



## Review of *The Sales Management Simulation*

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# Micro Market Education Review of *The Sales Management Simulation*

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## Background

Users of marketing simulations will readily agree that although a fair number exists for the principles of marketing, marketing management, and marketing strategy courses, there is a paucity of alternatives for practically every other functional area course with the possible exception advertising management. At the same time, it is a given that a large majority of undergraduate marketing majors will have sales positions. That is, it is more likely that they will move up in the sales management branches of their respective organizations than advance through the product development, general marketing management, or advertising avenues. Obviously, if instructors wish to use simulations in the "core" subject matter of marketing as defined by how our students are employed, there is a mismatch. This review describes a recently released sales management simulation that fills this void.

## The Simulation

*The Sales Management Simulation* (1994, The Simulation Source) by John R. Dickinson and A.J. Faria is a novel simulation game with, for all practical purposes, its entire focus on sales management decision variables. The simulation is based on the authors' extensive knowledge of the sales activities and market responses to sales management decisions in the plumbing supplies industry. Granted, making decisions about sales strategy and tactics for faucets, sinks, and acrylics is not as exciting to students as making them for the auto, television, or soft drink industry, but the plumbing supplies arena is one in which corporate battles are won or lost essentially with sales management strategies and personal selling tactics. To be blunt, it is a realistic learning arena. The simulation places students in the shoes of a sales manager (or a sales management team) who is competing against anywhere from one to four other plumbing supplies manufacturers for wholesaler, retailer, contractor, and other types of customer orders.

No less than 29 decisions comprise each company's weaponry. These decisions can be roughly categorized into five groups: (1) organization, (2) compensation, (3) time allocation, (4) operation, and (5) research. Organizationally, student sales managers must choose either a customer- or product-based organization and decide how salespeople and sales managers are assigned to each organizational unit. Compensation decisions include base salary and commission, quotas, bonus systems, and sales contests. Time allocation is a percentage of effort placed on each market area (e.g., what percent effort on each customer type or product line). Operational decisions pertain to the number of sales meetings per month, whether sales conferences will be held,

the amount of sales training, and discounts. Finally, there are nine different sales research reports that comprise a selection menu for each time period. Output for each team includes an aggregated income statement and abbreviated balance sheet. A sales report details decisions and decision changes from the previous period along with unit sales by division.

The student manual (I reviewed a prepublication version) appears complete with a fair amount of description of history of the company the student team has inherited, its product markets, and its geographic marketing concentration. Each decision variable is described, and students are instructed to set sales objectives and formulate sales management strategies before making these decisions. They are even provided with worksheets to assist them in these tasks. Students make their decisions and record them using either decision sheets, which they turn in to the instructor, or, if the instructor chooses, a student decision input template disk. The student manual has several appendices that provide summaries of important things to know (such as how much does it cost to hire a salesperson, sample output, useful financial calculation forms, instructions for using the team decision diskette, and blank decision forms). Without appendices, the student manual is less than 85 letter-sized, single-spaced pages in length.

## Evaluation

*The Sales Management Simulation* has a number of attractive features that combine to compel a strong recommendation for readers to seriously consider its adoption. For one, it is a stand-alone simulation. That is, it is not linked or locked to a textbook, so any instructor of sales management can consider its adoption without being concerned that he or she has to change texts. For another, the student manual is well-written, and although the product markets are not consumer goods that students use every day, students should relate to the plumbing supplies industry sales environment without much effort. Thus, it should not require an immense amount of class time to orientate students on the simulation and industry. The hardware requirements are fairly universal—an IBM-compatible computer with a hard disk, and the software is exe-compiled, so it runs without the need for a programming language. Basically, *The Sales Management Simulation* explains itself well to students, and as long as the instructor covers the basic sales management strategy and decision concepts that are programmed therein, it can serve as a handy pedagogical vehicle over a good portion of the class.

A significant strength of the simulation, and one that will be truly appreciated by adopters, is the way it handles set up of industries and their parameterization. For instance, one

becomes immediately relieved when the first question posed during installation is whether the user is "familiar" or "unfamiliar" with the program. The latter option uses extensive explanations and review-to-be-sure checks along the way. This feature does not eliminate the need to read the instructor's manual, but it minimizes the necessity of reading the manual in detail. At the same time, an especially valuable approach to setting game play parameters involves the use of 10-point scales. While the default for most parameters is set at "5", global parameters such as market potential or balance between competitors' strategies and the environmental factors affecting the markets can be selected with a simple number. At the same time, the relative sensitivities of the various decision variables can be set by product- or customer-market with the same 10-point system. After each set of decision sensitivity parameters is decided, the program provides a comparative schema for a handy visual comparison of the administrator's set up.

Another attractive feature is that running each industry requires simply selecting the industry, and placing each team's decision disk in the disk drive at the program's prompt. Or, if the administrator has opted to use the manual decision forms (surely, no one in his or her right mind would, but who knows?), the program moves smoothly across the screen from decision input box to decision input box. The identical box-to-box cursor movement is found on the student team input disks, and the program checks that

the acceptable boundaries of each decision variable are not violated. Installation of the program onto the instructor's hard disk is a simple matter of making a C:\ directory and copying the instructor's disk contents. The analysis runs in a matter of seconds even on a 386SX machine, and instructors can have the output written on each team's disk and avoid the hard copy hassle.

I do not teach sales management, so I did not submit the program to a class trial. However, John Dickinson and Tony Faria have a long history of success with marketing simulations, specifically the popular games, Laptop and Compete, so it is a pretty sure bet that this simulation runs smoothly in all respects. In a nutshell, *The Sales Management Simulation* garners my high recommendation. Readers who want additional information should consult a recent article by Faria and Dickinson (1994) for their own description of the simulation game. The address for The Simulation Source is P.O. Box 32144, Detroit, Michigan 48232-0144. Make direct inquiries to the authors at the University of Windsor (519) 253-4232, John Dickinson at extension 3104, Tony Faria at extension 3101.

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