

THE SALES PIPELINE MANAGEMENT SIMULATOR

by

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TEAM PACK



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INTRODUCTION

This simulation has been designed to highlight the issues surrounding salespeople's management of their time while trying to run several projects at once.

In the simulation, you can call on many companies. You will be in competition with the other salespeople playing at the same time and into the same territory.

Each playing period lasts one month or one week depending on how the simulator has been set up. Your instructor will tell you which version is being used. There are 12 playing periods in total.

Targets are set for the following 12 periods. Over these periods, you must develop your territory to win as much business as possible. As all teams have the same quota, the "winner" is the team that makes the greatest sales (qualified by the strength of their pipeline for the future).

In each time period, you must make a number of decisions. Each decision has an associated cost in terms of time used up and it has a likely reward.

RUNNING INSTRUCTIONS

There are 33 units of time in a period. You will submit your decisions at the end of each period once you have done your analysis.

Your decisions will be entered and the responses will be given back.



SCOTSMAN

There are eight areas where a sale has to be qualified if you are to have a reasonable chance of winning. In each area, work may be necessary to resolve all the issues involved. These areas can conveniently be packaged under the mnemonic SCOTSMAN®.

Solution	Has the prospect accepted that you have a good solution to their problem? Have all the necessary demonstrations/presentations etc. been done for all the key people?
Competition	Are there too many competitors or is there any major bias or prejudice that must be overcome?
Originality	Does the prospect express a real need in the areas where you are unique or is there more work needed in this area?
Timescales	Can you meet all the decision/delivery/implementation timescales or is more work needed either with the prospect or within your own company?
Size	Will the sale take too many sales calls for its value? Does your company have all the resources needed to implement such a sale readily available?
Money	Are your prices within the prospect's budget or is more work needed either with the prospect or internally to resolve the problem?
Authority	Are you talking to the decision makers in a serious way?
Need	Is the justification for this project clear? Has the prospect created a decision making project?

These 8 areas measure the amount of work that will be needed to win the sale. Each month, for each project you are asked to estimate and use SCOTSMAN® as follows:

S	C	O	T	S	M	A	N
1	0	0	10	1	0	1	0

“0” means that there is no more work to be done in a particular area.

“1” means that you do not yet know something fundamental about that area so there is more work to do. However, you do not know whether the result of finding out will be positive or negative.

“10” means that there is a big problem in that particular area and a lot more work to do in that area.

From this analysis, you then decide in which areas to spend your time in the following month.

DEATH VALLEY (The period the decision is made)

In the period when a decision is being made, you may not make any activity on that particular project. However, three time units will be deducted from the total you have available to account for prospect queries.

IMPLEMENTATION

If you win a sale, you will have to spend time implementing it. Each project has an associated number of implementation periods. During each period, you will have to spend 5 time units. You will be told the implementation time two periods before the decision is made.

In summary, the time available for selling will be reduced by 5 time units for each project that is in the implementation phase.

CHRISTMAS/PUBLIC HOLIDAY

If the simulator is run with each period being a month then in December, eight time units will be deducted, to account for the time that is used during the Christmas holidays. You will be reminded of the reduced time at the end of November.

If the simulator is being run with each period being a week, then at one point during the exercise there will be a Public Holiday. Again, 8 time units will be deducted to account for the shorter week.

HOLIDAYS AND OVERTIME

At the end of each period, you will be told how much time you have for the next period. This allowance will have already deducted any time that will be used for Implementations or Death Valley. The time allowance tells you how much time you have for prospecting and selling once these other demands have been met.

Using less than the allowance is regarded as Holidays; anything taken over the allowance is regarded as Overtime. Taking overtime reduces the amount of holiday taken.

At some point in the trading year, you are expected to take 16 time units holiday. Holidays may be spread throughout the year. If you do not take enough holiday then you get “tired” and progress does not happen as quickly as you might want.

(If the periods are weeks then there will be one or two public holidays during the exercise. Once again, participants should take a holiday of 16 time units during the exercise.)

YOUR QUOTA

Your instructor will tell you your target for the year. As part of your contract of employment, Management reserve the right to review your target mid-year

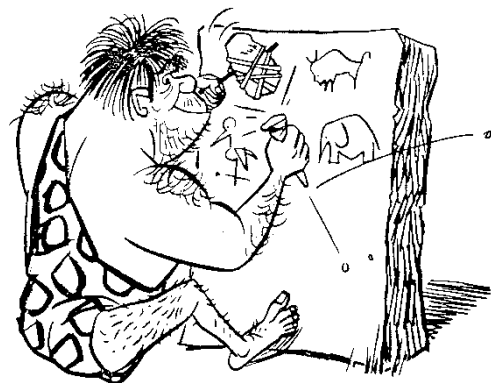
ADMINISTRATION

Each period, you will lose 0, 1 or 2 time units for administration. You will be told at the beginning of each period how much time you need.

PROSPECTING

For the first 9 periods, every time you go Prospecting or Need Creating a small fee will be charged. Your instructor will give you the rate for each time. At the end of the exercise, this money will be the prize for the winning team!

There is no charge made during the last 3 periods to encourage teams to build up their pipeline for the following year.



DEBRIEF

At the end of the exercise, you will be asked to present the control document(s) that you developed to help you decide how you were progressing.

You will also be asked to present how you did during the exercise, in terms of both sales achieved and future pipeline and the strategy that you tried to follow.

COMPETITION

In calling on the accounts on your territory, you will be in competition with the other people that are using the Simulator at the same time as you.

However, there are other competitors! The machine will account for the activity of some of your major competitors.

SCORING

Please note carefully. A sale is won on the following basis:

On the decision date, the *machine's* estimate of SCOTSMAN is summarised. The competitor with the lowest score wins the sale.

If no one has a score lower than 2 then the prospect will either

- allow the project to die,
- delay the decision by two or three months,
- give the business to the built-in competitor.

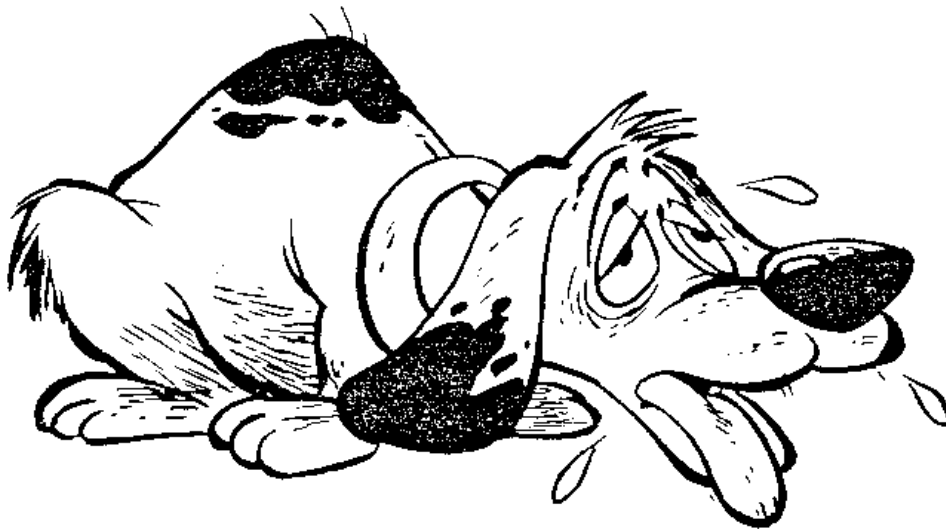
If two salespeople get the same score then the one who has the most “Emotion Points” will win. Emotion points are awarded mostly on the basis of the amount of contact. However, who found the sale first and the initial SCOTSMAN score modify them a little. You are not told your Emotion Points.

WINNING

At the end of twelve periods, Management has decided that the winning team will be decided on the following basis:

- If no teams have made their target then the team with the highest sales achievement is the winner.
- If only one team has made target then, naturally, it is the winner.

If more than one team has made target then the winning team will be calculated by taking the sales achievement for the year just passed **and adding to it 20% of the forecast pipeline for the year to come.** In the 12th period, you will be given the value of all sales in your pipeline. The team with the highest score wins.



SUMMARY OF TIMINGS

Prospecting costs both time and money during the first 9 months	Prospecting costs time but is free
Possible	target review

THE DIFFERENCES BETWEEN PROSPECTING AND NEED CREATING

Prospecting		Need Creating	
+	-	+	-
Higher probability of finding a project	The project may have already started Competition may have already found it It will not be as well qualified as a need created project	It won't have started There will be no competition (yet) The start date may be several periods away (i.e. time to develop it)	It costs more time (7 vs. 4 time units) You are less likely to find a project The start date may be several periods away (a problem if you need fast business)

TYPICAL FORMAT FOR A PROJECT

Status

Project	Start	Dec'n	Value	Imp Time
Morgan Gren	Feb	Aug	1178	?

You are considering selling UK Data Network

Prospect likes your uniquenesses
 There is history of buying from a competitor
 Budget is lower than your prices
 You cannot remove features they don't need
 You suspect that the users are not behind this project
 You don't know the decision process
 Probably will take a lot of sales calls
 Cannot get delivery of a key feature

THE DECISIONS

TO FIND NEW PROSPECTS

Go prospecting 4 units

Details about some project. There may be competition already in place and you may arrive in the middle of the project.

Go need creating 7 units

Less likely to succeed but you may find details of a project. This project will have no competition - yet! It will probably be a little better qualified than a prospecting project. The project may start some way in the future.

FOR PROJECTS IN GENERAL EVEN IF THEY HAVE NOT STARTED

Qualify out 1 unit

At any time, you can drop out of a project at the cost of a courtesy call on the Account.

Keep in touch 3 units

If a project has not yet started or you are too busy to do a lot of hard work on it then this decision may improve the qualification slightly.

Pass 2 units

You can decide to do nothing about a particular project except the noise level of activity. This decision will leave the state of qualification unchanged.

TO ADVANCE PROJECTS WHICH HAVE STARTED

Advance a sale 8 units plus 1 per qualifier

Working hard on a project will probably make significant improvements to its qualification. To work hard on a project costs 8 time units.

On top of that, you can select any number of SCOTSMAN qualifiers for special attention, in the period to come. Each qualifier selected will cost an additional 1 time unit. You must select at least one qualifier for special attention. So, the minimum time to work hard on a project is 9 and the maximum is 16.

FOR PROJECTS THAT YOU ARE IMPLEMENTING OR HAVE IMPLEMENTED

Develop Your choice (0 - 33)

If you decide to spend time with an existing customer then there is a reasonable chance that you will win an upgrade to the installation in the period when you spend the time. The result of this decision will be the value of the upgrade, if there is one. In the long term, this decision is probably a less effective use of your time, i.e. Sales/ Time Unit will be lower.

TIPS AND COMMON QUESTIONS

1. You cannot go Prospecting and Need Creating on the same area in the same period.
2. In any one area, you may be running several projects and continue to prospect.
3. You can continue to prospect on an area even if you fail to find a project on the first trial.
4. There is a “Honeymoon” period after a sale is won when going for upgrades is very likely to be successful.
5. Winning a sale in an account/area makes it more likely that your prospecting will be successful in that area. You can develop an Approved Supplier Status.
6. It is hard to decide whether or not to qualify out of a project until you know its size.
7. It is not easy to win a competitive project if you arrive late into that project.
8. Make sure you read and understand the Market Research notes.