



Creative Uses of Consulting Fee Bonuses In LINKS Events

I strategically use consulting fee bonuses during the semester of LINKS in my strategic marketing management capstone course. Typically, these are used as a reward for an in-class competition across my groups. Specifically, I use them for three main events in my class, including a financial analysis competition, a KPI (Key Performance Indicator) calculation competition, and finally, for the main event, which is a corporate board competition.

First, the financial analysis competition takes place over a single class period right after the beginning of LINKS. This event is designed to teach students how to use their financial homework, including topics such as contribution margin, breakeven, cannibalization, and customer lifetime value, within the context of LINKS. Students complete the group assignment before class and bring their answers to class. Then we work problems on the board, two firms at a time (Team A vs. Team B), competing against each other. On a scantron sheet, students are required to mark one of four answers in ink (so they can't change their answer). They can mark A (Agree with only Team A), B (Agree with only Team B), C (Agree with Both, should the teams at the board have the same answer), or D (Agree with Neither, should their firm disagree with both answers on the board). If the team working their problem on the board gets the answer correct, then they get a bonus point. This encourages teams to try their best to get the correct answer, instead of gaming the scantron options. Firms not at the board get one point for a correct answer. I tabulate the points throughout the contest and have a bonus question in my pocket for any firms that might tie at the end of the exercise to determine the winner. I usually give one to two million dollars as a consulting bonus (pre-tax) for winning this competition.

Secondly, about midway through the LINKS event, after firms have had a chance to study the KPI's on their own, I hold a KPI competition, to teach the students exactly how their performance grade is calculated, and to encourage them to concentrate on better internal control of their firms. I bring in a case from a previous LINKS industry with all of the needed information from research, the case-firm's

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P&L statements, and additional firm reports that are needed to calculate all of the KPI's. Then, I provide the case to students with an answer sheet that has all of the KPI's on it. Students then work in their firms, using the LINKS manual, to attempt to calculate each KPI in the case. This is a race, as the first firm that correctly calculates each KPI, wins the competition. Obviously, multiple tries on each answer are allowed, until they get it correct. This usually takes about an hour for them to correctly calculate each KPI, usually having trouble on Inventory Turnover and Return on Assets. At the end of the class, we quickly go through the calculations of each, so that every firm has a complete understanding of their calculations. I then ask CEO's (team leaders) of each group to calculate their own firm's previous quarter KPI's for homework, as I put this primary responsibility of KPI performance on the CEO's. Again, the winner receives a one to two million dollar consulting fee bonus for that quarter's run. The amount here usually depends on my subjective assessment of how the current industry is performing. Sometimes I want the post-tax amount to be above one million dollars to entice the students to work hard during the assignment.

The final competition is the corporate board competition. Right before the last four quarters of the LINKS event, I pause the simulation for two weeks. During these two weeks, students are required to create a marketing plan presentation for the last four quarters of the LINKS event. This marketing plan includes a brief history of past performance, a good-better-best typology of all of their current markets with a SWOT Analysis, and then future plans for each of the four volume drivers, in order of importance, as demonstrated by LINKS research, like conjoint analysis and the importance-performance analysis. During one selected evening from 6pm to 10pm, each firm comes into a classroom one group at a time for a 30-minute presentation and a 10-min Q&A session from the board. During these 40-minutes, each group presents their strategic plan for the next four quarters and then makes an investment pitch at the end of the presentation. The corporate board, made up of local business people and former MBA students, volunteer their time to come in and help evaluate the presentations. Then, they are given a fictitious \$1 million dollars to invest in any of the firms they deem worthy. They can invest however they want, all in one firm or spread out across firms. The goal for the board is to return the highest ROI across the last four quarters of the LINKS event. Based on increased stock prices and returned dividends, the investor that accumulates the highest ROI in the board member competition is rewarded with some university memorabilia, like a mug and a T-shirt from our university. It is a fun event for the corporate board volunteers, and it is a good way to keep them engaged in our college and our students. I frequently have repeat board members on a yearly basis, coming back for that special night both Fall and Spring. It has become quite an event for our students, who have learned about that specific night via word of mouth before they ever enter the class. On the first day of class, they are already asking questions about the marketing plan presentation evening. Finally, the day after the event, I total all of the investments across all board members and reward those totals to each firm before the start of the next simulation run. Ideally, I like to keep the total industry investment around \$10M, with the top team usually receiving around \$4M. It is a very real reward to those firms that prepare the most, who instill confidence in the board that they understand LINKS and plan to be successful over the last four quarters.

Hopefully, I may have given you some ideas of your own on how you could use consulting bonuses (negative Special Consulting Fees Adjustments) as tangible ways to motivate learning in your class.