

Developments In Business Simulation & Experiential Exercises, Volume 22, 1995

THE SALES MANAGEMENT SIMULATION

John R. Dickinson, University of Windsor
A. J. Faria, University of Windsor

ABSTRACT

The Sales Management Simulation (SMS) is a personal computer based simulation game designed for use in introductory sales management and salesmanship courses, as well as in business sales training programs. Participants assume the role of the top sales manager for a large business firm. The simulation is placed in the industrial marketplace with content generally reflecting the direct industry experience of the authors.

DEMONSTRATION

The purpose of this demonstration is to introduce The Sales Management Simulation and to provide a hands-on use opportunity for attendees.

The Sales Management Simulation has been used extensively in classrooms at several universities. In addition it has been used in management development training and that experience will also be related to attendees. Use of the SMS will be demonstrated with attendees assuming the roles of both players and administrators. Examples of SMS printouts, copies of the Instructor's Manual and the Player's Manual as well as demonstration diskettes will be made available on site or by request of the authors.

SIMULATION DESCRIPTION

The Sales Management Simulation is dedicated to sales management exclusively and does not include marketing strategy areas such as pricing, advertising, product development, and the like which are usually not in the domain of sales management.

The SMS places participants in the role of the top sales manager for a large business firm. The context is the huge industrial marketplace, specifically plumbing fixtures, where the promotional mix is typically dominated by personal selling as opposed to advertising and sales promotion. The SMS environment is defined using actual industry data from sources readily accessible to participants.

Simulation System

The Sales Management Simulation system comprises two components: one for use by the simulation administrator

(Sales Manager) and one for use by the simulation players (Sales Manager Assistant). Each component consists of the appropriate manual plus related software.

SALES MANAGER {Sales Manager Administrator's Manual
{SMANAGER (Sales Manager)
Administrator diskette

SALES MANAGER ASSISTANT {Sales Manager Player's Manual
{SMASSIST (Sales Manager
Assistant) diskette

STRATEGY DECISION MIX

The mix of strategy decisions encompasses most of the functions, which together make up the basic responsibilities of sales managers. A total of 29 strategy decisions which affect sales force performance are made by players each period plus requests among the nine market research reports available.

Basic Organization

Perhaps the most fundamental decision within the sales management function is the basic organization structure of the sales force. A significant feature of the SMS is that the sales force may be organized on either a product basis or a customer basis. The products--faucets, sinks, acrylic modular bath units--embody a wide range of types of buyers, sales volume, unit value, stages in the product life cycle, need for technical knowledge in selling, and so on. Similarly, the customers--plumbing wholesalers, large buyers, specialty manufacturers--comprise a diversity of buying modes, order sizes, degrees of customization, numbers of potential customers, and soon.

Of the 28 remaining essential decisions (excluding research report requests), 24 are on a "segment" basis. That is, these decisions are specific to a given product segment or to a given customer segment. Each segment, be it one of product or customer, is endowed with a specific market response protocol. Within each industry, competing companies need not be organized on a common basis.

The strategy decision mix is summarized as follows:

Developments In Business Simulation & Experiential Exercises, Volume 22, 1995

Personnel Sales force size
 Management Number of district sales managers Number of sales meetings
 Sales force time allocated to each segment

Sales Force Salespeople receiving advanced Development sales training
 Conducting a national sales conference

Sales Discount from list price Promotion

Compensation Salary
 Commission

Diskette

Instead of submitting written forms to the administrator, players may alternatively place their strategy decisions on the SALES MANAGER ASSISTANT diskette and submit the diskette to the administrator. This mode basically avoids the logistics of the administrator having to manually enter decisions and also reduces decision entry errors. In this mode, results may also be returned to players on the SALES MANAGER ASSISTANT diskette. Players may then print the results themselves and/or review the results on the computer screen. This, again, avoids the logistics of the administrator having to print results for return to all companies.

Incentives Sales quotas
 Bonuses
 Types of sales contests

ADMINISTRATOR CONTROL

Marketing
 Research

The Sales Management Simulation may be administered very straightforwardly. By using default options, all that is essential to start a new competition is for the administrator to specify (1) the number of industries and (2) the number of companies in each industry. In addition the administrator may tailor the marketplace environment by specifying (1) overall market potential, (2) the sensitivity of the environment to each of 28 strategy decisions, and (3) the balance between environmental versus competitor determination of strategy effectiveness.

SIMULATION RESULTS

Player Feedback

Basic feedback to players each period of the competition is in the form of a standard income statement and balance sheet plus unit sales and market shares by product and customer group. Additional information specific to the management of the sales force is also provided, e.g., sales force status with regard to size, number who have received advanced sales training, morale, turnover, and so on. Feedback may be provided in either print form, as generated by the administrator, or via players' SMASSIST diskettes.

MARKET RESPONSE MODEL

The algorithm by which SALES MANAGER processes strategy decisions is custom designed for the sales management function specifically. Rather than making use of a single-equation generic demand model, the market response to each strategy decision has been operationalized separately, taking into account fundamental form of relationship, threshold conditions, diminishing marginal response, decreasing response, and so on. Unrealistic decision values are processed in a regular or "natural" manner, without the imposition of arbitrary measures. In many instances, strategy decisions interact, allowing for realistic synergistic effects and capturing the importance of an integrated strategy.

COMPUTER ADMINISTRATION

Manual

In its "bare bones" mode, players write their strategy decisions on forms provided in the SMS Player's Manual. These handwritten forms are submitted to the administrator who is responsible for entering these into the computer (using the SALES MANAGER diskette). Once all the companies' decisions have been entered, the SALES MANAGER software analyzes the decisions and produces results for the period. The administrator may then print results for return to each company as well as reports for the administrator's own use.

AVAILABILITY

The Sales Management Simulation will be available from South-Western Publishing Company, 5101 Madison Road, Cincinnati, Ohio 45227 (800-543- 0487) for adoption in January 1995.