



Using the LINKS Services Management Simulation in a Retailing Course



Kyle Huggins (James Madison University) is a long-time LINKS user, although mostly of the product-oriented LINKS Marketing Strategy Simulation in marketing management/strategy courses.

You use the LINKS Services Management Simulation. Why do you use a simulation when teaching a retailing course?

I am a huge fan of simulations in general. In the simulation, students make changes on a regular and consistent basis. This changes the complexity of the case, changes the outlook and changes the outcomes. The students get immediate feedback on their decisions and can see how their competitors are doing which changes their next decision.

With a case, or something that comes out of a book, it gets a bit repetitive. You look for the same thing over, and over, and over. In the age of the internet, things get posted online, so you worry about answers being there on cases and the students not really doing the work. The simulation is a good way to keep the students honest, and for them to critically have to think through what they are doing. There is some level of peer pressure when it comes to using a simulation in a class because you have a couple of firms that are doing well, and a couple that are not doing well, and then some in the middle. The students think “I compete for a grade with this person out here, and they are doing a million dollars better than I am doing so I am going to have to pick up my game.” There is a level of accountability that I like to keep in a class.

Specifically for retailing—I like to use the simulation just to give the students a little different feel to what a retail environment would look like. All they really think about is the product side of retail management—Wal-mart, Lowe’s, Macy’s, Nordstroms—all of those shops are what they consistently think about on a retailing perspective. They go to banks, and doctors, lawyers, but it is hard to break down that mentality of everything being a physical product—something tangible that you can touch, taste, or feel. LINKS Services Management Simulation is effective in doing that. It gives the students a different perspective to look at—other business models that are intangible.

How do you teach with the LINKS Services Management Simulation?

Within my retailing class, I take the first three-fifths of the class, and I teach using the book. We study financial strategies, how to account for buyers and how they work under category managers.

Most of the text book examples are about the product side. Every once in awhile you might get a blurb at the end of the chapters about how a service company might be a bit different.

I tend to focus specifically on the product in class for the first three-fifths. Students have three exams over that material and then the last two-fifths of class I bring in the LINKS Services Management Simulation. I tell them from the get-go that the class will be very product-oriented at the beginning and very service oriented at the end. We are going to compare these two industries and see what we think are the primary differences between running and being a part of these two different industries.

In the last seven to eight weeks, they spend the first week reading through the manual to get comfortable with the LINKS environment. I go over what decision making the students have to make. Then the students get into making their decisions. At the beginning, they make only one decision a week. I lecture them on how to configure their service products, how they would set up a cost structure based on their configuration, when they can launch those services and in what regions, and look at customer preferences—ultimately what they choose as their services configuration—all of those things that make up the marketing mix including having a good strong strategy in place.

Once they get both of their services configured, designed, launched, and get about a week's worth of feedback, we advance to two decisions a week. Then, it comes down to strategy. What we see from the services side is a huge difference from what we expect product costing measures to look like and what we expect service costing measures to look like. Specifically, the difference between variable and fixed costs in these industries. They always start out with product-orientation from a fixed-cost perspective. They don't pay much attention to how well they are utilizing their employees. On the service side, it is so extremely important that you manage your employee utilization. If your CSRs are sitting there twiddling their thumbs for 50% of the day—that's money that you are paying them whether they are making service calls or not. You are paying them a straight salary which is a huge fixed cost especially if 50% of the time they are not bringing in money.



To get the students to change their perspective that employees are now the ultimate resource rather than the service design takes a little while. By the end of the services simulation, they realize that they have to be completely focussed on utilizing their CSRs, and if they are not utilizing them they are really going to have trouble being profitable.

It is a very good application of hands-on experience for the students to specifically see the area of cost measures. Some of the students get it and some don't. Putting them in firms with other students helps when one student gets it and another doesn't.

At the very end they do a final presentation. They report on what their best decision was, and their worst decision, and if they could do it over again, what they would change and how they might be more profitable. Most of the time when they finish the presentation, I believe the students have a very good understanding of the process. I don't do a paper because everything is happening so quickly with the services operations that to add a 10-page paper to their responsibilities is probably more than they could bear.

Is there a special method you use to put the students into groups?

I ask two questions to help me with my group assignments. They are "who do you want to be with?" and then "give me one person that you don't want to have in your group." I feel that most students ultimately know the other students better than I do and this method leads to reducing the level of group conflict.

Each team has to decide who is going to be their CEO and then assign some level of responsibilities to every person in their group. They may break it up by region, or they break it up by services, or they break it up by job responsibilities. They also must determine what it would take for a person to get fired from their job, but that has not come up very often.

How do your students feel about the LINKS experience?

LINKS is a competitive experience. If you are at the bottom of the list, obviously your grade is going to reflect that—you should be graded on performance. Also, as the student moves along academically, they get more and more experience working with simulations and may even have been given practice runs which lets them see the effects of their decisions and their competitors before it counts. I don't agree with that philosophy. In this world, we make decisions and have to live with the consequences all the time on a real-time basis. This is true for both our personal life and our business life. When you are running a simulation in a very short time and there is such a steep learning curve, the students sometimes feel that they were not as successful as they wanted to be.



In the end, the light goes off and they see the difference between the service and the product orientation, especially in a variable-cost versus fixed-cost perspective, and they appreciate the service environment and the problems and strategies that come with it. These students may possibly go into a career in the services environment somewhere because so much of the management orientation towards products is being shipped overseas that the services sector is exploding. They will need to know this information, and they appreciate what they were taught.

What advice and suggestions would you give other potential LINKS instructors about using the LINKS Services Simulation and how to be successful at it?

From the very beginning, students have to focus on what the CSR utilization ratios actually do to their overall level of profitability. Also, set up some type of structure for their firm so the students know the responsibilities for each member of that group. Each member in the group needs to be productive, and feel that their opinions are being listened to. I feel a peer evaluation process is important, one that is completely confidential and only my eyes will see. They can evaluate their peers on how much they contributed and how well they worked together in the group and also that they can evaluate the simulation and what changes they would like to see done for future students.

The key to success for the professor is when the student points out what needs to be stressed more, and at times I have gone to Randy about what controls the students would like to have added or modified.

Randy was great about working with me. The students felt that a decision they needed to make was in conflict with their strategies and what they wanted to do. In less than 24 hours Randy had adjusted the simulation and created a solution so we could get past that problem. I think that is the key to success for the LINKS instructor. They learn over time what things they need to tweak in the simulation and Randy is so very good about understanding and then adjusting the simulation to how it works specifically in your class. I have such good and immediate gratification on changing small things here or there, or adding price that fact to all materials or changing whatever limits that have been originally set up. That's fantastic. It's ultimate customer service and we appreciate that.

Is there anything else you would like to add?

As an instructor, I am a firm believer in the simulated environment. I have used LINKS in my Marketing Management class and my Marketing Strategy class. I am a firm believer in simulation especially when you can break it down over an entire semester. That is key to having the students think through the process, which is valuable to them. LINKS is unique in its approach and its perspective and LINKS stands out when compared to its competitors.