**SALES MANAGEMENT SIMULATION (SMS): Participant FAQs**

1. Do I have to purchase a license to play SMS?
   1. Yes. All players must purchase an individual license.
2. Shall I make all decisions in SMS by myself?
   1. No. You will be part of a team.
3. Can I select my own team members?
   1. Your instructor will decide how to assign participants to teams.
4. What preparation should I do before the start of SMS?
   1. Study the participant manual. You will be able to read the manual online when you purchase a license for the simulation.
5. What sales management decisions are included in SMS?
   1. Recruiting and selecting salespeople
   2. How much and when to train salespeople
   3. Territory management -- where to place salespeople; when to move salespeople to another territory
   4. Whether or not to concentrate salespeople into a few territories
   5. Salesperson compensation -- salary, commissions, contests
   6. Pricing -- for premium and base products
   7. Leadership, manifest in two time-allocation policies -- time spent selling the base product versus the premium product; time spent selling to customers versus *internal* selling.
   8. Market Monitoring -- competitive pricing, demand growth, comparative compensation, Net Promotor Score (NPS), company reputations
6. Is the industry a high growth market?
   1. Research suggests the market could have high continuous growth; high growth but mature early; market that does not take off.
   2. You will need to track market projections.
7. How many salespeople can a firm hire every quarter?
   1. Maximum -- 5. Successful recruiting requires offering a salary such that in total compensation reaches/or is above expectations.
   2. SMS assumes no competition among firms in hiring salespeople.
8. Can different salespeople within a firm be paid different salaries?
   1. Yes, not only while recruiting, but also during SMS. Individual salespeople salaries can be altered every quarter.
   2. Salespeople are paid the same commission rate. Total commissions may vary considerably – territory factors, salesperson motivation and ability.
9. Can my firm fire salespeople?
   1. Yes – at any time. Salespeople may also resign. Factors: Whether compensation falls short of initial and updated expectations; distance from sales territory to home territory; personal factors.
10. How much training should a salesperson receive?
    1. One quarter training is mandatory. Additional training is optional. You may add a quarter or two of training -- early or late. You may space training between quarters or concentrate training.

1. Does a home territory assignment affect performance?
   1. Yes, positively. Salespeople more easily build client relationships.
2. What happens if my firm under-produces?
   1. SMS allows your firm to fill all orders by permitting overtime, without limit. Additional production allows your firm to meet demand exactly – no additional inventory.
   2. Overtime production cost per unit is greater than inventory cost per unit.
   3. Extraordinary high inventory level automatically triggers a bank loan to finance the inventory.
3. In quarter 1, must the firm place salespeople in different territories?
   1. No. Concentrating salespeople by territory will give you a competitive advantage in those territories, but you will forgo sales opportunities in territories with no salespeople.

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1. How can the firm motivate salespeople?
   1. Compensation is the principle means – salary and commissions have different effects.
2. What time-allocation policy decisions can the firm make?
   1. Effort on the base (less expensive) product versus the premium product.
   2. Time spent selling internally— service support, technical support, administration — versus externally, with customers.
3. What indicates success?
   1. Cumulative Profit, summed over quarters.
   2. Market Share
   3. Net Promoter Score
   4. Company Reputation

There are tradeoffs in achieving these criteria. Taking a long view, equal weighting of each is may be the best way to characterize success. Regardless, your instructor may choose to emphasize particular criteria. Since losing salespeople often makes it hard to succeed, preventing attrition is also important.

The answers to these FAQs are described in greater detail in the Participant Manual.

**FAQs while making the first decision:**

1. Can I change the salary and the territory assignments of the 5 salespeople that are already trained and ready to be deployed in quarter 1?
   1. Yes. See page 26 of your manual.
2. How can I learn how qualified these salespeople are?
   1. Click the icon under Info, next to their name, then Ratings and Notes. You should also have a file that has resumes and interview notes of all 55 salespeople.
3. Can I fire one or more of these 5 salespeople?
   1. Yes. Click the Manage button after you press the icon under the Info column. Page 27, 28 and 29.
4. Can I further train one or more of these 5 salespeople?
   1. Yes. Click the Manage button after you press the icon under the Info column.
5. Can I change the commission rate from 1%?
   1. Yes.
6. Can I make offers to all 5 candidates who apply?
   1. Yes.
7. While making an offer can I alter the salary and the commission from the is on the screen?
   1. Salary, yes. The commission number is computed from the percentage commission you choose for your entire salesforce. To alter this number, you have to raise or lower your commission rate.
8. Why would a candidate reject my offer?
   1. If it falls $5000 or more below her of his expectations, which are based on the average earnings of graduates from their school and the evaluations they have from the interviewer—that they are at, above or below average for their school.
9. What will happen if I produce too much?
   1. You will carry inventory and have to pay for it. If the inventory is so high that you run out of cash a bank will give you a loan (and charge you interest) to pay for your inventory.
10. What is internal selling?
    1. Developing relationships with the people in your organization who can enable your relationship with your customers: e.g., service personnel.
11. What is in each of the market research reports?
    1. Described on page 32 and 33.
12. Would it be okay if I bought market research every other quarter?
    1. Conditions in your industry may change very rapidly, e.g., the average compensation being paid to salespeople may become much higher, and not knowing this may make it impossible for you to make a good decision.