What is the best way to evaluate student performance in LINKS? In my experience, a primary student concern is that their firm’s performance metrics aren’t an accurate reflection of their learning. Indeed, students that experiment and take risks often learn a great deal, but their experiences don’t necessarily translate into improvements in operational metrics (e.g., forecasting) or financial performance (e.g., Net Income to Revenues). In this respect, LINKS accurately reflects the real world … many changes (e.g., in prices, staffing, and market entries or withdrawals) are often penalized in the marketplace.

Organizational learning is a long-run marketplace differential advantage. Naturally, this doesn’t always show up in a simulation event with only 6-9 rounds! We see this phenomenon regularly in the business press. As I write this Professor’s Column, leading companies such as Amazon¹, Zipcar and Starbucks have experienced newsworthy failures. The reason for their success is that they are able to learn from their mistakes and refine their strategies to achieve long run growth and profitability.

For this reason, I evaluate LINKS teams with a mid-event and final report, as well as using the firm performance metric provided in LINKS. For example, these components might have the following weights in calculating final course grades: Firm Performance (5%), Mid-Event Report (10%), and Final Report (20%). I am using a "small version" of the services simulation (LINKS Service Quality Management Simulation), so the total course grade weight for the simulation is 35%. However, with a larger LINKS version, these weights would probably sum to 45%.

My favorite assignment for a final report is a Service Brand Plan or a Marketing Plan for one brand in one region for one year. Since the simulation is at an end, I suggest that students think about the plan as a mechanism for handing the firm over to a new management team. I use this LINKS assignment in both marketing management and services marketing courses. It works equally well in both, although the emphases are different. One major benefit of the plan is that it provides a "teachable moment." A business plan is not just an evaluation tool, it also:

* Requires disciplined thinking
* Facilitates rational decision making and analysis
* Highlights trade-offs
* Entails interactive discussion with relevant people
* Requires/Encourages anticipation of the future
* Facilitates resource allocation
* Clarifies responsibilities
* Provides standards of performance.

A second major benefit is that students are encouraged to look forward rather than backward. (Some students tend to dwell on their past mistakes!) Strategy is path-dependent; the firm can only build on what has taken place in the past. However, a plan requires disciplined thinking about the future. A third major benefit is that teams can present their plans to the class. The class ends on a "high note" with each team sharing its insights and showing how they plan to use them in the year ahead (if the simulation were to continue).

I tell students that the plan answers three questions: (1) Where are we now? (2) Where are we going? (3) How are we going to get there? These questions correspond to: (1) a situation analysis; (2) explicit goal-setting, including the identification of critical success factors; and, (3) an action plan. I also identify some of the course concepts and tools that will helpful in the planning process, such as: SWOT analysis, GAP analysis, Importance-Performance Charts, 5 C's, business spreadsheets, and forecasting methods.

To encourage students to be specific, I provide a very detailed template to follow. I suggest a slide deck of (at most) 15 slides that follow this format. (See the Annual Plan Template at the end of this Professor's Column.) Some instructors might think that the template is too detailed. However, most students are not well equipped to build a plan (despite previous classes) and learn from following this template. Despite the specificity of the template, there are always clear differences between "good" and "best" plans.

Some areas where students tend to struggle:
* Plans that say what the firm will do, but without providing any real justification/analysis/logic/ rationale. Where is the evidence?
* Plans that ignore the presence of willful, deliberate, and non-benevolent competitors.
* Plans that seem to ignore the reasons why customers buy and don't buy particular brands, as well as how customers choose brands.
* Hidden or implicit assumptions.
* Plans that contain "fantasy" facts, numbers or metrics. Facts should drive the planning effort but the plan is concerned with the meaning/implications of the facts.
* Since market segments, by definition, differ in their responsiveness to firm decisions, each market segment requires separate treatment with the development of a brand plan.

Students really enjoy the final in-class presentations of their plans. One reason is that they finally get to find out what their competition was doing! If the class is large, I don't ask every team to present (although they all turn in a slide deck). Instead, I ask one or two groups from each LINKS industry to present. For the teams that are not presenting, I ask them to pick one slide (from the final report) and give a three minute talk about a key insight or activity that worked for them. In this way, every team has a chance to share and celebrate. There are generous amounts of applause and laughter -- and learning -- rather than details of the simulation being front and center.
Annual Plan Template

1. Situation Analysis / Recent Market Developments
   - Includes, environmental scanning and analysis, market research and analytics, and an identification of customer success factors.
   - Examples:
     “The key market developments last year included . . . [major competitive development and activities, repositioning or entry/exit of competitive offerings, new trends uncovered, new technologies or regulatory changes]”
     “Our Performance in the YYY Region: From Q5-Q8, the market for XXX grew by about 8% to C units. Our sales of XXX increased by D% to E units, which resulted in our profits increasing by F% to $G. Our market share grew from H% to J% overall.
     Competitive Analysis: Our major competitors in the YYY Region are J and K. We estimate their current market position and performance is (market share, sales volume, growth rates, profitability) . . . Their current offerings have these advantages and disadvantages compared to our offering. . . . Their current strategies seem to be oriented toward . . . In the planning period Q98-11, we believe that their marketing direction will be as follows: [expected changes or no changes in service, price etc.]
     Customers and Success Factors: To compete successfully in this market, we must respond to customers’ concerns for (1) ... (2) ... (3) ... When they choose a service brand supplier.
     The importance of these particular buying factors is indicated by (our research, historical data, etc.). Of particular note is the increasing importance of ... And ... to our customers.
     With regard to our major customer segments, notable variations in success factors include ...
     The major opportunities and threats appear to be ... [be sure to address customer satisfaction & service goals, as well as explain why this market is important from a gross margin or CLV standpoint]

2. Major Assumptions:
   - Customers
   - Company (e.g., strategies and resources allocated to other services and regions)
   - Competitors
   - The Environment

3. Goals:
   Based on this analysis of our situation, our goals for this planning period are to ... to ... and to ...
   (expressed in terms of volume, market share, growth, revenue, customer satisfaction, accessibility, and staff/employee decisions)

4. Action Plan or Recommendations: Our recommendations/decisions/programs for Brand XXX during Q8-11:
   ... Zzz
   ... Zzz
   ... Zzz
   ... Zzz
   ... Zzz
   ... Zzz
   The results of this program are forecasted to yield sales of L units (M% increase) with revenues of $N, and an overall market share of Q% (an increase of R% over old QQ).
   [Similar remarks about customer satisfaction and service quality goals.]
   To achieve these results, our firm will require ... [improved forecasting capability, new organizational structure or decision-making process]. Be specific and candid.
5. Forecasts:

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<th>Industry/Segment Sales Volume</th>
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<th>Next Year</th>
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<td>Q4</td>
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<th>Your Service Brand’s Market Share</th>
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<th>Revenue</th>
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<th>Variable Costs</th>
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<th>Gross Margin</th>
<th>Last Year</th>
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<th>Customer Satisfaction Goals etc.</th>
<th>Last Year</th>
<th>Next Year</th>
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5. Competitor Reactions to our Firm’s Decisions: Competitive reactions to our marketing program are expected to be … (Will they notice? If they notice, what can and will they do?) Their reaction can influence our program and results in the following way … and has been incorporated into our plan as …

6. Implementation Issues and Procedures: (Decision support tools and how they are used. For example: what research studies must be routinely ordered? How will they be analyzed? What action will be taken based on the results? Specific responsibilities – e.g., “George has developed an algorithm that allows us to . . . ”)

7. Contingency Plans: Major contingencies include: … and … and … .

8. Relevant Appendices