

WHAT, WHY & HOW OF BUSINESS SIMULATIONS

UPFRONT

We believe that sustainable performance improvement and change can only be achieved through a genuine understanding of the real business issues facing an organisation. We also believe that discovery and experiential learning methods create the best possible style for creating such understanding. We believe that this mode of learning is best achieved through business simulations.

WHAT ARE BUSINESS SIMULATIONS?

A business simulation is an imitation of a real-life business situation. It is a simplified model of a business with built-in critical elements reflecting a real-life business. Participants' experience indirectly what happens to their real businesses when the same decisions are made. Real deep learning and understanding takes place when results are reflected upon. It provides a risk free learning environment for participants on all levels.

It addresses the big question in business: How do I create/add value in my business or job?


A well-designed business simulation can almost be described as a mini MBA in two or three days.

About the **BUSINESSTODAY** simulations

The board-based simulations offered by **Blue Star Business** Trust are designed by Business Today (BT), an international company (in over 30 countries) with South African roots. These simulations offer the opportunity for better industry, financial and business understanding and acumen to various levels of participants from a wide variety of industries in a very practical way. See related attached summaries for more information regarding the unique methodology followed in BT simulations.

WHY USE BUSINESS SIMULATIONS?

Like players in sport, employees need to know and understand **how** the “**game of business**” is played and what is required to “**win in it**”. Like with aeroplane pilots, the best way to train it, is to let people actually experience and discover it for themselves through running their own businesses in a safe environment. Business simulations create such an environment, more than any other training method can.

 **BUSINESSTODAY** simulations are based in sound business theory, and provide the ideal context in which participants can encounter and build their business acumen. In the process of running their own simulated businesses, participants make strategic choices and have to live through the consequences of their decisions.

Business simulations deliver a clear understanding of business dynamics, and how they are represented in financial statements and related analytical tools. When people understand the impact of their actions and decisions on the company, they make better decisions and, as a result, improve the company's results and strategic position.



HOW DOES IT WORK?

- ? For starters, the visual nature of the **BUSINESSTODAY** (table)boards and chips/markers generates interest.
- ? Later, when placing the chips on appropriated areas on the board (guided by the facilitator), it creates involvement.
- ? The first **WOW** comes from drawing up a balance sheet of the business they have just set up in front of them.
- ? The boards' highly visual impact allows participants to immediately see the big picture, i.e. seeing the interdisciplinary nature of the business (on the board) and understanding how they fit into the company's strategy, and where to find them on the Balance Sheet.
- ? It then follows a logical process from a manual over a number of cycles (annually, monthly, weekly), reflecting elements of a specific industry. The decisions made in one step impact the ability to make good decisions in the next step.
- ? Like in real life, teams compete against each other for market share, profitability and cash.
- ? At the end of each cycle, participants draw up an Income Statement and Balance Sheet for their simulated business, which is well-facilitated by the visual nature of the board.
- ? After having drawn up the financial statements, the facilitator guides participants through a series of interventions and exercises and measurements (based on the financial statement), aimed at transferring understanding to **your** company's issues.
- ? Typical learnings include
 - The difference between cash and profit
 - Costs issues
 - The impact of stock build-up and the need to control working capital
 - Understanding what needs to be changed in their real-life employment situations to add value to the business
 - Standard financial measures, e.g. Return on Investment (ROI), Stock & Debtor's days



BENEFITS OF USING **BUSINESSTODAY** SIMULATIONS

- ? Addresses the misunderstandings that lead to **confrontational labour situations**.
- ? Breaks down **silos** by letting participants take each others' roles
- ? This is real; there are no "luck" elements in the simulation. All results are the direct result of decisions made and actions taken by the participants
- ? Understanding the business from the **Owner's perspective**
- ? Employees learn what they can do to **add real value** and make **better decisions** in their jobs
- ? Complexities are easier understood and worked with
- ? Developing employees' **business acumen** and **commercial awareness**
- ? Unlike most training modes, the visual nature of the simulation lets employees **immediately** see how and why their decisions and actions impact the performance of the company
- ? Long after the training session is over, employees continue to use the visual simulation as a **reference point** in work-related discussions
- ? Employees develop a **big picture** understanding of business, and see themselves as part of it
- ? Participants leave the room as a **team**, talking the same language focussed on common goals



WHO WILL BENEFIT FROM SIMULATIONS?

All people on different levels making decisions that impact profitability and cash availability in the company, i.e.

- ? Managers make better plans and decisions, because they obtain a big picture understanding, and see the interconnected relationships and impacts of the various departments
- ? Finance and Admin staff increase their ability to support and advise the sales and production people, because they are exposed to their difficulties in the simulations
- ? Sales staff see how their sales have a strong impact on the company's profit, cash flow, and other operational measures, e.g. stock. They learn to focus on other value-adding activities other than the classical discounted price strategy.
- ? Production/Operational staff understand the impact of their stock and production decisions on the rest of the company, leading to improved cost and stock control measures
- ? Shopfloor employees learn how they impact both the company's income statement and the balance sheet through everyday decisions and actions. They are also shown why and how they need to improve their performance and decision-making

