

How to play and utilize

The Management Challenge

Serious management simulation
since 1998

A practical guideline for participants

Licensee of The Management Challenge

TMC Facilitator

The Management Challenge

+31 (0) 6 1668 2098

info@themgtchallenge.org

**How to play and utilize The Management Challenge,
a practical guideline for participants**

Version 4.0 - August 28, 2019

Published as part of the serious management simulation The Management Challenge

Associates and licensors of The Management Challenge:

- Cees Hoogendijk
- Edwin de Vos
- Remco Liefing

info@themgtchallenge.org

www.themgtchallenge.org



This work is licensed under the Creative Commons Attribution-NonCommercial 4.0 International License. To view a copy of this license, visit <http://creativecommons.org/licenses/by-nc/4.0/>.

The Management Challenge was conceived in 1998 by Willem Jan van der Veldt

Chapter 1: Read well before you start...

Purpose of the Game

The Management Challenge is an interactive 'serious management simulation' to be played and experienced by (teams of) board members, managers, supervisors (senior) staff for the purpose of learning, connecting and deepen their understanding. It is also highly recommended for students in Business Administration, Human Resources and Organization Development. Participants learn and experience how their decisions influence the development and success of an organisation and its various stakeholders.

Take care of the organisation, and the organisation will take care of its results.

Learning experiences include:

- Deep understanding of what integral management is really about
- Organization's complex responses to management decisions
- Taking into account all possible stakeholders within organizational context
- The necessity of teamwork, communication and time management
- Value systems behind management team behaviour
- What great fun experiential learning can be

Brief Introduction

The Management Challenge is executed by teams competing each other and moreover - competing Europe's best performing companies and organisations.

- Teams are challenged to define long- and short-term strategies for their virtual organisation and to actually implement this strategy. At their disposal a great number of possible measures to lead their organisation toward improved results.
- Simple calamities but also serious disasters can pop up during this business game, and they are in the need of wise responses.
- Only with sensible use of time and energy you can become 'Best in Class'. Of course not without the right combination of measures. This heavily determines the success of the participating (competing) 'organisations'.

Game Proceedings for Further Understanding

The Management Challenge simulates managing a virtual organisation over a period from one up to five subsequent business years. Your group represents the recently installed management team, appointed to set challenging objectives and meet those as close as possible. Every (virtual) three months, your team has to compose a set of measures for that specific quarter, fitting to your strategy, and responding to what your organization needs.

Measures to decide upon

Over hundred different measures are available to work with, carrying all kinds of effects on the management of your organisation. For example: a quick increase of production and sales may cause positive turnover results, but might also have a negative impact on resources. Investing in 'new ways of working' creates attention for development and innovation, but on the other hand might negatively influence social cohesion within the organisation. When organizational areas are ignored, overall performance may decrease.

Not only measures as such, but also combinations of measures and the way they are sustained, determine 'rise and fall'. Each measure represents a certain investment in time, energy and money. Since these resources are limited, efficient and balanced use of measures is crucial.

Management dashboard

Quarterly feedback is provided; into high levels of detail and visualization; realistically delayed because organizational incubation and response to new instructions needs time. The more mature the organization gets, the more extensive the content of the management reporting...

Learning is already winning

When all the scheduled quarters have been completed; when participants have been given the opportunity to have their specific questions answered; when the 'story boards' of each team have been revisited; and when the final management reports have been delivered to the teams...

...the Supervisory Board will decide which of the teams can be regarded the winner. The criteria for this are of course not only of an economic nature; they also include the potential that has been left behind, and the strategic consistency that has been shown during the journey. Nevertheless: every team wins, because the more setbacks a teams has been able to overcome, the more it has learned.

Ready for a learning expedition?

Chapter 2: Essential preparations before taking off

1. This manual is not the thickest of all manuals. All information is relevant; make sure you read and learn, or at least know where to find it; in this document and later on through digital sources.
2. Look around in your group. What does it need to deliver the high team performance that is going to be expected from you in the coming hours? You might want to discuss this.
3. You need your computer or tablet to describe your organization, to upload your decisions, and to download your quarterly reports. You will be given a specific URL to run the simulation, including username and password. In a multi-language environment you are able to select your own team language.

Chapter 3: Preparing your company's pitch

After thorough and rapid preparation, one of your team members will be presenting the characteristics of the imaginary organization you have to define in the online game environment for the purpose of this simulation.

Please be creative, but keep in mind the following. Your organisation delivers products and/or services. There's also (paid) after sales service. The products and services can diversify for professional and consumer markets. Delivery is direct and may be done in cooperation with partners. The organisation is a subsidiary of a larger entity and is governed by a Supervisory Board.

Your not more than 2 minutes plenary pitch needs to include:

- The essence of your imaginary company: name, proposition, mission, and vision
- The targets for the given period, defined along two specific objectives to realize, being:
 - * The Organizational Health Index (a grade between 1.0 and 10.0)
 - * The Organization Share Value (a percentage below or above 100%)
 - * You are allowed - if not strongly suggested - not to present your strategy
- Sufficiently realistic targets, that deserve the respect of your Supervisory Board

The moment you have given your organization a name, some historical performance information will become available.

Chapter 4: Playing the management simulation

There we go. The general activity is to feed your organization every new quarter with a set of measures, to be selected from the rich variety, included in this guide. According to reality, the organizational responsiveness to your measures is of such nature that your next management report will only show the effects of the measures from one quarter before. In other words: you need already feed the organization with new measures before you know the results of the most recent ones. The best strategy is... to follow your strategy.

Agenda and deadlines

You will be given a time schedule for the activities you will perform today. Keep on monitoring this agenda; you will notice that time frames differ depending upon the progress of the game. Highly important are the deadlines for deciding upon your measures; updating them too late in the system can imply penalties, like being forced to accept an interim manager on behalf of corporate headquarters...

Measures and energy

Measures influence - positively or negatively - specific areas of the organizational domain, as described in the diagram at the end of this document. Each measure 'costs' a certain amount of energy (points between 1 and 5). Every quarter you have 10 energy points available for collecting an appropriate set of measures. The system will not object when you - deliberately or by lack of administrative talent - use more or less than 10 energy points; however you will be confronted with the logical consequences of using extra organizational energy (or leave available energy unused). The description of each measure gives sufficient guidance to decide upon. Only from the actual feedback, however, you will be able to conclude what the impact has been, caused by the specific combination of measures.

It is allowed (and sometimes even logical) that (some) measures will (have to) be repeated. For example: the revision of an entire business process (Business Process Re-engineering) cannot be achieved in one quarter. When you take such a measure, it is recommended to decide upfront how much time you think you need. Repeat this measure accordingly in a number of subsequent quarters. For example: an address to your employees can be a one-time activity unless the message has not come across and must be repeated. Actions can also indirectly influence effects in upcoming quarters.

Calamities and other matters to cope with

Depending upon the type of game you are playing, calamities can pop up. You are required to respond, for which you will be given specific options. This will cost energy. All other matters you encounter will be originated from carefully reading the quarterly feedback reports. The better you understand them, the better you will be able to define the right future measures.

Not giving attention (to organizational areas) is also an intervention; be aware of possible 'erosion'.

Chapter 5: Brief overview of measures

1. Sales force variable payment	1
2. Extra sales bonus for 100%+ score	1
3. Temporary discount on big orders / top range products	1
4. Thunder speech in sales team	1
9. Open discussion with the sales force	1
14. Stimulating the realization of new business	1
22. Improved pension scheme	1
27. Internal sharing of success stories	1
28. Sharing success stories in meetings	1
29. Giving compliments	1
34. Strengthen informal ties with partners	1
35. Partner support	1
47. Societal sponsoring	1
48. Clear press & media strategy	1
52. Investigate underperforming customer accounts	1
53. Boost customer visits (punitively)	1
58. Enhance the invoicing process	1
59. Call after outstanding invoices	1
63. Improve order fulfilment	1
65. Hiring freeze	1
70. Prices reduction program	1
73. Organise partner meetings	1
74. Team selling with partners	1
80. Reduce staff (a)	1
81. Reduce staff (b)	1
82. Reduce staff (c)	1
86. Improve planning en budgeting	1
87. Delegate resources management	1
88. Refine policies for external spending	1
89. Powerful speech: 'full commitment'	1
<hr/>	
5. Making clear sense of urgency in sales	2
10. Increase the number of partners / agents	2
13. Intensify customer visits to existing customer base	2
19. Extra marketing budget for partners	2
20. Intermediate performance bonus	2
21. Improvement of fringe benefits	2
30. Professional customer satisfaction survey	2
32. Improve customer contact quality	2
38. Seminars	2
40. Spread Professional Image Brochure	2
41. Spread product/ services brochure	2
42. Advertising in daily newspapers	2
43. Radio commercials	2
45. Billboard commercials	2
49. Frequent internal assessments	2
51. Improve handling of exceptions	2
54. Boost customer visits (sense of urgency)	2

55. Stimulate customer visits (encouragement)	2
61. Internal audit and maintenance ISO quality system	2
62. Improve quality of order forecasting	2
67. Improvement of career planning	2
72. Train sales partners	2
75. Accreditation of partners	2
77. Narrowing the services portfolio	2
78. Extending the services portfolio	2
79. Sensible outsourcing	2
83. Enable flex work (office & home)	2
84. Optimize use of smart phones	2
90. Town hall meeting: 'sense of urgency'	2
<hr/>	
6. Sales shared leadership	3
7. Management by walking around (sales)	3
8. Participation in sales meetings (regularly)	3
12. Organize executive visits to major customers	3
15. Training sales skills for the entire sales force	3
16. Selective sales training	3
17. Product training for the entire sales force	3
18. Selective product training	3
24. Participation in group discussions (regularly)	3
25. Discussion meeting with all personnel (multiple groups)	3
26. Reactivate core values	3
31. Follow up customer satisfaction survey	3
33. Customer responsibility chart	3
36. Large scale product announcements	3
37. Image campaign	3
39. Participation in a major conference	3
44. TV Commercials	3
46. Promotion media mix	3
50. Participate in business review meetings	3
57. Process improvement leads generation	3
60. Business process re-engineering (BPR)	3
64. Assess the capability-mix amongst all staff	3
71. Install extra partner sales channels	3
76. Back to core business	3
91. Stimulate shared ownership	3
93. Self organizing teams	3
94. Mission and cash flow program	3
<hr/>	
11. Personal sales coaching	4
23. Management by walking around (general)	4
56. Stimulate customer visits (remove obstacles)	4
66. Proper balance between authority and responsibility	4
68. Sales strategy training for all sales	4
69. Selective sales strategy training	4
85. Optimize time and location independent working	4
<hr/>	
92. Distributed leadership	5
<hr/>	

Chapter 6: Detailed list of measures

1. Sales force variable payment

1 energy point

A quick way to get results is to stretch the relation between 'sales income' and 'success of the sales force'. You do not change the job contents but you raise the allowance for a result that exceeds 90% of the target. At the same time you increase percentage-wise that part of the salary that is interrelated with the results. In other words you increase the variable part. This gives a similar amount at a 95% target score, a slightly lower amount at 90% and a higher amount at 100% of the target score. The amount will grow even faster when better results are achieved. You apply it for the duration of one quarter to see how it works. This measure can be repeated if required.

2. Extra sales bonus for 100%+ score

1 energy point

To stimulate sales and even more the sales force, an extra pro-rata bonus percentage will be applied when outperforming targets. For the time being this is applied for one quarter only, but it can be repeated.

3. Temporary discount on big orders / top range products

1 energy point

Very competitive pricing on big orders and/or top range product series, only in the upcoming three months. This hopefully will stimulate your customers to buy more (expensive) products/services. It is also possible that they speed-up their purchase decision process. This measure can be repeated in the future.

4. Thunder speech in sales team

1 energy point

Call your sales force together and make very clear to them that immediate action is required. Tell them you expect them to put more effort in their job, be more productive and achieve better results fast. Considering the bad results, there is absolutely no time to waste. You expect them to go ahead with full force and make major contributions to the business results. At the same time certain sales processes are put under close surveillance. Also you are going to investigate if everybody has the right attitude. To your opinion, customer visits are neglected. If necessary you will make changes in the Sales Management and if needed also in the workforce. The next two quarters will be a test case as far as you are concerned. Weak or non-performers will not be tolerated and replaced immediately. You end your speech with a call upon your sales force to put their back into it and get the job done, because they are the only ones who can make things happen. In short, everyone is in control of his own fate. On the one hand you expect a panic reaction; on the other hand they should have seen this coming.

5. Making clear sense of urgency in sales

2 energy points

You call your sales force in meeting and show them the results of the last half-year. The urgency for action is evident, because if nothing will be undertaken the company is in great danger. You have a number of suggestions about measures that can be taken both in respect to the selling process as well as in respect to the 'drive' of your sales force. You leave some room for discussion but you remain pretty unshaken in your own perception. You allow them exactly one quarter to prove to you that they can improve the situation within their own control. If this doesn't produce the required result you will take corrective measures as indicated above (including a reduction of the sales force). You expect that this message is reasonable and will be understood well.

6. Sales shared leadership**3 energy points**

You call your sales force in a meeting and show them the business results of the last half-year. The urgency for action is evident to you, no action will bring the company in great danger. You check with your sales force if they are in agreement. You share with them a number of suggestions about possible corrective actions and invite your audience to come up with their own ideas. You are prepared to give all their suggestion serious consideration, but you want them to be factual and demand that an estimation of the degree of improvement is also indicated. Moreover you want their proposals to be 'commitments'. All inputs should be handed in within one week and within two weeks you will communicate your choices and proceed with implementation.

7. Management by walking around (sales)**3 energy points**

The entire Management Team will step down from their ivory tower and go to the shop floor to listen and understand what the main problems are in the sales process. At the same time previous messages from the management will be explained then and there. The objective is an open dialogue with all sales individuals.

8. Participation in sales meetings (regularly)**3 energy points**

To get a better grip on the sales process, it has been decided that each of the Management Team members will regularly attend a sales meeting. Through this you want to show your engagement specifically for the ordinary day- to-day needs.

9. Open discussion with the sales force**1 energy point**

You decide to organise a discussion meeting with the total sales force. The situation is explained by you and there is ample opportunity for discussion. Your ability to listen is indispensable. Through this meeting you should be able to evaluate/validate the average daily sales routine. Should this prove successful then you can decide to repeat this experiment.

10. Increase the number of partners / agents**2 energy points**

It is your strong opinion that the poor business results are caused by the inadequate number of partners to market your products and services. Especially low added value products can be sold in more quantities this way. Your sales force protests that this will lead to over-distribution but you think the reason for this is that they are unwilling to share their market space with others. You instruct Sales Management to considerably increase the number of partners immediately.

11. Personal sales coaching**4 energy points**

The Management Team members decided that they will each coach and educate a number of salesmen through personal coaching. This is a lengthy process and you will have to allocate much time for this!

12. Organize executive visits to major customers**3 energy points**

You decide to team up with the responsible salesman to pay executive visits at major customer sites. Focus will be put on the major bottlenecks in our sales and delivery processes. At the same time there will be a search for new sales opportunities.

13. Intensify customer visits to existing customer base**2 energy points**

The Management Team requires that important (existing) accounts will be visited regularly. This is not always the case and therefore reinforcement of this old 'sales-adagio' is necessary. To see if this is common practice the management team regularly checks with account responsible employees about the status of customers and when they have last been visited.

14. Stimulating the realization of new business **1 energy point**

Through Sales Management you increase the pressure to generate more new accounts and business partners. You expect that they will be able to translate this into the appropriate measures. You want to see that each sales individual gets a set of goals that includes the identification of a minimum number of new accounts. Tapping the source of the existing customer base will not be sufficient to achieve better results.

15. Training sales skills for the entire sales force **3 energy points**

You decide to work on the improvement of sales skills. There will be a mandatory training for the entire workforce. No exceptions. During the training all aspects of the selling process will be studied in depth.

16. Selective sales training **3 energy points**

As in 15 with the exception that the training will only be given to the less skilled.

17. Product training for the entire sales force **3 energy points**

You decide to focus on the improvement of product knowledge. You decide to have a mandatory training for all sales and pre-sales. No exceptions. During the training also a number of marketing-processes will be closely studied.

18. Selective product training **3 energy points**

As in 17 with the exception that the training will only be given to the less skilled.

19. Extra marketing budget for partners **2 energy points**

Depending on the results of a given partner (based on order volume), you decide to allocate funds for Marketing purposes. You have a set of conditions worked out and incorporated in the Partner-contract. The consequence is not that your company will be less visibly present in the market, but that there will be an increase in marketing activities. You assume that this measure can be funded from the increase in profit.

20. Intermediate performance bonus **2 energy points**

In order to stimulate everyone to put in some extra effort, do a quality job and contribute to the overall results, a collective performance bonus is issued for this quarter. If the targets for the quarter are fully achieved, everyone (across the entire organization) will get equal bonus. If the target would be exceeded by 10% the bonus will be doubled.

21. Improvement of fringe benefits **2 energy points**

The fringe benefits are not uniform nor in sink with the developments in the market. You decide to adapt to the current situation in the market even though this requires extra funds. At the same time you decide from now on to structurally follow the developments in the market. This measure can be repeated yearly; if not a fall back can occur again. Fringe benefits are for example: lease cars, fixed per diem allowance, representation costs, but also: personal development, employee stock plan, employee rates for company products, funding the staff association fitness club, child care, etc.

22. Improved pension scheme **1 energy point**

The Pension scheme is adapted by the introduction of a modular system. Each individual can put together his/her own pension package. By increasing the companies' part in the subscription the conditions for the individual are more favourable. This will cost extra money. The intention is however to make the employer more attractive to work for. This measure can be repeated yearly in order to stay in tune with or even exceed the market average.

- 23. Management by walking around (general) 4 energy points**
 The individual Management Team members will descend from their ivory tower to the work floor and listen to what the employees indicate as the major bottlenecks in the daily operations. Earlier messages from the management will be discussed or explained on the floor. Corrective action for a smooth daily operation will be taken where needed. Duration one quarter; can be repeated.
- 24. Participation in group discussions (regularly) 3 energy points**
 In order to get a better grip on the organization, it is decided that each of the board members will regularly participate in group discussions. By this the board intends to show their interest and engagement primarily by listening to the field/workforce and their needs. This will be done for the duration of one quarter, after which you will review whether you want to repeat it.
- 25. Discussion meeting with all personnel (multiple groups) 3 energy points**
 You decide to have afternoon discussion meetings with all personnel in the employee restaurant. You explain the business situation which is followed by an interactive session with the audience. Your ability to listen is indispensable. It should enable you to better understand the daily operations. If this is a success you may decide to repeat this experiment.
- 26. Reactivate core values 3 energy points**
 In the past period, behaviour and conduct in the market place and amongst each other have deteriorated. Reactivation of core values and exemplary behaviour is necessary. You want to address this by role model behaviour and training sessions. This measure can be repeated regularly.
- 27. Internal sharing of success stories 1 energy point**
 You decide to make your successes more widely known. Not only the commercial successes but spectacular breakthroughs in other areas as well. You choose to use the internal magazine and intranet as an appropriate vehicle.
- 28. Sharing success stories in meetings 1 energy point**
 Another way to make your successes known is to have them discussed in group meetings and make this a fixed item on the agenda (preferably the closing item on the agenda). Big successes may be celebrated with cake or a drink (after working hrs.)
- 29. Giving compliments 1 energy point**
 Interpersonal relations can be improved by personal contact on the floor e.g. by congratulating 'winners' with their successes.
- 30. Professional customer satisfaction survey 2 energy points**
 You decide to call in an external Marketing organization to investigate the level of customer satisfaction. An external inquiry is necessary to map our shortcomings and opportunities. The inquiry consists of a questionnaire and a limited number of in depth customer interviews.
- 31. Follow up customer satisfaction survey 3 energy points**
 After analysis of the results of the customer survey you make sure that proper action will be taken where required. The action plan is communicated and carried out immediately.
- 32. Improve customer contact quality 2 energy points**
 Through research it has become evident that the telephone/mail accessibility/availability is not up to the company's standard. It is also noticed that customer calls/messages are not dealt with adequately and are transferred from one person to another, especially in those cases where we don't know where to get

support for a particular problem. A short training with tips & hints and a clear list of qualified personnel with their respective fields of expertise should help solve this problem.

33. Customer responsibility chart

3 energy points

This is a simple measure. Once again it will be clearly communicated - to the organization as well as to the customers - which person/department is responsible for which customer/partner. If possible all responsible should be mentioned by name! This information will also be made available through the website.

34. Strengthen informal ties with partners

1 energy point

Partners are also customers! You are going to organise a number of partner events in order to strengthen relationships between your sales force and your partners. The events are of an 'entertaining' nature.

35. Partner support

1 energy point

You plan to give partners access to your information systems and/or improve the quality of the information offered. 'Easy to team' is the slogan. You plan to proceed in steps. Each time you take this measure it enlarges the amount of information available.

36. Large scale product announcements

3 energy points

The new products/services for the next year will be communicated widely both to own personnel and to the market. As a part of this program sales people and supporting functions will be exposed to a refreshment training. There will be ample attention in the media for the announcements as well.

37. Image campaign

3 energy points

You want to increase the branding awareness rate through targeted advertising in a number of selected media. Experts from your company will be requested to increase their visibility through more frequent and prominent participation in seminars as well as through maximum use of 'free publicity' and social media opportunities. A number of events is organised for customers and partners. Each with a specific focus but all part of an overall picture.

38. Seminars

2 energy points

Seminars will be held for a number of market segments; each time their contents will focus on a specific branch. The sales force for those particular segments is of course largely present to establish warm relations with the awakened and curious audience.

39. Participation in a major conference

3 energy points

It has been many years since your company participated prominently in a large conference. You decide to reinstall this although you know that short-term results from this will be negligible. The main purpose is to increase branding awareness.

40. Spread Professional Image Brochure

2 energy points

You order a PR-bureau to design a good quality and professional image-brochure and distribute it widely, besides presenting it on the website.

41. Spread product/ services brochure

2 energy points

Production and wide distribution of a new brochure with the hottest new products skilfully described and visualized. Of course including download on the website.

- 42. Advertising in daily newspapers** **2 energy points**
 The advertisement will be prominently published for the coming several weeks twice a week. Supported by blog on the website.
- 43. Radio commercials** **2 energy points**
 The commercial is repeated daily for a number of weeks. Also as podcast on website.
- 44. TV Commercials** **3 energy points**
 The commercial will be shown four times in the course of two weeks. This measure may be applied twice. In that case mention twice in the list.
- 45. Billboard commercials** **2 energy points**
 The commercial will be shown during an entire month on a selected number of billboards.
- 46. Promotion media mix** **3 energy points**
 A moderate mix of the above mentioned promotion tools combined in one promotion campaign amplified by social media. Can also be applied more than once in the same quarter.
- 47. Societal sponsoring** **1 energy point**
 To increase the branding awareness rate and to propagate a more social image, one cultural, one educational, and one sports events will be sponsored annually. The amount involved will be big or small (for bigger or smaller events) depending on the number of times this measure is applied.
- 48. Clear press & media strategy** **1 energy point**
 The way you react to the press and the way your company deals with the press are refined. You issue a new version of the ruling policies and add a clear strategy. This new version is widely spread in your organization, making crystal clear who is entitled to talk to the press and about what.
- 49. Frequent internal assessments** **2 energy points**
 The best way to closely monitor the business is to regularly assess the various results. This process that should be used throughout the organization has to be restored. This enables you to discover and anticipate exceptional situations and disasters in an early stage. A good forecast is an absolute requirement.
- 50. Participate in business review meetings** **3 energy points**
 Each of you will participate in a selective number of business reviews. It used to be standard practice in your company that business review meetings were held regarding all large customers and market segments. You are going to participate in order to gain a better understanding of what is going on and to advise and guide your employees and their efforts to reach their targets. You don't consider this primarily to be a control mechanism, but rather a fast and effective way to update and expand your knowledge about the situation in the market and the daily frustrations and needs on the work floor. Nevertheless you have the right to intervene and you can do this more timely and effective when you have a good insight in the situation.

51. Improve handling of exceptions**2 energy points**

You decide to establish, improve or re-install a policy to professionally deal with exceptional situations and in such a way that people other than the account responsables can do the assessments and reviews. In this way you now can channel 'special discounts', exceptions in terms of sale, lost orders and changes in market conditions. In doing so you attain that decisions will be taken in a more balanced and possibly more objective manner. For this purpose you establish an escalation process in the line organization to the higher management levels. Initially you only check the process and its proper functioning.

52. Investigate underperforming customer accounts**1 energy point**

It often happens that certain customers do not perform according to initial plan. You decide to call a meeting of salesmen, project managers and other account responsables to have them explain to you why the required and budgeted results are not materialising. You expect that once it is common knowledge that you closely monitor these cases, this will cause an increase in efforts.

53. Boost customer visits (punitively)**1 energy point**

Your Operations department has investigated the customer visit rate and has made a comparison with the 'best in class' competitor. The outcome is extremely disappointing (a difference of over 50%). There are of course many reasons why the customer contact frequency is in such a bad shape but without face to face communication we will not be very successful. You get together the sales force and confront them with the outcome of your investigation. You stress the importance of customer visits and advise them to pay less attention to other tasks, if need be. You do not engage in discussions about hampering factors; that leads to excuse management. Your advise is to tackle the customer visit issue first and then work out the other problems. You promise that if they solve the customer visit problem you will definitely and truly work out the other issues. To closely monitor the progress in this field you announce there will be another measurement in the near future.

54. Boost customer visits (sense of urgency)**2 energy points**

See 53 with following addition: You call a meeting with your management to explain the situation and to seek their support to improve the situation. You do not pretend to know all the answers and leave it to them to take the necessary steps, but you tell them you will monitor progress by means of a thorough check. You advise them to share effective measures. After all it is always better to steal a good idea than to invent a bad one. You close the meeting by stressing the absolute need for improvement and encourage them to come forward with good ideas.

55. Stimulate customer visits (encouragement)**2 energy points**

See 54 enhanced by following measure: You set up a meeting with all management (as mentioned above). Thereafter you communicate the unfavourable comparison with our competitors to the entire sales force and underline the need for good communication. Improvements are reported widely and openly in relation to improved business results. The lessons that can be learned from this are maximised by having the champions tell their own story and explain their success in great detail. You add more perspective by addressing both the subjects of quantity and quality.

56. Stimulate customer visits (remove obstacles)**4 energy points**

As in 55, now extended by the following measure: You ask management and sales force to list and prioritise the major obstacles to improve. Next you discuss this list with others and define a corrective process. The main objective is to remove all obstacles or reduce their negative effects. This will cost you extra energy points mainly because you do not want to burden your sales force more than strictly necessary.

57. Process improvement leads generation**3 energy points**

Leads are pointers from within or outside the company to new business opportunities. They can originate from sales personnel but also from other sources within or outside the organization. If you are alert you can read the signals in the market. To put these leads to more effective use, a process needs to be defined or improved to get these leads to the proper places, where they can be analysed and followed up professionally.

58. Enhance the invoicing process**1 energy point**

There are too many disputes about invoices. It causes payments to come in too late, let alone the frustration. A quick telephone survey indicates a number of possible causes: the invoice is very hard to understand; the invoice has incorrect information about goods delivered and/or services rendered; the invoice is correct, but the customer has not been informed that more recent models have been delivered (with new part numbers.) You decide to drastically improve the entire process.

59. Call after outstanding invoices**1 energy point**

To better control your cash flow you introduce a telephone follow up action for outstanding invoices. In this way you quickly get a better understanding of the underlying problems and can deal with them effectively.

60. Business process re-engineering (BPR)**3 energy points**

All work processes are listed in order to eliminate those activities that do not contribute to the core-activities of the company; optimise others; recognise and remove duplication.

61. Internal audit and maintenance ISO quality system**2 energy points**

Your company holds multiple ISO certificates for various processes. These are checked regularly by external auditors (is the daily routine in sink with the policies). You decide to conduct your own internal audit to check the degree of adherence to the policies and to draw your own conclusions. If required the quality manual will be modified.

62. Improve quality of order forecasting**2 energy points**

The forecast is a representation of expected business results in a given period based on the assessment of business opportunities by a sales person. This forecast doesn't prove to be very reliable. At the start of each quarter or year all looks fine, but towards the end order dates tend to move past the quarterly/yearly closing dates. This creates planning problems with supporting functions and external suppliers and causes prices to go up. You decide to improve the reliability of forecasts. To start with, the timing should change. Presently the 'forecasting' takes place at the start of a year or quarter, whereas at the end of a period the same business opportunity is included in the forecast one more time in the hope it will materialise merely by doing so. This has to change! Moreover it needs to become common practice to discuss earlier forecasts and to extensively discuss deviations.

63. Improve order fulfilment**1 energy point**

The order fulfilment rates (both internal and external) show too much room for improvement. Delivery dates have to be delayed frequently, causing much frustration on either side. An improvement task force is installed to improve the reliability of delivery commitments. Reliability comes first, delivery time is of secondary importance.

64. Assess the capability-mix amongst all staff**3 energy points**

Headed by the HR&O manager the required and available skills by function and department will be assessed. Furthermore, the respective departmental managers will assess to what extent the necessary skills are available. Where appropriate, the skills and capabilities of the employees will be improved by additional training.

65. Hiring freeze**1 energy point**

In order to get back on track there will be a total hiring freeze for the next quarter. There is also a stop on agency personnel; and temporary contracts are not renewed. Vacancies can only be filled through internal moves, irrespective of the level of urgency. This is to show your determination to keep your resources in control. This should put an end to the unrestrained headcount increase. Your people management ability should become positively influenced by this action. With respect to spending levels for other resources, you leave more room, provided it is well motivated afterwards. After all, wages take up more than 60% of total costs, and if they are in control we have grip on the major part of our spendings.

66. Proper balance between authority and responsibility**4 energy points**

Middle management is requesting more freedom in their decisions. Your opinion is that they do not take all of their present (limited) responsibilities sufficiently serious. However, you agree to hire an external agency to investigate how you can achieve a better balance between authority and responsibilities. In that way, you do not honour their request unconditionally. Authority and responsibility are interlinked. You promise to accept the advice of the expert, and ask the managers to do so as well.

67. Improvement of career planning**2 energy points**

The career planning system needs to be improved both in content and in discipline. The planning needs to be done thoroughly and in time. If repeated regularly it has a corrective effect on matters like 'succession planning' (instant replacement candidates for managerial positions), 'skill mix management' and the quality of management coaching. The employee will experience this as an opportunity for personal development.

68. Sales strategy training for all sales**4 energy points**

You introduce a mandatory training for all sales employees to increase their knowledge about the company's sales strategy and procedures. During the training a number of sales-processes will also be reviewed.

69. Selective sales strategy training**4 energy points**

As in 68 but only for the less-skilled/knowledgeable.

70. Prices reduction program**1 energy point**

You have discovered that your prices are less competitive than those in the market. Your competitors have lowered their prices more drastically. So far you have had good business results but it is questionable whether this will continue in the near future. You decide to follow the market pricing trends (this measure can be repeated).

71. Install extra partner sales channels**3 energy points**

You have decided that, in order to quicker develop new market segments, you will assign new specialised partners for these segments. This is actually supplementary to your existing partners and internal sales force. But speed is important for you.

72. Train sales partners**2 energy points**

Besides training your own staff it is also essential to train the partner staff. They as well need to know the product and company strategy. They also need to have the right selling skills. For this purpose in particular you have a training session designed by your own staff. You invite partners to follow this training.

73. Organise partner meetings**1 energy point**

By the end of the quarter you plan to organise a number of partner days. Partly meant to announce the latest information to your relations (per market segment or product group). Also the happening has a strong social aspect.

74. Team selling with partners**1 energy point**

To optimise co-operation you assign 'tandem-teams'. All teams consist of a representative from the partner and a sales person of your own organization. Herewith you expect to accelerate business as well as a continuous exchange of information on the market strategy to follow.

75. Accreditation of partners**2 energy points**

The assessment of whether potential partners really are the right ones, happens through a simple checklist. This process however is a bit 'eroded' and the criteria need to be re-assessed to reflect the latest strategy changes. Consequently you also want that existing partners are re-checked against the new criteria to assess whether contracts should be renewed or not.

76. Back to core business**3 energy points**

To save cost and energy you decide to stop a number of activities. The criterion being: 'What is our Core Business and which activities fit this core business?' All non fitting activities and redundancies will be stopped gradually. The customers however will not be left alone. Commitments will be kept, but no new contracts will be signed in the affected areas.

77. Narrowing the services portfolio**2 energy points**

The same as 76; however now for services.

78. Extending the services portfolio**2 energy points**

You discovered that extending the service portfolio enables better chances in individual contracts. You expect to generate more business by extending the portfolio.

79. Sensible outsourcing**2 energy points**

To better utilise the resources a number of measures from the past are re-assessed. It is therefore important to know which activities the company keeps doing and which ones could be done through third parties. In the latter case, parts of the organization will be moved out of the organization, preventing forced dismissals. In any case the activity will be undertaken outside the company. This is not a set of cost cutting measures. Taking out activities usually costs money in the first place. The actions/measures are more aimed at achieving a better balance of resources and shaping an organization that is better equipped for the future. Enforcement of commercial activities play an important role here.

80. Reduce staff (a)**1 energy point**

In order to 'clean up the business' a hire freeze is active. This includes temporary personnel as well. Furthermore, a reduction of personnel is projected. You realise that this sudden action will cause strong resistance and trouble. You hope however that by showing strong leadership, the allocation of manpower to the right positions will take place. You use all possible actions to install good resource management. From the three possible measures to effectuate this trimming down, you choose (a), being: You as managing directors determine how many employees should be released from the company to become

profitable again. You personally select the names of the employees. You care to make the operation known, but also to keep the names secret until a social plan is agreed with the appropriate partners.

81. Reduce staff (b)

1 energy point

In order to 'clean up the business' a hire freeze is active. This includes temporary personnel as well. Furthermore, a reduction of personnel is projected. You realise that this sudden action will cause strong resistance and trouble. You hope however that by showing strong leadership, the allocation of manpower to the right positions will take place. You use all possible actions to install good resource management. From the three possible measures to effectuate this trimming down, you choose (b), being: You as managing directors determine how many employees should be released to be able to work profitably again. You define criteria for selection, but leave the actual selection to the middle management. How to communicate the decisions you leave with them as well.

82. Reduce staff (c)

1 energy point

In order to 'clean up the business' a hire freeze is active. This includes temporary personnel as well. Furthermore, a reduction of personnel is projected. You realise that this sudden action will cause strong resistance and trouble. You hope however that by showing strong leadership, the allocation of manpower to the right positions will take place. You use all possible actions to install good resource management. From the three possible measures to effectuate this trimming down, you choose (c), being: You leave it to the middle management to come to a cost saving of approximately x%. They may themselves specify on how to achieve this: either by cost savings and/or by firing employees. The communication is their responsibility as well.

83. Enable flex work (office & home)

2 energy points

To improve the effectiveness of a number of employees, they will be (also technically) enabled to work (partly) from/at home. This will increase mobility. This also reduces commuting and/or enables for travelling outside rush hour.

84. Optimize use of smart phones

2 energy points

In order to increase the quality of communication and information exchange, a project will be set up to advise on the best way to integrate smart phone in professional life.

85. Optimize time and location independent working

4 energy points

This includes measures 83 and 84, however now fit in a profound policy and implemented through proper training and support.

86. Improve planning en budgeting

1 energy point

Resource control can be achieved through a good budgeting process. Usually in 'your' company, like in politics, a new plan is annually developed, including human and financial resources. You want this to be done more widely in the organization to finally achieve more engagement. You also indicate points of improvement and refinement.

87. Delegate resources management

1 energy point

You start to cascade decision about the use of resources to a lower level in the organization. The company's annual plan however remains the backbone. Delegation may consist of money, personnel, office space, marketing funds etc.

88. Refine policies for external spending**1 energy point**

To better control the cash flow, the authorisation for external spending is refined. Internal charging (one department to the other) remains at the lowest possible level.

89. Powerful speech: 'full commitment'**1 energy point**

You call a plenary meeting/session with all personnel and quickly make them aware it not going well with the company. You tell them that you expect more commitment and effort from all personnel and that you expect to see the effort evidenced by quick improvements result. You share the idea with them that further deferral of decisions is not acceptable any more. You show a no-nonsense attitude and you put the ball very directly in the court of the employees. Specifically those employees who have direct market contacts. You want them to show active powerful behaviour. That's why you yourself question whether everybody is showing the right attitude. Where necessary, changes in middle management and on the shop floor will be carried out. The coming two quarters are the test case. Weak or malfunctioning staff will be replaced immediately. Addressing everyone you close your speech with a call for putting the shoulders to the wheel as the power has to come from the shop floor level. In brief: everybody owns his/her own fate.

90. Town hall meeting: 'sense of urgency'**2 energy points**

You call a plenary session with all personnel and show them the last half year results. You express the need for action to be clear as the company is in great danger. You present a number of suggestions for action and create space for discussion, but remain persistent. You give them a quarter (3 months) to take initiatives and show that improvement is possible and achievable. When this does not show results, the above mentioned measures will be taken, including staff reduction.

91. Stimulate shared ownership**3 energy points**

You call a plenary session with all personnel and show them the last half year results. You express the need for action to be clear as the company is in great danger. You check whether staff shares your vision. You present a number of suggestions for action and allow staff to also come with possible suggestions for improvement. You want their suggestions to be serious, factual and leading to specified improvements. You ask them to see the suggestions they have come up with to be commitments as well. Within a week you will have received all suggestions and in two weeks time you make your selection regarding those suggestions you think are practicable.

92. Distributed leadership**5 energy points**

This measure really is far reaching and radical. It initiates an irreversible process. Top management first, followed by all staff will get more authority but also of course more responsibility. They will be allowed to stand up. This process will be supported through training and coaching. The organization must become self-managing and the number of control cycles will be reduced drastically. It requires an 'aged' attitude from all staff. It is an expensive and time-consuming process (it might thus need repetitions!).

93. Self organizing teams**3 energy points**

A start will be made with self-organizing teams in the organization. Contrary to attention to departments and specific tasks, this will puts attention to teams that contain all facets of skills and capabilities to run a project and so manage activities. The teams themselves take initiatives, search for solutions and are focused on continuous improvement. Team members co-operate with one another. They however do not get the authority to change business procedures by themselves and will not interfere in rewarding systems. All other aspects are considered a team responsibility.

94. Mission and cash flow program**3 energy points**

All members of the company's management team will be involved in the implementation of the mission and strategy of the company. They also get a personal cash flow target for the coming quarter. A specific (financial) goal will be defined regarding the costs and income they can influence. By the end of the quarter the individual results will be made visible.

Chapter 7: Understanding the quarterly reports

Feedback on your measures is key. Understanding and acting upon feedback opens the door to success. Below a brief explanation of the elements in your quarterly feedback reports.

Return on invested energy

The specific combination of measures affects the impact on the organization. Ineffective combinations will cause energy loss. Highly effective combinations can cause the positive opposite of that. Loss or gain on invested energy is quite a good indicator for your team's ability to find the right sets of measures.

Progress in the two key objectives

Since it is your main assignment to manage your organization towards the given objectives (Health Index and Share Value) the feedback reports present the progression of the two indicators. Notice that the Health Index is an overall indicator, calculated from underlying indicators in each organizational area. Depending of the progress in the game, more or less of the underlying indicators are actually present in the report. (Not presented will not say that they don't exist...; it is just a matter of maturity of your organization's management reporting.)

Feedback on your measures taken

The report includes qualitative feedback on each of the measures you implemented in the respective quarter. Be aware that you don't need to doubt about the correctness of the feedback, but you may be attentive towards the completeness of the feedback, which depends on the maturity of the organization.

Stakeholder's comments

Various stakeholder groups, like the Board of Directors and Works Council, ventilate their opinion in each quarterly report. You must understand that their level of knowledge is of such a nature that they can't know about each measure that has been taken. Their comments address merely their specific areas of attention within the organization.

Graphical reporting

First: be aware that during the years, the legend belonging to the graphics is subject to change. Furthermore, the graphics serve at least one important goal: they remind you constantly of the possibility to focus on Organization Enablers next to Organization Results. The founders of the game express their deepest convictions on good management through the following statement:

Take care of the organisation, and the organisation will take care of its results.

Chapter 8: What does it need to win the competition?

At the end of the day - metaphorically and literally spoken - there will be only one team that succeeded to meet all criteria, and also succeeded to meet these criteria better than the other teams. In general the criteria for good playing performance are:

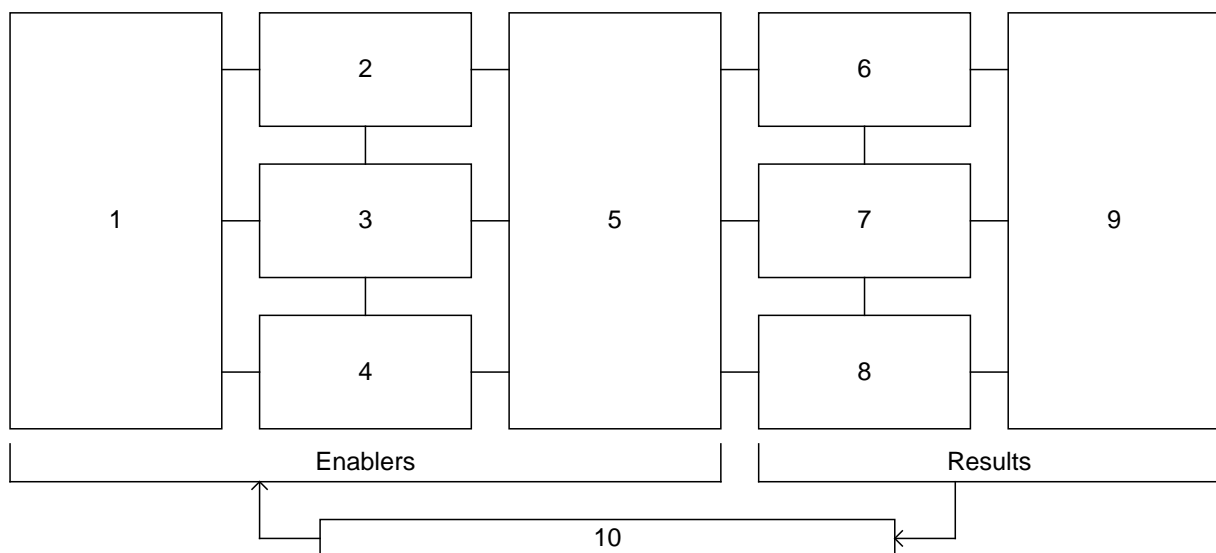
1. The two objectives have been realized as good as possible; the nearer to the given targets, the better.
2. The organization has been managed and developed consistently upward with as less as possible setbacks.
3. The organization has been left behind with sufficient potential for further health improvement.

Aspects 2 and 3 can be derived from the 'enablers-results-ratio'.

Chapter 9: The integral management model behind the game

European Quality Standards form the backbone and frame of reference for good management according to The Management Challenge. The game has been designed along the principles of the European Excellence Model, governed by the European Foundation for Quality Management (efqm.org). In The Netherlands this model is known as INK Management Model, and governed by our partner INK.nl (Instituut Nederlandse Kwaliteit). Briefly stated: The Management Challenge provides you with the valuable encounter of the most excellently organized European businesses and institutions, and the parameters in the game are fed by empirical data. In other words: playing The Management Game is experiencing the reality of excellent organizations!

The framework consists of nine areas, of which five represent the Enablers and four represent the Results side of the organization. Ultimate organizational health means 1000 EFQM points or 100% or (in the language of The Management Challenge) an Organizational Health Index of 10,0. Please be informed that in real life the best performing companies reach an index between 800 and 900 points; 1000 seems to be the holy grail.



- | | |
|-----------------------------|---|
| 1. Leadership | 6. People results |
| 2. People | 7. Customer results |
| 3. Strategy | 8. Society results |
| 4. Partnerships & Resources | 9. Business Results |
| 5. Processes | 10. Learning, Creativity and Innovation |



Do you want to share your experiences on social media?

Please use hashtag #TheMGTChallenge