

The challenge ahead of you!



Break into management teams
"You can discover more about a person in an hour of play than in a year of conversation." Plato



At the end of each round receive feedback on performance



Each team runs a separate business



1 Round = 1 Year
Each round makes decisions for entire year



Why are you here?

Make your company even more successful

Learn how a business makes money

Experiment with business like in a chemistry lab



High-Level Learning Objectives and Outcomes

<u>Learning Objective</u>	<u>Business Outcome</u>
Build business acumen	<ul style="list-style-type: none">⇒ Understand impact of decisions on financial performance⇒ Appreciate how individual decisions can impact the overall business⇒ Recognize the need for alignment across business areas
Think strategically	<ul style="list-style-type: none">⇒ Longer-term business focus as opposed to shorter-term⇒ Think “on” the business, not “in” the business
Understand financial statements and ratios	<ul style="list-style-type: none">⇒ Speak the “language” of finance⇒ Understand the impact of individual decisions on the Income Statement, Balance Sheet, and Cash Flow Statement
Develop leadership and teamwork skills	<ul style="list-style-type: none">⇒ Improved ability to lead teams⇒ Improved communication skills

DEVELOPING BETTER DECISION-MAKERS



Bill Gates on Success...

“Success is a lousy teacher. It seduces smart people into thinking they can’t lose.”

Source: Bill Gates, The Road Ahead, 1995



Running a business is difficult!

Small Businesses
50% fail by year 5,
70% by year 10.

Larger Businesses
The average age of an S&P 500 company is under 20 years, down from 60 years in the 1950s¹



Business acumen ("Business savvy" and "business sense" are often used as synonyms) is keenness and quickness in understanding and dealing with a "business situation" (risks and opportunities) in a manner that is likely to lead to a good outcome.²

¹CNBC August, 2017 ²Wikipedia, 2020 

The world and business are complex

Take a look at these news headlines:

- Price for Oil for May Delivery Falls Below Zero
- Economists forecast that GDP will drop at a rate of 14.7%... the biggest one-quarter decline in 73 years
- The next 45 days are the 'most critical period in U.S. financial history'

Complexity is increasing

Businesses need leaders with business acumen and financial acumen

*"Pain + Reflection = Progress
Most people have a tough time reflecting when they are in pain and they pay attention to other things when the pain passes, so they miss out on the reflections that provide the lessons." – Ray Dalio*

Sources: Principles, Ray Dalio, 2017 

Methodology

- You run a business (**active**, not passive learning – a “laboratory”)
- Total immersion (**overwhelmed** with data. A representation of reality, not a replication)
- By doing it! (making **mistakes**)
- Focus on the bigger picture (get **outside** your specialty area – talk to others, listen to others)
- As an **organized** team (divide/conquer/report)
- Competing (**focusing** on end-goals)
- **Fun!**

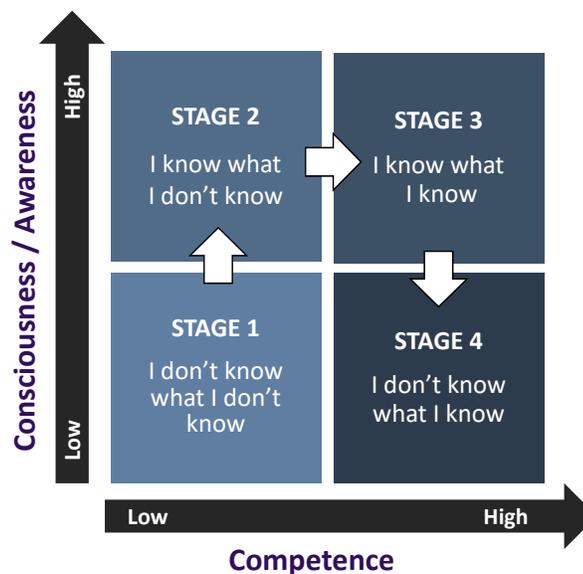
An opportunity to share thoughts & best practices in real-time



Outcome:
Improved Decision-Making

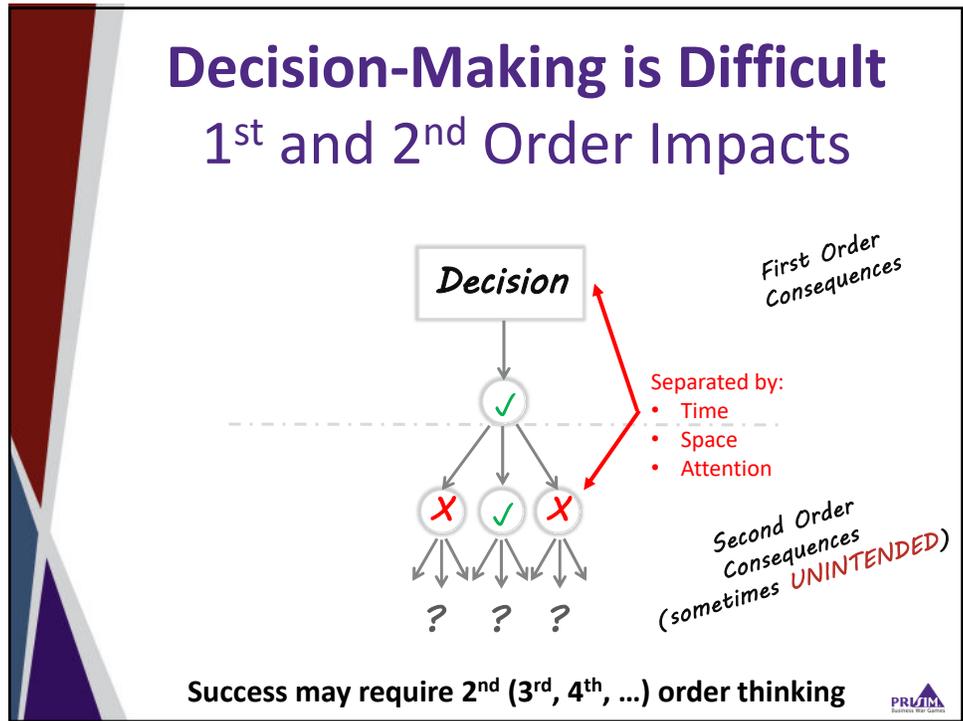


Competence can be broken into 4 stages



Source: Gordon Training Institute





We work in a “fragmented” world...

*“From a very early age, we are taught to break apart problems. To fragment the world. This apparently makes complex tasks and subjects more manageable, but we pay a hidden, enormous price. We can no longer see the consequences of our actions; we lose our intrinsic sense of connection to a larger whole... When we try to **“see the big picture”**... the task is futile—similar to trying to reassemble the fragments of a broken mirror to see a true reflection.”*

Sure glad the hole isn't at our end.

Department B

Department A

Peter Senge, The Fifth Discipline, Chapter 1 (2006)

Peter Drucker on “running” a business

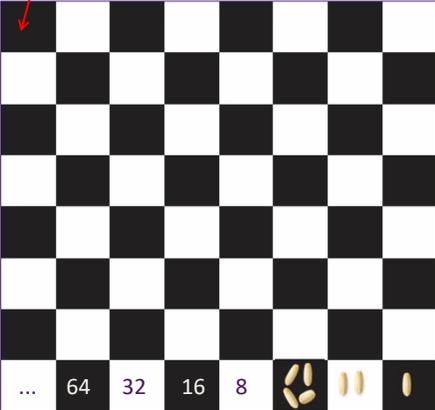
“Only 3 things happen naturally in organizations:

- ✓ **Friction**
- ✓ **Confusion**
- ✓ **Underperformance”**

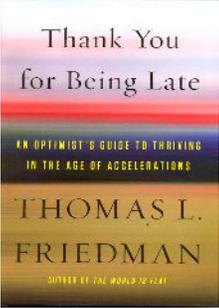
Your job as a leader,
is to make your business
behave **unnaturally!**



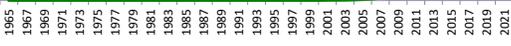
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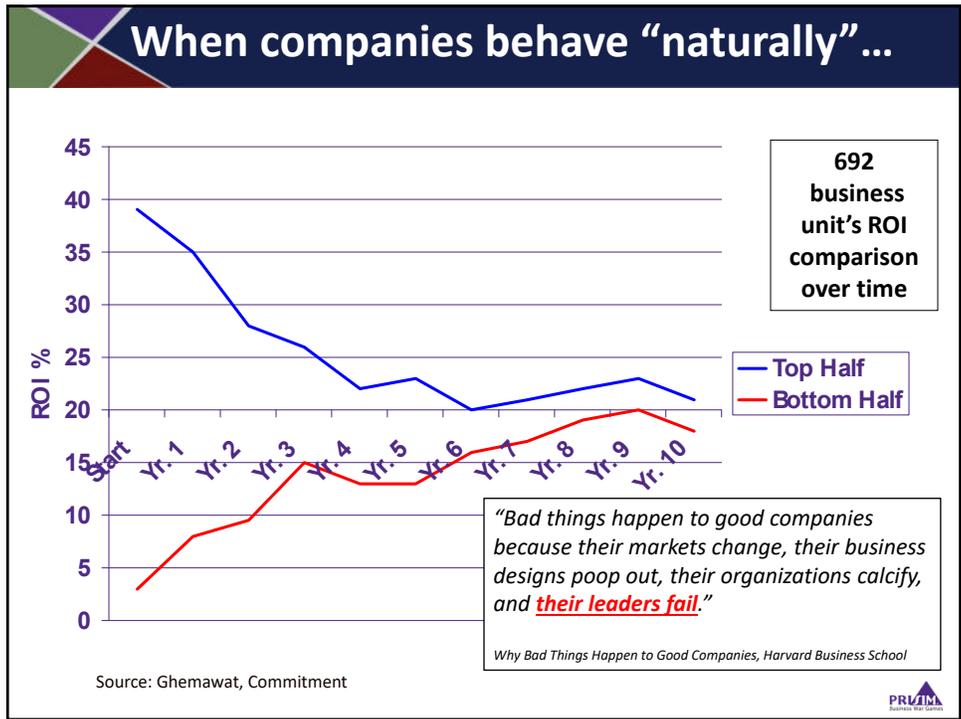






This is “exponential”
growth
And it’s not new, we’ve
been on this ride for
awhile!





Going from “good to great” – for the long term

- Collins and Porras studied “great” companies
- **Finding 1.**
 - “We’ve learned that, if anything, we underestimated the **importance of alignment**”
- **Finding 2.**
 - **Leadership** is key
 - However, beware of the myth that visionary companies require charismatic leaders: “A charismatic visionary leader is absolutely NOT REQUIRED.”
 - Think of **ARCHITECTS**

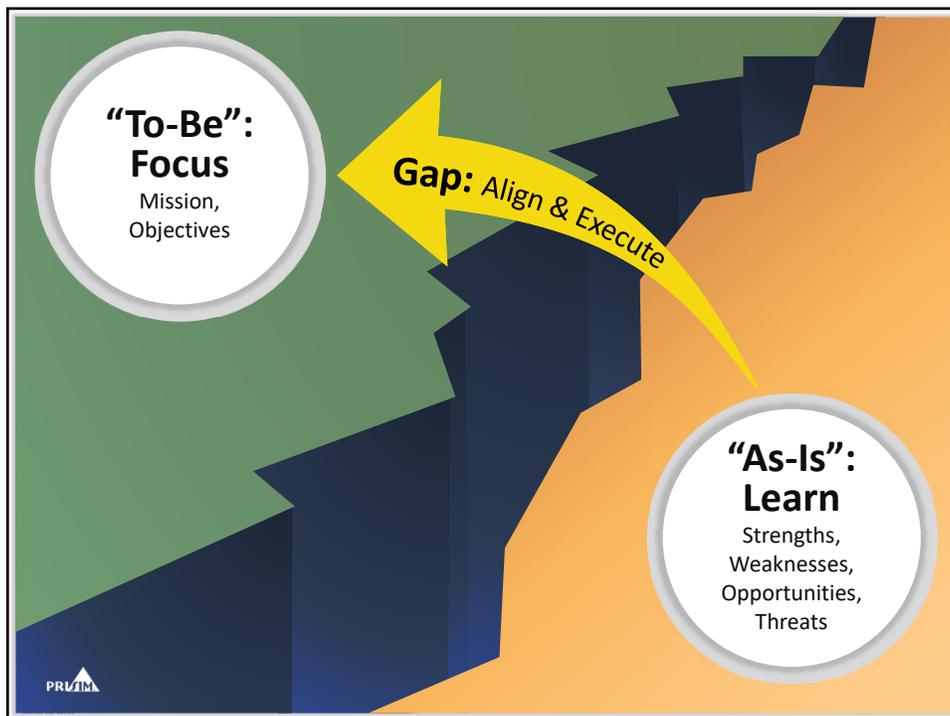
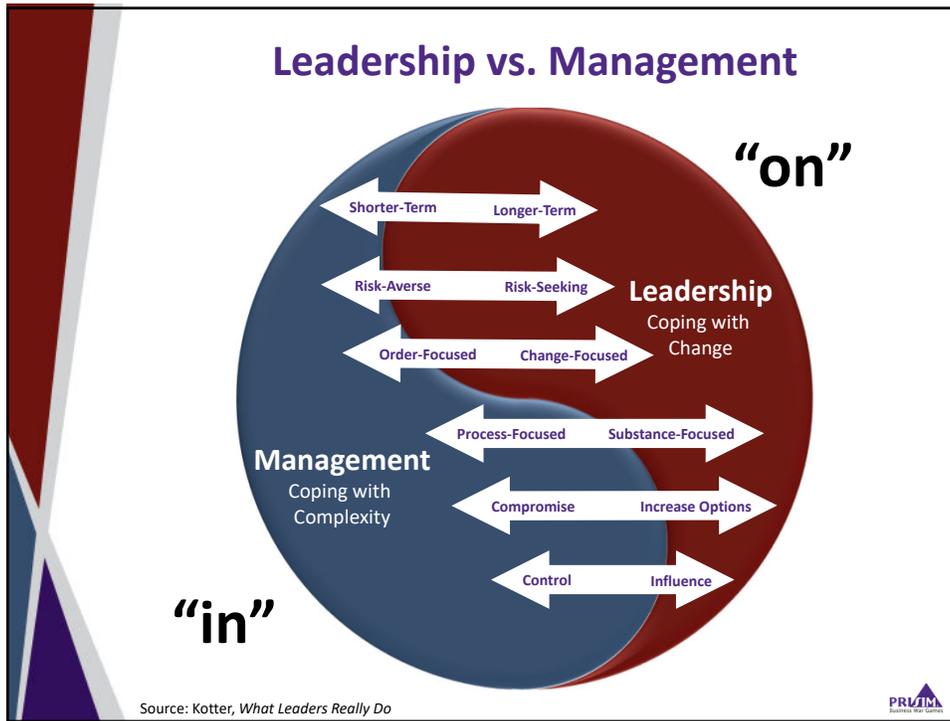
One thing we...have seen over and over again...is that many organizations struggle with strategic alignment:

- even at the healthiest companies, about **25%** of employees are unclear about their company's direction.
- that figure rises to nearly **60%** for companies with poor organizational health scores.

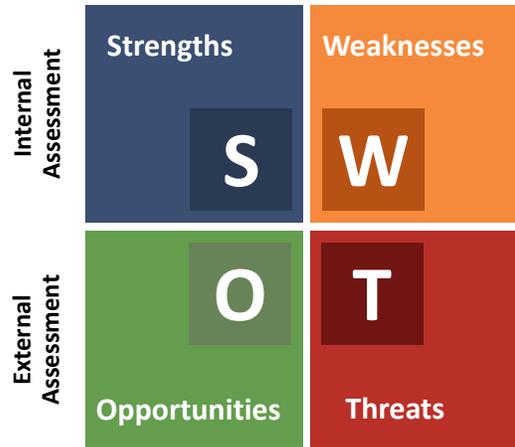
McKinsey Quarterly

Built to Last, Collins and Porras; and Good to Great, Collins

PRISM Business War Games



Defining the “As-Is” with SWOT



“My conclusion... is that a good managerial record is far more a function of what business boat you get into than it is of how effectively you row.”

Warren Buffett, in The Essays of Warren Buffett, 2015

“Discovery consists of seeing what everybody has seen and thinking what nobody has thought.”

Albert Szent-Gyorgyi, in Irving Good, The Scientist Speculates (1962) US (Hungarian-born) biochemist (1893 - 1986). Discovered Vitamin C



- You’ve **HEARD ABOUT** what needs to be done...
- Now it’s time to **DO** it!

