CAPSIM
UNITED KINGDOM

WHITE PAPER 3 · FOR ACADEMICS AND L&D LEADERS

# What is a business simulation? A guide for UK educators and L&D teams

How simulations work, what they're good for, and what they're not.




> **In one sentence:** A business simulation is a model of a company and its market in which learners make real management decisions, round after round, and see how those decisions play out.

## The basic idea

In a business simulation, learners take over a virtual company. Usually they work in teams, and each team runs a competing company in the same industry. In every round, which typically represents one business year, teams decide on things like:

- which products to develop and how to position them
- how much to spend on marketing and sales
- how much to produce, and whether to invest in capacity or automation
- how to fund the business, through cash, debt or equity

The simulation then calculates the results: sales, market share, costs, profit, cash and share price. Because every team is competing for the same customers, one team's results depend on what the others decided too. The next round starts from where the last one ended.

## What makes a good simulation

Not all simulations are alike. The strongest share four features:

1. **The whole business.** Decisions in one function affect the others, so learners see the company as a system, not a set of silos.
2. **No right answer.** Several strategies can succeed. What matters is whether the strategy is coherent and well executed.
3. **Compounding consequences.** Results carry forward, so early decisions shape later options.
4. **Evidence of learning.** Reports and assessments show what each learner understood and did, not only how the team scored.

## Simulations, games and case studies: what's the difference?

| | Case study | Business game | Business simulation |
|---|---|---|---|
| Learners | Analyse someone else's decision | Play for fun or engagement | Make and live with their own decisions |
| Outcome | Discussion | A winner | Results that compound over rounds |
| Realism | High, but fixed | Often low | Built on a realistic business model |
| Assessment | Written or oral | Rarely | Performance data, reports, individual assessments |

## Where simulations fit

**In universities:** final-year strategy modules, MBA capstones, introductions to business for first-years or non-business students, international business and operations modules.

**In organisations:** graduate programmes, first-time manager development, high-potential and succession programmes, general manager readiness, and team offsites.

## What a simulation is not

- **It is not a replacement for teaching.** It works best alongside lectures, readings and cases, as the place where learners apply them.
- **It is not a video game.** The aim is judgment, not entertainment, although most learners enjoy it.
- **It does not run itself.** The debrief, led by an instructor or facilitator, is where much of the learning happens.

## How a typical programme runs

1. **Introduction (1 to 2 hours):** the industry, the company and the decisions.
2. **Practice round:** low stakes, to learn the interface.
3. **Competition rounds (typically 6 to 8):** one per week in a module, or several per day in an intensive.
4. **Debriefs:** after each round, and a final review at the end.
5. **Assessment:** team performance, individual assessments, a reflective report, or a mix.

### Next step

See what a round of decisions looks like. **Book a 30-minute demo →**

capsimuk.com/book-a-demo · hello@capsimuk.com · 020 7725 0437