



Maximizing your ROI from Leadership Simulations

SIX STEPS FOR THE EFFECTIVE
USE OF BUSINESS SIMULATIONS
TO DEVELOP STRATEGIC LEADERS



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A team-based business simulation creates a rich environment for multiple levels of learning, and is one of the few learning tools to challenge leaders to integrate their competencies across both soft and hard skills. Strategic leaders have both skill sets: they think creatively about business choices and can lead their organization to deliver results. To maximize your ROI from the use of a team-based business simulation, make sure that you are focusing the experience design and learning debriefs on both business decisions and leadership behaviors.

The job of leadership is tough and getting tougher. As global operations become the standard in business, and all communications become real time, leaders are challenged to think more quickly and act more comprehensively than ever before. Leaders must adapt their business actions real-time to diverse challenges, and adjust their leadership styles to work productively with employees with strikingly different cultures and needs. Strategic leaders continually develop and hone their understanding of the core dynamics of their business (which choices deliver results) and their capability to lead a team to accomplish a goal. Business simulations are a unique tool to help organizations prepare their employees as leaders with both skill sets, and to strengthen the capabilities of those already in leadership positions. The right business simulation will capture the pressures and dynamics of today's business environment and demand that a leader respond with both business choices and leadership actions.

Team-based business simulations—in which participants work as a team to make decisions to address a business challenge—provide a unique forum that enables leaders to integrate their learning across multiple disciplines. Success in the simulation should certainly require teams to understand the business, digest complex information, and make sound business choices. However, to be successful, the group must also communicate effectively, make shared decisions, and contribute their individual strengths to the process. Few leadership development activities demand that learners engage both their analytical and human skills so completely, or provide such an engaging forum for valid feedback and constructive development coaching.



Team-based business simulations create a vivid environment for learning: participants engage in issues, demonstrate their natural behaviors and build both business acumen and self awareness. Overlaying the interpersonal dynamic of team-based decision making demands that leaders lead, not simply think about leading. Using a team-based business simulation to develop strategic leaders, however, requires specific characteristics. Here are 6 insights for increasing the impact of a business simulation targeted for strategic leadership development:

1

SELECT OR DESIGN A BUSINESS SIMULATION WITH INTERRELATED CHOICES AND MULTIPLE PATHS TO SUCCESS.

Leaders manage multiple tensions in a business: choices that require trade-offs among cost, value, time, organizational commitment, employee capability, customer satisfaction, etc. There are few simple, “right” or “best” answers. A business simulation for leadership development should pose challenging choices, and not offer a single right answer path to success. Simulations which test and develop leadership skills will pose a mix of strategic and tactical decisions, and require participants to think consistently from big picture to specific actions. The more interrelationships that exist among the decisions in the simulation, the more carefully a team will need to work through their options and the more challenging it will be to come to a single decision. The realism of this approach in a well-constructed simulation will provide a foundation for discussions about both business issues and behavioral dynamics.

Computer based business simulations help employees at all levels understand the fundamental economic drivers of a business: what drives revenue, what impacts profit, what shifts competitive performance. Numerous simulations, adapted from economic modeling of industries or organizations, exist in a wide variety of formats to support training and education about fundamentals of business economics and theories of competitive strategy. These simulations are increasing in sophistication and entertainment value—and are a uniquely engaging technology for educating employees about complex content.

2

SELECT OR DESIGN A SIMULATION WITH DECISIONS ABOUT LEADERSHIP RESOURCES (TIME, COMMUNICATION, PRIORITIES), NOT JUST ALLOCATION OF BUDGET.

Leadership choices are rarely “Pick One”. Leadership decisions are not often as well-defined as the allocation of budget dollars. The currency of leaders is broader than

money. A mix of the decisions and activities in the simulation should also reflect the “soft” choices of leadership to provide an effective foundation for developing strategic leadership skills. (What messages to convey? What tone to take? How much time to invest? What sequence to address issues and individuals? Who to engage in which discussions? Whom to assign specific tasks?)

Increasingly, simulations for strategic leadership development provide feedback on these softer skills through a variety of metrics: trust and morale of the simulated employees, engagement of individuals, leadership effectiveness. Simulations with explicit links between leadership activities, decisions and organizational and market outcomes offer a broader opportunity for leaders to understand the cause and effect of their behaviors as leaders as well as their specific financial and operational decisions and actions.



3

PROVIDE OPPORTUNITIES FOR ROLE PLAYS, PRESENTATIONS, AND MEETINGS IN THE CONTEXT OF THE SIMULATION

Developing leadership requires both understanding and practice. Conceptual, cognitive discussion of leadership styles and approaches is important to introduce new ideas, but it is not enough. A powerful learning experience will create multiple “learning loops” to enable participants to first understand and explore concepts and then to apply and test new skills. The application of leadership skills in a simulated setting supports participants in shifting from awareness to application—from “thinking it” to “living it”.

A well constructed simulation environment creates an effective context for a wide range of application exercises beyond operational decision-making. Participants can present an Operations Review in the context of the simulation, coach a difficult employee, announce a major strategic shift, etc. These activities are often the highest rated components of the simulation experience—because participants must actually apply what they “know”, and get personal, actionable feedback on their leadership skills in application, and can immediately translate that insight back to the job.



4

CREATE NUMEROUS OPPORTUNITIES FOR FEEDBACK AND REFLECTION

Adults learn both by doing and by reflecting on what they have done. A team-based simulation experience that is feedback-rich will offer opportunities for personal feedback, team feedback, feedback from peers, and possibly feedback from observers. Leaders often absorb feedback through perceived trends, and the more opportunities exist for feedback, the greater number of data points an individual participant receives.

In addition, participants need time to reflect on how that feedback might influence their future actions. Reflection time is a rare luxury for many leaders, and may not occur without the defined setting of a learning environment. A program that structures and provides support for participants to translate their feedback into specific actions will have greater impact back in the workplace.

5

FOCUS DEBRIEFS ON PROCESS AND BEHAVIORS AS WELL AS DECISIONS AND OUTCOMES.

It is tempting to focus the debrief of a complex, engaging business simulation solely on the business results—they are often interesting and offer insight about comparative decisions and outcomes. Leaders never have a “control” group for decisions made in the real world: a simulation setting offers opportunities to explore the what-if scenarios of alternate choices or actions. The business results and outcomes, however, offer only one level of leadership learning for participants. In addition to the focus on the business dynamics, simulation debriefs should enable participants to discuss the links between their behaviors and team dynamics and the outcomes that the team achieved.

A team-based business simulation offers participants a unique opportunity to exchange perspectives with their peers. In a relatively safe setting, peers can compare alternate approaches to a single problem: “when I see something like this, I always do...”. The simulation debrief discussions and facilitation should encourage dialogue among participants, asking them to share their reasoning with one another: How did you think through this problem? What information did you consider? How did you weigh the alternatives? How did you engage as a team? Build a shared view of the problem? Focus the discussion when multiple topics were introduced? Deal, productively, with differences?

Each of these discussions offers leaders insights about how to approach a challenge back on the job, not just what to do about a specific situation.





CRAFT A LEARNING PROCESS THAT STARTS AT WORK AND ENDS AT WORK

It is well documented that over 80% of all learning happens outside of the classroom—outside of a structured learning setting. A learning process for strategic leaders has to begin with their own business challenges and self-awareness of their capabilities and gaps. An effective learning experience begins by helping participants understand and develop their own learning objectives (linked to the needs of the business and their organizations). Simulations can be deployed before the team-based classroom setting to create engaging, initial assessment and awareness-building activities to start the learning process.

Equally, if not more important is blurring the line between the “classroom” and application following a program. Simulations can be extended beyond a focused learning setting to provide periodic reinforcement of key concepts, to help sustain a network of learners through an engaging activity, or to introduce a series of concepts at point of use, on-line, over time for leaders.

Finally, a compelling team-based experience can create a strong network of peers to support application of new approaches and behaviors back on the job. A blended learning program should continue to provide opportunities to reinforce and strengthen that network of relationships among peer leaders.

Business simulations that generate financial or operational results are a powerful learning tool on a standalone basis, but a simulation and program design that addresses interactions, thought patterns, and communication styles—the “human element”—adds substantial depth to a participant's learning about leadership. Leadership simulations deliver their greatest ROI when participants take away insights about the business, insights about themselves, and insights about ways to do work differently in the future.

Insight Experience specializes in the development and delivery of experiential learning programs for the corporate marketplace. Our focus is building and deploying computer- and web-based business simulations to accelerate organizational growth and change. We are engaged by Fortune 500 clients in initiatives focused on strategic leadership development and the large scale communication of strategic messages.

We believe it is critical for today's managers and leaders to balance the technical requirements of their jobs with the interpersonal and social demands required to lead others. Our simulations teach and reinforce the necessity of developing both hard skills—technical and business acumen—and soft skills—interpersonal and social. Our simulations uniquely demonstrate the impact that these skills have on business results.