

Four RWE junior executives make a fortune in MARGA

In October 2011 there was tension in the air at the Schloss Gracht castle near Cologne. To the very end we hoped but couldn't be sure that we had done enough to come out on top. We had started with 26 million euros and had converted this into 729 million by the final. In the MARGA business simulation we had six months earlier assumed management of a virtual company. We had the possibility of offering three different products (consumer goods, services or investment products) on four different markets (Europe, Eastern Europe, USA and Asia), and to measure ourselves against the competition there. In the process we had to keep a close eye on our KPIs, because it was our task to increase our company value (our MVA - MARGA Value Added). As in a football tournament our route to the finals involved surviving several qualification rounds, with the winning and second-placed teams progressing to the next round. In the process we constantly had to deal with changing market situations and adapt to the strategies of new competitors.



Unser Team vor der Abgabe der letzten Entscheidung im Finale auf Schloss Gracht

We began as an interdisciplinary team consisting of two engineers and two controllers, all with the motivation to participate in this program for promoting junior executives. The high level of personal commitment of everyone involved was noticeable throughout the entire cooperation. In addition to personal and professional further development, the competition generated in us the ambition to reach the finals at the Schloss Gracht castle.

The first challenge of our six-month management career consisted of moulding our personal capabilities and professional backgrounds into a functioning team. From the very beginning it was clear that every member of the team was willing and able to make a contribution. This enabled each of us to add individual skills and capacities to the overall performance.

We dealt with all the challenges we faced at weekly management meetings, where a large number of decisions always had to be taken. What quantity of raw materials do we need to

purchase for our production operations? What staff do we need to employ, and when? What is the right time for investment? Our various points of view led to animated debates, long evenings and new friendships.

During a test round at the start of the simulation we, as the newly-formed management team, had the possibility of testing a range of market instruments. What impact would individual marketing instruments have on customers? How does quality influence sales? How price-sensitive are the markets? This gave us our first insight into the interrelationships between the market and companies.

What we learned enabled us to develop our strategy for the main round. Although we won this main round, at the same time we found that because of individual decisions we had not fully exploited the potential of our company. As a result, for example in period 4 we had to lay off employees whom we had recruited in period 2. We realised from this that the successful implementation of a strategy is only possible on the basis of long-term planning. As the simulation game went on, the framework conditions and the decisions to be taken became more complex, while the competition became fiercer. On the one hand this required more in-depth analyses, and on the other entrepreneurial action. In the quarter-finals and semi-finals in particular, the decision for or against market entry could decide success or failure within the competition. During this phase the fact that we were an efficiently functioning team paid off once more. The decision on market entry in particular triggered animated debate, the result of which, however, was that we came to understand the simulation and its instruments even better. Even if most of our decisions were based on a pragmatic assessment of the situation, in the semi-finals we bet everything on one roll of the dice, which could have led to failure. We decided that it would be "all or nothing!" and were rewarded when on September 5, 2011 the official announcement came. We were proud to be able to announce to our colleagues and management that we had achieved our target of reaching the finals from October 4-6, 2011 at the Schloss Gracht castle. We already felt like winners, but we wanted more.

The finals in fact began several weeks before October. Once we knew that we would be participating in the final and in a different competitive situation, there began an animated discussion of various strategies, because the simulation would now be held over five periods instead of the previous four. We decided to stick with the strategy which had been successful so far, because we believed that the greater number of periods would work in our favour. Accordingly we planned the first period even before the great day arrived.

When the finals began in the wonderful setting of the Schloss Gracht castle, we first had the opportunity to get to know the competition and the friendly and helpful MARGA team in person. After being welcomed in the great hall, all the teams briefly presented themselves and the company they represented, before anticipating with suspense the results of the first period. When the results were then announced we initially received a shock, because we would be going into the next period in last place, a situation which was unfamiliar to us. The others accordingly had a lead on us, but we believed in the effectiveness of our strategy and

remained true to our approach. Accordingly we didn't resort to hasty action, and were rewarded for this in the next few periods, in which we made steady progress. Ahead of the final period we were in second place and confident that with our long-term strategy we would finally come out on top.

After three unforgettable days with interesting conversations, walks in the grounds of the castle and lasting impressions, we then finally submitted our final decision in the simulation. In the evening there was a reception and photo shoot, and the award presentation came ever closer. We had invited three honorary guests from RWE to the official gala dinner, but we still had plenty of time to talk about what we had experienced and speculate about our chances of victory. The MARGA team had already announced that the difference between the teams in first and second place was only three million Euro 'MARGA Value Added'. Similarly to Germany's 'Wetten, dass...' game show, bars at different heights showed the results of the individual placings. The suspense rose and rose when it became clear to us that we would either be in first or in second place.

At the end of the day we were narrowly defeated, achieving an excellent second place among more than 50 participating teams.



With such a narrow deficit this was a pity, but looked at more objectively it was still a phenomenal result. Our thanks go to all of our likeable competitors and above all to MARGA for an instructive and unforgettable experience, as well as to RWE Power for the support we received in relation to our participation in the business simulation.