



The Sales Management Simulation: *Integrate Theory with Practice*

INSTRUCTOR'S MANUAL

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1. Introduction

The purpose of the Sales Management Simulation (SMS) is to help students (participants) formulate *if...then* rules typically learned through experience and to test them in an environment that is more controlled and provides greater feedback than is typically possible in practice. For students with little or no sales experience the *if...then* rules are either based on intuition or theory learned earlier in the same class; for them the simulation becomes both a translation of theory to practice and an appreciation of the perils of relying on intuition based on very little experience. This sales simulation serves to develop practical intelligence, *if...then* rules of thumb, rapidly, and in so doing broadens both theoretical and experiential knowledge. SMS is a reprogrammed and updated version of a simulation originally written in MS-DOS and later modified for Windows.

The authors' experience: Student value is enhanced by running SMS towards the end of the *Sales Management* course. During the early part of the course, the instructor and students address critical sales management topics/issues/challenges. Then, with SMS, students grapple with a series of sales management decisions, in real time, that they previously discussed with their instructor.

Topics explicitly addressed in SMS include recruiting, selecting, hiring salespeople; assigning salespeople to sales regions; compensating salespeople; setting time-management policies; choosing product prices. As an aid to making decisions, and understanding relationships between cause and effect, SMS makes available for purchase, several market research studies. Evaluation metrics include profit, market share, and Net Promoter Score (NPS).

Should the instructor wish to start the simulation early in the semester and tie it with the teaching of concepts, we suggest an early focus on selection and recruitment and a late focus on compensation and turnover.

Wessex Press — www.wessexlearning.com is the exclusive distributor for SMS. To set up SMS and ask questions, instructors should contact Carelle Bassil — carelle@wessex21c.com.

2. Preparing for SMS

The instructor places students in teams; several teams comprise an industry. There is no limit to the number of students in a team, nor the number of teams in an industry, nor the number of industries. Hence, an instructor with a class of 60 students may decide to form two industries, then place five students in each team, six teams per industry ($2 \times 5 \times 6 = 60$). Alternatively, the instructor constructs five industries, three students per team, four teams per industry ($5 \times 3 \times 4 = 60$).

Industries operate independently, but within each industry, teams compete. Each team's performance results from both its decisions and the decisions of competitor teams in its industry. Instructors have the ability to select the type of industry/market — developing, saturating, stagnant.

Although students secure considerable value from making decisions for a half dozen periods, we recommend running SMS for 10 to 12 periods. (Each period is one quarter [3 months]). In each period, student teams make a series of sales management decisions. Teams do not have budgets — when expenses require this, continued losses or a high level of inventory, banks lend money — but all costs flow directly to their P&Ls.

Student teams may work individually or collectively. Regardless, the designated team leader makes and inputs the final set of decisions in each period; this role can rotate during SMS. In each period, other team members may make *suggestions* that the team leader may either consider privately or that may be the basis for collaboration for the final decision.

To prepare for teaching SMS for the very first time, we estimate instructor set-up time is about 20 hours — read this and the participant manual as well as the supplementary materials (for participants and for instructors), try out SMS privately by contrasting decisions across two teams, and plan on what feedback to provide and when. For each SMS run, we recommend the instructor spend an entire class period (1.25 hours) to introduce SMS to students, after requiring that they prepare by the *Participants Manual*. Our suggestion is to first review the manual and place the decisions being made in the context of earlier class materials, and then administer a multiple-choice test that evaluates students' understanding of the manual. Questions for the multiple-choice test and a PowerPoint presentation for reviewing the manual are provided. Following the multiple-choice test, ask teams to make a trial set of quarter one decisions in about 15 minutes. Ask them to buy all 10 of the market research reports of these trial decisions so that they have extensive feedback. Run these decisions and review, selectively, the results with the class. Tell teams to come to the next class with the trial decisions converted into the real decisions for quarter 1 — to use the feedback they received and to review the manual and supplementary materials to help them improve their initial choices. In the second-class period it should be possible to make and run both quarter 1 and quarter 2 decisions. As participants become familiar with the market research reports and the simulation decisions, it may become possible to make and run decisions for three quarters in one class — that is, an hour and 15 minutes. Instructors may choose to substitute one decision period with a session that provides feedback on one element of the simulation, illustratively the choice of what proportion of earnings to pay by salary. Controlled comparisons that help with providing such feedback are included in the supplementary materials. Instructors may ask participants to make some of their decisions outside of class time. We recommend the last class period for a review of SMS.

3. Getting Started

3.1 Instructor Registration (*Exhibit 1*)

To run SMS, instructors receive a link from Wessex. Instructors must activate their profiles, then upload the list of student names and email addresses. Students receive an email inviting them to register for SMS at the Wessex website. Students register by paying the \$40 registration fee. Alternatively, instructors or college bookstores may purchase coupon codes in bulk for student use at the Wessex site. Wessex notifies instructors when students register.

3.2 Student Registration

In this section you learn how students register for SMS, how to select an industry/market type, how to assign teams to industries, and students to teams.

Instructors have two options for student registration — individual or altogether.

3.2.1 Individual. (*Exhibit 2a*) The instructor should take the following steps:

1. Go to sms.wessexlearning.com.
2. Log in. You create a password. Remember your password!
3. In the left column, click **PLAYERS**.
4. Enter students individually:
 - a. Click the green bar **CREATE**.
 - b. Go to the **NAME** box; Under **NEW GROUP**, enter a name for the industry: e.g., “Section 1 Industry 1.”
 - c. Under **Invite Players**, click **Add Entries**. Enter the name and e-mail address of participants. You will be able to modify their team assignments.

3.2.2 Altogether. (*Exhibit 2b*) The instructor should take the following steps:

1. Go to sms.wessexlearning.com.
2. Log in. You create a password. Remember your password!
3. Upload a CSV file with three columns, labeled: (A) *Name*, (B) *E-mail*, (C) *Team*.
4. Then click **Save**.

Regardless of whether the instructor uses the *individual* or *altogether* process, each student receives an e-mail invitation to register for SMS.

Students register for SMS by responding to the e-mail invitation and paying the \$40 registration fee. Alternatively, they enter a coupon code either provided by the instructor or purchased from their college bookstore. Upon registration, Wessex sends each student a confirmation e-mail. The three students you just sent an invitation to will see the screen in *Exhibit 3a*. When they click on “Activate” they will see the screen in *Exhibit 3b*. After they fill out the information requested

and make their payments, they will be asked to choose a password. They will receive an e-mail confirming that their account has been activated (*Exhibit 3c*). They will also receive an e-mail with a sales receipt.

The instructor learns which students have registered/have not registered by viewing the **Active** column, in the **Players** box. Upon registration, student status changes from **False** to **True**.

3.3 Paying for SMS Access

After instructors upload a student list and send out invitations, every invited student receives an e-mail enclosing a link to make a payment for the simulation (*Exhibit 4a*).

Clicking on the link “Make a payment” takes a student to the Wessex Press checkout page (*Exhibit 4b*). It is recommended that the contact e-mail entered at checkout matches the e-mail at which the invitation was received, which will allow the software to automatically assign payment to the corresponding student account.

If PayPal was chosen as a payment method, it will overwrite the contact e-mail address with the one assigned to the PayPal account. That can be fixed after logging in to PayPal and before submitting the payment.

Once the transaction is complete, an order number is assigned and the link to set up an SMS account is available as “Activate”. (*Exhibit 4c*)

The same message is sent to the e-mail address provided in the contact information. Following the activation link takes the student to the SMS account asking to set up a password. (*Exhibit 4d*)

Once the password is set, a confirmation e-mail is sent out. (*Exhibit 4e*)

If the e-mail address used at checkout did not match the e-mail address at which the invitation was received, the student will be asked to enter both e-mail addresses and the order confirmation number to confirm ownership of the account. (*Exhibit 4f*)

4. Create Industries and Teams

4.1 Choosing the Market Type (*Exhibit 5*)

In SMS, the instructor chooses among three industry type/market options — *developing*, *stagnant*, *saturating*. The most challenging market is *stagnant* (fewest market opportunities), followed by *saturating*, then *developing* (most opportunities). The default option is *Developing Market*. To select another industry:

1. Go to the **Edit** menu.
2. Click on **Players**.
3. Under **Action**, press the grid button.

4.2 Assign Teams to Industries (*Exhibit 6*)

The instructor should take the following steps:

1. Go to **Edit** menu.
2. Click on **Edit**, and make the changes you require.
3. Click on the **check mark** that replaced the pencil.
4. Let us start with changing the industry for Teams 1 and 2 from “0” to “1”.

4.3 Assign Students to Teams (*Exhibit 7*)

The instructor should take the following steps:

1. As a direct follow-up, note: Industry 1 now has two teams.
2. We assign the first two students to Team 1; the third student to Team 2. Click on the **pencil symbol** under **Players**.
3. Adjust the numbers on the check mark symbol.

When the instructor has completed these tasks for all students, there is a complete set of industries and teams for the class.

5. Ready to Run SMS

By following the previous steps, you have made changes in the **Players** box, and in the **Teams** and **Industries** boxes. You have set up SMS with one industry, two teams, and three players.

1. Click on the **Run** button. The **pencil** icon against **Industry 1**, under the **Play** column, changes to a **star**.

6. Check and Rectify Student Status

You are now ready to run SMS, but you must check that ALL students have appropriately registered for the simulation. Indeed, clicking on the Star gets you into SMS.

Before you start SMS, you must make sure ALL students are registered. Having been through the previous processes, you see *Exhibit 7*. Note the entries in the Active column are all False. None of the students have responded to the invitation to register. Click on the grid button under **Players** to see who has registered (true) and who has not (false).

The instructor needs to send an e-mail to students so they can request to register for SMS.

1. Click on the **Players** (large green) button (*Exhibit 8*). Click on the human icon (top icon) under **Players**.

Invitations to the three students have not yet been sent.

1. Click on **Resend** against every student's name (*Exhibit 9*).
2. The invitations box will change to "*just*".

After the students have responded to the e-mail invitations by registering for SMS, you will see *Exhibit 10*. The difference between *Exhibits 9 and 10*: status under the **Active** column, in the **Players** box changes from **False** to **True**.

7. Assign the Team Leader

7.1 Set Up

1. Click the **pencil** in the **Actions** column in the **Team 1** row.
2. You can move the **Leader**, for example, from **Student One** to **Student Two**.
3. **Exhibit 11** is what you will see.
4. **Note:** The leader for Team 2 is Student Three, and since there is only one student in this group, the leader cannot be changed.

7.2 Process

1. Each student should independently make the entire set of decisions in a period.
2. Each student should submit decisions to the team leader.
3. The number of submissions changes from 0 to the number of suggestions.
4. Pressing the **right arrow** icon in the **Actions** box reveals suggestions to the team leader.
5. Note: The leader for Team 2 should be Student Three not Admin.

7.3 Suggestions and Decisions

1. The team leader may collaborate with team members and work through differences in *suggestions* before arriving at a final decision.
2. Alternatively, the team leader may make decisions unilaterally.
3. When there is only one member in a team, the *suggestion* becomes the *decision*.

(**Exhibit 12**)

8. Starting SMS

You are now ready to start SMS.

1. Clicking on **Players**, under **Users**, in the left column will give you a list of Groups you have created (*Exhibit 13*).
2. Click on the **Rubik's cube-like** symbol against any group (*Exhibit 13*). This will bring up the industries, teams, and players in that Group. You have the flexibility to assign different market trends to each of the industries you run; illustratively, developing for one and stagnant for the other. (*Exhibit 14*)
3. In the **Industries** box, click on the **star** button under the **Play** column. (*Exhibit 15*)
4. When a team logs in to sms.wessexlearning.com, they will see *Exhibit 16*. For players who are not the team leader “Make Decision” will be greyed out; this player can only make a suggestion that is submitted to the team leader. For players who are the team leader both “Make Decision” and “Make Suggestion” buttons are available. In the event there is only one player in the team, she or he could use “Make Suggestion” to make tentative decisions, ponder over them, and then finally use “Make Decision” to submit the final set of choices. First, see *Exhibit 17*. Then click on the **pencil** box and see *Exhibits 18a, 18b, 18c*.
5. After students submit their decisions, you will see *Exhibit 19*.
6. Click on **Run Simulations**, then click on “Submit” to send all the decisions and calculate the results. (*Exhibit 20*)
7. When players click on the Results tab (*Exhibit 21*), they will see the results (*Exhibits 22a, 22b, 22c*).

9. Results on Instructor's Screen

As the instructor, you have more access to data that compares the results of each team.

The Top Ratings show company profit, market share, reputation, and NPS (*Exhibit 22d*). While the most current market share, reputation, and NPS are appropriate ways to judge performance, company profit needs to be cumulative to be an appropriate measure. For consistency, with the other three criteria, profit is also reported for the most current quarter. Cumulative profit can be found in the balance sheet of the individual teams.

You will also see Total Sales under Top Ratings (*Exhibit 22e*). Where you can find information about revenues and costs associated with each of the salespeople.

- Commission is annualized, so each quarter is multiplied by four.
- Expectation is the initial earnings expectation when the salesperson is first hired.
- Skill Based is the updated, current earnings expectation that considered experience accumulated throughout the quarters played.

Salesforce Management can be found right below Total Sales (*Exhibit 22f*). Salesforce Management gives you additional information about each salesperson under your student's management practices.

- Stress comes from feeling underpaid as well as for personal reasons. When the number reaches 75, the salesperson informs management that he/she is considering leaving the company.
- Underpayment and Personal Numbers indicate how much each factor contributes to total stress. For Underpayment, a higher positive number contributes more to stress than a lower positive number or a negative number.
- Potential is closely related to Skill Based and dependent on performance.
- Effect A and Effect B captures each salesperson's potential in selling Product A and B.

10. Failure to Submit Decision On Time

For each decision, the SMS administrator should set a drop-dead submission time. Strict adherence to decision deadlines is particularly important when several decisions are due within a single class period. In the event a team has not submitted its decisions by the deadline, the SMS administrator must make decisions for this team so SMS may proceed for other teams. The simplest option for the administrator is to take the following action:

1. Go to the decision page
2. Scroll down the page and press the **Submit button**.
3. By submitting, the administrator makes the following decisions for the tardy team:
 - Employee salaries — no change
 - Commission rate — no change
 - Potential salesperson hires — no offers
 - Product production levels — same as the previous quarter
 - Product prices — same as in the previous quarter
 - Sales emphasis — same as the previous quarter — model A
 - Internal selling allocation — same as previous quarter
 - Market research reports — none purchased

Such action by the administrator is the most severe option. Not only were the administrator's decisions made without consideration of team and industry realities, the tardy team has no information regarding the upcoming quarter. Hence, this team will be severely disadvantaged going forward.

Any other option is more work for the administrator. The administrator may create rules — purchase of all market research reports; make offers to all salesperson candidates at a default salary level. The approach taken for tardy teams is a judgment call for the administrator. Regardless, the administrator should spell out the process very clearly at the start of SMS.

11. Exhibits 1–22

Exhibit 1: Instructor Registration

SMS Admin Friday, Apr 5, 11:58 AM ↩ ⋮

> To: Harish Sujan

Dear Test Account,

You are invited to become a new user of [Sales Management Simulation](#).
Please, follow the link below to activate your account:

<https://sms.wessexlearning.com/confirm/InNtc21pa2Vub2VsaGFyaXNoQGdtYWlsLmNvbSI.D4kaUg.ljlxOPdZXStj0B1-Qx-i0TtXDJM>

If you have any questions, please contact [Harish Sujan](#).

Best regards,
SMS Administration



Sales Management Simulation

Email Confirmed

Set a password with at least 8 characters that includes letters and digits.

SMS Admin Friday, Apr 5, 12:08 PM ↩ ⋮

> To: Harish Sujan

Dear Test Account,

Your email has been confirmed and your account at sms.wessexlearning.com is now activated. Enjoy!

Best regards,
SMS Administration

To unsubscribe from sms.wessexlearning.com click [here](#).

Exhibit 2a: Add Students: Individual

Home

Users

Admins

Players >

Settings

Markets

Salespeople

Studies

Support

Groups

Name	Members	Teams	Industries	Games	Actions
------	---------	-------	------------	-------	---------

Create

New Group

Basic

Name:

Invite Players

Name	Email	Edit	Delete
Student One	sms.mikenoelharish@gmail.com		
Student Two	smsmike.noelharish@gmail.com		
Student Three	smsmikenoel.harish@gmail.com		

Add Entries

Upload CSV

CSV Sample

Save

Cancel

Exhibit 2b: Add Students: Altogether — Example of CSV file

2B. Part 1

New Group

Basic

Name:

Invite Players

Name	Email	Edit	Delete
Student One	sms.mikenoelharish@gmail.com		
Student Two	smsmike.noelharish@gmail.com		
Student Three	smsmikenoel.harish@gmail.com		

Add Entries

Upload CSV

CSV Sample

Save Cancel

2B. Part 2

	A	B	C
1	Name	Email	Team
2	Lermontov, Michael	mlermont@i.ua	1
3	Max O'Neal	moneal@mail.ru	2
4	Micheline Calmy-Rey	megatrhrn@gmail.com	3

Exhibit 3a: SMS Invitation Sent to Student

Dear One Student,

You are invited to become a new user of [Sales Management Simulation](#). Please, follow the link below to activate your account. It is important that you use this email address for payment.

[Activate](#)

If you have any questions, please contact [Harish Sujan](#).

Best regards,
SMS Administration

Exhibit 3b: Payment Process



OR

Contact information [Already have an account? Log in](#)

Email
smsmikenoeiharish.h@gmail.com

Keep me up to date on news and exclusive offers

Billing address

First name (optional) Last name

Company (optional)

Address

Apartment, suite, etc. (optional)

City

Country United States State Louisiana ZIP code

Phone (optional)

[Continue to payment method](#)

Gift card or discount code [Apply](#)

Total USD **\$ 40.00**

Exhibit 3c: Account Activation Confirmation

Dear One Student,

Your email has been confirmed and your account at sms.wessexlearning.com is now activated. Enjoy!

Best regards,
SMS Administration

Exhibit 4a: Welcome to SMS

Welcome to Sales Management Simulation Inbox x 🖨️ 🗑️

 **SMS Admin** <admin@sms.wessexlearning.com> 3:25 PM (6 minutes ago) ☆ ↶ ⋮
to [redacted] <[redacted]>

Dear [redacted],

You are invited to become a new user of [Sales Management Simulation](#).
Follow the link below to make a payment. It is important that you use this email address at checkout.

[Make a payment](#)

Once payment is made you will be given a link to set up your SMS account. If you use a different email address at checkout or pay through PayPal assigned to a different email address, you will be asked to enter this email address and your order confirmation code.

If you have any questions, contact [\[redacted\]](#).

Best regards,
SMS Administration

Exhibit 4b: Wessex Press Checkout



Information > Payment

Express checkout



OR

Contact informationAlready have an account? [Log in](#)

Email
[redacted]@gmail.com

Keep me up to date on news and exclusive offers

Exhibit 4c: Wessex Press Order Confirmation / Activation



You have successfully purchased your individual SMS license. Click [Activate](#) to set up your SMS account.

Your SMS account is registered to the same email address at which you received your invitation. If you used a different email address at checkout or paid through PayPal assigned to a different email address, you will be asked to provide your registration email address and your order confirmation number, **10888**.

Exhibit 4d: Set a Password

Email Confirmed

Set a password with at least 8 characters that includes letters and digits.

Exhibit 4e: Account Activated

Activated ▸ Inbox x



SMS Admin <admin@sms.wessexlearning.com>
to [\[redacted\]](#)

Dear **[redacted]**,

Your email has been confirmed and your account at sms.wessexlearning.com is now activated. Enjoy!

Best regards,
SMS Administration

To unsubscribe from sms.wessexlearning.com click [here](#).

Exhibit 4f: Confirm Payment

Confirm Payment

Enter the registration email address:

Enter the email address used at checkout:

Enter your payment confirmation number:

Exhibit 5: Create Industries and Teams (Groups)

Run Section 1 Industry 1

Industries

Industry	Type	Teams	Players	Edit
Industry 1	Developing Market	0	0	

 **Add Industry**

Teams

Team	Name	Industry	Players	Edit
Team 1	Team 1	Industry 0	0	
Team 2	Team 2	Industry 0	0	

 **Add Team**

Players

Team	Last Name	First Name	Active	Edit
Team 0	One	Student	False	
Team 0	Two	Student	False	
Team 0	Three	Student	False	

Run 

Cancel 

Result of clicking the pencil and changing the number from “0” to “1” for Team 1.

Exhibit 6: Assign Teams to Industries

Teams

Team	Name	Industry	Players	Edit
Team 1	<input type="text" value="Team 1"/>	<input type="text" value="1"/>  	0	
Team 2	Team 2	Industry 0	0	

5A. Result of Clicking the Arrow against Team 1

Teams

Team	Name	Industry	Players	Edit
Team 1	Team 1	Industry 1	0	
Team 2	Team 2	Industry 0	0	

 Add Team

5B. Result of Clicking the Arrow against Team 2

Industries

Industry	Type	Teams	Players	Edit
Industry 1	Developing Market	2	0	

 Add Industry

Teams

Team	Name	Industry	Players	Edit
Team 1	Team 1	Industry 1	0	
Team 2	Team 2	Industry 1	0	

 Add Team

Exhibit 7: Assign Students to Teams

Industries

Industry	Type	Teams	Players	Edit
Industry 1	Developing Market	2	3	



Add Industry

Teams

Team	Name	Industry	Players	Edit
Team 1	Team 1	Industry 1	2	
Team 2	Team 2	Industry 1	1	



Add Team

Players

Team	Last Name	First Name	Active	Edit
Team 1	One	Student	False	
Team 1	Two	Student	False	
Team 2	Three	Student	False	



Run 

Cancel 

Exhibit 8: Ready to Invite/Re-Invite Students

Group

Industries

Industry	Type	Teams	Quarter	Play
Industry 1	Developing Market	2	1	★

Teams

Team	Name	Industry	Players	Edit
Team 1	Team 1	Industry 1	0	✎
Team 2	Team 2	Industry 1	3	✎

Players

Team	Last Name	First Name	Active	View
Team 2	Two	Student	False	👁
Team 2	One	Student	False	👁
Team 2	Three	Student	False	👁

Settings  Groups 

Exhibit 9: Resend Invitation to Unresponsive Students

Invitations

Name	Email	Sent	Resend	Cancel
Student One	sms.mikenoelharish@gmail.com	Just		
Student Two	smsmike.noelharish@gmail.com	Just		
Student Three	smsmikenoel.harish@gmail.com	Just		

Exhibit 10: Successful Student Registration

Group

Industries

Industry	Type	Teams	Quarter	Play
Industry 1	Developing Market	2	1	

Teams

Team	Name	Industry	Players	Edit
Team 1	Team 1	Industry 1	0	
Team 2	Team 2	Industry 1	3	

Players

Team	Last Name	First Name	Active	View
Team 2	Two	Student	True	
Team 2	One	Student	True	
Team 2	Three	Student	True	

Settings

Groups

Exhibit 11: Assigning the Team Leader

Group Group Section 1

Industry 1: Quarter 1

Team	Leader	Members	Suggestions	Decision	Actions
Team 1: Team 1	Student One	2	0	No	 
Team 2: Team 2	Student Three	1	0	No	 

 Run Simulation

 Reset or Rollback

Results 

Industries 

Group Group Section 1

Industry 1: Quarter 1

Team	Leader	Members	Suggestions	Decision	Actions
Team 1: Team 1	 Student Two 	2	0	No	 
Team 2: Team 2	Student Three	1	0	No	 

 Run Simulation

 Reset or Rollback

Results 

Industries 

Exhibit 12: Submitting Decisions

Group Section 1 Industry 1

Industry 1: Quarter 1

Team	Leader	Members	Suggestions	Decision	Actions
Team 1	Student One	2	0	No	 
Team 2	Admin	Admin	0	No	 

Play Game

This will send all decisions and calculate results.

Submit

Results

Cancel

Exhibit 13: Running SMS

Administration



Home

Users

Admins

Players

Payment

Settings

Markets

Salespeople

Studies

Support

Groups

Name	Members	Teams	Industries	Games	Actions
Class 9:30	19	5	1	0	 
Class 11:00	34	8	2	0	 
Class 2:00	26	6	1	0	 
EB Trial 2	9	9	2	0	 
EB Trial 4	9	9	2	0	 
EB Trial 5	9	2	1	0	 
EB Trial 6	9	5	1	0	 
EB Trial 7	9	5	1	0	 
Section 1 Industry 1	3	2	1	0	 

Create

Exhibit 14: SMS Allows for Different Market Trends for Each Industry

Group Section 1 Industry 1

Industries

Industry	Type	Teams	Quarter	Play
Industry 1	Developing Market	2	1	

Teams

Team	Name	Industry	Players	Edit
Team 1	Team 1	Industry 1	2	
Team 2	Team 2	Industry 1	1	

Players

Team	Last Name	First Name	Active	View
Team 1	One	Student	True	
Team 1	Two	Student	True	
Team 2	Three	Student	True	

Players **Groups**

Exhibit 15: Launching SMS for One of the Industries

Group Section 1 Industry 1

Industries

Industry	Type	Teams	Quarter	Play
Industry 1	Developing Market	2	1	

Teams

Team	Name	Industry	Players	Edit
Team 1	Team 1	Industry 1	2	
Team 2	Team 2	Industry 1	1	

Players

Team	Last Name	First Name	Active	View
Team 1	One	Student	True	
Team 1	Two	Student	True	
Team 2	Three	Student	True	

Players 

Groups 

Exhibit 16: What Students See

Sales Management Simulation

⚙

Home

Team

Results

Manual

FAQs

Status

Currently running quarter 1 of a developing market with 3 companies in the industry. You are the team leader. You submit the final decision for your team.

Make Suggestion

Make Decision

Exhibit 17: Moving to Make Decision

Team 1

Type	Author	View
Suggestion	One Student	
Decision	One Student	

Exhibit 18a: Making the Decisions

Team Decision

Sales Force Management

Employees						
#	Name	Salary	Home	Now	Info	
1	Henry Schneider	78,000	6	6		
2	Carly S. O'Research	75,000	10	2		
3	Caroline Aiken	39,000	2	2		
4	Tiffany Traveler	81,000	10	2		
5	John Appleton	89,000	1	1		

Exhibit 18b: Making the Decisions

Compensation and Recruitment

Commission Rate:

Contest Costs:

Candidates					
#	Name	From	School	Info	
6	Kalanda M. Carandy	Reg 1	Univ. of Maine, Orono		
7	Ima Cyclone	Reg 6	Iowa State University		
8	Sara A. Barr	Reg 1	Vanderbilt University		
9	James H. Wright	Reg 1	Dartmouth College		
10	Sofia Alvarez	Reg 7	Univ. of Texas, Austin		

Exhibit 18c: Making the Decisions

Production and Sales

Model A Units: Model B Units:

Model A Price: Model A Emphasis:

Model B Price: Internal Selling:

Studies

Name	Cost	Order
Industry Sales Forecast	\$2,500	<input type="radio"/>
Regional Sales Forecast	\$5,000	<input type="radio"/>
Competitive Management	\$8,000	<input type="radio"/>
Competitive Market Share	\$3,000	<input type="radio"/>
Regional Market Share	\$4,000	<input type="radio"/>
Industry Employee Compensation	\$2,000	<input type="radio"/>
Regional Sales Force Size	\$3,500	<input type="radio"/>
Competitive Unit Pricing	\$2,500	<input type="radio"/>
Industry Employee Expectation	\$5,000	<input type="radio"/>
Competitive Industry Profits	\$4,000	<input type="radio"/>

Submit **Cancel**

Exhibit 19: After All Team Decisions Made

Group Section 1 Industry 1

Industry 1: Quarter 1

Team	Leader	Members	Suggestions	Decision	Actions
Team 1	One Student	1	1	Made	<input type="checkbox"/> <input type="checkbox"/>
Team 2	Two Student	1	1	Made	<input type="checkbox"/> <input type="checkbox"/>
Team 3	Three Student	1	1	Made	<input type="checkbox"/> <input type="checkbox"/>

Run Simulation

Results **Industries**

Exhibit 20: Run Simulation

Group Section 1 Industry 1

Industry 1: Quarter 1

Team	Leader	Members	Suggestions	Decision	Actions
Team 1	One Student	1	1	Made	 
Team 2	Two Student	1	1	Made	 
Team 3	Three Student	1	1	Made	 

Run Simulation

This will send all decisions and calculate results.

Submit

Results



Industries



Exhibit 21: Students Checking Their Results at the End of the Quarter

Sales Management Simulation



Home

Team

Results

Manual

FAQs

Status

Currently running quarter 1 of a developing market with 3 companies in the industry. You are the team leader. You submit the final decision for your team.

Make Suggestion

Edit Decision

Exhibit 22a: Results on the Student's Screen at the End of the Quarter

Results: Quarter 1

Total Sales

#	Name	Reg	Units A	Units B	Total
1	Henry Schneider	6	119	31	150
2	Carly S. O'Research	2	96	26	122
3	Caroline Aiken	2	56	15	71
4	Tiffany Traveler	2	95	26	121
5	John Appleton	1	207	104	311

Sales Force Management

Hired for Training				
#	Name	School	Home	Salary
9	James H. Wright	Dartmouth College	Region 1	\$50,000

Customer Satisfaction	
Field	Amount
Company Reputation	100
Net Promoter Score	100

Exhibit 22b: Results on the Student's Screen at the End of the Quarter

Income Statement

☰ Gross Margin on Sales

Field	Units	Amount
Model A	573	\$286,500
Model B	202	\$303,000
Total Gross Margin		\$589,500

☰ Operating Expenses

Field	Units A	Units B	Amount
Production Overtime	348	127	\$19,000
Inventory Charges	0	0	\$0
Field			Amount
Sales Office Expenses			\$288,000
Salesperson Salaries			\$103,000
Salesperson Commissions			\$38,790
Salesperson Expenses			\$20,000
Sales Contest Expenses			\$0
Trainees Expenses			\$1,000
Cost of Training			\$50,000
Transfer Expenses			\$0
Severance Fees			\$0
Interest Expenses			\$0
Market Research			\$13,500
Total Freight			\$14,000
Total Expenses			\$547,290

☰ Total Balance

Field	Amount
Total Earnings	\$589,500
Total Expenses	\$547,290
Total Profit	\$42,210

Exhibit 22c: Results on the Student's Screen at the End of the Quarter

Balance Sheet

☰ Assets	
Field	Amount
Cash	\$730,475
Model A Inventory	\$0
Model B Inventory	\$0
Total Assets	\$730,475

☰ Equity and Liability	
Field	Amount
Notes Payable	\$0
Common Stock	\$1,500,000
Start-up Cost	-\$811,735
Cumulative Income	\$42,210
Total Equity + Liabilities	\$730,475

Market Research

ⓘ Industry Employee Compensation

ⓘ Competitive Unit Pricing

ⓘ Industry Employee Expectation

ⓘ Competitive Industry Profits

Exhibit 22d: Results – Top Ratings

Results: Quarter 1

Top Ratings

#	Name	Company Profit	Market Share	Reputation	NPS
1	Team 1: Team 1	\$75,716	50.00%	100	100
2	Team 2: Team 2	\$75,716	50.00%	100	100

Exhibit 22e: Total Sales Under Top Ratings

Total Sales

#	Name	Commission	Salary	Compensation	Expectation	Skill Based
1	Henry Schneider	\$25,260	\$78,000	\$103,260	\$77,500	\$108,403
2	Carly S. O'Research	\$20,220	\$75,000	\$95,220	\$74,000	\$101,330
3	Caroline Aiken	\$11,920	\$39,000	\$50,920	\$38,500	\$52,491
4	Tiffany Traveler	\$20,220	\$81,000	\$101,220	\$80,000	\$107,562
5	John Appleton	\$55,220	\$89,000	\$144,220	\$88,500	\$121,037

Exhibit 22f: Salesforce Management

Sales Force Management

#	Name	Potential	Effect A	Effect B	Underpayment	Personal	Total Stress
1	Henry Schneider	112	152	152	-1	11	54
2	Carly S. O'Research	103	153	153	0	15	58
3	Caroline Aiken	59	155	155	0	3	47
4	Tiffany Traveler	103	152	152	0	6	49
5	John Appleton	119	152	152	-8	12	48

12. Using Avatars as Players

Consider that you, the SMS administrator, would like to include yourself as a member of each of the three teams. You can do this by becoming an Avatar.

1. Click on **Players** on the left of your screen under **Users**. Against your Team Name (Section 1 Industry 1) in the **Actions** column, click on the icon to the left (the shape that looks like a person's face rather than a Rubik's cube). (*Exhibit 23a*) You will see *Exhibit 23b* (under a subheading "Avatars" you will be told you do not, as yet, have any Avatars).
2. Create three Avatars by clicking on the "Create More" button. (*Exhibit 23c*)
3. Place the first Avatar you create in Team 1, the second in Team 2, the third in Team 3. (*Exhibit 23d*)
4. Now when you go back and click the icon to the right (Rubik's cube) under the action column, you will see the screen in *Exhibit 23e*. There are two players in each team, one is an Avatar. Each Avatar can make suggestions for the lone student in each team to consider. Process: Advance SMS to the next quarter and return to the screen identical to *Exhibit 23e*, except that the quarter now is "2." Click on "Settings." You will see the screen in *Exhibit 23f*.
5. Click the **Login** button against Team 1. (*Exhibit 23g*) Your Avatar is only permitted to make suggestions because the lone student is the team leader. Click on "Make Suggestion." You will be able to suggest the full range of decisions. For simplicity, let us restrict your suggestions to:
 - Raise commission rate from 1% to 1.5%
 - Make an offer only to Brian S. Windsor, keeping the salary offered at \$50,000 and the region he will be placed in as "1".
 - Change the price of Model B from \$5,500 to \$6,000.
 - Raise internal selling from 15% to 25%.
 - And buy the same four market research reports that were purchased in the first quarter: Reports 6, 8, 9, 10.

Once you submit these decisions you will see the screen in *Exhibit 23h*.

6. Click on the cog wheel on the top right. Then click on "Settings". (*Exhibit 23i*)
7. Now click on **Administration Desk**. You will be back to the screen that lists Avatars and has a "Login" column. Following the same procedure, you can make decisions for the other two Avatars. When students log in, they will see the screen in *Exhibit 23j*. The student should first, independently, make their own suggestions. When the student clicks on "Edit Decision" what they will see is the screen in *Exhibit 23k*. Clicking on the "View" button corresponding to the Avatar brings up the screen in *Exhibit 23l*. Clicking on the green suggestions bar brings the student back to *Exhibit 23m*. Clicking on **Decision** allows students to enter their final set of decisions.

This process will allow you, as an instructor, to observe which students (student teams) reject good suggestions, accept good suggestions, reject bad suggestions, accept bad suggestions. Since the Avatar can be made the team leader, you can ensure good decisions across teams for the first few periods, then switch team leadership to a student — allowing you to evaluate how much they have learned from your choices.

When there is more than one student in the team, you can change the team leader by clicking on the pencil symbol under “View”. (*Exhibit 23n*)

13. Exhibits 23a–23n

Exhibit 23a: Using Avatars as Players

Section 1 Industry 1	6	3	1	0	 
----------------------	---	---	---	---	---

Exhibit 23b: Using Avatars as Players

Group Settings

Group Profile

Name: 

Members:

Avatars

You don't have avatars in this group yet.

 **Create More**

Active Players

Name	Team	Games	Lead	View
One Student	Team 1	0	0	
Two Student	Team 2	0	0	
Three Student	Team 3	0	0	

 **Invite More**

 **Resend All**

Simulation 

Groups 

Exhibit 23c: Using Avatars as Players

Avatars ?

You don't have avatars in this group yet.

– Create More

Avatar's Name:

Avatar's Team: – +

Create

Exhibit 23d: Using Avatars as Players

Avatars ?

Name	Team	Games	Lead	Login
Harish Sujan	Team 1	0	0	
Harish Sujan	Team 2	0	0	
Harish Sujan	Team 3	0	0	

+ Create More

Exhibit 23e: Using Avatars as Players

Group Section 1 Industry 1

Industries

Industry	Type	Teams	Quarter	Play
Industry 1	Developing Market	3	1	

Teams

Team	Name	Industry	Players	Edit
Team 1	Team 1	Industry 1	2	
Team 2	Team 2	Industry 1	2	
Team 3	Team 3	Industry 1	2	

Players

Team	Last Name	First Name	Active	View
Team 1	Student	One	True	
Team 2	Student	Two	True	
Team 3	Student	Thee	True	
Team 1	Sujan	Harish	None	
Team 2	Sujan	Harish	None	
Team 3	Sujan	Harish	None	

Settings

Groups

Exhibit 23f: Using Avatars as Players

Group Settings

Group Profile ⓘ

Name: ✓

Members:

Avatars ⓘ

Name	Team	Games	Lead	Login
Harish Suján	Team 1	0	0	
Harish Suján	Team 2	0	0	
Harish Suján	Team 3	0	0	

+ Create More

Active Players

Name	Team	Games	Lead	View
One Student	Team 1	0	0	
Two Student	Team 2	0	0	
Three Student	Team 3	0	0	

+ Invite More

✉ Resend All

Simulation **Groups**

Exhibit 23g: Using Avatars as Players

Status

Currently running quarter 2 of a developing market with 3 companies in the industry. Your team leader is One Student who submits the final decision for the team.

Make Suggestion

View Decision

Exhibit 23h: Using Avatars as Players



Status

Currently running quarter 2 of a developing market with 3 companies in the industry. Your team leader is One Student who submits the final decision for the team.

[Edit Suggestion](#)

[View Decision](#)

Exhibit 23i: Using Avatars as Players

My Profile

Access

Administrator:

Harish Sujan



[Administration Desk](#)

Name

First Name:

Harish

Last Name:

Sujan

[Save](#)



[Leave](#)



Exhibit 23j: Using Avatars as Players

Status

Currently running quarter 2 of a developing market with 3 companies in the industry. You are the team leader. You submit the final decision for your team.

[Make Suggestion](#)

[Edit Decision](#)

Exhibit 23k: Using Avatars as Players

Team 3

Type	Author	View
Suggestion	Thee Student	
Suggestion	Harish Sujjan	
Decision	Thee Student	

Exhibit 23l: Using Avatars as Players

Suggestion Summary

Harish Sujjan

Personnel Movement				
#	Name	Home	Action	Assignment
15	Brian S. Windsor	1	Hire	to 1 on 50,000

Incentives and Sales		
Strategy	Status	
Commission Rate	1.50%	
Sales Contest	0	
Internal Selling	25%	
Production A vs B	225	75
Unit Prices A vs B	3,500	6,000
Sales Emphasis A vs B	50%	50%

Research Investment	
#	Cost

Suggestions

Exhibit 23m: Using Avatars as Players

Team 3

Type	Author	View
Suggestion	Thee Student	
Suggestion	Harish Sujjan	
Decision	Thee Student	

Exhibit 23n: Using Avatars as Players

Team 1

Type	Author	View
Suggestion	Student One	
Suggestion	Student Two	
Decision	Student Two	

14. Teach Yourself SMS: Create Industries (without students)

To ensure that students enjoy a positive learning from the SMS, the instructor should get up to speed with SMS. The best approach is to be a participant:

1. Log into SMS at sms.wessexlearning.com.
2. Left column: Click **STUDIES**.
3. Click on the green bar **CREATE**.
4. Choose, then enter a **Group Name**; for example *Teach Myself SMS 1*.
5. Click **SAVE**.
6. You will see *Exhibit 24*.
7. Select Industry/market type — heading **Industries**.
8. To accept the default — *Developing Market* — **Do Nothing**.
9. To change the industry/market: **First Line**. Click **Edit** to select either *Saturating Market* or *Stagnant Market*.
10. Set up teams – heading **Teams**. Identify row for Team 1.
11. Go to the far right column and click the **Edit** button to change *Industry* to **Industry 1** — must correspond to the name in the first line of *Industries*.
12. **Save** change — click the **check mark** that replaces the **Edit** button.
13. Repeat for Team 2.
14. To add additional teams, click **Add Team** — then click **RUN**.
15. You will see *Exhibit 25*.
16. Return to *Industries* — line 1, far right column, **Play**. Click the **star** button.
17. You will see *Exhibit 26*.
18. **Make Decisions**. Go to the far right column — **Actions**. Team 1 — click on the **arrow**.
19. You will see *Exhibit 27* — the decision-input screen for Team 1.
20. Enter decisions. Go to the *Participant Manual* to lead you through the process for entering decisions and securing results.

15. Exhibits 24–27

Exhibit 24

Run Teach Myself One

Industries

Industry	Type	Teams	Players	Edit
Industry 1	Developing Market	0	0	

 **Add Industry**

Teams

Team	Name	Industry	Players	Edit
Team 1	Team 1	Industry 0	0	
Team 2	Team 2	Industry 0	0	

 **Add Team**

Run  **Cancel** 

Exhibit 25

Group Teach Myself One

Industries

Industry	Type	Teams	Quarter	Play
Industry 1	Developing Market	2	1	

Teams

Team	Name	Industry	Players	Edit
Team 1	Team 1	Industry 1	0	
Team 2	Team 2	Industry 1	0	

Players

Groups

Exhibit 26

Group Teach Myself One

Industry 1: Quarter 1

Team	Leader	Members	Suggestions	Decision	Actions
Team 1	Admin	Admin	0	No	
Team 2	Admin	Admin	0	No	

Play Game

Results

Cancel

Exhibit 27

Team Decision

Sales Force Management

 **Employees**

#	Name	Salary	Home	Now	Info
1	Henry Schneider	78,000	6	6	
2	Carly S. O'Research	75,000	10	2	
3	Caroline Aiken	39,000	2	2	
4	Tiffany Traveler	81,000	10	2	
5	John Appleton	89,000	1	1	

Compensation and Recruitment

Commission Rate:

Contest Costs:

 **Candidates**

#	Name	From	School	Info
6	Kalanda M. Carandy	Reg 1	Univ. of Maine, Orono	
7	Ima Cyclone	Reg 6	Iowa State University	
8	Sara A. Barr	Reg 1	Vanderbilt University	
9	James H. Wright	Reg 1	Dartmouth College	
10	Sofia Alvarez	Reg 7	Univ. of Texas, Austin	

Production and Sales

Model A Units:

Model B Units:

Model A Price:

Model A Emphasis:

Model B Price:

Internal Selling:

 **Studies**

 Studies

Name	Cost	Order
Industry Sales Forecast	\$2,500	<input type="radio"/>
Regional Sales Forecast	\$5,000	<input checked="" type="radio"/>
Satisfaction Ratings	\$8,000	<input checked="" type="radio"/>
Competitive Market Share	\$3,000	<input checked="" type="radio"/>
Regional Market Share	\$4,000	<input checked="" type="radio"/>
Competitive Management	\$2,000	<input checked="" type="radio"/>
Regional Sales Force Size	\$3,500	<input checked="" type="radio"/>
Competitive Unit Pricing	\$2,500	<input checked="" type="radio"/>
Industry Compensation	\$5,000	<input checked="" type="radio"/>
Competitive Industry Profits	\$4,000	<input checked="" type="radio"/>

Submit 

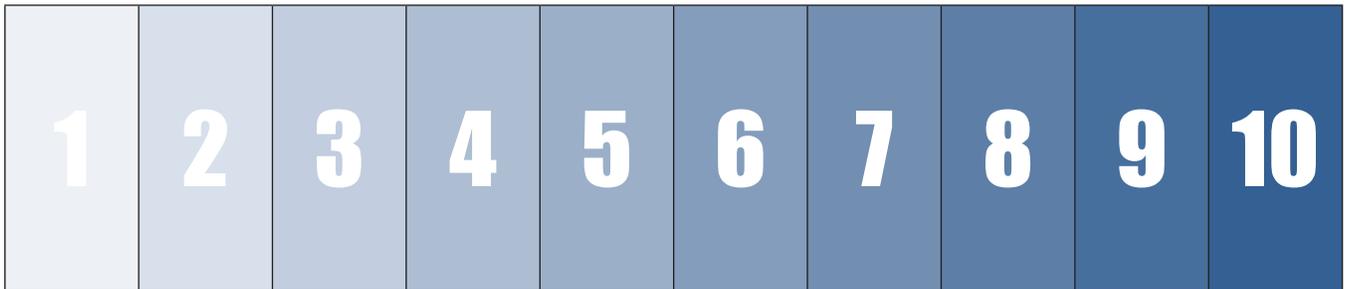
Cancel 

16. A Word About Sales Regions

The SMS world comprises 10 sales regions. Every team (firm) assigns/reassigns each salesperson to a sales region. If the firm assigns a single salesperson to a region, that salesperson is free to seek sales revenues throughout the region.

If a team assigns a second salesperson to the same region, the front-line sales manager (FLSM) divides the region into two geographically contiguous sales territories, one per salesperson.

If the team adds a third salesperson, the FLSM forms three sales territories within the region; and acts similarly if the firm adds more salespeople to that region.



17. Creating Custom Industries

Changing Parameters

Instructors many change many elements of the response functions guiding SMS. The first step is to create and name a Custom Market. Click on “Markets” in the left panel, under settings. (*Exhibit 28*)

Under **Create More** (under Custom Markets) choose a market type (e.g., Developing), and then provide the name of your custom industry (e.g., Developing Modified). Then click the pencil icon against the name of this new, customized industry. You will see *Exhibit 29*, with the name now being the new name you provided.

Click on **Finances** and you will see Start-up Costs, Office Costs, and Salesforce Costs. (*Exhibit 30*)

You can change any of these numbers: for example, increase or decrease how much the General Manager and Field Managers are paid.

After you make your changes don't forget to click the green **SAVE** button.

Now click the **Product** button. (*Exhibit 31*)

You will be able to change the cost to produce the two products, inventory and overtime costs, and the cost of market research reports. You will also be able to alter the responsiveness to Product Emphasis. Click **SAVE** to save your changes.

Click the third button: **Staff**. *Exhibit 32* is the first half of what you will see.

You can alter how many salespeople, at most, you can train at a time, and which candidates are available for recruitment in any quarter. You can increase the number of salespeople available for recruitment in a quarter, say from 5 to 10, and you can allow candidates from an earlier quarter to make themselves available, once again.

You can alter the parameters that go into determining the effect of the time spent on internal selling, hit the calculate button to see this effect.

Similarly, you can alter the parameters that go into determining the effect of sales contests and see this effect.

In other words, you can not only change the importance of internal selling and sales contests but in addition you can change the shape of the curve that determines the responsiveness at different levels.

The second half of what you will see is in *Exhibit 33*.

There are two parts, the first relates to sales performance.

- The Sales-Price Help Ratio — the advantage derived from a team's selling price being less than industry average: the higher the number the more the advantage. Inversely, the disadvantage of the team's selling price being above industry average. The higher the number the greater the disadvantage. The higher the number the more price matters.

- The Compensation Ratio — the effect of overall compensation, relative to the average in the industry, on salesperson effectiveness. The higher the ratio the greater the effect.
- By lowering the Sales-Price Help ratio and increasing the Compensation ratio, you will move the products away from being a commodity, sales are largely price dependent, to being dependent on good selling.
- The Salary-Commission Ratio — the optimal mix between earning from salary and earning from commission. The number in *Exhibit 33* is 75%; this implies the optimal compensation is paying salespeople $\frac{3}{4}$ of their total earnings through salary.
- Retraining Decay — how quickly the benefits of additional training are lost. If the number is low, 5% for example, additional training has long term benefits, and if the number is high, 50% for example, then additional training has only short-term benefits.
- Transfer experience loss — the extent to which moving a salesperson from one territory to another causes her or him to lose the gain achieved from experience. The higher the number the greater the loss.
- Retraining factor — how much additional training improves the salesperson’s skills. The higher this number the greater the improvement. By making this number very high you can make training matter considerably more than selection.

The second part relates to employee turnover; quitting through resignations.

- Quitting Limit — the maximum number of salespeople that can resign in any quarter.
- Quitting threshold — the number of accumulated dissatisfaction (stress) points needed for a salesperson to resign. The higher the number the greater the retention of salespeople.
- Relocation Probability Gain — the number of points added to the Quitting Probability as a result of a region transfer. The lower the number the less the effect of a transfer on the likelihood of resigning.
- Complaint Threshold — the point, in quitting probabilities, when the salesperson tells management that he or she is considering resigning. Lowering this number enables early warning.
- Compensation Estimate — the effect overall compensation has on reducing the likelihood of the salesperson’s quitting, the higher the number the more overall compensation does to prevent resignations.

The fourth button is **Market**. There are two sets of parameters the instructor can alter; one that affects how much “pressure” salespeople can bring to bear on the market; the second, how much this pressure affects the demand in the market. (*Exhibit 34*)

The last button is labeled: **Project Simulation Results**.

The inputs into these projections can be altered (though clicking on the pencil symbol on the right). (*Exhibit 35*) This is what you would see if you clicked the pencil symbol against Team 1. (*Exhibit 36*)

Once you have saved your changes, and clicked the **PROJECT** button you will see the projected results.
(Exhibit 37)

The Project Simulation Results button lets you evaluate the effects of the changes you have made to the parameters on SMS results. This feedback will enable you to make adjustments until you are satisfied with the results.

(In the event you have made changes and want to go back to the original parameters, they were for both Products A and B (Adjustment/Factor):

Stagnant .20/90, Saturate .15/1080, Developing .85/10.

The ability to customize industries not only enables an instructor to alter, or heighten, theories that guide the responsiveness to simulation decisions, but in addition it permits the pitting of opposing theories by contrasting the results of two industries.

18. Exhibits 28–37

Exhibit 28

Administration ⚙

Home

Users

Admins

Players

Payment

Settings

Markets

Salespeople

Studies

Support

Market Types

Default Markets

Name	Type	Games	View
Developing Market	Developing	195	
Stagnant Market	Stagnant	26	
Saturating Market	Saturating	11	

Custom Markets

Name	Type	Games	Edit
Stagnant Modified	Stagnant	0	
Modified	Developing	0	
Developing Modified	Developing	0	

[+ Create More](#)

Exhibit 29

Industry Profile

Basic Adjustments

Name:

Finances

Staff

Product

Market

Project Simulation Results

About

This is a custom developing market. It is characterized by the large scaling and regional factors.

Copy

Leave

Exhibit 30

Financial Params

Start-up Costs

Seed Capital:	<input type="text" value="600,000"/>
Notes Payable Block:	<input type="text" value="50,000"/>
Annual Note Interest:	<input type="text" value="8.50%"/>
Start-up Cost:	<input type="text" value="811,735"/>

Office Costs

Annual Fixed Costs:	<input type="text" value="560,000"/>
---------------------	--------------------------------------

General Manager

Salary:	<input type="text" value="320,000"/>
Expenses:	<input type="text" value="32,000"/>

Field Manager

Salary:	<input type="text" value="200,000"/>
Expenses:	<input type="text" value="40,000"/>

Salesforce Costs

Default Salary:	<input type="text" value="50,000"/>
Expenses:	<input type="text" value="16,000"/>
Commission Rate:	<input type="text" value="1.00%"/>
Trainee's Expenses:	<input type="text" value="4,000"/>
Transfer Charges:	<input type="text" value="7,000"/>
Severance Fee:	<input type="text" value="10,000"/>
Cost of Training:	<input type="text" value="50,000"/>

<input type="button" value="Save"/> ✓	<input type="button" value="Cancel"/> ↶
---------------------------------------	---

Exhibit 31

Product Params

Product Costs

	Model A		Model B
Unit Cost:	<input type="text" value="3000"/>	Unit Cost:	<input type="text" value="4000"/>
Unit Price:	<input type="text" value="3500"/>	Unit Price:	<input type="text" value="5500"/>

➤ **Product Emphasis**

Emphasis on Product A	1 - 24 %	25 - 42 %	43 - 56 %	57 - 74 %	75 - 99 %
Realized Sales A, %	<input type="text" value="15"/>	<input type="text" value="35"/>	<input type="text" value="50"/>	<input type="text" value="65"/>	<input type="text" value="85"/>

Product Maintenance

Inventory Charge:

Overtime Fee:

➤ **Shipping Charges**

Reg 1	Reg 2	Reg 3	Reg 4	Reg 5	Reg 6	Reg 7	Reg 8	Reg 9	Reg 10
<input type="text" value="20"/>	<input type="text" value="20"/>	<input type="text" value="10"/>	<input type="text" value="10"/>	<input type="text" value="10"/>	<input type="text" value="10"/>	<input type="text" value="20"/>	<input type="text" value="20"/>	<input type="text" value="30"/>	<input type="text" value="30"/>

Market Research

Industry Sales Forecast:

Regional Sales Forecast:

Competitive Management:

Competitive Market Share:

Regional Market Share:

Industry Employee Compensation:

Regional Sales Force Size:

Competitive Unit Pricing:

Industry Employee Expectation:

Competitive Industry Profits:

Exhibit 32

Employment Params

Hiring Information

Training Limit:

Valid Applicants

Quarter	1	2	3	4	5	6	7	8	9	10
Low	6	11	16	21	26	31	36	41	46	51
High	10	15	20	25	30	35	40	45	50	55

Internal Selling

Max Point:

Change Point:

Adjustment:

Calculate

Effect of internal selling

Planning time, %	0	10	20	30	40	50	60	70	80	90	100
Effectiveness, %	90	120	136	140	136	120	90	43	0	0	0

Sales Contest

Max Point:

Adjustment:

Calculate

Effect of contest

Investment, K	0	10	20	30	40	50	60	70	80	90	100
Effectiveness, %	100	137	151	161	170	178	185	191	197	202	207

Exhibit 33

Sales Performance

Sales Price Help Ratio:	<input type="text" value="20"/>
Compensation Ratio:	<input type="text" value="950"/>
Salary-Commission Ratio:	<input type="text" value="75.0%"/>
Retraining Decay:	<input type="text" value="5.0%"/>
Transfer Experience Loss:	<input type="text" value="40.0%"/>
Retraining Factor:	<input type="text" value="8.0"/>

Employee Quitting

Quitting Limit:	<input type="text" value="3"/>
Quitting Threshold:	<input type="text" value="100"/>
Quitting Decay:	<input type="text" value="15.0%"/>
Relocation Probability Gain:	<input type="text" value="60.0%"/>
Complaint Threshold:	<input type="text" value="75"/>
Compensation Estimate:	<input type="text" value="100.0%"/>

Save



Cancel



Exhibit 34

Market Params

Sales Pressure

	Model A		Model B
Adjustment:	0.850	Adjustment:	0.850
Factor:	10.00	Factor:	10.00

Calculate

➤ **Sales Pressure**

Effectiveness	200	400	600	800	1000	1200	1400	1600	1800	2000
Model A	903	1628	2298	2935	3548	4143	4723	5291	5848	6396
Model B	903	1628	2298	2935	3548	4143	4723	5291	5848	6396

Regional Demand Potential

⊖
Decrease

1

Increase
⊕

	Model A		Model B
Min Demand:	1.00	Min Demand:	0.50
Scaling Factor:	0.20	Scaling Factor:	0.10
Regional Factor:	1.00	Regional Factor:	1.00
Time Factor:	4.00	Time Factor:	4.00

Calculate

➤ **Demand Potential**

Quarter	1	2	3	4	5	6	7	8	9	10
Model A	0.75	0.78	0.84	1.00	1.16	1.22	1.25	1.27	1.27	1.28
Model B	0.38	0.39	0.42	0.50	0.58	0.61	0.62	0.63	0.64	0.64

Save
✔

Cancel
↩

Exhibit 35

Projection Params

Projection Teams

Team	Salary	Price A / B	Emphasis A	Placement	
1	50000	3500 / 5500	50%	Best on best	
2	50000	3500 / 5500	50%	Best on best	
3	50000	3500 / 5500	50%	Best on best	
4	50000	3500 / 5500	50%	Best on best	
5	50000	3500 / 5500	50%	Best on best	

Project **Cancel**

Exhibit 36

Projection Team 1

Compensation

Base Salary:

Commission Rate:

Contest Costs:

Management

Initial Salesforce: Hiring Strategy:

Hiring Rate: Placement:

Sales

Model A Price: Model A Emphasis:

Model B Price: Inner Sales:

Save **Cancel**

Exhibit 37

Projected Results

Projected Industry Sales

Total Regional Sales

Qtr	Reg 1	Reg 2	Reg 3	Reg 4	Reg 5	Reg 6	Reg 7	Reg 8	Reg 9	Reg 10	Total
1	1895	0	0	530	530	530	0	0	0	0	3485
2	2090	640	640	680	680	1190	640	640	0	0	7200
3	3255	935	935	990	1685	2380	935	935	880	880	13810
4	5050	1650	2805	2890	2975	5215	1650	2805	1560	1560	28160
5	7245	4050	4165	4280	4395	7715	4050	4165	3935	3935	47935
6	9150	4780	4905	6685	6805	12050	4780	4905	4650	4650	63360
7	9855	6995	7125	7370	7495	13285	6995	7125	5135	6865	78245
8	11565	7545	7675	9595	9715	15805	7545	7675	7290	7415	91825
9	13290	8045	9855	10230	10350	18325	9735	9855	7785	7910	105380
10	15045	10205	10450	10820	10945	20875	10325	10450	9955	10080	119150

Sales of Model A

Sales of Model B

Financial Results Quaterly

<input type="checkbox"/> Previous	1	Next <input type="checkbox"/>
-----------------------------------	---	-------------------------------

Total Financial Results

Team	Sales	Income	Profit
1	697	540,500	32,335
2	697	540,500	32,335
3	697	540,500	32,335
4	697	540,500	32,335
5	697	540,500	32,335

Results for Model A

Results for Model B

Done <input checked="" type="checkbox"/>	Reproject <input type="checkbox"/>
--	------------------------------------

19. Making SMS Concrete

Key elements of SMS are the products and the sales regions. The products have generic names — product A, product B, and the sales regions are labeled 1 through 10 (above).

While many students may be comfortable with abstract sales regions and products, others may like to think in more concrete terms. For instructors in the U.S., we provide a map of sales regions. Please feel free to share this map with your students. For instructors outside the U.S., you would need to construct your own maps. If you share your maps with us, we shall be happy to include it in this note for fellow in-country instructors. Also written within the U.S. context, in another note we describe Product A and Product B as electric bicycles, varying in their sophistication.

20. Frequently Asked Questions (FAQs) by Instructors

- 1. How can I know that students in my class are properly registered and are paid-up participants?**
 - a. You can monitor student registrations online. Registered students secure access to the Participants Manual and other supplements. Students who do not register cannot participate in decision-making, nor do they receive results.
- 2. Who should I contact if I have issues setting up SMS?**
 - a. Carelle Bassil: [<carelle@wessex21c.com>](mailto:carelle@wessex21c.com)
- 3. Can I choose which participants join which teams?**
 - a. Yes! You make participant team assignments. You also make team assignments to industries.
- 4. Is there any limit on the number of participants assigned to a team?**
 - a. No! But we recommend teams of 3-to-5 participants.
- 5. Is there any limit on the number of teams to an industry?**
 - a. No! But we believe 5 teams is best.
- 6. Is there any limit to the number of industries?**
 - a. No! Multiple industries allows you to make cross-industry comparisons. But running SMS increases complexity. See next question.
- 7. What is the best way to organize a class for SMS?**
 - a. 60 students: 4 students per team \times 5 teams per industry \times 3 industries = 60
 - b. 45 students: create 2 industries.
 - c. 120 students: create 6 industries.
 - d. Much larger classes: 20 students per industry
- 8. The Instructors Manual describes and graphs out three market demand profiles — *Developing, Saturating, Stagnant*. Can I choose which one to use?**
 - a. Yes! Making profits is easiest in the *developing* market; most difficult in the *stagnant* market.
- 9. What do participants know about market demand?**
 - a. Participants know about the three potential demand patterns — previous management ordered market research studies, but received conflicting data. Only the instructor knows the actual pattern — instructor choice. Participants can purchase market research to track market evolution. They should be able to figure out actual market evolution by the fourth or fifth period.

10. How does market demand feature in market research reports?

- a. Two market research studies forecast market demand four quarters in the future — overall and region-by-region. Regardless, team decisions may invalidate forecasts. Example: Low prices and high sales effort may lead to sales greater than forecast demand.

11. How can I ensure that every member of each team actually participates in SMS and is not a *free rider*?

- a. This is an age-old problem for instructors in all forms of group work. In SMS, team decisions are made by the *team leader*. But, all team members can be required to offer *suggestions*; these suggestions can be graded — present, absent, or more elaborately. The instructor may ask *team leaders* to evaluate *suggestion* quality and, of course, the team leader role may rotate across team members.

12. What key principles underpin SMS?

- a. Three core principles:
 1. **Motivating and retaining salespeople.** *Key factors:* Total compensation, distribution between salary and commission payments.
 2. **Selecting, Recruiting, and Training Salespeople.** *Key factors:* Choice of who to hire, the offers you make, and the extent of training you provide.
 3. **Managing Salespeople.** *Key factors:* Assigning salespeople to sales regions; setting product prices; allocating sales effort by product type, and by internal versus external selling.

13. Do I have the ability to set any of the parameters in SMS? If yes, what are they? And how do I do this?

- a. Yes! There are considerable customization options — see *Instructors Manual*. We suggest that you gain familiarity with SMS using the default parameters. Later, you may make choices to reflect your sales management perspectives.

14. What should I do if I set deadlines for teams to submit decisions and one or more teams fails to meet a deadline?

- a. The SMS administrator should warn teams that s/he will enter team decisions when they miss deadlines; these decisions are likely to be suboptimal for the team.
- b. Options:
 1. Make no entry in the decision form. This *no change* decision implies no change in salesperson salaries, commission rate, product emphasis, external versus internal selling, prices; no money for sales contests; no offers to candidate salespeople; same production levels as previous period for both products; and no market research reports purchased. These decisions are likely to have a negative performance impact.
 2. Make salary offers to all five candidates at 50 percent greater than their university averages; buy all market research studies. This option probably reduces current period profit, but better positions the team for the future.

15. What do students know about SMS?

- a. Students have access to the *Participant Manual*.
- b. Students do NOT have access to the *Instructors Manual*.
- c. Students have access to Participant FAQs.
- d. Students do NOT have access to Instructor FAQs.

16. What criteria do candidates consider when accepting or rejecting an offer? Do candidates consider only base salary as a determining factor or do they also consider commission?

- a. Candidates only consider the compensation offered (salaries plus commission) to make a decision. The simulation converts your commission rate into an expected commission amount under candidates' profiles. They compare the total compensation offered against their compensation expectations.

17. Why did the candidates refuse my offer when the commission amount is much higher than the median school salary? Does the result report show whether the candidates have accepted or refused my offer?

- a. When hiring a new salesperson, students can see their university's median starting salary as well as their interview ratings. They can use the median salary as a benchmark and increase/decrease their offer based on the interview ratings. Candidates consider the compensation offered (salaries plus commission) to make a decision. The simulation converts your commission rate into an expected commission amount under candidates' profiles. They compare the total compensation offered against their compensation expectations. The minimum acceptable compensation offer (salaries plus commission) is \$5,000 below their expectations. Candidates will accept any offer above that minimum acceptable amount.
- b. In this simulation, a salesperson's expectations are calculated based on the median salary of graduates from that business school, adjusted upward or downward based on the interviewer's ratings. Candidates compensation expectation is set by the following formula:
 - i. $[(\text{Average of all ratings} \times 2) + (\text{median salary} / 10,000)] / 3 = \text{skill weighted average}$
 - ii. $\text{Skill weighted average} \times 10,000 = \text{expected compensation}$

18. Does the result report show whether the candidates have accepted or refused my offer?

- a. The program does not tell participants that their offer has been rejected, it only tells them when a salesperson accepts the offer.

19. What impacts the commission projected for new hires? Is it based on a forecasted number of sales for the next period or is it based on the estimated number of sales based on production decisions?

- a. Commission projected for new hires is based on the forecasted amount sales the new hire would make in the next quarter. If your team is projected to make fewer sales because of the decisions made before the current quarter the projected commission for the new hire would be lower. Lower projected sales may be due to salesforce or production and sales decisions.
- b. These projections can be higher, often are significantly higher, than what salespeople would have actually achieved in the field. When this happens the amount paid to trainee salespeople as commission is considerably higher than that paid to field salespeople.

- 20. Why is the commission expense listed in the income statement different from the commission amount listed in the industry employee compensation market research?**
- a. The commission amount listed in the industry employee compensation market research is the average across all salespeople for the year. If you multiply the commission amount by the number of salespeople and divide by four you will get the same commission amount listed in the income statement. The commission expense listed in the income statement is equal to the sum of all individual commission paid in the quarter. The commission expense also considers the commission paid to trainees and new hires while the industry report does not.
- 21. Do salespeople's compensation expectations change in subsequent quarters?**
- a. Expectations for compensation change in subsequent quarters. It is important for participants to monitor what industry compensation has become to make acceptable offers. Industry compensation is listed in industry employee expectations under market research. Industry employee expectation reports the average compensation given to current salespeople, the average compensation of salespeople upon graduation, and current compensation expectation.
 - b. After quarter one, the expectations of the new hires take into account average industry compensation levels. If salespeople are paid on average \$80,000 (salaries plus commission) in quarter one, and the averages increase to \$150,000 in quarter two due to decisions made by teams in prior periods, recruits will need a much more generous offer in quarter two. To successfully recruit, you need to compare the candidate profile against the average, and keep track of changes in industry compensation.
- 22. What are the indicators for success? When can students see the reports? Can they see them immediately after they've submitted their decision or do they have to wait till the next cycle?**
- a. The indicators for success are cumulative profit, market share, net promoter score, and company reputation.
 - i. Cumulative profit can be found in the balance sheet section.
 - ii. Market share is not cumulative. Instructors typically use market share for the last quarter to measure performance.
 - b. Students cannot see the reports, they must purchase a report to get any information about performance metrics of other teams as well as their own. They will receive the report in the next quarter and teams can use this report to make decisions for the current quarter.
- 23. If we bought a research investment in Q1, do we get an updated version for the rest of the simulation? Or do we have to buy it again each quarter? Can the market projections change each quarter?**
- a. Industry sales forecasts and regional sales forecast show projects for the next four future quarters, but each market research study is updated after each quarter including industry sales and regional sales forecast as it considers decisions made by each team per quarter. To get an updated version you must purchase a new research study.

- 24. How do I know if an applicant accepted my offer?**
- In the Results Report under Total Sales, you will see a list of all of the salespeople in your team. If the applicant has accepted your offer you will see their name added to the roster. If they rejected your offer they will not be added to the list of salespeople.
- 25. Where can I find the market intelligence report I purchased?**
- You can find the market intelligence report in the bottom of the results report in the subsequent quarter in which you had purchased the report.
- 26. Where can I find cumulative profit/income?**
- Profit made in each quarter is located at the top of the results page. Cumulative income is found in the results page in the Balance Sheet under Equity + Liabilities.
- 27. How is market share calculated?**
- Market share is calculated as an average of all previous quarters played by the team. Market share is most important in the last quarter when all decisions are made.
- 28. What is the difference between expectation and skill-based expectation and how do they relate to underpayment? How do those numbers change with time?**
- Expectation is the compensation that salespeople expect when they are first hired, and it reflects their initial compensation expectations. It is based on the salesperson's resume.
 - Skill-based is the expected compensation that is calculated based on the current state of industry and salesperson's current skill. This number considers the experience gained in prior quarters.
 - Underpayment is calculated based on the differences between the actual compensations and these two numbers. The two differences are weighted depending on the quarter. When the employee is initially hired the difference with the initial expected salary matters most but with the following quarters the weight of the skill-based compensation increases.
- 29. Explain the different kinds of stress experienced by the employees.**
- Underpayment increases the overall stress, while negative underpayment (overpayment) decreases it.
 - Personal stands for the random stress added in each quarter which is different among salespeople and may be larger for those employees who scored low on optimism and confidence.
- 30. How does employee potential change every quarter and what do those numbers reflect?**
- Employee potential considers their selling experience gained in prior quarters, employee's current selling efficiency, as well as their sales territory (higher in home regions), as factors used to calculate potential. It is normalized to the average potential across the industry and calculates 100 as the average.
- 31. How is Effect A and B calculated, and what factors into those calculations?**
- Effect A and B calculate the selling effectiveness as a result of offering incentives (compensation, etc.) and changing the selling prices for each product.

32. What are Effect A and B?

- a. Potential is an employee's basic effectiveness based on the personality traits and skills. It does not depend on compensation, stress, or the state of market and can only be increased by training.
- b. Effect A and B are selling effectiveness for products A and B. They depend on the employee's potential affected by compensation incentive and by the help from selling prices for each product. Actual sales this employee makes for this product are based on this number, total selling effectiveness over the market and customers demand.
- c. Underpayment is what adds to the quitting probability based on the compensation. It is zero if the employee gets payed the market average compensation for his respective set of skills. Negative underpayment means the employee is paid more than average and that will reduce the total stress. Positive underpayment adds up to the total stress.
- d. Personal stands for the personal stress based on employee's personality traits and adds up to the total stress.
- e. Total stress is the accumulated stress that consists from the stress from the previous quarters plus personal and underpayment stress of the current quarter. Complaint letters are sent after it reaches the threshold value.

21. Multiple Choice Quiz – Instructions

This quiz tests your knowledge of SMS — how well you have read and digested the *Participants Manual* and the annexure of 55 résumés. You choose ONE option for each question. If you are unsure, choose the best answer.

Instructor: _____ Name: _____

Class: _____ Date: _____

- 1. Previous management hired five salespeople (period 0). In period 1, you may hire another five salespeople. Which salespeople can you attempt to hire?**
 - a. Résumés 1 to 5
 - b. Résumés 6 to 10
 - c. Résumés 11 to 15
 - d. Résumés 51 to 55

- 2. In SMS, teams offer two product models, *base* and *premium*. The manufacturing cost of the *base* model is:**
 - a. \$1,000
 - b. \$2,000
 - c. \$3,000
 - d. \$4,000

- 3. In SMS, teams offer two product models, *base* and *premium*. The manufacturing cost of the *premium* model is:**
 - a. \$1,000
 - b. \$2,000
 - c. \$3,000
 - d. \$4,000

- 4. Customers initially believe a fair price for the *base* model is:**
 - a. \$2,500
 - b. \$3,500
 - c. \$4,500
 - d. \$5,500

5. **Customers initially believe a fair price for the *premium* model is:**
- \$2,500
 - \$3,500
 - \$4,500
 - \$5,500
6. **The price of the most expensive market research study is:**
- \$8,000
 - \$1,000
 - \$20,000
 - \$38,000
7. **Other than product manufacturing cost, the largest SMS costs are:**
- Advertising expenses
 - Sales expenses: Salesperson salaries and commissions, plus sales office expenses
 - Market research studies
 - Production overtime, or inventory charges
8. **Previous management commissioned three research studies to assess potential demand. Results were:**
- Each study predicted a *developing* market — continuous and steady growth.
 - Each study predicted a *saturated* market — initial growth that plateaus early.
 - Each study predicted a *stagnant* market — no growth ever.
 - Each study predicts a different growth pattern — *developing, saturated, stagnant*.
9. **In period 1, you can deploy:**
- 5 trained salespeople.
 - 3 trained salespeople.
 - 1 trained salesperson.
 - No one; none of your salespeople have been trained.
10. **When a firm recruits more than one salesperson in a period, it can offer:**
- Different salaries, different commission rates
 - Different salaries, same commission rate
 - Same salary, different commission rates
 - Same salary, same commission rate
11. **Potential salesperson recruits reject offers that are less than expectations by:**
- \$5,000 or more
 - \$3,000 or more
 - \$1,000 or more
 - \$1

- 12. Your firm can direct the amount of time salespeople spend on:**
- Only internal versus external selling
 - Only the base versus the premium product
 - Both internal versus external selling, and the base versus the premium product
 - Different areas of their sales regions
- 13. If your production forecast is less than what you could sell:**
- The factory makes, and you sell, what you have forecast.
 - The factory makes up the shortfall; overtime costs are \$25 per extra unit.
 - The factory makes up the shortfall; overtime costs are \$40 per extra unit.
 - The factory makes up the shortfall; overtime costs are \$50 per extra unit.
- 14. If your forecast (and production) exceeds demand, you pay inventory carrying costs per unit of:**
- \$25
 - \$40
 - \$50
 - \$100
- 15. In period 0, you incur start-up costs. Not included are:**
- Salary paid to trainee salespeople
 - Payments to trainee salespeople in lieu of commission
 - Training costs for salespeople
 - Opportunity costs relating to offers rejected by potential recruits
- 16. The calculation of Net Promoter Score (NPS) requires answers to the following question: “How likely is it that you would recommend our company/product/service to a friend or colleague?” — on a “0” to “10” scale. “10” is the highest likelihood; “9” and “10” are *promoters*; “7” and “8” are *passives*; “6” and less are *detractors*. NPS is:**
- Number of *promoters* divided by total number of respondents.
 - Number of *promoters* less number of *detractors* dividing by total number of respondents.
 - Number of *promoters* less number of *passives*, divided by number of *detractors*.
 - Number of *promoters* less number of *detractors*, divided by the sum of *promoters* and *detractors*.
- 17. Net Promoter Score (positive word of mouth) grows:**
- When the firm charges higher prices than competitors.
 - When salespeople are less skilled.
 - When the firm directs more sales effort to the *base* product.
 - When the firm achieves high salesperson density in sales regions it addresses.

- 18. Company reputation (a better place to work) grows when:**
- Salespeople earn, on average, less than salespeople at competitors.
 - Salespeople earn more from commissions than from salary.
 - In addition to spending time selling to *external* customers, salespeople spend significant effort selling *internally*.
 - Salespeople lose less selling time to training.
- 19. The *Industry Employee Compensation (Market)* research study does NOT report:**
- Commission earnings
 - Commission rates
 - Sales contest amounts
 - Salaries
- 20. The *Industry Employee Expectation (Market)* research study does NOT report:**
- Potential recruits' compensation expectations
 - Current compensation expectations
 - Future compensation expectations — four periods ahead
 - Current compensation
- 21. The United States market is divided into 10 regions. Included in region 1 is the state of:**
- New York
 - Florida
 - Texas
 - Colorado

Multiple Choice Quiz: Correct Answers

1. b	6. a	11. a	16. b	21. a
2. c	7. b	12. c	17. d	
3. d	8. d	13. c	18. c	
4. b	9. a	14. a	19. c	
5. d	10. b	15. d	20. c	