

FORCES SHAPING OUR FUTURE

SIMULATIONS BRIDGE THE GAP

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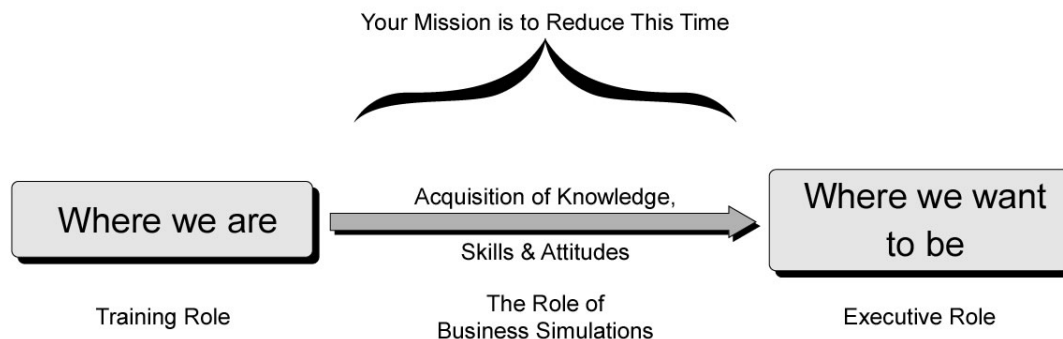
The Role of Business Simulations

It's no longer sufficient for training departments to solve short-term problems; in today's market they need to be partners in developing and implementing corporate strategy. In order to do that, training must not end with teaching skills; it must also demonstrate how those skills relate to operating the business and to executing business strategy. Only when employees really understand how their businesses work and how they fit into the bigger picture will training be successful.

Developing a strategic training initiative must be a joint effort between the executive team and the training department, each bringing their group's specific skills and motivations to the program. The training department specializes in assessing employees' current skills and identifying areas that need development. The executive team, meanwhile, identifies long-term strategy and direction for the company. The role of a business

simulation is to bring these two capabilities together, bridging the gap between where a company is now and where it wants to be. A simulation can only work if a company starts with a clear picture of where it is and where it wants to go.

In addition to accomplishing traditional training objectives (such as imparting knowledge and developing skills), simulations have the potential to reach beyond merely "teaching" workers, strengthening overall organizations by building stronger, more cohesive teams, enhancing cross-departmental coordination and communication, and teaching workers the effects of their day-to-day decisions on the enterprise as a whole.



What Is a Business Simulation?

Business simulation allow participants to:

- Experiment with various parts of a business by making decisions about pricing, advertising, finance, operations, and new product development.
- Develop both a broad and a deep understanding of how the various parts of the business and various business processes depend on and affect each other.
- Apply and improve multiple skills: teamwork, data analysis, forecasting, decision-making, and critical thinking.
- Modify their thinking based on feedback provided by the simulation and by team debriefs.
- Create new skills, ideas, or approaches as a result of practicing within the simulation or through cross-training with other team members.
- Build confidence in their abilities.
- Learn to focus (that is, better understand the distinction between major issues and minor issues).

For example, during several rounds of a simulation, participants receive information (sales figures, financial data, market research, consumer perception data, product supply chain data, etc.) to assist them in implementing the business strategy set by the company's management. Armed with information, they make strategic and operational decisions about pricing, advertising, operations, production, and new

product development—all in an attempt to achieve their assigned goals.

The team makes collective decisions and enters them through a website or other computer interface. The software behind the simulation imitates both their company and the market in which their company competes, using their decisions to calculate how markets move and how certain areas of the business are affected. The simulation then produces a new set of reports, market research, and performance indexes that show how the company is performing.

After each round, the team takes time to debrief and receive input on their overall performance. Did they increase market share? Did their profits go up or down? Did market awareness of their brands increase? How did their decisions in one area impact other aspects of the business? Did they make progress toward accomplishing the business challenge from the board?

They apply the lessons learned in the each round in the next round of the simulation.

A business simulation creates an environment in which participants can actively acquire business operation knowledge, skills, and abilities. Most business simulations fall into one or more of these categories:

- Simulations that create an environment allowing participants to gain a deeper understanding of how their company or various parts of their company work.
- Simulations that model processes or tools,

giving participants the opportunity to learn about and improve in these areas.

- Simulations that focus on developing knowledge and/or skills that can be applied to workplace tasks or situations.

Most business simulations focus on creating an environment in which participants can practice skills in an effort to implement a specific business strategy. These simulations motivate employees by modeling or mimicking the various implementers that influence a company's ability to implement a business strategy and achieve its goals. All simulations feature some form of technology and tools that guide learners through the simulated experience. Finally, all simulations feature an environment that defines the flow and structure of the simulation, as well as content

that is used to help learners acquire new skills and knowledge. These components comprise the SIMTEC™ Model (Strategy, Implementers, Motivators, Technology and Tools, Environment, and Content).

A business simulation is a training solution that contains SIMTEC and is used to create a learning solution that closely approximates a real-world business environment in order to help a company implement a business strategy designed to achieve a business goal. The real-world business environment mimicked by a business simulation encompasses all the tasks, systemic environments, and emotional and human interactions necessary to shorten the time it takes for workers to learn new skills and knowledge to implement the business strategy.

