Business Simulation:
New Learning for a New World

Business Simulation: New Learning for a New World

Business Simulation is an emerging form of eLearning that is more efficient and effective that nearly every other learning format.

The whitepaper provides a brief introduction to the features and benefits of Business Simulation.

Business Simulation Executive Summary

The rate of change of technologies and markets in the last several years has been greater than at any other time in history. This rapid change has brought with it a wealth of opportunities for those who know how to embrace it, and a whole new class of threats for those who don't.

To survive in the new world, an organization must be nimble, resourceful, and confident. Or more accurately, its decision makers must exhibit those qualities. Many enterprises finding success in this climate of change are doing so by leveraging a proven learning technology called Business Simulation. Early adopters of Business Simulation are using it primarily to *enable strategic change*.

Business Simulation applications immerse the student in a simulated environment where he or she can practice tasks to master skill and gain understanding. It has been shown in study after study that the learner will achieve higher degrees of retention and cognition than by other methods of instruction. Business Simulations are commonly described as flight simulators for business.

Learn By Doing

The overarching theme in a business simulation is that the student learns by doing. The actual work environment is simulated and the student performs the tasks that they will have to perform on the job. In a flight simulator, the pilot takes off, flies a pattern, and lands. Along the way, unpredictable incidents may occur and the pilot must address and resolve them or risk crashing. In a business simulation, the student performs activities such as starting a company, creating a production strategy, and defending an investment plan to a board of directors. Unexpected events or changes in the business climate arise that the student is challenged to resolve.

Risk Free

Business simulations allow the student to learn how to navigate very treacherous situations without risk. In a flight simulator, a pilot can learn to recover from wind shear or land a plane with an engine fire by trying different techniques until he or she is very skilled at knowing what works and what doesn't. In a business simulation, a student can repeatedly attempt to recover from poor cash positions, labor disputes, manufacturing snafus, and the like, without risking the financial health of a real company. All the while the student is learning from successes and failures.

Time Compression

In real life it may take years to become very skilled in a particular field, largely because it may take years to encounter all of the business situations that may arise in the field. It also may take years for the results of strategic business decisions to unfold and it may be difficult to see how specific outcomes tie back to the original decisions. Business simulation compresses time-to-competency in two ways. It exposes the student to a broad array of scenarios in a short period of time, and the student can see the results of decisions play out in a few seconds, so it's easier to relate to outcomes.

Engaging Realism

Flight simulators have varying degrees of fidelity. Some have cartoon-like graphics, some have photo-realistic graphics, some have very accurate representations of the cockpit and controls. Some even have walk-in cockpits that move and roll to give physical feedback.

Similarly, business simulations have varying degrees of fidelity and sophistication. Some have relatively simple tasks, like balancing a checkbook, and the student is only told if the task has been completed correctly or incorrectly. Others have very complex tasks with a variety of solutions, none of which is completely correct. The student must evaluate subtle tradeoffs like how much money to invest in machinery to reduce labor costs, or whether to rely on contractors rather than hire full time employees.

Intelligent Interaction

One feature of business simulations that helps make them effective is the use of simulated personalities that interact with the student. These agents may play the role of subordinates, peers, mentors, or adversaries. They can help guide the student to successfully navigate the simulation, or they may challenge the student to find innovative ways to succeed in the face of competition. For example, the student might get advice from several simulated team members in creating a business plan. The student might then defend the plan to a panel of simulated investors to get startup money.

Sound learning theory

Business simulations wrap the content and the learner in an engaging story where the learner pursues business objectives. Humans have evolved to learn well from stories and cognitive research has borne this out. Also, content is not pushed at the learner at a moment when he or she might not be receptive to it. Instead the learner pulls content as needed to achieve the goal, thus increasing retention.

Learner Paced / Learner Directed / Learner Located / Learner Scheduled

Because business simulations are computer-based, the student can go as slowly or as quickly as appropriate. The learner can repeat parts of the simulation as frequently as desired to hone skills. Business simulations can be delivered via the Web or even on CD-ROM to maximize location and scheduling convenience for the learner.

Expert Content and Advice

One of the most value-enhancing features of new business simulations is the pervasive integration of expert content and advice. Media-intense reference materials can introduce the learner to the content in a structured, intuitive fashion, leaving the learner able to explore at will. Video war stories from veteran experts can help the student get an insider's viewpoint into the business area being simulated. Artificially intelligent agents can watch every move and decision the student makes to provide customized, intelligent feedback that fosters understanding and motivates learning.

Comprehensive Learning Experience

When coupled with online reference materials and expert/peer discussion sessions, business simulation can act as the centerpiece of a comprehensive learning experience. Learning by doing in a risk-free, time-compressed environment with intelligent interaction and support is the fastest and most effective way to build confidence and competence in your workforce.