



### Overview

**Country or Region:** Worldwide

**Industry:** Chemical

#### Customer Profile

Praxair is a global Fortune 300 company that supplies atmospheric, process and specialty gases, high-performance coatings, and related services and technologies. The gases and technologies supplied by Praxair are used by a wide variety of industries – to preserve foods, produce computer chips, improve the efficiency of industrial processes, reduce emissions, clean and recycle waste water, treat hospital patients, make cleaner-burning transportation fuels, increase energy supplies and put the fizz in soft drinks. An industry leader, Praxair employs more than 26,000 people and is active in more than 50 countries.

#### Business Situation

Praxair's employee base includes a substantial number of engineers who are "quantitative thinkers" by training, and whose background has generally not included financial and/or business training. The company has an ongoing need to introduce its technical talent to business dynamics in order to give them both the perspective and the tools to communicate technical information in the context of Praxair's business environment. Simulations can also assist in identifying candidates who may be suited to transition to managerial roles.

#### Solution

Since 2001, Praxair has tapped the experiential learning expertise of TRI Corporation to conduct business simulations designed to sharpen the business acumen of its staff. These simulations form a crucial component of Praxair's career development program, general manager program, and global leaders program.

#### Benefits

- ▶ Increased business acumen
- ▶ Improved communications across functions
- ▶ More collaborative working environment
- ▶ Early identification of potential general managers
- ▶ Competitive edge

## Praxair Transforms Technical Talent into Business General Managers through TRI Simulations



### VIDEO

*"Praxair has partnered with TRI Corporation for more than a decade on business simulations that have helped to keep us at the top of our game and at the top of our industry. TRI's off-the-shelf simulations are easy to use and teach the core financial issues that are most important to us. Enhancing the business acumen of our engineers has delivered consistent benefits to the company's bottom line."*

**John Gumpert**

**Executive Director Corporate Human Resources**

Over the century of its existence, Praxair has led the development of processes and technologies that have revolutionized the industrial gases industry. The world-class organization employs more than 26,000 people worldwide, including technical staff in as many as 18 countries. A new CEO in 2001 brought a new vision for the company that emphasized a seamless connection between engineering and management, and creating a pipeline of new business leaders from within Praxair's own base of technical talent. Praxair engaged the experiential learning experts at TRI Corporation to conduct a series of simulations designed to help the company meet these goals and maintain its competitive edge, launching a successful partnership that has flourished for more than 10 years.

### Situation

Praxair has a large, multinational engineering base that brings a great deal of technical talent to the organization. Functional team members do not always possess prior training geared towards financial and business acumen, however. Praxair set out to help its people better understand their contributions to the organization's financial success, to have greater insight into management's challenges, and to learn to communicate information to management in a way that facilitates business decisions. "A lot of information can fall between the cracks that can fundamentally change the outcome of our business," explained John Gumpert, Praxair's executive director of corporate human resources. "When engineers are attuned to the financial implications of their work, he continued, "the entire company benefits."

When Gumpert joined Praxair in 2001, a new CEO, Dennis Reilley, had recently come on board. Reilley felt the company, while successful, had significant potential for growth and improved performance. He immediately set about reformulating the company's vision and goals for the future. Reilley also felt there was "untapped" managerial talent within the company that could be leveraged, given the right circumstances. He tasked Gumpert to help develop a pipeline of candidates from within Praxair's technical pool to serve as general managers and in other key business roles.

To Gumpert, business simulations were the clear solution for improving the financial acumen of staff and also towards identifying candidates for managerial positions. "There's nothing like a simulation to concentrate and accelerate learning on the business side in a short time," he said, adding that their cost-effectiveness was another draw. "A simulation gives participants a chance to immerse themselves in a very realistic business scenario. It takes them out of their usual work environment and puts them in the position of running a business. They're faced with a new set of variables, and have the opportunity to try different strategies and learn from their mistakes and successes with no real money at risk."

Gumpert turned to TRI Corporation, an established leader in experiential learning and business simulations, to identify the right mix of simulations for Praxair from TRI's portfolio of one- to five-day simulations. "I had worked with TRI Corporation before in my years at GE and Union Carbide," said Gumpert, "and I knew they were the right choice for Praxair."

## For More Information

To learn about how TRI Corporation experiential learning services can benefit your organization, visit [www.tri-simulation.com](http://www.tri-simulation.com), or email [TRIContact@tri-simulation.com](mailto:TRIContact@tri-simulation.com).

For more information about Praxair, visit [www.praxair.com](http://www.praxair.com).

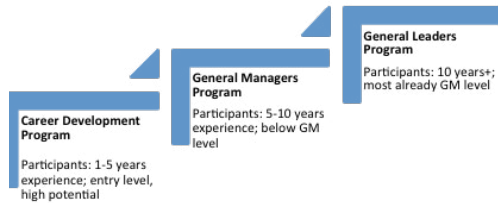
*"I believe leadership – at all levels – is what lifts adequate performance to excellent performance, and leadership development is where we focus our efforts. Over the next year we will be applying more rigorous criteria to our performance-management system with the aim of continuously upgrading performance levels throughout the company. In addition, three management-development programs are helping us reach down into the organization to provide our best and brightest mid-level managers with opportunities to accelerate their career advancement. Almost 100 employees from around the world have already benefited from our successful Global Leaders Program, now in its third year."*

Dennis H. Reilley, Chairman, President & Chief Executive Officer  
Praxair 2001 Annual Report

## Solution

TRI Corporation's simulations have emerged as a central component of Praxair's curriculum of executive development courses, and have been integral to the company's human resources efforts for more than 10 years. During this timeframe, Praxair's utilization of the simulations has expanded to focus on varied levels of experience, with participants progressing from an entry-level Career Development Program to a mid-level General Managers Program to a Global Leaders Program for key senior executives. Despite the varied skill sets of the end users, Praxair has been able to utilize TRI's "off-the-shelf" simulations effectively, customizing those leadership elements critical to Praxair's needs. This approach has encouraged ease of adoption and provided genuine cost-effectiveness and significant ROI. "Having run these programs for many years, I've found the 'standard' simulations that TRI Corporation offers give us ease of use, and teach the core financial issues that are most important to us," Gumpert explained.

While each TRI simulation is unique, all share a common structure. Participants are grouped into competitive teams, each of which receives a model spreadsheet with a task to solve. Simulations are conducted in rounds of approximately two hours, and within that timeframe, team members work together to create a forecast, interacting with customers and suppliers to gather information that will impact the outcome. As participants run the enterprise, faculty circulates among the teams to add leadership challenges – perhaps a safety issue, an adjacent marketing opportunity or a test of the team's adherence to corporate policies (integrity challenges). In this way, teams are forced to respond to changing circumstances just as they would in the real world.



The three-day **Career Development Program** targets high-potential Praxair employees in their first five years of employment. After a day and a half of soft-skills training by a third party in leadership style and executive presence, participants engage in TRI's Strategic Planning simulation, which focuses on business strategy and the financial implications of high-level decisions. There are teams grouped into functional segments by geography – Europe/South America, North America, Asia and PST (Praxair Surface Technologies) – as well as a separate corporate team. Each is tasked with creating a three-year rolling forecast of the business, taking into consideration safety, quality, new products, productivity initiatives, shareholders, and existing and new markets. Once plans are complete, the corporate team summarizes the input from each division in order to determine an overall Praxair corporate number. The process culminates in a presentation to a panel of senior leaders in the business.

"We're taking employees out of their comfort zone early on," says Gumpert, "but doing so in a 'safe' environment. They learn a lot about the company and the business environment in which we operate, but they also learn a lot about themselves – about their own strengths and areas in which they can grow."

The **General Managers Program** gives participants, who typically have five to 10 years of business-level experience, a sense of what it takes to be a general manager from a holistic, enterprise perspective. The core of the program is TRI's General Managers Simulation, a five-day simulation that tasks teams with the successful operation of a small manufacturing business for a period of two years. Teams make decisions on a quarterly basis and, at the end of each fiscal year, participate in a business review conducted

in the same manner as Praxair's real-world annual reviews. Individuals take on different roles within the simulation and are given the opportunity to experiment with a range of approaches that lead to varied outcomes. A separate activity, the Customer Case, uses a role-play conversation with a "customer" to help participants understand their business from the perspective of the value it creates for their customers. Teamwork, individual leadership capability and executive presence are all emphasized in the General Managers simulation.

Praxair's two-week **Global Leaders Program** is designed for executives with 10 or more years in business, most likely already general manager level, who have been identified as candidates for key leadership positions. At its core is TRI's Senior Leaders Simulation, a four-day, enterprise-driven simulation that uses a more sophisticated version of the activities in the General Managers Simulation, including a more complex set of variables and escalating leadership challenges. The Senior Leaders Simulation is structured in six quarterly rounds, complete with business reviews. Teams are guided through more advanced financial analysis, decision-making under uncertainty, and prudent risk-taking. The simulation enhances the skill sets of participants even as it screens candidates to identify weaknesses and areas in need of improvement. Unlike the Career Development and General Managers Programs, which are conducted regionally on an as-needed basis, the General Leaders Program takes place near the corporate headquarters, allowing for interaction with Praxair's senior executives.

## Benefits

Praxair now has in place a solid curriculum of business simulations designed to sharpen the financial acumen of its technical talent and to help identify and develop a strong bench of business leaders. Upon completing the programs, its functional leaders have a better grasp of finance, are more keenly aware of their own contributions to the bottom line, and are better at presenting in business terms the technical information they communicate to management.

Improved communications has led to a more collaborative relationship between Praxair's management and technical communities. "Our engineers recognize the importance of communicating the potential financial impact of their work. They also understand the challenges that managers face in forecasting and delivering on commitments, because they've had the opportunity to experience it themselves in the simulated environment," said Gumpert.

During the decade that Praxair has utilized TRI Corporation's simulations as a cornerstone of employee development, the company has enjoyed a remarkable growth curve and remains a leader within its industry. A number of factors have fed Praxair's success, but for Gumpert, it's clear that, "TRI Corporation has helped us develop a team without equal in the industry."