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**PHASE FIVE [NEW00142.GIF](INTRODUCTION.docx)**

**EXERCISE FOURTEEN-B** House Information

**This exercise should be answered using the Phase 5 Variables Worksheet**

**[](variables5.xlsx)**

**Evaluating a Salesforce Training Program**

*The House* employs several clerks that work full or part-time while either Anne or Fred are in the store. Neither Fred, Anne, nor the clerks attempt to do any selling. If someone needs help, they are there to assist but otherwise no type of selling occurs. Fred recently read an article in a trade publication that emphasized the role of order getters vs. order takers. Fred initially thought that given the low average item price in the store that any selling effort would not be worth the effort or would be ineffective. However, one of the things the article emphasized was the role of suggestion selling. He thought this had some real possibility. For example, if a customer bought a shirt the clerk could suggest a tie or slacks. After Fred visited with Anne about his ideas she mentioned that one of the reasons that closure might be low (62%) was because of virtually no selling effort in the store. She argued that by being a bit more aggressive, but still polite and courteous, that the closure rate would rise.

Fred became aware of a retail personal selling seminar being offered in New York. This course was tied in with one of the major apparel shows and was a day in length and cost $595 per person. For an additional $150 each participant would receive a weekly newsletter with helpful selling tips. The course was taught by Martha Hernandez, who had 20 years experience as an apparel buyer, salesperson, and business owner. Martha had launched a chain of 12 womenswear stores in the late 1980s, which she subsequently sold for $6.5 million.

Fred and Anne decided to both attend and to take their four full-time clerks. The total cost including travel, registration, lodging, and the one-year subscription for the weekly newsletter was $16,000. Based on the brochures promoting the program and some of his own analysis and projections, Bill set a goal of increasing closure to 68% and the average number of items purchased to 5.3. He also thought that a possibility existed of closure reaching 70%.

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The Variables Worksheet you will need to run this simulation can be reached by clicking the red “5” above. You will need to enter the changes on the Input Form one at a time. The financial statements and ratios will automatically be updated and shown on the bottom of the input form. You must then copy the revised income statement and ratios to the scenario columns on the Answer Sheet. This process will have to be repeated if there is more than one scenario described in the exercise. Instructions for use of the Variables Worksheet can be reached by clicking on the “Help” button at the top right of the worksheet. Be sure to save your work and print a copy once you are satisfied with its correctness. After you complete your simulation there are questions you need to answer. These can be answered by typing your responses below the questions, saving your work, printing a copy, and handing it in to the instructor if required.

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**EXERCISE FOURTEEN-B**

**QUESTIONS**

1. Should Fred and Anne follow through with the personal selling seminar as planned? Why?
2. Are there any other suggestions you have to improve the personal selling strategy of *The House?*
3. How would the use of personal selling differentiate *The House* from other retailers of clothing? What benefits would *The House* accrue from such service?
4. What incentives should *The House* offer to its associates if they are successful in the personal selling effort?*uH*