

FORCES SHAPING OUR FUTURE

WHY THE HYPE?

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Summary

By allowing your employees a safe environment in which to practice, simulations help you implement your business strategy without risking the real-world consequences of failure. Business simulations collapse the learning curve that is required for workers to acquire skills and vital

experience needed to perform exceptionally in their work. But are simulations merely another flavor of the month, or are they here to stay? More importantly, how do you know what to look for when buying or building a simulation?

Behind the Hype

In the business world, employees encounter steep learning curves during their first year on the job and are less effective than they are likely to be later in their careers. Employers face a retention problem when frustrated new staff members leave jobs at a higher rate than those who have mastered a position over a number of years.

Business simulations offer an innovative new way to answer this challenge. If you have worked in the training industry for any significant period of time,

you may have noticed that the hype surrounding simulations today sounds suspiciously similar to the promises made about previous “flavor of the month” training trends. E-learning, blended learning, computer-based training (CBT), and a host of other methodologies all were supposed to “revolutionize” training and change the way employees learn. Few, if any, lived up to the promises made.

Simulations are Reshaping Today’s Business Training

According to a 2004 Accenture study that examined high-performance workforce issues, seventy-seven percent of executives across all industries are dissatisfied with the progress their training departments are making to align learning strategies with business goals.

One of the reasons for this disconnect is that too many business leaders view training as a temporary fix instead of a long-term strategic solution. Training departments disperse their solutions as strategically as the office manager does office supplies. Businesses see training as a tool like a pencil—important when you need it, but

almost entirely unrelated to the business’ goals or strategies.

Instead of integrating training budgets with the business strategy, companies often use them to fill a gap or react to an emergency. An employee might take a quick e-learning seminar to learn to read a financial statement, but the program is not likely to help her understand the purpose of financial statements, or how her new skill relates to the company’s strategy. “Off-the-shelf” training programs may contain some references to company missions and values, but they don’t effectively go beyond surface compliance to a real

connection with strategic goals.

This disparity between learning experiences and strategic execution is not only common, it's also counterproductive.

At Regis Learning Solutions (RLS), we call this the trainer triage mentality. Trainers address problems that arise with the quickest, cheapest, and easiest solution that will solve the immediate problem, but without a focus on long-term impact. Unfortunately, the triage approach is only good for quick fixes.

Over the last few years, the trainer triage approach has become easier and more tempting than ever. E-learning vendors have created enormous catalogues of on-line courses that equip trainers to react quickly and with very little effort to problems.

This is not necessarily a bad thing; e-learning courses offer solid, temporary fixes, but they should not be viewed as the end of training.

Fortunately, the era of trainer triage and catalog courses is coming to an end. In their place, businesses are focusing on innovative new programs that are directly tied to strategic goals and use experiential learning solutions. One of the most innovative solutions in this area is the business simulation.

The Knowing-Doing Gap

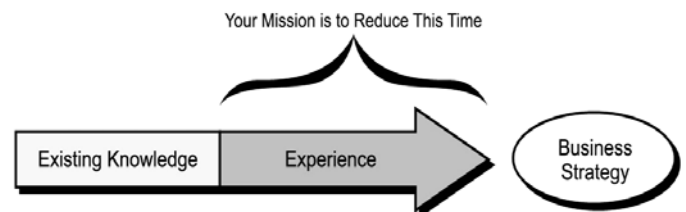
In their book *The Knowing-Doing Gap: How Smart Companies Turn Knowledge into Action*, Jeffrey Pfeffer and Robert I. Sutton call this paradox the Knowing-Doing Gap. Most people know more than they actually can do. In the United States, for example, we know far more about healthy eating and exercising than we put into practice.

The authors relate that many organizations

The purpose of a business simulation is to reduce the time it takes learners to gain a deeper understanding of a business or to acquire new knowledge and skills that will help them effectively execute and evaluate business strategies. At RLS, we coined the term Speed to Performance™ to describe this process of acquiring new knowledge, skills, or attitudes.

Think about it this way: Your business is unique, with many processes, business units, products and services, strategies, goals, issues, and daily challenges. On top of all that, competition continually forces your company to change and improve. In your need to be quicker and better than your competitors, you seek the fastest training solutions available.

However, to truly improve performance in the long term, behavior needs to change. To change behavior, people require practice, which they usually obtain through experience. Quick training programs give your employees the foundational



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provide forty or more hours of training per year for each employee, yet few corporate goals are achieved. Accomplishments are often the result of a heroic effort from twenty percent of the employees, while the other eighty percent fail to apply their knowledge and skills toward executing strategy.ⁱ Why is there such a huge gap?

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Reshaping, continued from p.2

knowledge they need to understand what has to be done, but they will still lack the experience necessary to effectively execute and evaluate their actions. Gaining experience takes time and money, luxuries your business may not have. Thus, your mission is to shorten the time it takes for your employees to gain experience.

Gap, continued from p.2

Pfeiffer and Sutton conclude that fears, beliefs, and lack of structure contribute to the problem. Experience fills the knowledge and comprehension gaps, and eventually builds confidence. Employees need to gain experience in an environment that will allow them to fail, learn from their failures, and try again. That environment must be realistic, presenting real-world problems that elicit real-world emotions. But it must also be safe, so that employees are not faced with real-world consequences for failure.

Simulations create this type of environment. A good business simulation quickly turns existing knowledge into skills by providing a safe environment in which participants can practice.

A business simulation allows employees to develop confidence by observing the effects their decisions and actions have on both specific areas of the business and on the business as a whole. In a well-designed and correctly-applied business simulation, employees learn without the risk of losing customer relationships, risking real resources, or jeopardizing real revenues.

When organizations invest in developing simulations as a primary learning method, it gives way to intense real-world experiences designed to collapse the learning curve. These simulation experiences allow participants to make mistakes in a controlled environment and quickly apply what was learned to their jobs.

i. Pfeffer, Jeffrey and Robert I. Sutton. The Knowing-Doing Gap: How Smart Companies Turn Knowledge into Action. Boston: Harvard Business School Press, 2000.

