephone support, the identification of learning and, possibly, motivational problems and forms a basis for the review.

Management Contest
Motivation to take part can be increased if a "winning" team is chosen and receives a small prize and a trophy.



GRADUATE RECRUITING

A simulation is sponsored by an organisation for prospective graduate employees to:

- **PROVIDE BUSINESS APPRECIATION**
- **BUILD RELATIONSHIPS**
- **ASSESS CAPABILITIES**
- **BUSINESS APPRECIATION**

Many students have no experience of business. Thus an activity that provides this experience and understanding is particularly beneficial. Because students are likely to have very limited business knowledge it helps if each team has a company "coach" to help them. It also helps if there are several presentations where company executives discuss management issues.

Build Relationships
The coaching and formal presentations help with this process. Additionally, company executives can join the group for meals.

Assess Capabilities
The academic prowess of a student does not, necessarily, show how well the knowledge will be actually applied. Nor does it show how well the student will fit into the organisation. By observing prospective employees solving business problems and making decisions this risk is reduced.

Example of Graduate Recruiting Use

A large high technology company sponsored a two-day business appreciation course each autumn. A business simulation took up about half a day of this course. The rest consisted of a series of presentations by senior management describing the company and management issues.

Linking with Other Learning

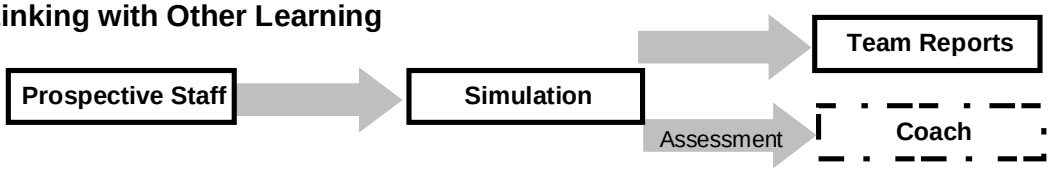


Figure 9.10: Enthusing and assessing prospective staff

Practical Issues

- **VISITORS & TUTORS**
- **MATURITY & BACKGROUND**
- **COACHING ROLE**
- **SUPPORTING THE COACH**
- **TIMING**

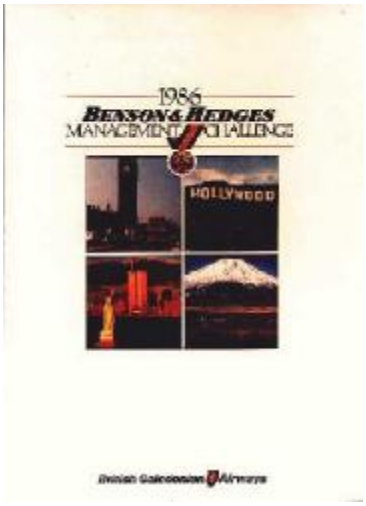
Visitors & Tutors
One purpose is to allow prospective employees to meet with the sponsoring organisation's management. Management can join the group at meals, act as "coaches" during the simulation and make presentations about business and the organisation. The coaching role is briefly described below. Since middle managers are not all good at presenting this is a risk area. To minimise this risk these sessions should be rehearsed and input obtained from a professional trainer.

Maturity & Background
Because of their age and lack of decision making experience participants there is a risk that participants treat the simulation as a "game". Also, often, the target audience is not studying business - they may be scientists, engineers, economists or even arts graduates. Thus participants need to be coached and receive advice.

Coaching Role
The coaching role is vital. A company employee as coach or mentor with each team. This coach provides the business advice that is necessary because of the graduates' lack of experience and, possibly, knowledge. This builds the relationship and provides an excuse for the staff member to observe and assess participants.

Supporting The Coach
The coach should be provided with copies of the reports received by the teams. The coaches should receive further information high lighting the issues that teams should be considering (strengths, weaknesses etc.). This allows the coaches to be forewarned of problems and be able to advise their team proactively. The pre-digested information also helps the coach explain results. This ensures that the coach is seen to be an expert!

Timing
Pressure of final exams means that it is best to run the course in the early part of the final year. This might be at, or towards, the end of the autumn term.



PROMOTIONAL CONTEST

Management Contests involve the sponsoring organisation partially, or fully funding a management contest for customers and prospective customers or to build corporate image. They provide:

- **DIFFERENT SPONSORSHIP**
- **SPECIFIC TARGETING**
- **PRESTIGIOUS ACTIVITY**
- **SYNERGY WITH SPONSOR**

Different Sponsorship

Traditionally, sponsorship has been concerned with recreational interests - sport, the arts etc. But, Management Contests focus on vocational needs and so, by their nature, are visibly different from conventional sponsorship.

Specific Targeting

For companies selling goods to business, traditional sponsorship does not focus on their target audience. In contrast, Management Contests focus on business people - executives and aspiring executives. Further, the choice of simulation can focus this further. Thus, an operations based simulation will focus on production executives, manufacturing engineers and buyers. A general management simulation focusing on marketing and cash flow is appropriate for use as a contest for small business people.

Prestige

The "serious" purpose of the simulation reflects the concern the sponsoring organisation has for good management and economic development. For example, a contest run in a developing nation obtained considerable support from industry leaders and one run in the UK obtained government support.

Synergy

The Management Contest's educational purpose and the way it targets contestants means that there is often synergy with the sponsoring organisation. Computer companies have regularly sponsored simulations. Besides the promotional value of the contest (one such contest obtained over eleven thousand-column centimetres of editorial coverage), it builds a relationship between the sponsor and the contestants. At the very least this can be used to build the sponsor's mailing list.

Examples of Promotional Contests

1. To promote and position Benson & Hedges as the cigarette for the successful and aspirational executive, BAT (UK & Export) ran the Benson & Hedges Management Challenge in the Arabian Gulf. With over five thousand participants each year this was, possibly, the largest international management initiative anywhere. Its promotional success was proved by its editorial coverage - an annual figure of more than eleven thousand column centimetres.
2. The Engineer Magazine, with the Engineering Council, the Department of Trade and Industry and a major business school, sponsored a contest that tested participants engineering design and commercialisation skills (TEMEwork). This approach, coupled with a low entry fee, meant that the contest was inexpensive, both for the sponsors and the participants.

Linking With Other Learning

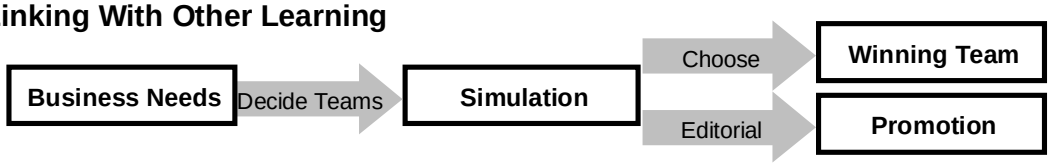


Figure 9.11: Associating your business with business learning

Practical Issues

- **EDUCATIONAL EXPERIENCE**
- **PROMOTIONAL PLAN**
- **DEGREE OF SPONSORSHIP**
- **ELIMINATION ROUNDS**
- **CHOICE OF WINNER**
- **EXPERTISE**

Educational Experience

A properly designed management contest will have significant, real educational benefits for the participants. Thus, even losing teams will gain from the experience. However, the size of contests with several hundred to several thousand participants precludes individual tutoring. The tutor cannot support and advise one team at the expense of any others. Learning can be enhanced through suitably designed software that documents team progress and identified strengths and weaknesses. Another approach is to write a short article at the end of each round that documents the key issues of that round.

Promotional Plan

Although an educational experience and presented as such it is important to plan and resource the promotion. There is a risk that this will not be done and the sponsor or sponsors will not exploit the promotion sufficiently. This promotional plan should include press relations, phased press releases, pre-written local interest stories etc.

Degree of Sponsorship

Sponsorship can range from paying for a completely free contest to the situation where there is an entry fee that pays part of the cost. Where there is an entry fee the sponsors might provide free advertising, accommodation for the finals and prizes. There may be several sponsors - a main sponsor and secondary sponsors providing accommodation, prizes, publicity etc.

Elimination Rounds

Except the smallest promotion, management contests consist of a series of elimination rounds were the number of participants are progressively reduced. Early elimination rounds are usually on an online basis. A final where the remaining teams meet and compete face-to-face follows these.

A very large or geographically spread contest may consist of several postal rounds followed by regional finals and, finally, a "grand final". The regional finals and grand final involve contestants meeting face to face and provide opportunities for press coverage.

The length and format of the elimination rounds is a balance between learning, promotional opportunities and cost.

Choice of Winner

During the elimination rounds success can be based on meeting a few objective criteria. The choice of winner for the finals can be based on this or, alternatively and, perhaps, advisable, on a mix of quantitative and qualitative measures. If the latter is chosen, a panel of judges is needed. This panel should consist of three or four "authorities". These may be academics, business gurus or leading business people.

Expertise

If successful Management Contests provide good publicity. However, if badly run there is a risk of bad publicity. This is especially true if there are significant prizes and recognition. This has implication in terms of the experience and expertise of the team and the choice of simulation.

The number of teams in the elimination rounds means that logistics are key. Postal submissions must be turned around rapidly and correctly. Telephone queries must be answered accurately, completely and quickly. The simulation must be designed to allow for this.

The finals present different problems. Pressure on the contestants and the team running the final can be extreme. To obtain maximum publicity, the press should be present. They have to be managed, encouraged to become involved but not interfere.