

# WHAT HAPPENS IN A BUSINESS WARGAME?

## BACKGROUND

**Wargaming originated in ancient China where skilled warlords created intellectual challenges to test the skills of their military subordinates, a practice that survives today in the form of the game of Chess. Modern wargaming traces its roots back to the 19th century, when the Prussian military pioneered the use of the 'Kriegsspiel' (wargame) as a way to educate and train existing and new officers in military strategy. It was a training policy that was to propel them to the top of their profession.**

**These days, we know that planning a campaign, marshalling scarce resources and creative use of reconnaissance to keep one step ahead of the opposition is every bit as valid in the modern business world as it was in the days of empire.**

**Today, we can use business wargames to challenge strategic thinking and test leadership in a participative and competitive environment that has stood the test of centuries.**

## HOW BUSINESS WARGAMES WORK

Modern business wargames create a low risk environment in which leaders and teams can test their strategy and challenge their assumptions. Poppyfish Business Wargames are 'human centred'. Our wargames do not involve rows of computers clunking through data. Instead we place managers and leaders in a scenario driven situation and play out the consequences of their decisions. Wargames are typically team activities, with one 'team' making decisions for the host organisation whilst other teams take on the roles of competitors, key suppliers, or other external organisations relevant to the scenario

*Above: Delegates on a high-potential leadership programme discuss their strategy in a Poppyfish Business Wargame*

being played out. Each team will work to its own briefing and will form a strategy and make decisions to achieve its overall objective.

The wargame is co-ordinated by a team of facilitators or umpires who will lead the teams through a series of nodal decision making points where the participants are provided with reports of events and must then deal with the issues that each of these creates.

## THE WARGAMING CYCLE

Wargames will typically run over one or two days, starting with a planning session and ending with a debrief. Once underway the wargame itself follows a cycle: The facilitators will provide an update on the current situation, including team or market specific information. Participants may then ask questions, but have a limited period of time to take decisions. Once the time deadline is reached the facilitator will request final decisions which will then be processed by the facilitation team. At this point the facilitator will retire, returning very promptly to provide the next update and to restart the cycle.

The facilitators will control the 'timeclock' and will move forward to the next decision point as needed. At various stages the facilitators may supply participants with information, images and other media that might reasonably be expected to come to their attention as the scenario unravels. Information will be presented according to participant roles and responsibilities. Participants then have the opportunity to respond individually or to consult with other members of the team taking part in the exercise. The facilitators will assume the roles of other individuals as needed.



Above: The schematic for a typical business wargame. The exact structure of the game will depend on the scenario being explored. All teams receive a detailed briefing and are allowed sufficient planning time before the wargame gets underway.

In some instances the facilitators may ask a team to prepare a document (such as a ‘press release’ perhaps) in relation to a specific issue, and will give limited time in which this can be drafted. The aim here is not to generate a perfect document, but rather to allow participants to consider and write down the key areas that they would wish to include, possibly via a bullet point list. All materials are provided.

For the purposes of the wargame, the facilitators will be the final arbiter on all situations.

In some wargames, each team may have an observer attached. The observer is part of the facilitation team. His or her role is to observe how the team work together, feeding back their insight during the debrief. Skilled observers can add significantly value to wargames, offering deep learning in terms of team dynamics, the impact of organisational and team cultures on decision making, and individual leadership behaviours.

*“There was a very realistic feel to the escalating situation that seemed to be really occurring outside our control room”*  
Business Wargame Participant

### THE POWER OF ASSUMPTIONS

Poppyfish wargames use a ‘matrix gaming’ approach. When any team makes a decision or announces a course of action the facilitators will ask them to support their decision or action with three reasons why their strategy will work. This might go something like this:

Team: *“We will launch our new product range into the North American market with great success. The reasons this will succeed are: a) we have a great network of US distributors, b) we are supporting the launch with a large advertising campaign c) there is nothing similar on the market at this time and the demand is high”.*

Presenting three reasons for success serves two purposes. Firstly, the strength of the arguments will help to determine whether the strategy is likely to be successful and, secondly, these reasons expose some of the key assumptions held about the marketplace or business and reveal any biases. Does the business *really* have a ‘great network of US distributors’? Does advertising spend *really* result in high sales? And how do we *really* know the level of demand in the US market?

By capturing these we build a fascinating insight into the assumptions upon which the business makes its decisions, creating a valuable database that can be used as part of the debrief activity.

## THE CONCEPT OF FRICTION

A key concept in wargaming is the concept of friction. Friction is something that we all experience when trying to get things done. Real life instantly exposes the exaggerations and half-truths of a plan. For instance, I might reasonably expect to get to the corner shop in two minutes. However, I spend a full minute searching for my keys before leaving the house and on my way to the corner shop I am stopped by my elderly neighbour who asks me to help her carry some shopping from her car. As a result my two minute trip takes five minutes. And when I get there, the shop didn't even have what I wanted. External factors influence our ability to get things done and in some situations actual outcomes are inherently unpredictable. A good wargame will include sources of friction that affect the endeavours of teams. This is more than just a manifestation of the planning fallacy, but is a fundamental aspect of operational strategy and execution. The problem of achieving business goals is not merely one of getting the business to act, but getting it to act in such a way that what is actually achieved was what was wanted in the first place. In the wargame friction will appear as three gaps<sup>1</sup>:

**Gap 1:** The difference between what we expect our actions to achieve and what they actually achieve.

**Gap 2:** The difference between what we would like to know and what we actually know.

**Gap 3:** The difference between what we want people to do and what they actually do

The design phase of the wargame will identify sources of friction influencing your business and will include these in the wargame itself. Sometimes these will take the form of external friction (e.g.: the appearance of the neighbour) and sometimes they will be internal to the organisation itself (e.g.: I couldn't find my keys). And, of course, friction affects the entire system, not just the business being studied.

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1. For a full exploration of the concept of friction we recommend reading *'The Art of Action'* by Stephen Bungay

## THE BENEFITS OF BUSINESS WARGAMES

Business wargames will take your team on a trip into the future, creating an immersive experience that allows managers and leaders to face and experience the challenges of the future in a risk free present day setting. By exploring this future we move participants into the complex domain, where conditions of uncertainty make decision making difficult. The competitive team environment that wargames create allow people to take an external view of their normal world, shedding new light on existing challenges.

Business wargames expose the strengths and weaknesses within management teams and are especially beneficial for :

- Stimulating innovative thinking
- Challenging existing thinking and assumptions
- Spotlighting talent
- Encouraging teamwork and collaboration
- Promoting individual and organisational resilience
- Developing leadership skills
- Identifying blindspots and new opportunities
- Offering a great return on investment

## WHAT PREPARATION IS REQUIRED?

The strength of business wargames is in the scenario design. Wargames designers will work with nominated people in the business to craft the scenario and any specific organisational or market information that is necessary to ensure that the wargame is relevant, plausible and has a compelling narrative. Facilitators need not understand the full intricacies of the market, but will require enough of an overview to allow them to hold the boundaries in a way that allows participants full flexibility of outcome. Expert input from the host organisation is an important aspect in wargames design.



*Left: Wargames designer and facilitator, Richard Clarke, observes a team at work during a Poppyfish Business Wargame.*

## WHAT HAPPENS DURING THE DESIGN PHASE?

In the design phase we will work with managers in your business to determine the key objectives and desired outcomes of the wargame and to understand more about the business and the environment in which it operates. Third party experts or people allocated from the business bring their expertise to help develop the thinking. Important considerations here include the market structure and relative shares, key trends and a detailed map of the landscape in which the business operates and the key challenges faced. Potential scenarios will be explored, with one of these becoming the framework for the wargame. The facilitators will work on a game design, some of which will be shared with the key stakeholder managers, depending on whether they will be involved in the wargame itself. Relevant briefing materials and any materials needed during the wargame will be produced. Time invested in this stage has a significant impact on the quality of the event.

## HOW ARE THE TEAMS DECIDED?

Teams are established at part of the design phase. Existing managers and leaders commonly take on the role of the 'Blue' team, leading the existing business and making strategic decisions in the wargame just as they would in real life. Competing 'Red' teams take on the role of other businesses active in the market and are typically populated by other managers, external experts or even existing senior managers who have previously worked for that competitor. The role of other participants will be influenced by their area of expertise and experience. All participants will receive a detailed briefing pack and teams are allowed planning time ahead of the wargame to allow them to formulate a strategy.

## HOW LONG DO WARGAMES LAST?

The length of a wargame will vary, but most are conducted over 1 to 2 days. It is important that participants can concentrate fully on the task in hand, and we would recommend that wargames are held in a suitable external venue.

## HOW IS THE LEARNING EMBEDDED?

The wargame will complete with a facilitated debrief, allowing all participants to share their views and learning, and to allow any urgent decisions to be made if necessary. Wargames can generate lots of data around assumptions and challenges, not all of which can be addressed or explored in this immediate post-wargame session, so we recommend businesses conduct a follow up learning review shortly after the wargame to allow time for reflection and to create a considered action plan. As with any learning event, the true impact comes in the changes that are made as a consequence of the activity, and we recommend that business follow a structured approach to this and can support this as needed.

If you're looking for a way to test your strategic thinking then a business wargame could be just what you need. For more details e-mail [enquiries@poppyfish.co.uk](mailto:enquiries@poppyfish.co.uk) or call 07749 782572

**Poppyfish**  
people development

# WHY WARGAME?

There are few better ways to assess the viability of a new strategy, campaign or initiative than to test it with a business wargame. But the benefits run deeper than you might think.

We believe there are 8 crucial benefits that can directly accrue from a well delivered business wargame:

## 1. Business wargames stimulate innovative and creative thinking in a low risk environment.

Wargames use realistic scenarios to allow participants to experience the type of decision making challenge that they might otherwise only face in moments of crisis. Wargames do this in a safe environment, where poor decisions result in learning not failure. Such activities provide opportunities to stimulate innovative and creative thinking that allows the full pursuit of those 'what if' ideas that can make a real contribution to success, and to follow them through without fear of failure. Wargames create a breeding ground for new thinking. The process of being involved in a closed door session serves to focus the mind of managers and leaders on the scenario and allows focussed discussion in a way that the normal day-to-day activities do not allow.

## 2. Business wargames challenge existing thinking.

The 'team' approach used in wargaming allows participants to step into different roles, including giving them the chance to step inside the minds of managers in competing businesses. The different perspective that goes with this challenges assumptions and can shine new light on existing thinking. Such events can be an insightful method for assessing the suitability of selected strategies and allowing you to rethink or redesign before making a risky commitment.

## 3. Business wargames spotlight talent.

There is a saying that when the going gets tough, the tough get going. We often don't always know how people will behave in new situations. Business wargames can allow you to see how your team work with their peers outside of their normal operating environment. In these situations real talent shines through and unlikely heroes will emerge. This makes wargames powerful methods of testing and developing emotional intelligence and professional capability and provide a superb opportunity for personal development and growth.

## 4. Business wargames encourage teamwork and collaboration.

In wargames, as in the real world, co-operation and team work are important components of success. Such events provide a forum for building team relationships and highlighting the dependencies between groups and individuals. Strong bonds are highlighted, poor bonds are exposed. Simulations allow the stresses and strains to be identified, explored, tested and improved, providing greater assurance that they will work more effectively when the need comes. In addition, they allow us to shine a light on individual behaviours that can make teams stronger and ensure the full potential of the team is recognised and realised.

*"Done well, simulations can bring enormous benefits. Indeed, corporations using traditional management training programs may be wasting time and money by comparison. A well-designed simulation will yield much better results and prove more cost-effective"*

McKinsey Group

## 5. Business wargames promote resilience at the individual, team and organisational level.

The resilience of a business can be measured by the ability to maintain its core purpose and integrity in the face of dramatically changed circumstances. Business wargames allow us to test this resilience giving leaders and managers the foresight they need to think ahead of the game and be prepared to cope with emerging and

complex scenarios. Individuals have an opportunity to develop their self-awareness and confidence, which can help to improve resilience and mindfulness, developing skills and competencies that are useful not only in their current roles but that might also be portable to other roles and which will undoubtedly strengthen their overall portfolio.

## 6. Business wargames develop leaders.

Wargame scenarios put leaders on the spot and test the full suite of their leadership capabilities. Will your leaders step up and be decisive or will they vacillate in the pursuit of perfect knowledge? What happens to their attitude to risk when they have to think dynamically in response to a wicked problem? Can they spot strategic opportunities and act with the pace needed to capitalise on them? And will they do this in a way that works alongside others or will they attempt to dominate them and take all the credit? A wargame will give you an insight into these key questions. Couple this with a reflective learning framework and you have a powerful development tool.



## 7. Business wargames identify blindspots and new opportunities.

Hindsight is a luxury in business. Testing your strategy and your people with a business wargame will identify blind spots, enabling you to take the actions needed to avoid them. This promotes foresight and allows leaders to spot tell-tale patterns and early warning signals that might otherwise have remained invisible until too late, giving them the confidence to make great, early decisions.

## 8. Business wargames maximise return on budget.

Wargames are not passive. Participants leverage learning in a multi-disciplinary environment working alongside colleagues on a real and specific challenge. Few other learning opportunities provide such highly relevant, interactive and workplace specific learning. The returns are significant and the learning is long lasting.

The real question remains, can you afford NOT to be wargaming?

If you're looking for a way to test your own strategic thinking then a business wargame could be just what you need. For more details e-mail [enquiries@poppyfish.co.uk](mailto:enquiries@poppyfish.co.uk) or call 07749 782572