

The Gambro Business Challenge

All today's business people need to have commercial awareness and understanding of their company and the issues facing it. This was the learning need identified by Gambro in early 2005.

The Background

Gambro is a large multinational medical company with over 7,000 employees which, at the time, was organised into separate Divisions; Finance & Business Development (Accounting, IT, Business Development), three Sales Regions which encompassed the globe (EMEA, APAC & Americas), Global Marketing, Operations (Manufacturing - Solutions, Dialysers, Bloodlines, Machines, R&D, Global Supply), HR & Q&R. This structure allowed for little interaction between executives of different Divisions and the only executives who had an overall view of how the organisation functioned as a whole, was the Executive Committee who oversaw the running of the company.

Many of our top executives were excellent in their specialities but did not have a good understanding of the entire entity nor of the financial impact their Divisions had on it.

In addition, we were looking to move from a product oriented organisation to a more service oriented one. This meant that we wanted our sales people to get out of the habit of pushing individual products and into a new habit of pushing complete systems and their associated services.

Our Executive Committee was stressing the need for financial excellence and cash generation, one example was the reduction of DBOs or Days Billing Outstanding; the average number of days it takes for customers to pay an invoice. Monthly reports were generated to track changes but senior managers in the organisation did not relate such parameters to their own position nor have any idea of how they might have an impact on financial outcomes.

Gambro Challenge

The first step was to try and find a simulation that could be run in-house, replicated our business and the issues facing it.

Specifically, the simulation would provide *"an Exploration of How our Business Might Function Under YOUR Leadership"* (extract from Gambro's simulation manual). Further, the simulation would take into account that *"Many of us operate in areas of Gambro which do not provide us with an overall perspective and how decisions in one area can impact on the performance of the organisation as a whole"* However, besides improving commercial awareness and business understanding, the simulation would *"provide networking opportunities"* as it would bring participants with a number of similar managers around the world. Finally, it was required that the activity would be *fun*.

Although there was no simulation that met these needs exactly, Hall Marketing's Executive Challenge simulation replicated a similar business with the ability to redesign technology products to meet exacting market needs, was easy to use and could be quickly and easily changed to meet Gambro's needs. The changes involved rewriting the participants' manual to describe a business selling three types of dialysis systems, change some financial and business terminology and recalibrate the simulation so that it better matched Gambro vis: Currency in Swedish Kronor, values similar to real business, and Gambro terminology.

The modification of the participants' manual was a joint effort between Gambro and Hall Marketing (the provider of Executive Challenge) with the changes to the terminology and recalibration being done in a few hours by Hall Marketing.

All materials including the manual, glossary of financial terms, PowerPoint presentations etc was posted on Gambro's intranet site so that participants could read prior to participation or review after the simulation. Presentations could be delivered directly from the Intranet site or downloaded when delivered in remote locations.

The Learning Initiative

Working in small teams, participants would take over a *virtual* dialysis business and run it in direct competition with other teams in the same field. They would make decisions about price, production, promotional expenditure, size of sales force, product features, factory capacity and days billing and based on these the simulation model would calculate demand, income, profits, cash flow etc.

Over an eleven hour day or spread over six weeks, they would run their simulated business for five or six simulated years. During this time, a senior Gambro manager would act as mentor and coach and challenge the teams and link the simulation to the real business. At the end of the simulation each team would present their mission, vision and strategic plan and compare and discuss with their actual results.

This review session would provide a further opportunity to transfer learning from the simulated world to the real world.

Tutored by Gambro Staff

Each simulation was tutored by a Gambro senior manager (either a GM or someone with an MBA and a number of years experience) because this person would have the necessary in-depth knowledge of the business, its issues and the financial understanding that goes with it.

This was facilitated by Executive Challenge's ease of use and because it incorporated a Tutor Support System. A system which provided additional reports to help reveal and explain the operation of the simulation, the trainers to respond reactively to team questions and proactively manage the learning process.

A package of 20 PowerPoint presentations was developed, in-house, to help explain the financial terms used in the business and in the simulation and the Simulation Coordinator briefed the mentors on how to present these to the teams prior to the running of the simulation. This meant that the Gambro manager was up to speed almost immediately, without the need for a Train-the-Trainer course.

Outcomes

During the latter half of 2005 and full year 2006, the Gambro Simulation Coordinator ran the simulation fourteen times around the world. During this time some 320 senior managers participated either in special stand-alone sessions or where the simulation was run on a distance learning basis via the Internet.

Participants were given a ten question quiz before commencement of the simulation and again after completion to gauge the level of learning gained. Participants were asked to evaluate the simulation on a scale of 1 – 7 (1 = poor, 7 = excellent) for the exercise as a learning experience and as a 'fun' experience.

They were also asked to submit the difference in their score from the quiz at the beginning of the day and the one at the completion of the simulation.

Typical scores rate the Business Challenge at 5.8 as a learning experience and 6.0 as a fun experience with a gain in knowledge of financial terms of 40 – 50%.

With each simulation we attempted to mix, as much as possible, managers from different Divisions in order to bring a broader depth of knowledge to the table. This also provided an environment for networking and team building. Some typical comments from managers on this were; *'...to see other people's approach to the very same problem', 'Interact with people from other functions', '.....team communication', 'sharing knowledge'.*

Seeing the business from an overall perspective elicited these responses from participants; *'...a better understanding of business decisions by Executive Management', '.....understanding of conflicting priorities', 'balance the elements: growth, profitability and cash'.*

Conclusions

This case study illustrates how an easy to use simulation can provide a foundation for a successful learning initiative. Especially as this means that the learning initiative can be provided by a very experienced businessperson who can ensure the link between the simulation, the participant's company and the issues facing it, thus ensure learning transfer. In the words of one participant; *'It is real time learning'*

As the Simulation Coordinator, it was very pleasing to see the programme deliver all that was expected and more. It gave participants, who normally work in 'silos', a very strong message about the impact of one silo on the next and that each and every one of them can make a difference to the bottom line. In the words of one of our Italian Sales participants; *'When I go into the field.....I will have more sensibility to the actions I take'*

An excellent quote from one of the Executive Committee who attended the pilot for this programme was; *'You can't manage what you don't understand'* – this programme gives participants a far greater understanding of how our business works and what they can do in their own roles to have an impact on the result.

Programme Coordinator
Jamie Stokoe

Director, People & Organisational Development

Lyon, France

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The Executive Challenge simulation customised for Gambro is one of a range of simulations available from Hall Marketing, Studio 11, Colman's Wharf, 45 Morris Road, London E14 6PA, England. For information about this and the other simulations contact Jeremy Hall (phone +44 (0)20 7537 2982 or email jeremyhall@simulations.co.uk) . Or see <http://www.simulations.co.uk>