

# Business Simulation Games: Real World Learning

Real life is complex. You never have perfect information. You never have enough time and you must make immediate decisions to resolve issues you face. We often fail and learn by our mistakes, becoming much better at the decisions we make the next time, even though the next time the specific situation may be quite different.

The business world isn't easy. But a child's way of learning, playing games, is a powerful way to help people learn concepts and immediately apply them in a controlled environment where there is no adverse consequence with making mistakes.

A business simulation game replicates reality. It compresses time and allows participants to experiment and experience that reality. A business simulation promotes teamwork and is a competitive activity in which participants, within a structured set of rules or guidelines, contend with obstacles, make decisions and work together toward a goal.

## Business Games and Risk Management

In early April, Project Manager Richard McKenzie gained firsthand experience leading a cross functional team with a multi-million dollar budget in building a highway. During the project, some workers went on strike, the road was rerouted due to a landslide, and Richard faced last minute cost overruns. Still, he and his team forged ahead.

Experts say adults absorb information better when they use it, not just hear it. Deep learning almost always requires some struggle, mental energy, and some hands-on experience. This is accomplished by challenging participants to solve a problem on their own during the simulation. Whether their outcome is correct is less important initially than the thought process they went through.



Simulations of workplace scenarios can help participants gain realistic managerial experience.

Business simulation games can be applied to a wide variety of subject areas. In this particular game, the focused learning is around Risk Management. Richard and the other participants were not only challenged to apply and learn risk management concepts, but also experienced the human dynamics of teams.

The team dynamic is important because making effective risk management decisions in organizations requires input and experience from multiple people. To be successful, participating teams must

understand risk management concepts and demonstrate strong interpersonal skills in interacting effectively with their co-workers within a rapidly changing business environment.

In the Risk Management Game, Richard's team and the competing teams tasked with building a road had to choose from among five different route possibilities. Based on which route Richard and his team chose, unforeseen risks occurred that his team needed to quickly respond to with each successive round in the simulation. As each change was introduced, team participants could accept, avoid, transfer or mitigate each risk. Each decision resulted in either enhancing or reducing the team's overall performance and progress in building the road. Participants experienced tradeoffs as a result of any decision, as in the real world.

Richard's team did not know this, but there was no one pre-determined pathway that led to success. It was possible to "win" the simulation game by doing a good job of assessing the information provided, performing effective project planning and making sound decisions by working effectively with your team.

In each round, Richard and his team were given more information, and had to make more decisions, trying to manage risks along the way. There was time pressure to make the challenging decisions quickly. Each new experience each team faced along the way was influenced by the decisions they made previously.

The group periodically took a step back and reflected upon their experiences and lessons learned, led by a facilitator. The facilitator focused on asking questions rather than giving answers, which allowed the participants to think deeply themselves in solving the problems faced and improving their risk management strategy and process between successive rounds.

At the end, the "winner" was determined by how well the team planned for and identified certain risks, while adjusting plans and taking counter measures as new risks were introduced throughout the game. By the end of the game, Richard and his team were enthusiastically on their feet as the road construction project reached its completion.

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Experts say adults absorb information better when they use it, not just hear it. The benefits of business simulation games include:

- Hands-on, fun and fast paced
- Replicates reality
- Promotes teamwork
- Allows mistakes in a safe environment
- Requires problem-solving and quick decision-making
- Fosters reflection & insight
- Ensures high learning retention