

# The Professor's Column

## Advice To My LINKS Successor



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*Michael Gallagher was a student in Greg Kivenzor's course at Rivier College. In this course, Michael participated in a team-based LINKS simulation event with the LINKS Enterprise Management Simulation [Enriched Edition]. As part of this course, each student crafted a short "Advice To My LINKS Successor Memo." This is a recommended individual-specific post-simulation assessment writing requirement as part of a team-based LINKS event. This exemplary memorandum follows, for the reading enjoyment and benefit of all future LINKS participants. Thanks to Greg for sharing this memorandum with the LINKS community and thanks to Michael for his fine work*

*and his willingness to share this memorandum with the LINKS community.*



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**W**elcome to the world of LINKS! Over the next few weeks you are in for a wild ride. If you haven't already read the LINKS manual, then stop reading this and read the manual. In fact, if you haven't already read the manual twice, stop reading this. Over the course of my six weeks with LINKS, I read the manual from front to back no less than three times. Every week I found myself turning to the manual frequently. It's an amazing resource, and one you cannot overlook. Not only does it explain the details of the LINKS environment, it also has some helpful tips. For instance, do you know what your minimum R&D investment should be? No? Then re-read the manual. It's right there. Tips like that are invaluable. Don't miss out!

Now that you have read the manual (at least twice) and have a basic understanding of how LINKS works, let me give you my second piece of advice. You don't know anything. That's right. Don't underestimate the complexity of this game. There are a lot of moving pieces and a lot of unknowns. Just because all your inputs make sense, doesn't mean they're going to work. LINKS customers are just like real customers. Sometimes they buy a lot, sometimes they don't. One minute they like your products, the next minute they don't. Inside LINKS is a real market. Okay, it's simulated, but that doesn't make it any easier to understand. Use your Research Studies, use your manual, and cross your fingers.

Sometimes in LINKS, just like in real life, a little luck goes a long way. That's not to say it's all luck. You need to make your decisions wisely. Just don't get down on yourself if things go badly for a quarter. It happens. You just have to review your reports, study the research, and make the next move. Don't worry; eventually you'll start to understand it better. Oh, and about those Research Studies, take a good look at the Regional Summary Analysis. It's a great overview of the market. We purchased it every quarter and it always proved helpful.

My next piece of advice is to give LINKS the time it deserves. It's not meant to be easy. You'll learn a lot with LINKS, but it requires patience and plenty of time. If you're not spending a few hours

a night pouring over financial reports and research studies, then you're not spending enough time on LINKS. It's a complex game with many parts. Spend time understanding each of the different inputs. Learn how to manage your production and inventory. A 25,000-unit maximum production change might not seem like a big deal, but when your sales start climbing, and you're dipping into emergency production, you're going to wish you managed your production limits a little better. Or how about when your product quality starts tanking and your warranty-related replacement parts costs are skyrocketing? You're going to wish you listened to the manual and kept that \$100,000 minimum R&D spending. I don't need to mention the importance of reading the manual again, right? Spend the time on LINKS and you'll be happy you did.

LINKS provides you with some great resources to assist you along the way. I've already mentioned the manual, but there are also tutorials on the website. Download these tutorials and read through them. I know you'll find them helpful.

Despite all these resources, there are some areas where you'll need to step up and create your own tools. Spreadsheet and graphs are two of those tools. Numbers can be subtle when they're written on a page. Graphs on the other hand are not subtle. Graphs can really highlight the meaning behind your numbers. Think your sales volume has been fairly steady? Throw the numbers into a graph and see how they look. I bet you'll be surprised. We were. Nothing shows a pricing issue like a line graph of your product sales. Don't use column or bar charts for sales volume. It's too hard to see the changes. Use the line graph. Even subtle changes show up on a line graph. If you're building spreadsheets and using graphs, you can easily see how some changes can affect your numbers. They don't have to be incredibly complex. Even a simple spreadsheet can take the guesswork out of your decision-making.

One piece of LINKS that is a definite unknown is your competitors. Now I know what you're thinking, "How could my competitors be an unknown? They're all I think about." I don't doubt that you're watching the competition, but I bet you're not really thinking about their decisions.

What I mean is this: Much like you, your competition is playing LINKS for the first time. They are learning as they go. They are not experts. They are going to make decisions that make perfect sense to them and make zero sense to you. They are also going to miss things that you might think they'll never miss. For instance, let's say your product is doing really well in Region 2. It's clear to you that your sales are strong in that region, because you have a high quality product at a lower price than your competitors. After two strong quarters, you lower your forecasts because you *know* your competition is going to lower their prices to better compete with you. The problem is, they don't lower their prices. And now you've under forecasted and have unfilled orders. See, your competitors may not be interested in Region 2 because you failed to notice that their product is tailored for Regions 1 and 3. Or maybe they failed to notice that your price was significantly lower, and they were more concerned with your product quality. Now I'm not saying that you shouldn't have lowered your forecasts. That was a good decision based on the information you had. Just understand that there is more to it than that. Your success isn't based solely on your decisions. It's also based on the decisions of your competitors (along with other random stuff). And sometimes, their decisions will be your biggest unknown.

Finally, I have one last piece of advice and that is: Have fun! I know, LINKS is hard and it can be frustrating. The thing is, it's a fun way to put everything you've learned in your business education to use. You'll never have the power in real life that you have in LINKS. It's an amazing power and you'll see the results of that power very quickly, in just a matter of days. You can make mistakes and learn from them and meanwhile real jobs aren't being lost and real companies aren't going under. It's your own playground. Live a little. Take some risks. Explore all your options. LINKS will reward you nicely or punish you painfully. But in the end, it's just a game. It's a tool to help you learn and better understand how to utilize your skills. You can get a lot out of LINKS if you put a lot into it. And when it's all over, you'll be surprised how much you learned.

Good luck and enjoy the ride!