Executive Alignment Experience
A case study from Fluor Corporation

The Client Need
Fluor approached BTS to develop a business simulation that would help build stronger financial and business acumen skills throughout its leadership ranks. Fluor sought to maximize the current and future profit-making capability of its technically-oriented leadership pipeline. They needed a solution that would be robust enough to engage and add value for senior leaders while also being scalable enough to bring basic financial acumen to the rank-and-file professionals throughout the organization.

BTS Approach: A Two-Pronged Custom Development

BTS developed a powerful two-simulation approach, utilizing the scalability of a board simulation along with the realistic modeling of a computer simulation. Beginning with interviews of Fluor’s senior executives, BTS designed and developed a solution comprised of two custom simulations within 90 days.

A computer simulation enabled participants to run a simulated Fluor Corporation over eight “years” – in reality 3.5 days. A board-based simulation provided a one-day financial primer steeped in the complexities of Fluor’s challenging engineering and construction projects.

Creating two simulations allowed Fluor to deliver potent and realistic learning to the senior levels of the organization while delivering more fundamental level-setting financial acumen with the standalone board simulation.
Laying the Groundwork – Financial Acumen

The board simulation puts teams of participants in charge of managing three sequential major projects from pre-design all the way through engineering, procurement, construction and finally, turnover to maintenance services. Teams compete to generate income while managing risk, safety, costs and customer demands. Reacting to unexpected events along the way forces them to re-evaluate their financial projections as they execute their initial project strategies.

Participants experience the movement of money from the customer through their balance sheet, income statement and cash flow statement. By seeing the direct ramifications of each decision they make, the participants develop a very clear understanding of the real-world impact their decisions have on the financial, execution, risk and safety performance of Fluor.

Managing the Enterprise – Developing Future Leaders

Over the course of 3.5 days, participant teams are at the helm of a computer-simulated version of the entire Fluor Corporation. Each team runs four lines of business in two different geographies; competes for sales; allocates scarce resources to differentiate from the competition; attracts, retains and develops human resources; pursues and manages a diversified risk-adjusted portfolio; and executes the work they’ve won, all while keeping an eye on the success of their businesses by managing their financial statements. Based on their decisions and resource allocations, teams make multiple revisions of their financial forecasts. Unexpected events and the competitive dynamics of the marketplace force the participants to adjust their strategies on the fly.

The Team-based Approach

The 30 participating executives and senior managers were divided into teams of 4-5 people and competed directly against one another. Their goal was to generate the highest results on a balanced scorecard representing primary value drivers in Fluor’s business (Growth, Profitability, Customer Satisfaction and Employee Satisfaction).

After each simulation period, debriefs drew links between the decisions teams made and the impact of those decisions on the balanced scorecard drivers. Participant team assignments were switched after the 1-day board simulation to enhance networking opportunities.

The BTS simulations enabled participants to gain first-hand experience of the company’s challenges and to understand the decisions that drive shareholder value and superior financial performance. This experience created remarkable enthusiasm while it aligned senior management with the drivers of Fluor’s future success.

Outcomes

Fluor was able to confidently launch their leadership development initiative with immediate success. The senior management and leadership of the firm were able to quickly focus on the key drivers of their company’s success and to drive value via strategic portfolio management in their risky business.
Key issues addressed in the simulation included:

- Extending understanding beyond project profitability to the drivers of Net Income and Shareholder Value
- Conveying the importance of diversification across industries, geographies and projects in driving consistent, long-term results
- Practicing risk assessment and management at the portfolio and project levels
- Evaluating the trade-offs of short-term and long-term investments for gaining differentiation in the marketplace
- Linking individuals’ job functions to their ability to impact net income, customer satisfaction, employee satisfaction and risk

About BTS

BTS focuses on the people side of strategy, working with leaders at all levels to help them make better decisions, convert those decisions to actions and deliver results. At our core, we believe people learn best by doing. For 30 years, we’ve been designing fun, powerful experiences™ that have profound and lasting impact on people and their careers. We inspire new ways of thinking, build critical capabilities and unleash business success. It’s strategy made personal.

For more information, please visit www.bts.com.