Why do I teach using a service simulation? My primary reason is that teaching with a simulation is fun – both for students and the instructor. Marketing thought leaders currently stress that firms and customers co-create value. We might say the same about business schools and students; students must actively participate in the learning experience to derive value from the courses we teach. In my experience, nothing matches a simulation for keeping students engaged in actively applying course concepts. A simulation is also a natural fit with how students live their lives. Due to their ready adoption of all things electronic, students are very comfortable operating in the dynamic environment of a simulation – and they enjoy working in teams and competing against their peers.

I organize my course around a simple and powerful principle: “All organizations should strive for effective service so that relationships are created and strengthened, leading to the creation of value for customers and shareholders.” However, it is a principle that can be difficult to understand and apply in practice. For example, students tend to start out believing that “more service quality is always better.” Through the simulation, students learn that service quality means different things to different customers – and market segments will differ in their willingness to pay for service.

The competitive nature of a simulation also drives home the challenges of managing demand and supply. We teach students that services are produced and consumed simultaneously and that they are perishable. However, the implications become evident to students in the simulation when demand fluctuates over time — and they face challenges in meeting demand and maintaining service quality. They come to realize that both supply and demand for a service depend upon how their firm designs and delivers its service – that is, the technology, operations and human resource decisions that their team has made. At the end of the course, students often say that they have never worked harder – or had more fun!
I can hear you asking: “Is it really fun for the instructor?” My answer is “yes” because students learn when they confront business challenges in the simulation environment – especially when they face the consequences of their decisions, as well as competition from their peers. This feature allows the instructor to take on a new role: coach. Instead of lectures and videos, the instructor can meet with teams in small groups and facilitate the learning process – responding and shaping the conversation about how to apply course concepts.

My last reason why a service simulation is so effective – and fun – is that it reflects the modern business landscape. Service has emerged as a key driver of competitive advantage for companies in all industry sectors and across the globe. Superior service quality provides a competitive advantage for leading companies in traditional services businesses, such as Charles Schwab (financial services), Marriott Hotels (hospitality services), Starbucks (quick service restaurant), and FedEx (logistics services). However, it is equally important in industries such as computing (Oracle), telecommunications and information services (Verizon), repair and maintenance services for engineering, medical and/or other equipment (GE), and services that support financial, health or energy management systems. For this reason, it is easy for students to see the relevance of the principles they are learning – and relate them to their own experiences as a consumer of service and a future manager.