



“Creative Uses of Consulting Fee Bonuses In LINKS Events” Revisited

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 class events: a financial analysis competition, a KPI (Key Performance Indicator) calculation competition, and for the main event, which is a corporate board investment pitch.



Kyle Huggins (Belmont University) is a longtime LINKS Simulations user.

Kyle joined the LINKS Hall of Fame in 2011.

First, the financial analysis competition takes place over a single class period right after LINKS begins. 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 in alternating fashion. 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 when 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 improved internal control of their firm. I bring a case from a previous LINKS industry with all of the needed information, including marketing research, the case-firm's P&L statements, and any additional reports needed to calculate all of the KPI's. Then, I provide the case to

students with an answer sheet. Students then work in their firms, using the LINKS manual, to attempt to calculate each KPI in the case. This is a race, and the first firm that correctly calculates all of the KPIs wins the competition. Obviously, multiple tries on each answer are allowed, until they get it correct. This usually takes about forty minutes for the fastest team 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 for each KPI, so that every firm has a complete understanding of the calculations. Again, the winner receives a one to two million dollar consulting fee bonus for that quarter's LINKS 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 investment pitch. 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 with a SWOT analysis of all of their current markets, and then future plans for each of the four volume drivers, in order of importance, as demonstrated by LINKS research like conjoint analysis and 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 LINKS students, volunteer their time to help evaluate the presentations. Then, they are given a fictitious sum of money to invest in any of the firms they deem worthy, usually between \$1-\$2 million dollars depending on the size of the LINKS industry. 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. It is a fun event for the corporate board volunteers, and it is a good way to keep alumni engaged in our college and our students. I frequently have the same board members volunteer on a yearly basis, coming back for that special night in both the Fall and the Spring. It has become quite an event for our alumni and our students, who have learned about that specific night via word of mouth before they ever enter the class. Without fail, on the first day of class, they are already asking questions about the marketing plan presentation evening. Finally, the day after the corporate board 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. The top presenting firm with the most convincing pitch, whether that is focused on a potential large increase in stock price or a large return of dividends, usually acquires around \$4M of total investment. It is a very real reward to those firms who prepare the most, who instill confidence in the board that they understand their LINKS industry, and who demonstrate the highest probability of success over the last four quarters.

In all of these instances, I input these bonus values as negative consulting fees into the LINKS administrator dashboard. I do remind the students that they will see a "negative fee", or in other words, a "consulting bonus" on their corporate P&L statement the next quarter.

I hope that my class exercises here 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.