

Fearless Thinkers: Episode Two
"Business Simulations: Unlocking Uncommon Sense"
With Darshan Shrestha

Masami: This is *Fearless Thinkers*, the BTS podcast. My name is Masami Cookson, and your host today is Rick Cheatham, our head of marketing at BTS. So Rick, what do we have for today?

Rick: I'm very excited about today's show, Masami, because we're going back to our roots and talking about simulations. For those of you who don't know, our business was really founded on using the power of simulations to get people to understand their company's strategy and how they can make more impact.

Masami: Especially in the learning and development world, "simulation" seems to mean a lot of different things to different people.

Rick: Exactly. And our guest today, Darsh Shrestha, really dives into that and what's important in a simulation and what could potentially get us some very different outcomes and what sometimes just ends up being noise.

Masami: Sounds great. Let's get into it.

Rick: Hi, everyone. Thanks so much for joining today's show. I couldn't be more excited to have not only one of the most intelligent people at BTS joining me today, but somebody who I'm very proud to also call a friend. We have Darsh Shrestha with us, and not only does he gain so much knowledge and work with clients at BTS, but he's just one of those lifetime learners who's always looking for the next piece of information that could really provide great value to his own quality of life and of course, to our clients as well. So, Darsh, welcome.

Darsh: Hi, Rick. How are you doing?

Rick: I'm great, man. It's a little bit of a gray day here, but tough to complain when I know most folks are living where it's freezing.

Darsh: Yeah. I'm one of those folks and I'll take freezing over "I get my back drenched in sweat any day," so, I think I'm where I'm supposed to be.

Rick: Exactly. Summertime in Texas is not always forgiving. But hey, today we just wanted to talk about simulations, which those of you who know BTS know that our firm was actually built on using simulations to help people understand and implement their strategy. But Darsh, I'm wondering if you could just give us a little more background on why we use simulations at BTS.

Darsh: Love to do that. And for me, 18 years ago when I joined BTS, the draw around, "Oh wow, we can do consulting with gamified simulations and go deep into business acumen, financial acumen," was the allure. And we've been running simulations now at BTS for over 35 years, and for global Fortune 500 companies. And I think the founders of BTS really hit something that was deep around adult learning with the context of really driving business results, and finding that simulations worked really well, bringing leaders together to get alignment, build their mindsets, and build some really deep capability. And we've been doing it successfully and hope to continue doing and building upon this powerful base.

Rick: So thanks, Darsh. It's funny. I think "simulation" can mean different things to different people at different times. So, for a little bit more context setting, can you tell us more about what simulations that drive behavioral change in the environment that we create? What are they not?

Darsh: That's a great place to start, Rick. Because I think when we talk about simulations, and in particular business simulations, there are a lot of misconceptions, and some people have kind of an aversion and a reaction based on experiences they've had or their understanding of what simulations are. So, clarifying what they are not is a great way to understand what business simulations are within the context of what we do.

And you can probably imagine this, right? Like a lot of people, when they think about simulations, their first reaction is "flight simulator." And is it something like that? Yes and no. And I'll tell you a little bit about the no. What flight simulators really do a great job with is they replicate what the reality of flying a plane would look like – the knobs the

buttons, the reactions – and then you can go in and you train for it and you can do the same things over and over again, whether it's like landing a plane or practicing a particular procedure. And that's what they're very good at. And then you can throw in a couple of surprises. You can have like water landings, you fly in inclement weather, you might do a bird strike. And then you practice in that safe environment, so that when (hopefully you never have to use it, but when you actually do) you're prepared for it. And if you think of [Sully:] *The Miracle on the Hudson*, one of the things Captain Sully had is he had logged in one of the greatest number of hours in a flight simulator. He was actually a trained pilot for test flights. And those are where flight simulators work really well. **And it's all about replicating reality in a safe environment.**

So, the power of simulations versus a simulator really shines when you can use creativity, improvisation, innovation, your influence, your interpersonal dynamics to really accomplish something.

Rick: So, if I'm understanding you correctly, not a simulator, not a very close replica of reality, but just bringing in the most important moments, decision points, challenges that allow the participant to come with their own experience to fill in some of those blanks and still have some of the same outcomes that you could get from a simulator. Fair?

Darsh: Absolutely. And I think it's also highlighting those pivotal decision points. So it's not like chronologically, you're going through a year of running a company, for example, and it'll take you a year to actually do, how can we extract the most pivotal decisions that you might make? And there's a really cool book by Michael Schrage. He has this book called *Serious Play*, and he talks about how simulations and models can actually change us. They can change how we collaborate, how we learn, how we innovate, how we communicate – because if you have simulations that are real enough to kind of suspend that disbelief, which is what we do, you can actually promote problem solving, critical thinking and that whole improvisation between people.

Rick: Yeah. As you know, I've spent a lot of my career working with sales and marketing organizations within our clients. And it's always been surprising to me how we expect people to really pick up incredibly difficult concepts at times without giving them the context in which to use them. So, I know from my own experience of what I'm hearing you saying now is building that competency within the context that critical moment is what really creates some breakthroughs.

Darsh: Absolutely. And it's actually more valuable to think of the simulations as more of a story. And I really like this quote from Seth Godin. He talks about in his book *Tribes*. He's like, "[People don't believe what you tell them. They rarely believe what you show them. They often believe what their friends tell them, but they always believe what they tell themselves.]" Right? What leaders do is they give people stories they can tell themselves, stories about the future and stories about change. And what I love about that part from his book is the idea that, we are inspired by, we follow... And in the way we develop in our professional lives, and in our personal lives, it's an aggregation of many stories and experiences that we've had.

And if you really want true behavior change, you need to convince leaders to tell themselves the story that "This is going to work, and I can do this. I can lead my people to doing this." And that's another part where simulations work really well because, in essence, what you're really doing is you're going through the story in a simulated environment of running this company into the future, making decisions, prioritizing people, and certain business trade-offs. And you get to do this because when you come out of the simulation, you've basically walked out of this experiencing a story of, "Yes, I took this company, we had these two challenges. These are the downsides that we had."

And the mistake that a lot of leaders make is they assume they have this idea of a strategy or they're building capability in their people for execution. And they use PowerPoint slides. They're beautiful, but there are a lot of PowerPoint slides... They do Town Halls, they have inspiring speeches and beautifully-crafted posters with one-word captions. Is that the

right way to get people inspired and communicate or is it letting them tell their own stories and living it? And that's a big element for why these simulations work so well – is because people get to walk through the story and live them out.

Rick: Yeah. I think that there really is so much power in story, and connecting it to one of your earlier points, especially the stories we tell ourselves. Many times, when I'm working with a client and I'm trying to figure out "What's really the X factor between one team and the next?" More often than not, it does come down to what they believe about themselves. The stories they tell themselves every day really impact their ability to be radically successful beyond most people's expectations or average. Those are very real and powerful things in my experience as well.

So Darsh, I think you had three. So, what's the other big misconception?

Darsh: So the final misconception is this idea that when you think of simulations, people think of games. And I love playing games.

I don't know about you – my son, he's now a massive fan of the Castaways game from Lego. It's on Apple Arcade. And he's just absolutely obsessed with it. He's in that flow zone, right? When he's playing the game. Time is suspended. And so, simulations are great. But when it comes to a business context, sometimes people miss... Yes, there's gamification, but they misunderstand whether simulations are truly games.

We actually had a CEO of a large bank – when he learned that we were designing this highly customized simulation as part of their flagship executive development program, he said, "I don't want my leaders playing games." Might have had that gravitas and tone there. But we had the opportunity to walk him through like, "Yes, it's a gamified experience, but it's not a game because what they're actually doing (and we got a chance to walk him through this) is, they are setting strategies, they're prioritizing limited time and resources in being able to pursue opportunities. They're launching strategic initiative to accomplish those objectives. And then they're managing and

balancing all these business trade-offs. Do I do one, do I do the other? They really get a chance to understand the levers, right? So, what do I do with price? And what's the impact on revenue? What's my customers... How are they going to respond? They get a chance to experience those interdependencies, right? If I'm doing one thing in marketing, or I'm doing something in product development, what is it doing to my risk? What is it doing to my operations? And they're getting to do all of this while responding to macroeconomic challenges, policy changes, competitor actions. And he became a believer because he was like, "Oh, well, they're just running the business." And exactly, that's the case, right?

So yes, simulations are gamified. We reward and celebrate the winners. It's a competition which really brings that engagement, that interactivity in. But it's not a video game. There is a purpose to why we're going through this experience together. His best thing was, "Yes, they're executing the company strategy and they're executing my vision and strategy, which is what I've said. They get a chance to take it for a test drive." And that's what really made him a believer.

Rick: Yeah, it is very, very funny 'cause it's so natural for us as humans to want to benchmark ourselves against our peers, to understand all of the different tools that we've got, and how to potentially use them. So that difference between "It's just a game" and "Gamification to drive experience" is, I think, a pretty important distinction.

Darsh: Absolutely.

Rick: I'm curious to know if there's anything that we've missed. What else is out there that really helps to make a difference when we're trying to help people form new habits?

Darsh: The business model that leaders are going through is their business model; they see their KPIs, their initiatives. They see their suppliers, their customers. We don't over rotate on my earlier point to build a flight simulator. It is biased towards getting leaders to experience those pivotal points, driving towards an outcome, building the right level of

business or financial acumen skills, and giving that enterprise perspective – that 10,000 foot view of how the key pieces of the business come together, the business units, the functional units. And they get to play the role of the CEO or the CFO or business presidents.

What's really cool about that is, yes, there's the customization, so it's "my" business. But there's a bit of a novelty because oftentimes you get to the role of people and leaders that are two, three oftentimes many levels above you. And that brings that novelty where they're like, "Wow, this is what it feels to be in X person's shoes, who's the CEO." And these are all the trade-offs. So it builds that appreciation. It builds that empathy.

And it's so much fun! I mean, I think adults, we are all quite stubborn in our ways, and this is a way to kind of break through that because time just flies. A lot of times people come back when they go through hours or days of running through our experience, and they're just saying, "I don't know where time went."

And if you subscribe to the idea of flow, I think when I see flow – other than my own son playing video games, or reading a good book or myself – is in the way we run these. And I like to capture the idea of flow in our experiences is the way our experiences feel is, it's exhilarating, and they just love it. They've learned something, they've collaborated, they've made some new friends, and hopefully, they are ready to go out and execute.

Rick: Yeah, it is wonderful to see an action because as that customization process begins, and executive teams are forced to come into alignment because, if nothing else, they have to pick the "right answers for the simulation." So you start getting more granular alignment, it seems like. But more importantly, that piece that you hit on – maybe I have a little bit more empathy for my boss and my boss's boss. What it really takes to get this work done. Maybe I look at the folks in operations differently if I'm on the commercial side of the business because I've had to take an enterprise view. And to your point, it's fun. It's fun to get to see your world with completely different

eyes. So, I'm glad you took the time to explain that to us as well.

Well, my friend, I believe we have done it for today. I think our time is up. As always, such a pleasure chatting with you.

Darsh: Always, Rick, and excited for many other podcasts and things to come from BTS. This is cutting edge, and I'm hoping clients and our friends will find this helpful.

Rick: Perfect. Have a wonderful day.

Darsh: Bye, Rick!

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