

Companies Rehearse a Very Different Future: Connecting Leadership Capability and Strategy Execution Through Simulation

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How can an organization's leaders best learn the behaviors and competencies required in a very different future? "Rehearsing the future" simulations immerse leaders in a fictitious business context strategically similar to their company's desired future to solve critical issues as a leadership team. The author differentiates future rehearsal simulation from computer simulation; describes when, where, and why these simulations are effective; and details the process for building a simulation that integrates multiple leadership development tools. Two actual cases, a global technology corporation seeking a horizontally integrated platform of products and services and a biotech company determined to shorten its product development timelines, illustrate the benefits of simulation technology for leaders and the business. © 2009 Wiley Periodicals, Inc.

"How do we accelerate the development of our high-potential emerging executives to lead in a radically different business environment?"

"How do we teach our R&D leaders to integrate and collaborate so we can significantly shorten our product development timeline?"

These are but a few of the strategic questions our clients have wrestled with, and that many companies confront with increasing frequency as the demands on leaders shift ever more rapidly in a dynamic global environment. Can the conventional approach of a multiplicity of unconnected leadership development programs rapidly and adequately

prepare leaders to deal with the future scenarios inherent in a new strategy or a perpetually shifting competitive landscape? We think not. We believe, and have seen, that simulation leadership technology more effectively and creatively accelerates learning and generates insights that ready leaders for the challenges ahead—especially when those challenges require new solutions the organization has yet to devise.

The What, Why, and When of Future Rehearsal Simulation

First, let's distinguish this approach from others with which it can be easily confused. Frequently, people associate simulation as a leadership or professional development device with computer algorithmic simulations, often financial in their centrism. In those, participants gather around a computer and are presented with potential scenarios from which they have to select options to optimize the performance of the simulated company. Each choice they make leads them to a resulting set of consequences that produces yet another set of options. The better their choices, the better their resulting options. At the end of the set of problems, the quality of their choices is scored by some preset criteria. "Unfortunately, your choices have put the company into bankruptcy" and other painful messages often appear on the final screen. While these types of simulations are helpful in honing strategic decision-making and problem-solving skills, they are far less useful for shaping leadership behaviors, which is rarely their intent.

By contrast, this article deals with “Future Rehearsal” simulations, which are dramatically different in their construction and application, far more complex in scope, and deeper in their level of behavioral intervention. They are intended to enable a cohort of leaders (e.g., the “top 50” executives in an organization) to “rehearse the future” by testing their capacity to lead in an aspirational environment they have identified as their desired future but have yet to experience. This approach is powerful when an organization must galvanize its leadership quickly, build a new set of leadership capabilities, and simultaneously align leaders around a future they must cocreate. The presenting challenges noted at the beginning of the article are prime examples of ideal contexts for this approach.

Short of someone constantly shadowing leaders to observe their actions and adjust their behavior in real time, simulation technology allows senior leaders to learn leadership by actually leading, rather than by talking about leading.

Too often, traditional discrete leadership development activities in an organization suffer from a “lost in translation” phenomenon, whereby the individual’s insights and learning can’t be easily translated, or aren’t entirely relevant, to the new realities implicit in strategic challenges the organization may anticipate but has yet to address—it is new ground for both the company and the leaders. Often, for example, multirater feedback processes are disconnected from strategy and team development, and executive education workshops are devoid of content highly relevant to the specific strategic direction. This is a costly oversight, given the large investments that many organizations make in leadership development programs and the potential consequences of not having built the requisite leadership capability for the future. Short of someone constantly shadowing leaders to observe their actions and adjust their behavior in real time, simulation technology

allows senior leaders to learn leadership by actually *leading*, rather than by *talking about leading*. We believe this methodology fills a critical gap in many executive leadership development programs and is one way to put some sustainable teeth back into the noble work of building formidable leadership capability in our organizations.

As is true for other effective technologies or methodologies, there is no universal approach to this methodology, no “one-size-fits-all” scenario. This is especially true for simulation technology, which requires a high degree of customization to depict the client’s specific situation and provoke the particular behaviors leaders will need to achieve future strategic objectives. We typically draw on a large group of subject-matter experts (SMEs) in the client organization to form a design team for the simulation. This collaboration helps build the credibility of the end result and ensures the simulation remains close to the strategic aspirations of the particular organization.

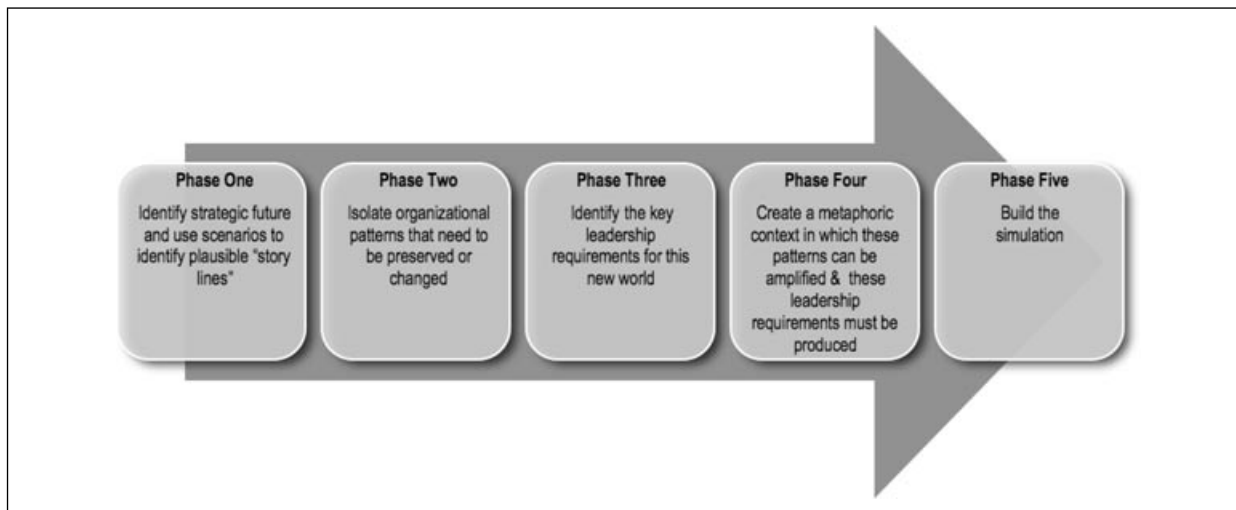
Exhibit 1 depicts the five phases we use to construct a major simulated experience to connect leadership capabilities with strategic challenges. Let’s look more closely at each phase in the process.

Phase One: Identify the Future and Plausible “Story Lines”

Most typically, an organization will decide to employ simulation methodology when it is “in between chapters” of its “story” (i.e., just finishing or having completed a thorough strategy process that sets a new direction for the enterprise). The organization is now preparing to set sail for a new shore; the departure point is clear, the destination much less so. Our job is to help it, through a dynamic process that is both highly collaborative and iterative, to write the next chapter of the story *before* it actually plays out.

In cases where the direction is a substantial departure from the context an organization has long

Exhibit 1. Process for Constructing the Architecture of a Leadership Development Simulation



known or been successful in, simulation technology is a powerful way to “test” the organization’s ability to adapt and thrive in the new context. Take the example of a company that has historically competed as a low-cost retail food manufacturer and now wants to compete more on brand distinction to appeal to consumers who may be looking for something more than just the best price. The ramifications could be substantial, for everything from R&D to supply-chain activities, marketing, sales, and branding—and, consequently, for the key competencies required of leaders. Where precision, cost reduction, and repeatability have been hallmark capabilities, now innovation, strategic thinking in pricing and branding, and making difficult trade-offs to manage a robust product portfolio, including the hard decisions around underperforming brands, will become key success factors.

Because the future for any organization could unfold any number of ways, we construct a simulation around multiple scenarios to help leaders anticipate and attempt to deal with some of the challenges they are likely to confront.¹ In our food products company example, some possible scenarios that could

emerge in its journey toward its new vision of itself might include any or all of the following:

- An aggressive competitor moves to compete head-to-head by adding new product features to commodity products.
- An economic downturn leads many consumers to compromise on their brand loyalty in order to save money, which opens a window for newer “low-cost premium” brands to emerge.
- Healthy lifestyle choices exert growing influence over the food-purchasing decisions of aging boomers as well as other consumer segments.

These would form the story lines of a simulation for the company’s leaders.

Phase Two: Isolate Organizational Patterns

The next step is to identify existing organizational patterns that will either support or hinder the new direction. Patterns, or norms, in an organization are the places where its core distinctions and pathologies appear. They can be visible in key business processes, such as those for decision making, human

resource management, or financial and strategic resource allocation, as well as in the “unspoken rules” that govern how people interact with each other day to day. Over time, patterns become so entrenched in the organization’s routines that detecting them from within can be difficult. Ways of interacting become so natural, so pervasive, that no one even notices them—even if they are destructive.

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In our example of the food products manufacturer, some embedded patterns that could be barriers to moving ahead, and thus require changing, might include the following:

- excessive caution in decision making,
- overreliance on cost reduction as the primary metric of fiscal performance, and
- an overly internal operational or political focus with insufficient consideration of customers and markets.

On the other hand, the food company may have some existing patterns it wants to preserve:

- attention to detail and quality (although, if practiced to excess, it can become a liability),
- the ability to manage complexity as represented by its large stable of brands and products, and
- loyalty to and from its typically long-tenured employees.

In this example, each negative pattern is an outgrowth of an excessive focus on what would otherwise be a strength, and thus needs intervention. The positive patterns need to be preserved but nonetheless carefully managed, since they could become problematic if overextended.

During the construction of a simulation, each pattern is encoded into a given story line/scenario with consideration given to the degree to which the pattern should be changed or preserved.

Phase Three: Identify Key Leadership Requirements

To be effective and credible in this aspirational context, leaders will inevitably have to model behaviors that have never been required of them before. Often, newly required behaviors are contradictory to capabilities the organization has long valued and reinforced, while others require accentuating capabilities that already exist. The key here is not to identify every possible leadership requirement of an untested strategy, but rather to select the three to five leadership capabilities most vital to executing the new strategy.

Revisiting our example, the food company’s key strategic objectives are innovation, brand leadership, and an expansion of its competitive focus beyond just cost leadership to also include brand leadership. To achieve these objectives, the company’s leaders will need the following capabilities:

- a higher tolerance for risk (in product innovation as well as brand positioning);
- discipline in prioritizing higher-performing brands over lower-performing brands, reallocating resources accordingly, even killing brands and products that risk diluting the power of the portfolio;
- greater comfort managing ambiguity and complexity given that decision making will require more trade-offs and debate, with fewer “right” answers to choose from, given the absence of precedents for how to deal with the new challenges;
- the ability to trust one another’s perspectives and participation and to avoid such behaviors as resorting to sand-bagging resources, excessively

advocating for one's own products or business unit, or hyperbolic jockeying to position personal initiatives; and

- the ability to effectively interpret market trends and data, even anticipating consumer buying patterns, and then mobilize passion and resources around emerging opportunities.

Although on their surface these may seem obvious, the underlying challenge in any simulation lies in getting leaders to overcome their conditioning: to discard behaviors for which they have been oriented, trained, and rewarded, and to adopt new capabilities relatively quickly and with genuine commitment. Of course, there will be some who can't make the leap, and for even the most adept and adaptable leaders, the learning curve can still be steep. For example, a leader who has been rewarded for precision outcomes and reducing risk to ensure optimal cost performance may struggle to let go of some of those controls in favor of riskier options that push the envelope on a particular brand's market position. Simulations provide powerful yet safe contexts for leaders to test their propensity for different behaviors and skills, especially those that radically depart from what they have known.

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Phase Four: Determine the Context

The next step is to decide on a context, or setting, in which the patterns identified in Phase Two can be amplified and the leadership requirements from Phase Three must be demonstrated. It is usually preferable to place the simulation in a *metaphoric* context—a hypothetical organization, a different industry—to prevent participants from relying on their technical or industry knowledge to find a so-

lution to the situation presented in the story lines. When people are placed outside their comfort zone, where their technical skills or expertise are not relevant, they are far more likely to default to the individual and collective behavioral and relational patterns that come naturally to them. This casts these behaviors into the spotlight, precisely where we want them, thereby revealing a leader's inclination toward or resistance to a specific capability. The leader can then immediately work to either fortify or modify the capability—which is the whole purpose of a simulation.

The absence of a familiar environment also provokes new thinking and ideation because leaders are forced to set aside tried-and-true approaches that are not relevant to this fictitious context. Isolating behaviors and patterns, as well as desirable and undesirable leadership capabilities, enables leaders to develop new approaches to problem solving, ideation, and strategy development, thus preparing them to better adapt to their new world.

The metaphoric context chosen for the simulation should not make too large a leap, however. In constructing a simulation for the leaders in our food products manufacturer, for instance, we would not create a hypothetical company in, say, the entertainment or financial services industries. A context placed in an adjacent space or industry, or in an industry with structures similar to the real one, will assure that participants will have some facility for navigating their way through the simulation.

Here's what we know about the food product company's current (host) context that would guide our selection of possible adjacent spaces in which to cast its simulation:

- It manufactures and distributes products that are consumable, replenished for repeated regular use, commoditized, make pennies on the margins, and compete on price and potentially on brand.

- Its customers are retail channels that distribute/sell their products to consumers; thus, they are effectively serving multiple constituencies.
- The categories in which it competes are all very crowded with numerous premium brands, common brands, and white label options.
- It is regulated by a federal agency.
- It competes nationally, segmenting its markets by national retail chains, regional retail chains, wholesale stores, specialty and convenience stores, and local “mom-and-pop” stores.
- It has a portfolio of brands in multiple categories.
- It relies on multiple commodity suppliers for its raw materials.

With this in mind, we would seek a possible context that reflects the industry structures and patterns similar to the food company’s: consumables, regular replenishment, commodities, multiple brand platforms, small margins depending on large volume distribution, etc. The following are several plausible options:

- a retail beverage company (juices, sodas, sports drinks, bottled waters, etc.),
- a consumer household goods company (e.g., paper products, cleaners, food storage products, etc.),
- an office supply manufacturing company (e.g., office supplies, papers, pens, etc.),
- a confectionary company (e.g., chocolate, candy, gum, snack food cakes, etc.),
- an automotive supply products manufacturer (e.g., hoses, belts, engine parts, fluids, etc.),
- an over-the-counter physical health remedy manufacturer (e.g., gauze, bandages, creams and rubs, heat patches, etc.), and
- a health and wellness supplement manufacturer (vitamins, dietary supplements, naturopathic healing remedies, exercise supplements, etc.).

For all of these options, there is plenty of industry knowledge the simulation design team can draw upon, including several existing companies after which to pattern the fictitious organization. Each option is just sufficiently different from the host context (some more than others) to prevent participants from being able to rely heavily on industry or technical expertise from their food industry experience. The final choice would be made collaboratively with our client. In this example, we would recommend to the client that the best choice would be a company that does not make edible products—either the office supply/paper company, the automotive supply products company, or the over-the-counter (OTC) health remedy company. Consumable products that are not “eaten” have a different positioning process in the market than products that are eaten. In a simulation, this would create the right amount of dissonance for participants (to move them out of their comfort zone) while still allowing them to struggle with the challenges that their new world will present them. (If, in this case, the client was hesitant to depart too much from the familiarity of its host context, as some organizations inevitably are, then any of the possible metaphoric contexts listed above would suffice.)

Phase Five: Build the Simulation

As is the case with any scientist or technologist, the simulation architect has a set of tools and mechanisms for creating a simulation expressly tailored to the context at hand. **Exhibit 2** summarizes some of these core devices, along with the questions each is intended to address in the design process. Not all of these devices are used in every simulation, but rather the list is meant to provide a flavor of the large array of choices a simulation architect must make in order to construct a fictitious world for the participants.

One of the fixed design parameters will be the amount of time being allotted for the simulation.

Exhibit 2. Simulation Devices and Tools

<i>Simulation Device/Tool</i>	<i>Used to Address the Question</i>
The Desired Future —A description of the future context in which leaders will be tested	<i>What experiences, challenges, and opportunities do I expect leaders to successfully face in the future?</i>
Required behaviors —Identified in Phase Three, a description of key leadership capabilities needed in the future	<i>What does the ideal leader of the future look like in our organization?</i>
Story lines —The plot threads or “issues” used to convey the patterns to be retained or changed as identified in Phase Two	<i>What issues do I expect leaders to be challenged with in the future, either driven internally from our organization or imposed externally on our organization?</i>
Provocation —The impetus in the simulation demanding leaders to act; usually a triggering event or the directive of the CEO	<i>What will provoke leaders in the simulation to act and perform?</i>
Artifacts —The various devices and containers to carry information through the simulation; can include e-mails, voice mails, memos, annual reports, press releases, media articles about issues or the company, budgets, legal documents, a person, advertisements, etc.	<i>How will the information needed for leaders to successfully resolve the challenges be embedded into the simulation?</i>
Leadership identities —What are the leadership roles participants are taking on in the fictitious organization (e.g., the division president’s leadership team) [It is important to distinguish roles from “characters.” This is NOT a role play—leaders are themselves assigned to a leadership role.]	<i>What degree of influence will leaders be expected to exert in the future, and therefore in the simulation?</i>
Orientation —The mechanism through which leaders will be introduced to the simulation, how it works, what they must accomplish, what the parameters are, etc.	<i>How will I successfully prepare leaders to fully participate in the simulation?</i>
Facilitators —Those assigned to be the “human video recorders” of all that takes place in the simulation in order to provide feedback to participants	<i>How will I make sure leaders are provided effective feedback on their work, their impact on others, their decisions, their degree of participation?</i>
Moves; time movement —The way in which time in the simulated world moves forward (If the entire simulation will be one fixed point in time in the future, this device is unnecessary. If the simulation begins in present day, or three years into the future, and ends somewhere beyond that, a mechanism by which “time moves” is needed.)	<i>How will I help leaders shift from one time horizon to another in the simulation?</i>
Adjudication —The measurement device with which to assess the participant’s performance	<i>How will leaders be evaluated in the simulation?</i>
“Visitors” —The “characters” in the simulation that will be used to engage/provoke participants, and the form in which they will appear (e.g., in an e-mail, live [a hired actor to play a role], on the phone, etc.)	<i>Who will leaders need to interact with outside their assigned team to display certain leadership behaviors?</i>
Oracles —When specific insight or wisdom is needed to advance a specific idea or strategy being considered by participants, a “repository” of insight can be made available, in the form of a real expert or “sage advisor” or as some way to simply “request” help	<i>From where will leaders be able to solicit help, perspective, ideas outside their team’s to mirror how they might invite outside help/input in the future?</i>
Debrief/Reflection and Feedback —A mechanism through which leaders will examine in detail, along with their colleagues and facilitators, how their work unfolded, how they made the choices they did, how their behavior helped or hindered the process, and what their participation reveals about their leadership in terms of both strength and needed development toward the future required capabilities	<i>How will participants examine their work in the simulation, mining reflections for new insights and intentions for their future?</i>

The shortest can be as brief as five to six hours and include an orientation, about three hours immersed in the simulation, and a substantial period afterward for debrief and reflection. Simulations can productively last as long as three to four days, depending on the distance into the future the simulation is designed to extend; how many participants the simulation must hold; how much debrief, feedback, and reflection the participants are to experience; and how much must be learned about a given cohort of leaders' potential to succeed in the future. The longer the simulation, the greater the degree of real-time leader transformation and future rehearsal.

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For the purpose of illustration, let's assume that we are designing an eight-hour simulation for our food products company, which we will cast in the office supply/paper goods context. A cohort of 30 leaders in the simulation will work in five teams of six members each. Each team will take on the role (identities) of the executive team in the fictitious organization, which reports directly to the CEO. We'll have the CEO away, speaking at some event in Europe, so the team must work as peers in the absence of formal hierarchy, thereby enabling us to push for greater trust among leaders, one of the desired competencies we identified for the company back in Phase Three.

Each team will be working on the same issues (story lines):

- While the CEO is away, a major competitor product launch that is having unforeseen success presents the opportunity to accelerate the commercialization of a new product in their pipeline, but will require reshuffling resources and priorities.
- There are mixed views on the product's potential, with a variety of data sources (artifacts) informing the varied perspectives. In addition, there is also an invitation to a joint venture on a specific new office product line in Asia that must be decided on quickly, also requiring resources and an honest assessment of the opportunity.
- There are three finalist candidates for the newly created position of Chief Brand Officer, and the CEO wants the position filled and expects the team's final recommendation when he returns.

Each of the story lines mirrors the types of strategic challenges and opportunities the organization is going to face in its desired future. Taken together, the story lines embody the required future leadership behaviors of risk taking, prioritization, complexity, ambiguity, new competitive bases, and trust. The 30 leaders can "test their mettle" in this fictitious context while rehearsing that future. We might even hire some actors (visitors) to play the Chief Brand Officer candidates and come in for brief interviews during the simulation.

Let's imagine that prior to the actual run of the simulation, each participant receives a complete data set for all the story lines, along with basic information (artifacts) about the hypothetical organization, such as an organization chart, annual report financials, corporate marketing materials, and an e-mail from the CEO or lead executive responsible for the initiative at hand. Participants arrive the day of the simulation ready to work. They receive an hour or so of preparation (orientation), which includes a review of a set of specific outcomes with standards (adjudication) so that participants understand exactly what is expected of them, by when, and how their work will be evaluated. Participants are assigned to their teams and put to work.

After the allotted simulation time has passed, facilitators, previously assigned to each of the five teams, lead their team through a guided, structured session

(debrief, feedback, reflection) in which they share their observations and feedback with participants, invite them to share their feedback with one another, and provide a process for individual private reflection in which each participant forms initial intentions for personal leadership development. Were the simulation to continue either later that day or the next day, and perhaps be placed some time later in the future of the fictitious company (move/time movement), participants could then take the feedback and insights they received in the first debriefing session and immediately apply them, trying on new behaviors in a safe environment.

Simulation in Action: A Global Technology Company

A simulation that we recently created for a client provides a good example of the impact this approach can have on participants. The client, a global technology company with a vertically integrated suite of discrete products, wanted to develop a cadre of 300 identified high potentials who would be ready to take the company toward a desired future of a horizontally integrated platform of services and solutions. The company chose a simulation to give participants the opportunity to rehearse desired behaviors and receive just-in-time feedback about their performance and behavior for real-time learning.

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We used critical incident (CI) interviews with subject-matter experts at the company as the primary means for identifying business opportunities and strategic concerns, which emerged as five patterns the company needed to change in order to achieve its desired future:

- unable to launch integrated products and services,
- inwardly focused and needing to increase social responsibility,
- unable to retain talent,
- unable to synergize products and work collaboratively, and
- poor product quality.

The client had previously identified a number of leadership behavioral competencies for the business, which would be incorporated into the simulation:

- *Impact and Influence* —Ability to generate support from others to achieve desired business outcomes
- *Confidence* —Creating in others a sense of confidence that you and the business you're involved in are capable of accomplishing what you set out to accomplish
- *Cross-Boundary Collaboration* —Aptitude and faculty for working with individuals and organizations outside of one's business and control
- *Interpersonal Awareness* —Desire and capacity to understand one's impact on other people and the effect of that impact on getting done what needs to be accomplished in the business

To move participants out of their familiar working environment, the simulation was cast in a metaphoric context. Simulation designers amalgamated the data from the CI interviews and worked collaboratively with the client to identify the essential components of their business context that designers would capture without directly replicating the business. As a result, the designers proposed a context that comprised a health care company with two distinct product divisions. Participants would be the leadership team in one of the product divisions.

For each of the five business patterns mentioned above, we created a complex issue (story line) within the simulated context that would require participants to try specific behaviors linked to the key

Exhibit 3. Linking It Together: Patterns, Required Behaviors, and Simulated Story Lines for a Technology Company

Desired Future: Move to a horizontally integrated platform of services and solutions away from a vertically linked suite of discrete products.

<i>Identified Patterns</i>	<i>Required Leadership Behaviors</i>	<i>Simulated Issues in Context</i>
Unable to launch integrated products	<ul style="list-style-type: none"> • Cross-boundary collaboration • Trade-off management • Adapting to unforeseen change • Reprioritization • Reallocation of resources • Addressing competitive threat 	<p>1. Product Launch Business developed a partially integrated product to launch. They find out their biggest competitor is set to launch a similar product that is more integrated. What will they do? Integrate further and launch later? Or, launch now, as is? Why?</p>
Inwardly focused and needing to increase social responsibility	<ul style="list-style-type: none"> • Values-based decision making • Cross-boundary collaboration 	<p>2. Social Responsibility Company is presented with an easy opportunity to meet the needs of those on the other side of the globe. How will they prioritize and trade off the ease of the opportunity?</p>
Unable to retain talent	<ul style="list-style-type: none"> • Talent management • Impact and influence • Managing others • Career development 	<p>3. Talent Defection and Poaching Company is losing key talent and experiencing an increase of unwanted turnover. How will they develop the talent they have and retain the “good ones”?</p>
Unable to synergize products and work collaboratively	<ul style="list-style-type: none"> • Cross-boundary collaboration (receiving an invitation to collaborate across divisions) • Managing objections • Customer-focused innovations 	<p>4. Creating a New Market Space One business in the company wants to pursue a new market opportunity, yet they need the support and resources of an adjacent business to make it happen. Will they integrate to create a new space or not? Why?</p>
	<ul style="list-style-type: none"> • Cross-boundary collaboration (offering an invitation to collaborate across divisions) • Assessing competitive threat • Managing indifference in partnership • Customer-focused innovation 	<p>5. Cross-Division Market Access One business in the company is not using another business’s product. They’ve tried to get them to use it before, but attempts have failed. They’re faced with yet another opportunity to sell internally. Will they prioritize and work the trade-offs necessary to make it happen or not?</p>
Poor product quality	<ul style="list-style-type: none"> • Cross-boundary collaboration • Conflict management • Trade-off management • Customer-focused innovation 	<p>6. Mature Product Defect Customers have stopped purchasing a traditionally well-received product. Will they listen to customers’ input and redesign this product or discontinue it?</p>

leadership competencies needed for the company’s desired future (see **Exhibit 3**).

The simulation took place over the course of two days and was implemented as part of a larger conference design.

Later, the client reported being very pleased with the development results from the simulation. The simulation provided the company’s high potentials an experience to both stretch their strategic muscles and build new leadership behaviors. This two-in-one approach accelerated development, cut development

program costs by leveraging one resource instead of multiple resources, and created continuity in the overall design and experience for the participants.

Participants expressed gratitude for the opportunity (very rarely afforded them) to take risks and pursue new behaviors and ideas in a safe environment. Their expert-oriented culture had previously shunned such experiences. As one participant noted, “There’s no room to fail in our business. You either get it right the first time or you show yourself the door. We were forced [in the simulation] to try new ideas and behavior in the hopes of greater performance. And when those didn’t work, there weren’t dollars attached to the failure, just learning.”

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Another participant had this to say as a result of the simulation experience: “We’re all [now] trying new things, and the assumption is that we aren’t going to know how to do it right the first time. It has a way of leveling the playing field and increasing my desire to risk, especially when I know that doing it wrong won’t fast-track my peers’ career path.”

Simulation in Action: A Multinational Biotechnology Company

In this second client case, the simulation took place several years ago, giving the organization time to see the longer-term impact of the methodology on its business. At the time, this young, rapidly growing biotechnology company had dominated its segment of the life-sciences sector with two formidable products but was struggling to develop and commercialize a steady stream of competitively differentiated, scientifically efficacious products to sustain the growth trajectory it had enjoyed. To avoid the typical pitfalls of “big pharma,” it had remained

a decentralized, entrepreneurial company with discrete therapeutic areas all doing their own R&D work.

Although the complexity of biotech products results in longer development timelines than those typical in the pharmaceutical arena, this organization’s leaders believed they could accelerate the rather slow and inelegant development process from twelve years to seven or eight if some of the organizational, leadership, and even clinical processes were less cumbersome and inefficient. While their hunches were reasonably well founded based on what they had observed internally, nobody in the company, or, to their knowledge, in the industry, had ever achieved these faster development times. The crux of the issue was the inability to integrate all of the scientific, financial, regulatory, clinical trial, human, marketing, and commercialization processes into a coherent and efficient set of activities that enabled faster insights and sharper decision making about the portfolio.

We built a five-day simulation of an accelerated development cycle for nearly 200 participants—scientists, clinicians, regulatory leaders, marketers, finance, and HR/talent development staff—working in integrated teams of approximately ten people each. In this case, we did not cast the simulation into an adjacent context, but rather set it in the host context and changed some of the industry players. We needed these colleagues to have an experience of what had previously been unimaginable in their current context: suspension of disbelief was enough to work, with no need to alter the context any more than that.

The four segments of the simulation, each lasting approximately five hours and spanning multiple years, took the teams from the present-day discovery of a fictitious scientific compound we built for the simulation through to a commercialized, branded product eight years into the future. Along the way, they encountered major competitor threats, economic uncertainties, scientific setbacks,

organizational transitions, and critical processes to integrate across the organization.

Each segment was followed by comprehensive debrief and reflection. A gallery displayed each team's work so that everyone could see and learn from one another's insights and ideas. Even the adjudication comments were posted directly on the work displays for all to read.

The simulation required the kinds of deep collaborative and integrative behavior that most participants had never conceived of, much less experienced. It demanded that they blur organizational boundaries previously seen as impenetrable; listen to perspectives from people well outside their discipline; and work to synthesize scientific, market, regulatory, and clinical information into complex decisions in an accelerated fashion.

In the two years that followed the simulation, the organization launched four new products and registered eight more, surpassing what had been accomplished in all of the previous nine years. It goes without saying that this kind of discontinuous change required massive amounts of work to sustain, and was far from pain-free. The organization pursued an audacious goal and achieved it, and used a highly innovative technology to allow it to rehearse a future it hadn't yet imagined.

Integration for Accelerated Results

One of the major challenges of the disparate leadership development activities many organizations pursue is that they do not coalesce naturally into an integrated whole. Assessment, feedback, development planning, executive education, action learning, and the like often take place in a "serial" or "parallel" way, leaving leaders to do the hard work of sense making and integrating these pieces into something with meaningful impact on their personal leadership; their group, team, or department; and the larger system.

Exhibit 4. Simulations Integrate Multiple Leadership Development Activities



Simulation technology integrates, and consequently accelerates, these development processes, as illustrated in **Exhibit 4**. Because the experience allows all of these activities to happen *simultaneously*, the timeline between identifying a development opportunity and seeing change is shortened. Simulation methodology allows the highest-quality work to be done synergistically in a powerful experience that invites deeper transformation for leaders individually, relationally, and systemically. Furthermore, by utilizing one rather than several outside resources, an organization can reduce its overall development program costs.

A Commitment to Change

We believe simulation to be a potent methodology that could change the entire landscape for development of leadership capability in an organization. Indeed, we've seen that to be the case time and again. On the other hand, we also know this to be a potential "force of nature" that raises expectations, which can be risky if an organization can't deliver on them. Once this methodology has been brought

to bear, an organization must be prepared to sustain its commitment to change. Commitment includes securing sufficient executive sponsorship on the front end by identifying unambiguous connections to strategic imperatives and educating them on all that will be required beyond the intervention. Many would hope this to be a silver bullet for massive change and, of course, it is not. An organization must also ensure that participants have sufficient postsimulation support to translate their learning and ideas seamlessly back to their “real world.” The construction of the simulation context dramatically reduces the risk of the learning being “lost in translation” to the real business context, but it can never be entirely eliminated.

With these cautions in mind, we heartily encourage the pursuit of this methodology as an alternative to perpetuating increasingly irrelevant and unhelpful approaches to leadership development. In these turbulent and volatile economic, political, and competitively precarious times, who among us would say that superlative leadership capability is not ur-

gently needed? We can all agree that it is something we need sooner rather than later, and with the right level of commitment, passion, focus, and hope, this methodology can deliver it.

Note

1. For the purposes of this article, we won't go into detail on scenarios and scenario building. Readers who want to learn more are encouraged to see the large body of literature available on the subject.

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