

SPOTLIGHT ON:

CATERPILLAR[®]

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Fortune 500
as of 2014

OVERVIEW

Headquarters: Peoria, IL

Industries: Manufacturer of construction and mining equipment, diesel & natural gas engines, industrial gas turbines & diesel-electric locomotives.

Segments: Resource Industries, Construction Industries and Power Systems

“UNDERSTANDING FINANCIAL STATEMENTS, THE CORRESPONDING RATIOS, AND HOW DECISIONS MADE IN ONE AREA AFFECT EVERY OTHER AREA IN THE COMPANY ARE THE CLEAR TAKEAWAYS.”

THE CHALLENGE

Like many organizations, Caterpillar hires people for their technical expertise. But the company also needs these individuals to think like business people and make decisions on commercial and strategic issues in a team environment.

In the late 1990s, Caterpillar discovered its engineers and other technical staff struggled when they moved into managerial positions. Those employees lacked an understanding of business principles and the corporation's financial outcomes model. The company turned to Capsim for a training solution to boost the quality of managerial decision making.

“Caterpillar management understood that in an engineering culture, the need for extensive, accurate, and detailed information before moving forward on decisions often conflicted with the business world's need for speed,” Capsim's Craig Watters Ph.D., remembers. “The ability to deal with uncertainty and ambiguity in making decisions challenges businesses regardless of the industry.”

THE SOLUTION

Caterpillar chose Capsim to tailor a series of three-day, onsite seminars focused on developing business acumen. Designed as a complete immersion experience in management from all angles, the program addresses key issues critical to Caterpillar's business—finance, operations, marketing, forecasting, competitive analysis and strategy.

Participants are placed in teams to run their simulated companies mimicking six years. A debrief occurs between each round to highlight simulation results. "Many of the benchmarks in the simulation fit neatly into Caterpillar's overall financial outcomes model called Operating Profit after Capital Charges (OPACC)," Capsim instructor Blaine McCormick Ph.D., says.

Because the training is fast-paced with aggressive competition, strict time constraints and the need to rely on the team as a whole, it provides a real-life learning experience in management.

THE IMPACT

Almost 20 years later, Caterpillar continues to use our business simulation to build business acumen in its high-potential staff. The training helps participants frame their proposals and ideas in clear business terms.

"Each participant gains first-hand experience in making the types of decisions their own senior management wrestle with every day," Blaine states. "Understanding financial statements, the corresponding ratios, and how decisions made in one area affect every other area in the company are the clear takeaways."

In 2015, Capsim and Caterpillar began piloting a new program to provide clear data on the company's return on investment. Each participant is measured on his or her own understanding of key business principles and the ability to apply them. Not only does the course highlight each individual's strengths and weaknesses, it also identifies that participant's future training needs.

Business Acumen
Caterpillar

Team-Based Decision Making
PolyOne

Finance for Non-Finance Managers
Johnson Controls

Leadership Development
Illumina

Strategic Decision Making
Cummins



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TAILOR YOUR OWN PROGRAM

Like to find out how we can tailor a program to build your employees' business acumen?

Call me today and let's get started!

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