

## CELEMI Decision Base<sup>®</sup>

### Celemi Decision Base helps prepare global execs for business growth at Sauer-Danfoss

Almost all the pieces were in place for the Global Leadership Development Program at Sauer-Danfoss, a US-based international manufacturing company enjoying rapid growth and expansion. The training and development team, however, was still searching for the best business acumen component to round out their nine-month long, multi-faceted program. The team prided themselves on creating a program that was both effective and engaging, and the missing business finance course would have to meet the same exacting criteria.

“We expect our participants to become fully immersed in an experience so they can learn new information and understand their own behaviors in a high-pressure situation,” notes Anne Wilkinson, Director of People Development at Sauer-Danfoss, which currently operates in 25 countries.

After thoroughly researching options, Ms. Wilkinson and her colleagues ultimately chose Celemi Decision Base<sup>®</sup>, a board-based, competitive business simulation that challenges teams of participants to make high-stakes management decisions and successfully run a hypothetical company over a period of several simulated “years.”

A proponent of action learning, Ms. Wilkinson says the company had used simulations and gaming in the past, but is very cautious about bringing in outside facilitators, an option with Celemi’s programs. “We have a customer focused culture that extends to our internal customers,” she explains, “so we have to ensure that every learning experience meets our high standards.”



***Ah ha moment:** “Now I understand why the Operations guys are always mad at me,” muttered a marketing pro. “Can’t you maintain a sales forecast for even one month? Stop making changes!”*

After seeing Dan Topf, a Celemi-certified facilitator, in action, the team at Sauer-Danfoss was convinced. “Celemi’s simulations are flexible and dynamic,” notes Mr. Topf, who is a partner in MDI, Inc. and introduced the program to Sauer-Danfoss. “Unlike computerized simulations, which are pre-programmed, we can adapt the rules and mechanics in real time to address specific and changing client needs, and provide a much richer experience for the participants.”

Celemi Decision Base delves into all the critical business areas: purchasing and production, finance and accounting, and marketing and sales. Results of the participants’ decisions are often fraught with unexpected twists and turns, just as in real life — and just as the training and development team at Sauer-Danfoss had hoped.

#### **A balancing act**

For two days in June 2007, outside of the company’s European headquarters in Germany, six teams of Sauer-Danfoss executives huddled together, applying

their business knowledge and expertise to the goal of making their simulated company best-in-class. Each four-member team was comprised of individuals with diverse business backgrounds and representing different parts of the globe — Europe, U.S., South America and Japan.

In his everyday role, Dave Wohlsdorf is the Director of Product Portfolio Management; but for the simulation, he assumed responsibility for his team's business operations. "Our strategy was very aggressive and based on the philosophy that we should grab as much business as possible upfront to achieve growth. We ramped up capacity, dedicated a lot of resources and gambled that we could produce enough sales," he notes.

The team members, though, were in for a rollercoaster ride. During one period, they didn't achieve enough revenue to support their investments and struggled to keep from folding. According to Mr. Wohlsdorf, at various times during the simulation, some team members wanted to abandon the strategy for a more conservative path; at other times, they were ready to mutiny.

"The tough times created a great forum for debate and generated a lot of ideas on how best to work out of tight corners. It also provided valuable insights into how different cultures respond to successes and failures," Mr. Wohlsdorf observes. Their sticky situation brought to light how important it is for a company to spend money on marketing yet not over invest. Otherwise, a company will be strapped for cash and have trouble growing or even staying in business. "The simulation clearly showed how running a company is a delicate balance with a lot of moving parts," he adds.

#### **No single answer**

Team strategies at the tables varied considerably. Some Sauer-Danfoss groups took stable, conservative approaches, but not all. One was in trouble from the beginning and nearly went bankrupt when they assumed they could obtain sales without investing in marketing; another was nearly acquired in a hostile takeover. Yet another team had prior experience with LEAN business techniques for improving processes and reducing waste. They focused efforts on negotiating preferential manufacturing terms and operated much more efficiently than everyone else.

For Ulrich Bargum, Product Group Director of the Work Function Division in Denmark, the timing of the simulation couldn't have been better. He had recently changed

positions from customer support to manufacturing and found the exercises enlightening.

"Our group was very aggressive in the beginning, but one year we forgot to calculate depreciation. We had to go back and work through each step taken during the year to find out why the figures weren't adding up," Mr. Bargum says. "Decision Base also demonstrated the need to balance customer expectations with delivery performance and cost. We had a few opportunities to change course, but never managed to do so."

According to Donna Gilligan, Director of Organizational Effectiveness, the participants were highly engaged. One executive, known throughout the company as a high-performing marketing professional, was overheard muttering the first day, "Now I understand why the Operations guys are always mad at me." The next day, his comments were even more unfiltered: "Can't you maintain a sales forecast for even one month? Stop making changes!"

#### **Connections lead to innovations**

Mr. Topf describes activities on the second day as less about rules, more about reality. "We actually turned the simulation over to the executives and asked them to propose changes to their companies which they would have to pay for, implement, track and report. The teams became quite innovative and shared their ideas with each other."

Adds Ms. Gilligan, "Dan was great at tying the activities to real-life scenarios that had meaning for Sauer-Danfoss. He brought a critical piece that doesn't always happen in other simulations."

She also explains how Celemi Decision Base supports the culture at Sauer-Danfoss: "We try to actively promote from within and to offer leaders opportunities to serve in different countries. This simulation drew out the cultural differences of our diverse participants while simultaneously strengthening leadership skills and creating a common business vocabulary."

The Decision Base program proved so successful at Sauer-Danfoss that the company has added another Celemi simulation, Apples & Oranges, to a new global training initiative called *Building Your Leadership Legacy*. "The CEO and executive team are committed to leadership development, and these tools help support our objectives," concludes Ms. Gilligan.