

# Creating a Leadership Laboratory:

Using Behavior Rich Simulations to Develop Business Leadership Capability



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The word “simulation” conveys a technology-stoked world of unlimited possibilities. Avatars and Wii’s bring the power of virtual interactivity to people who are now, or will soon be, shaping the very nature of how we work. We can continue to expect to see applications of virtual technology that will challenge workplace ethicists, policy makers, employment lawyers, and instructional designers. The barrier between where the application of rapid technology innovation permeates the more traditional world of “face to face” learning continues to be hard to nail down. However, there is a point where the value of direct human interface with rich human interaction, particularly in the world of leadership development, supersedes the “wow” factor (and apparent pragmatic advantages) of the application of the “virtual.” Integrating a “business rich” laboratory setting, dependent on live human interaction, into a traditional business simulation is key to creating enhanced “peripheral value” of the experience. This article will describe how that value is attained as well as how it was successfully implemented by BTS in a Fortune 50 pharmaceutical firm.

### Enhanced Simulations: Peripheral Value Realized

At its core, when properly designed, a business simulation provides a fertile learning laboratory for expanding both organizational and leadership effectiveness. The essence of an effective simulation is obviously in helping employees and managers or leaders answer the all-important question, How does the enterprise make money and thrive as a growing business entity? At BTS, the technology-driven element of the simulation provides the opportunity for managers to drive the business in a linear fashion, or to navigate it through scenarios reflecting current or impending transformative events. In either case the learner comes to quickly understand how critical business decisions impact the success of the transformation, the execution of the current strategy. The alignment of business strategy, execution “levers,” and cultural compatibility are played out in a way that clearly delineates

what will drive the organization to achieve its short-term and long-term business objectives. The peripheral value of a BTS simulation, however, is an element of the process where the value of “human interaction” supersedes value of the technology embedded in the process. This value includes both the talent retention value and value associated with *talent assessment and development*.

### **Talent Retention Value:**

While the “war for talent” mantra is suspect these days given the current economic situation and the ever-escalating unemployment rate, the war for differentiated talent (for “game changers”) is heating up. As the stock market recognizes the “bottom” of an economic downturn and begins an upswing long before it shows up in company financials, top talent is similarly positioned. A common mistake is to park budding business leaders, with proven track records, who are on the latest “hi po” lists, on the development sideline, while the company contends with the challenges of the economy.

The value of attending to the continued development of your talent has strong retention benefit, and with the head hunting community very aware of whom your talent is, a strong application of organizational glue in the form of continued development has tremendous peripheral value. Simulations provide this “glue” in that they put this talent to work identifying ways to power out of the downturn. The recognition associated with being part of this process, to be exposed to senior leadership, and to be part of a serious and impactful development process has significant retention value for those at greatest risk of “flying the coop.”

### **Talent Assessment and Development**

A comprehensive assessment of an individual’s capabilities is the key to validating potential to assume a target role in the future as well as the key to creating actionable, relevant development plans. A behavior rich simulation creates a valuable opportunity to observe leaders applying their unique capabilities in challenging business scenarios. While typically the simulation is outcome-focused on “who won and why”, it is the value derived from mining the behavior that emanates from the rigorous analysis of divergent complex information, the myriad of business decisions that are required, as well as the team interaction that are often overlooked as sources of rich behavior defining the “how” of leadership being demonstrated during the simulation.

In recent years, BTS has promoted interest in a more balanced approach to leadership development particularly for high potential populations that are being prepared to run a business. The behavior rich simulations developed and implemented by BTS provide the opportunity to develop leadership capability in three key areas critical to overall leadership effectiveness for a general manager. These include:

- *Strategic Business Leadership*—those capabilities requiring the application of analytic and business decision-making behaviors required to set strategy and exceed expectations in a given marketplace;
- *Talent Leadership*—those capabilities specifically aligned with a leader’s ability to identify, retain, and leverage talent; and
- *Stakeholder Relationship*—those skills which enable a leader to work effectively up, down, and sideways with multiple stakeholders or constituents.

It has been the strategic business leadership area that has been most often minimized and is the area in which BTS has been focusing in order to provide greater balance to developing leaders who can lead the business, lead the people, and develop the talent to meet and exceed the organizations strategic objectives.

### **A Case Study**

BTS partnered with a large pharmaceutical company (the client) on the design and delivery of a leadership development program for their high potential director population. The client wanted to develop a “line of sight” between this group’s current role and measures of success to those of the CEO and his business unit heads, particularly the key metrics by which the organization is judged in the marketplace. Specifically, the client wanted to implement a simulation-based program that promoted strategic thinking, heightened awareness of profitability and its drivers, required rigorous analysis, strengthened business decision-making, and built team work. These objectives are common and readily attainable via BTS industry simulations.

But, the company also wanted more. They wanted an opportunity to leverage the simulation experience and provide developmental feedback relative to the factors critical to leadership success in the organization. In particular, they wanted to focus the development of their high potential population on strategic business leadership and to provide them with a “rehearsal” for the analysis and decision-making required at the business unit level. Stakeholder leadership, particularly collaboration and teamwork, was identified as an additional focus area.

The BTS design team decided that the best approach for the target population was to give them the experience of running a global pharmaceutical company consisting of several large business units and to provide multiple feedback opportunities before, during, and after the program. This approach called for a pre-program 360 custom-designed around five strategic leadership capabilities and three stakeholder leadership capabilities identified as critical to general management success via interviews with senior executives in general management roles.

In addition to the 360, participants were provided peer feedback at the end of the three-day simulation-based program. The peer feedback opportunity was framed at the beginning of the program as an excellent opportunity to both give and receive feedback. The participants received preparatory training on the peer feedback process and instruments that helped them collect valuable behavior on which to base their feedback.

Finally, and most importantly, participants were provided in-depth, behavior rich feedback based on their performance during the simulation. This feedback was provided by senior managers above the target audience. These senior managers knew what success looked like, added significant credibility to the program and had been trained to observe, categorize, evaluate, and provide feedback on the eight leadership capabilities identified as critical to the development of this high potential audience.

The impact of this approach to developing leadership capability, particularly in providing focused, actionable feedback as a basis for targeted development planning, has been remarkable but not surprising. BTS has successfully

developed and implemented business relevant, behavior rich simulations to the world's top organizations for over 25 years. The addition of the feedback components is a natural extension of the development opportunity and is one that both participants and the observer/assessor laud as a valuable adjunct and provides a more balanced approach to leadership development. While technology certainly provides a platform for creative new approaches to engage learners, the value of a behavior rich, simulation driven experience will continue to add unsurpassed value, both directly and on the periphery.

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### **About BTS:**

BTS is the world leader in customized business simulations and other discovery learning solutions that enable leading corporations to change, grow and succeed. We partner with our clients to develop the mindset and capabilities that their people need to accelerate change and to improve business results.

BTS adds value for our Global Fortune 1000 clients through three practice areas: Strategic Alignment & Business Acumen, Leadership & Management, and Sales. We have strong capability in Operational Excellence & Project Management and offer an innovative Engage for Change process. BTS is a public company listed on the Swedish Stock Exchange and trades under the symbol BTS B.

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