

The specialist telecoms, media and technology consulting and training company



Benefits of Running a War Game

The benefits of running a War Game are manifold. The benefits include the following.

- Understanding the challenges of operating in an increasingly competitive marketplace
- Understanding the likely positioning of new entrants and players within the market
- Predicting the likely strategies and tactics of new entrants and existing players
- Developing a strategic response to the threats from competitors
- Developing effective, innovative and competitive marketing plans
- Examining the financial impact of alternative strategic choices and tactics
- Fostering original and creative thinking
- Promoting multi-disciplinary team working and team building
- Developing leadership skills

War Game (Business Simulation Game) Overview

A War Game provides a simulated, highly dynamic, creative and challenging competitive environment, in which businesses can explore their strategic thinking and tactical planning, in order to meet the challenges of the increasingly competitive markets in which they operate. A War Game provides insights into the possible strategies of existing competitors or new entrants, and also allows the business to develop and gauge the financial impact of alternative strategic responses. The War Game is a highly practical business planning exercise as strategic plans and tactical marketing plans represent one of the key outputs from the game. The safe, but highly charged, competitive environment fostered by the War Game often results in some surprisingly creative and innovative thinking. Many of the ideas can be implemented swiftly providing some quick wins for the business. The War Game also provides an excellent opportunity to develop leadership skills and to strengthen cross-functional team working.

The War Game

Preparation

A consultant, working with the client, identifies the key issues, insights and themes to be explored during the War Game. The consultant also discusses how the War Game and the War Game Model should be tailored to meet the specific needs of the client. An initial discussion of possible competitive scenarios and market developments also takes place. The client is also provided with a list of information requirements to populate the War Game model.

Model Preparation and Process Refinement

Time is required to research and develop the initial scenarios for each player in the market, to identify potential market developments and regulatory shifts that may be introduced during the game and to refine the War Game model to reflect the specifics of the market. Finally, the refined War Game model must be populated with actual historic data from the market and a "Base Case" market forecast must be produced.

Location

The War Game is best played off-site over two and a half full days followed by a half-day review with senior management.

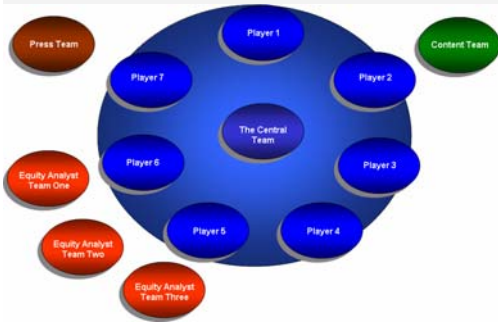
The War Game Model



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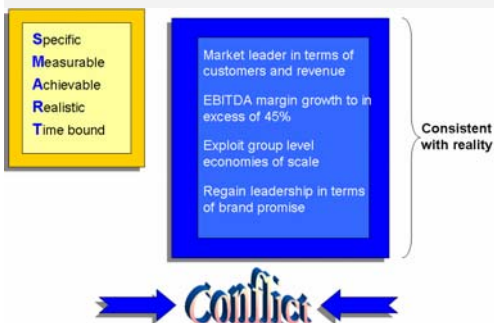
Roles in a War Game



Roles in a War Game

The entire War Game Process is managed by a Coleago Consultant who acts as the Lead Facilitator. The two and a half full days require the employees, from all disciplines, to form teams representing each of the players in the market. The teams are lead by a "Chief Executive Officer" (CEOs), supported by a "Finance Director." Teams are usually between 5 and 7 people strong and the game becomes harder to manage with more than 6 teams. Extensive briefings are provided prior to the start of the War Game for the CEOs and Finance Directors.

Shareholder Objectives



Shareholder Objectives and Strategic Planning

CEOs are required to act in the character of the players in the market that they represent. CEOs are provided with a detailed briefing on their company and each CEO is given a set of company specific shareholder objectives at the start of the game. The teams are judged against their ability to achieve their shareholder objectives. The game is played over five rounds. The first round focuses entirely on the strategic issues of each team. The teams are required to submit a strategic plan template where they detail their strategies for achieving their shareholder objectives. The strategic plan template covers areas such as target segments, technology, distribution, partnerships and joint ventures.

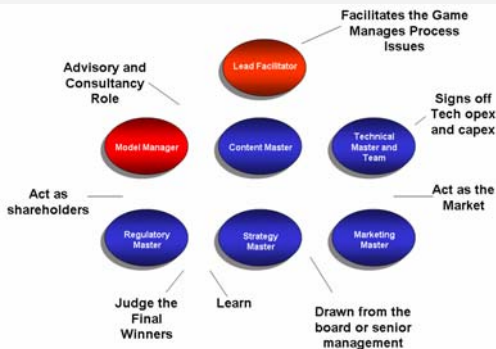
A Typical Round

The game is played over a further four rounds that can represent any and different time periods. The time periods are tailored to meet the learning objectives of the War Game. During each round the teams analyse the results of the previous round, examine the pricing and tactics adopted by the other teams and develop their own tactical and strategic responses. At the end of each round, each team must submit a financial input template and a tactical marketing plan. The financial input template addresses areas such as tariffs, advertising spend and network investment. The tactical marketing plans focus on activities such as promotions, distribution and customer service. In addition to the templates the teams may be asked to prepare a radio or television commercial, attend a panel debate on branding, produce an advertisement or make a presentation to the analyst community (the other team members). During the rounds the teams are encouraged to issue Press Releases and to negotiate heads of agreement with content providers and other third parties.

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The Central Team



The Role of the Central Team

A Central Team is established with members of senior management from the strategic, marketing, finance and engineering departments. Lead by the facilitator, they provide advisory services to the teams, context and local knowledge. The Central Team also scores the performance of each team at the end of each round and also explores the strategic insights generated by the War Game. The Central Team normally includes the following.

- ▣ Strategy God
- ▣ Marketing God
- ▣ Regulatory God
- ▣ Network God
- ▣ IT and Systems God
- ▣ Content God

The financial inputs are combined with the Central Team's scores in the War Game Model. The War Game Model provides detailed market and financial performance analysis for each team.

The War Game Model

The War Game Model provides the framework around which the War Game operates. The model provides a platform to allow the analysis of the strategic and tactical choices made by teams during the War Game. The choices are translated into market based measures of relative success such as market share and ARPU and also into financial measures such as profitability and cash flow. The use of a robust and rigorous model that identifies, "winners" and "loser," is an essential element in creating the competitive atmosphere required by the game. It also allows the users to understand the financial impact of strategic and tactical choices.

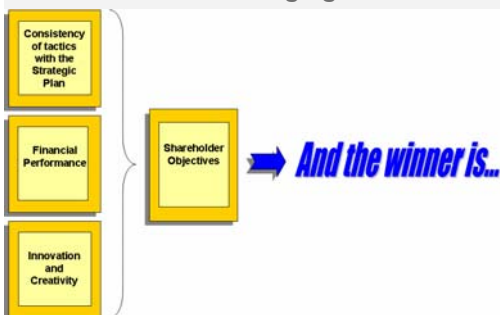
Final Judging

After five rounds the Central Team judges each team's performance against its original objectives and determines the overall winner. Additional novelty prizes are also awarded for good performances. The War Game concludes with a dinner and prize giving.

Senior Management Review

A review session is conducted with Senior Management and the Team Leaders in which the key insights, learnings and interesting new ideas from the War Game are examined and discussed.

Final Judging



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Coleago Experience of War Gaming

Coleago consultants are veterans of many War Games that have taken place in Ireland (three times), Australia (twice), Singapore, Macau and the United Kingdom.

Coleago has continually refined the War Game process and developed the skills necessary to ensure the successful facilitation and management of this complex business simulation exercise.

Coleago has created, tested and refined all the War Game materials, models, templates and processes to ensure that a War Game can be organised in an efficient and cost effective manner. The experience gained from the games played to date would be extremely difficult for less experienced consultancy firms or operators to replicate for themselves.

War Game Report

Coleago will prepare a report that documents each stage of the War Game and that highlights the key findings and conclusions. Market and financial forecasts, arising from the War Game, will also be included. In addition, all the ideas generated by the War Game will be collated and assessed for further analysis and potential implementation.

Deliverables and Timing

Coleago Deliverables

Coleago will provide full support and facilitation during the preparation, running and subsequent to the War Games. In addition Coleago will provide the following tangible deliverables in hard and soft copy.

- ❖ Information requirement list
- ❖ Populated War Game Model
- ❖ All supporting War Game process materials
- ❖ Report on the Full War Game

Deliverables and Timing

To learn more about how War Games can help your organisation confront the strategic and commercial challenges of an increasingly complex and fast moving market please contact Graham Friend.

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