

Challenging the Sales Force

Today's sales person needs three areas of expertise - product knowledge, selling skills and knowledge about their customers and their customers' industry. The need to know about the customers' problems and the issues they face is particularly important for sales people selling to businesses where the product they sell is critical to the customers' business success. This was the learning need identified by Schneider Electric/Square D in the USA. They believed that their sales force needed to better understand what it was to be an electrical distributor selling Schneider Electric/Square D equipment.

Rather than lecturing at their sales people they decided to get their sales force to *experience* what it was to run a distributorship. But rather than running a *real* distributor they would run a *virtual* distributor using a computer business simulation. Unfortunately no simulation was available *off-the-shelf* to meet their precise needs but there was one that was reasonably close - The Distribution Challenge. The fact that a simulation existed and that it could be customised meant that most of the cost of getting a simulation that matched their needs exactly was eliminated. Additionally, to reduce costs further, the simulation was to be run by Schneider Electric/Square D staff and should not last more than a day. But, much more importantly, having Schneider Electric/Square D staff running the simulation ensured in depth industry knowledge.

This article explores some of the general issues associated with customising a simulation, minimising it's duration, making it easily usable and the outcomes.

The Background

Schneider Electric/Square D is the world's power and control specialist. And, the North American division supplies products and services to customers in residential, commercial, industrial and OEM markets.

Schneider Electric/Square D determined that they wished to improve their Business to Business knowledge. Specifically they wished for a better understanding of their channel partners to develop and improve their channel performance. They felt that the best way to achieve this goal was to have their sales engineers run a *simulated* distributor.

The Learning Initiative

Working in small groups sales engineers would take over a *virtual* distribution business and run it in direct competition with other groups of sales engineers. They would make decisions about mark-up, purchases, staffing, product range etc. and based on these the simulation model would calculate demand, income, profits, cash flow etc. Over a day, they would run their simulated business for several quarters. During this time, facilitators from Schneider Electric/Square D would move between the groups, coaching and challenging them and linking the simulation to the *real world*. At the end of the day the groups would combine to discuss and compare their results and learning. And this review session would provide a further opportunity to transfer learning from the simulated world to the real world.

Distribution Challenge

The first step was to try and find a simulation that replicated Schneider Electric/Square D distributors and the issues facing them. Although there was no simulation that met these needs exactly, the Distribution Challenge simulation replicated a generic distribution business and, perhaps more importantly, could be easily and quickly customised to meet the needs.

Of particular importance was the ability customise the simulation to incorporate the National Association of Electrical Distributor's "Strategic Profit Model" and the North

American Electrical Distributor Performance Analysis Report to ensure that the business issues and results would replicate the results of a real world distributor.

Customising the Distribution Challenge involved adding additional decisions and reports and then *recalibrating* the simulation so the business environment replicated that facing Schneider Electric/Square D distributors. Because Distribution Challenge and the platform on which it runs is designed to facilitate customisation the modification of Distribution Challenge took a few days.

The original decisions were augmented by new decisions that raised specific distribution management issues. Figure 1 lists the original decisions (superscript 1), the new decisions (superscript 2) and shows the period when they were introduced. (The reason behind introducing decisions in stages is explained in the Efficient use of Time section.)

Additionally existing reports were reformatted and new reports introduced to reflect those of a distributor and to support the trainer. The reports to support the trainer are discussed in the Tutored by Schneider Electric/Square D Staff section.

Decisions	Period
Percent Markup ¹	1
Inventory Purchases ¹	1
Marketing (Sales Support) ¹	1
Staff Numbers ¹	2
Training Days ²	3
Number of Products ²	4
Receivable Days ²	4
Electronic Linkage ²	5
Demo Equipment ²	5
Demo Room ²	5
Small Project Initiative ²	5

Figure 1 - Decisions

Efficient use of Time

As the time that a simulation takes to run is highly correlated with the number of decisions made, adding decisions to an existing simulation will lengthen it. However, here the problem was overcome by phasing the introduction of decisions. This meant that when a team was just in command of the existing set of decisions, new decisions would be introduced. This *ramping* of complexity ensured that the best use of participant time was ensured and the simulation only takes a day.

Tutored by Schneider Electric/Square D Staff

It was necessary for the simulation to be tutored by Schneider Electric/Square D Staff both because this minimised cost and because these staff would have the greatest, in-depth knowledge of their industry and the sales situation. However this raised design issues. First, although the existing simulation was designed to be run in this manner, the new simulation was substantially more complex (with the number of decision areas nearly trebled and the model nearly a third bigger). This increased complexity meant that the trainer's manual increased in size by 200%.

To ensure usability the simulation was piloted with staff who would run it. Following the pilot, a train the trainer course was run. But, perhaps the most important factor ensuring usability was the incorporation of a Tutor Support System into the simulation. This provides additional reports to help reveal and explain the operation of the simulation. It allows the trainers to reactively respond to team questions and proactively manage the learning process.

Outcomes

During the later half of 2004 and the first half of 2005, Schneider Electric/Square D staff ran the simulation eight times and usage is continuing into 2006.

Experience running Distribution Challenge lead to four observations:

First, using the North America Electrical Distributor Performance Analysis Report (PAR) in the calibration ensured that the simulation was real world with industry provided margins, costs, profits, training and so on. And, this gave a realistic feel to the numbers.

Second, the continuous introduction of new ideas kept everyone interested, and the competitive nature of the simulation encouraged the sales mentality to try to win. Throughout the training, there were never problems with people checking email, voicemail and so on. Most would voluntarily work through lunch on their (virtual) business.

Third, training by Schneider employees was more about having local market knowledge than cost. They would apply the model to real distributors - a team's strategy would be likened to that of one or another real distributor. This helped the participants understand what they were doing and how many of them simulated the behaviours of their channel.

Fourth was how each decision needed to be accounted for by another in order to get the maximum impact. For example, if a team spent more on training, they needed more marketing, inventory and a higher price. Schneider Electric/Square D has been trying to teach thinking through the process for years with the field sales force - this class helped them understand.

One participant who left the Schneider Electric/Square D to work as a distributor branch manager said the class helped him understand and prepare for the job and that he had a real benefit understanding the business from the simulation approach.

Initially, usage was just Sales Engineers but soon demand from other staff meant that its use was expanded to include anyone who worked with the channel. This meant that its use has expanded to include marketing and sales support staff. And, several Regional Directors ran the simulation for their whole unit.

Use of the simulation is now expanding beyond USA Schneider Electric/Square D staff to include their US distributors and to other Schneider Electric operations.

Conclusions

This case study illustrates how a suitably customised simulation can provide a foundation for a successful learning initiative. But that this is only the first step - ultimately it is how the simulation is used by an organisation that ensures success or failure. Here, by using the company's staff to facilitate the simulation this brought to the learning the business experience and, more importantly, in-depth knowledge of the company's markets and customers. Knowledge that allowed the facilitators to continuously link the simulation to their real world and thus ensure learning transfer.

In the words of the Schneider Electric/Square D staff who use the Distribution Challenge simulation "The flexibility of the software was key as well as the facilitators" and "the synergy between the two provided a perfect training exercise".