

This Means War

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Sometimes business isn't pretty. In fact, it's often a war out there. That's when they call in Jeffrey Lefebvre, a virtual military general who forsakes troop movements for the intricacies of profit and loss statements.

Commander of the Libertyville, Ill.-based PriSim Business War Games, Lefebvre develops business simulations, or war games, that allow a company's employees to manage their own virtual companies in a competitive environment. Some simulations can be done one-on-one with computers, while others are team activities that use a PC only to enter crucial data and team decisions.

Tips for Successful Simulations

Sam Israelit, partner-in-charge of the Knowledge Services Business Solutions Team for Arthur Andersen Business Consulting, has several suggestions to ensure successful business simulation models:

- Show the model during its development to the people who are going to be using it and solicit their feedback. This ensures that the simulation parallels user needs. Development takes from eight weeks to three months.
- Work on a model that helps solve a problem; don't just try to model your business. "I've seen a lot of modeling projects go awry when they're modeling something that really doesn't help them answer the question they're trying to answer," Israelit says.
- You need an "internal champion." This employee works closely with simulation developers and is trusted by the company's executives. "They have to take the time and be there for every piece of it," he says.
- "You really need buy-in from all stakeholders,"

TIPS SOURCE: Arthur Andersen Business Consulting.

Recently, PriSim created a customized war game called "Deep Pockets" for an East Coast mortgage bank. Participants compete against each other by running their own mortgage banking operations. It permits the company to show front-line employees how their decisions will affect other divisions and the company's bottom line, Lefebvre says.

It encourages employees to learn about their business and competitive environment, "articulate their assumptions" and engage in "strategic/tactical conversations," he adds. According to Lefebvre, business simulations have four advantages as learning tools:

1. **Time compression.** Simulations can be used to make large chronological movements in a short amount of time, allowing participants to see how strategic decisions play out.

2. **Decision and consequence.** Because of the instantaneous nature of the feedback from a simulation game, students can more easily perceive action and consequence. Thus, the student is better able to identify and make use of real causal relationships.

3. **Fun.** Because of the "hands on" nature of a computer simulation and the competitive environment in which it is often played, simulations tend to be fast-paced and exciting learning activities. This creates a more enjoyable learning environment for students.

4. **Selectivity vs. integration.** A computer simulation puts the entire business process under consideration. That allows students to step out of their particular technical discipline and view business decisions in terms of the consequences for the entire company.

In most cases, a war game is developed at cost for a company, with PriSim retaining the copyright, allowing it to be used for multiple businesses. PriSim also charges companies for conducting the actual simulations and providing other services.

Business simulations can help companies in nearly all industries.

However, some businesses can benefit more from war gaming simulations than others, says Lefebvre. As an example, he points to companies that have lower level employees making fairly significant decisions, as is the case with mortgage companies.

Tips for successful simulations

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- You need an "internal champion." This employee works closely with simulation developers and is trusted by the company's executives. "They have to take the time and be there for every piece of it," he says.
- "You really need buy-in from all stakeholders," Israelit notes. "You need everyone who is touched by the model to get in and approve parts of it, and talk about whether they are being represented accurately and fairly."

Business simulations often are played in academic settings. For example, students at the Purdue Krannert Graduate School of Management use a business war game to learn leadership and decision-making skills. In one game, student teams competed for the largest piece of the U.S. telecommunications industry. "We try to program as many economic variables as we can into the game while still leaving the kinds of surprises and discoveries that the real world throws our way," says Shailendra Mehta, the school's director of entrepreneurship and small business outreach. "The chaos that can ensue during the course of a game is of great value because the economy itself is always in flux."

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