

# Accelerated Leadership Development Comes To China

Companies are using business simulations to develop talent at all levels by developing better learners

By Warwick John Fahy

**M**ultinationals have used simulations to assist executive decision-making since the 1970s. Today, business simulations are becoming a popular people development tool at senior and middle management levels as studies show the effectiveness of experiential learning, upon which business simulations are based. Motorola University have found that knowledge retention with experiential learning, or “learn by doing,” is 75%, compared to 5% with lectures.

## Why are business simulations relevant in China now?

Two business conditions in China make business simulations even more relevant today. A complex and fast changing environment demands effective execution of strategic decisions. These tough operating conditions require skilled and motivated people to meet the rapid expansion in scale and geography. At the same time, human resources are stretched by high staff turnover and talent shortages that hinder growth. Traditional people development methods like off-site training, executive education, and job rotations are either time consuming or expensive investments.

Business simulations are promising to fill this gap with compressed learning within a short time frame. John Radclyffe, founder of Australian-based WorldGAMES, has been using business simulations internationally for 25 years and has observed that, “The trend is to reduce the time spent on training, but not the complexity or the learning.”

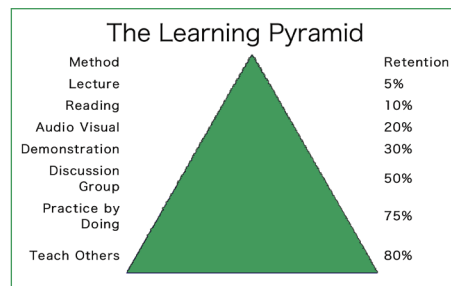
## How do business simulations help?

Business simulations are credited with increasing team productivity, improving employee retention and developing a clearer market focus. They replicate many business activities, such as taking a product to market, with role-plays, board games, and even computer-assisted spreadsheets, which are used to help participants discover insights as they work towards a specific outcome.

Erik Barnes, Shanghai-based developer of the popular Village Game says, “their main value is the risk free way people experiment with new ideas in a controlled environment.”

## How to implement?

Top management support is key. When top managers are involved, the whole exercise is more effective. Time spent on turning learning into action plans will increase return on investment. Companies can buy simulations off-the-shelf and use internal facilitators, or ask external facilitators to run the whole session. The debriefing and



action planning should be designed into the session to avoid a rushed end to the day.

During simulations, participants are divided into teams, presented with a scenario, and then asked to tackle a problem. They make decisions which get fed into a decision matrix to create a fresh set of circumstances. New decisions are then taken by the team. Game elements like conflicts, competition, and exaggerations make the simulation fun and challenging.

The Business Essentials, a simulation created by WorldGAMES, compresses three months of business into a one-day workshop. Middle managers work together to make key decisions that affect the key profit drivers. Shi Bisset, a Shanghai-based organizational development consultant, says, “This is important to Chinese companies today as many still compete on a ‘cost down’ mentality. This simulation helps managers think about other ways to be more effective.”

A recent group realized the need to increase the quality of their steel production to reduce dependence on imported high-grade steel. Such strategic thinking is exactly what many businesses demand from their leaders.

During the simulation, people are often placed in unfamiliar roles to aid faster learning. For example, production people take on financial roles. This reduces “silo” thinking and helps develop more rounded managers.

A debriefing is essential once the “game” has been played to connect the insights back to the workplace. Some facilitators challenge people to make one change in their work as a result of the simulation. Dramatic results can be achieved, with one company saving one million dollars from an idea generated during a simulation.

This form of training is well received in China as it plays to the strength of Chinese culture - working together in teams. Also, it is fun. Successful business simulations engage participants with active discussions. Participants experience a range of emotions from frustration to excitement, which hold concentration levels beyond those that are usually observed in training sessions.

## Challenges: Is it too hard?

Simulations can be difficult to grasp quickly. The challenge to condense a complex topic means participants often need to digest large amounts of material in a short period of time.

One solution is to hold a test run at the start of the day. This dummy run sets the context and demonstrates how the activity will run. Initial instructions must be very clear, so participants know how outcomes are reached during the game. Sending material to read ahead of time puts people in the right frame of mind. Facilitators should prepare participants for the challenges ahead and remind them that better learning is achieved by overcoming frustrations.

## Narrow perspectives

Another concern arises from knowledge gaps. Asking a team to balance complex financial statements may become a stumbling block if participants do not have the technical ability. A simulation cannot cure a lack of technical skills. However, once identified, further training assists people in filling this gap. Business simulations support leadership development programs as breakthroughs occur in a short timeframe. They are excellent tools to stimulate team learning and sharing. As companies grow tired of outdoor “ropes-and-ladders” team building, business simulations could be the next big hit in China’s people development market. ■

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