

PRACTICE MAKES PERFECT: A CASE STUDY FOR SKILL DEVELOPMENT

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Benefits of Skill Practice Exercises

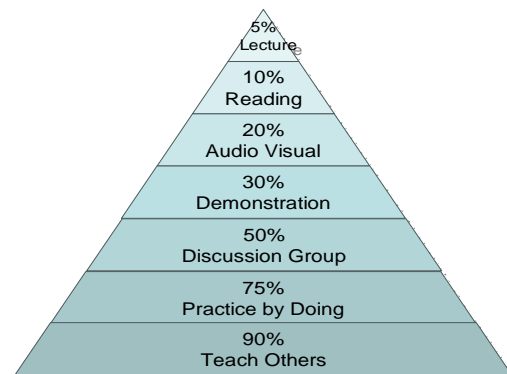
Almost all sales educators, both academic and practitioner, appreciate the learning value provided by student participation in skill practice exercises, experiential exercises, mock sales calls, or whatever else one may choose to call such opportunities for the participants to put into practice what has been learned from the training program. Much has been written to document the educational value of these exercises (e.g., Hannon et al. 2004; Young 2002) and various approaches to conducting the exercises (e.g., Castleberry 1989; Lamont 2001; York 1995).

Indeed, skill practice exercises provide many important benefits over other teaching methods. Skill practice exercises or role plays provide the opportunity to learn and practice actual skills. Such active learning exercises and other “learn by doing” types of activities dramatically improve learning (Young 2002). A study by the National Training Laboratories in Maine (see Figure 1) found that 75% of participants learn, or retain knowledge through “practice by doing” types of exercises. When this is compared to typical training methods, such as the lecture, which only produces a 5% average retention rate, it is very clear how advantageous skill practice exercises are in facilitating the learning process among salespeople or sales students.

Additionally, skill practice exercises can be utilized in many different ways to further increase retention. For example, the instructor can begin by introducing some of the training material concepts and related theories under the assumption that participants have read the material prior to the class. The retention rate is 5% for lecturing and 10% for reading. Then, participants can engage in a role play or skill

practice exercise. If recording equipment was used, upon completion of the skill practice exercise participants can view the recording and/or engage in a discussion about the role play. It is possible for students to even begin teaching others as they evaluate performances from the skill practice exercise. To be successful, the use of active learning is an important aspect of what sales educators do to help people improve selling skills.

Figure 1: Learning Pyramid and Average Retention Rate



Source: National Training Laboratories in Maine (2006)

As every sales trainer knows, however, it is difficult to find good skill practice exercises. This paper provides a skill practice exercise that has been developed, tested, and refined over a considerable period of time. We hope that you enjoy using it.

Learning Objectives of the High-Tech Computer Systems Exercise

While this particular skill practice exercise centers on the issue of dealing with a price objection, many topics from professional selling, negotiation, and other related business courses

can be highlighted. Some of these follow.

Buyer Behavior and Communication

- Identifying and adapting to buyer's personalities.
- Understanding the impact of multiple buying influences within business-to-business buying situations.
- Reading non-verbal communication (both from the buyer and seller, if recording is available).
- Utilizing collaborative, two-way communication to effectively acquire information regarding customer's needs and expectations.

Relationship Marketing

- Building an understanding of why relationships are so important.
- Understanding how to build and strengthen relationships.
- Thinking about the lifetime value of a customer--how much a large customer is worth beyond the immediate transaction. Determine if there is a point at which a sales person is willing to reduce immediate profits in order to create, develop, or maintain a relationship.

Sales Call/Presentation Planning

- Preparing sales call objectives: minimum, primary, and visionary.
- Deciding what point in the sales call to shift strategies.

Sales Presentations, Negotiation, and Handling Objections

- Understanding the elements of the presentation mix.
- Gaining common ground/bringing down defense barriers and earning trust.
- Getting passed the urge to haggle over the price objection.
- Looking for and working with hidden objections.
- Handling the price objection.
- Closing and up-selling.

Operational Needs

Advance preparation: have the participants read the introductory information about the scenario before coming to the class if at all possible. If this is not possible, allow 15 to 20 minutes for this at the beginning of the exercise. Table 1 provides a summary of the activities and associated times.

Once participants arrive, distribute the additional respective "Top Secret Information" to each and provide 15 to 30 minutes for them to read it and to prepare their plans for how to play their character and conduct the exercise. Members of the selling team should be separated from members of the buying team during this time so as to avoid being overheard as they prepare. Be sure that the people on the buying team do not reveal their "Top Secret Information" to members of the selling team and vice versa.

Prior to the skill practice exercise, tell the participants the following:

1. The skill practice exercise does not necessarily have to end with a sale/purchase being made. Remind them to

Table 1: Summary of Activities

Activity	Time Required
In class or before class, each participant individually reads the common materials for "High Tech Computer Systems"	15-20 minutes
Members of each separate team get together to discuss strategy and how they will work together	15-30 minutes
Each buyer and seller team gets together and the sales call is conducted	20-30 minutes
All participants reconvene for a total class debriefing led by the instructor	20-30 minutes

establish and stick to their plans for the exercise.

2. Most groups take 15-30 minutes for this sales call.
3. Tell the participants that they are unlikely to know all of the details that they would like to know for this exercise. So, they should feel free to be creative, but reasonable and make any assumptions that they need to conduct the exercise.
4. Encourage the participants to try some newly learned selling/negotiating tactics and wish them good luck!

After the skill practice exercise, consider the following:

1. If recording equipment is available, it is very beneficial to allow time for each group to review their own recordings prior to the total class debriefing. During their review of the videotape, offer a lot of praise and encourage the participants to focus on what they did **right**, rather than what might not be ideal. If possible, let the participants also watch the video of at least one other group to see how others handled the same situation. This provides a benchmark or an alternative frame of reference. Suggest to participants that they examine their nonverbal as well as their verbal communication.
2. When the participant return for the total class debriefing, get the various groups to share with others what happened during the skill practice exercise. Students will be surprised to find out how different the skill practice was for other groups. Early in the semester, usually students just assume that most groups had similar experiences. They are interested to hear how the scenario played out for different groups, and more importantly, the participants are curious to find out the dynamics that caused such differences across the groups.

3. One possibility is to have students report their results and record these on a flip chart or a white board. It helps creates a competitive and fun atmosphere to find out who got the “best price” on both the buying and selling side. This usually stimulates a discussion on what happened during the role play that lead to those results.
4. Provide participants with the other party’s Top Secret Information.
5. Consider attaching an evaluation form and having students complete the form. Have the participants respond to items on a 1-7 scale ranging from nonexistent to perfect. Good topic areas for the scale are communication, needs identification, presentation, responding to objections, and other items from the learning objectives section of this teaching note.
6. Highlight the learning objectives. Focus on tying their recent experience to training program concepts.

General suggestions for handling a debriefing:

Debriefing an exercise is an important part of the teaching/learning process. Participants need a benchmark in order to understand the relative success of their choice of selling strategy and its execution. This is a necessary aspect of the formative feedback that is so necessary for real learning and skill improvement to occur based on the just completed practice. The active participation of participants in the debriefing is also crucial to the development of reflective thinking, an integral part of the critical thinking process (Lockyer et al. 2004).

An excellent starting point in understanding how to handle the debriefing is to recognize that there are fundamentally two types of feedback, outcome and process, and the latter is more useful in skill development (Thompson 1998). At the end of an experiential exercise in which a participant played the role of a sales person, for example, they know if the sale was closed, how

many units were sold, and at what price. If several groups of participants conducted the same skill practice exercise, however, there is value in enabling them to find out what other groups. Participants need benchmarks and sharing the outcomes of other groups can provide useful comparative information about performance.

There is even more value in discussing the *process* rather than the just the outcome. An outstanding, relatively comprehensive, and highly recommended guide to handling the debriefing session was provided by Stone (2000). Generally, the facilitator should ask relevant open-ended questions intended to start a student discussion and should fight the urge to tell participants what “should have” happened. As Weber and Kirk (2000) noted relative to this teaching role, “it’s not what you know, it’s what you ask.” One should begin with general questions encouraging participants to think and talk about the process. Start with questions such as “How did it go?” “What happened?” or even “Tell me about your experience.”

Eventually, follow-up questions may be in order and Stone (2000) provided several great examples which are almost always universally useful. Stone’s (2000) list of possible responses to participant comments include remarks and questions that can be categorized as: acknowledgement, paraphrasing, open-ended inquiry, digging in, challenging, generalizing, and assertion. These are especially useful as a means for directing the discussion.

Toward the end of the discussion, we have found that reflection questions are also very useful. Participants should be encouraged to commit to a philosophy of continuous improvement. Questions that are useful within this context include: “What are the ‘take-aways’ from today’s exercise?” “What did you learn today?” and “If we were to repeat the exercise now, what would you do differently?” “What did you like most about how the other side dealt with the issues?” Fundamentally, the goal is

encourage participants to engage in critical thinking, to commit to the learning process through adoption of the concept of continuous improvement, and to help each participant develop to the maximum extent possible as a professional.

HIGH TECH COMPUTER SYSTEMS

This skill practice exercise focuses on the interaction between a computer salesperson and the multiple buying influences of the Chief Executive Officer and the Information Systems Director of a regional chain of franchised tire stores. For your convenience, detailed salesperson and buyer profiles are included as “Top Secret Information” for each character following the discussion and set-up of the selling situation. In this role play, one person is assigned to play the part of Terry Williams, a sales representative of High-Tech Computer Systems and another will serve as the High-Tech Computer Systems Regional Sales Manager, Jamie Thompson, who will assist with the next call. Additional participants play the roles of the two members of the buying center at Royal Tire and Battery Stores: the Information Systems Director, Sandy Snyder, and the Chief Executive Officer, Kim Johnson.

The Set-Up: Background and Company Characteristics

As a salesperson for High-Tech Computer Systems (HTCS), Terry Williams has just completed a sales call on a key account, Royal Tire and Battery Stores (RT & B), where they “treat each customer like a King.” Royal Tire and Battery Stores is a fairly large sized sales and service organization with 225 franchised stores across the Eastern United States. RT & B is in the early stages of a new program in which they are designing and specifying a linked computer system. This new system will place a computer in each store and tie the individual stores together into an organization-wide network. When installed and operating, the system will allow the home office to have access to real time sales

information from every store. Each store will develop and maintain a customer data base that can be accessed system-wide. The goal is to be able to provide better service to customers. Additionally, communication between the home office and each of the stores will be greatly enhanced.

As a result of Terry's attention to detail in servicing this account over the previous four years, HTCS equipment represents the biggest share of computers now in place at RT & B -- approximately 30 percent of all units. In talking with Sandy Snyder, Terry's primary contact at RT & B, Terry has learned that this proposed new computer network system is the brainstorm and pet project of a very "hands-on" CEO, Kim Johnson. Consequently, the probability of the system becoming a reality is very high. In fact, the contract for the applications software has already been completed. Sandy Snyder had faxed the complete set of hardware specs to Terry.

During an informal conversation with a good friend Christy McClure at a party (who is the Director of Human Resources at RT & B), Terry had learned more about the project. It was determined that the cost of systems installed in each store location is not being funded directly by RT & B. Rather, each individual store (through a re-payment agreement with RT & B) will actually be paying for their own equipment. For this reason, price has really become an issue -- Terry seemed to get the impression from Christy that the RT & B people felt that \$2,500 was about the most that each franchisee would be willing to pay.

The Set-Up: Summary of Previous Sales Call

Terry has called on RT & B twice before for this particular project and worked through a pre-proposal with the objective of getting a commitment for the hardware package. Based on the "insider" information and lengthy experience with the account, Terry and the HTCS Regional Sales Manager have had several

strategy sessions. Their decision was to present the HTCS DeskPro 4000, which is in the upper end of their line. While it is not the top of the line, it exceeds all the specified requirements.

As a part of the presentation, Terry conducted a full demonstration of the HTCS DeskPro 4000 system. During this hands-on exhibition, Terry worked with each member of the buying committee at RT & B presenting the relevant Features, Advantages, and Benefits. Terry received positive feedback. It appeared that Terry had met their expectations. Feeling confident, Terry attempted to gain commitment by asking, "When would you like delivery and installations to commence?" Kim Johnson quickly interrupted and reminded Terry that it might help if they knew the price. To this, Terry replied with a summary of the value of the system and quoted a delivered price of \$2,595 per unit. This provided an opportunity for bargaining (wiggle) room and the give-and-take usually necessary in order to finalize a sale with RT & B.

Johnson reminded Terry as to how much business they had given to HTCS over the years. Then Johnson looked over toward Sandy Snyder and stated, "Sandy, you have the most experience with this hi-tech stuff. What do you think? It just seems a little high!" Sandy indicated agreement and stated, "Yes, it is considerably over some of the quotes we already have received from other potential suppliers." In defense, Terry asked if the other suppliers were bidding comparable equipment. HTCS certainly had some lower priced units, but the HTCS DeskPro 4000 better met the needs of the project, especially over the long run. Sandy Snyder responded that two of the suppliers had quoted prices for slightly less powerful systems, but one did offer a product with similar specifications. Terry reiterated a strong desire to work with RT & B on this project, a deep commitment to getting the contract, and asked, "What price range do we need to hit?"

Johnson jumped in, possibly hoping to bring

about some additional information from Terry and said, "This is a considerable order of machines, and as you know, we must consider their cost to the stores. If they don't accept the program, it won't go!" Kim continued, "Our stores are just not going to pay anything over \$2,000 -- they have already told us that price is very important!"

Once more reiterating their commitment to RT & B and acknowledging Johnson's earlier comment regarding how much business High-Tech does with RT & B, Terry asked, "If I can get the price down to \$2,495, could I get a commitment from you for 225 units?" Johnson commented, "That's a little better. Sandy, what do you think?" Sandy then asked, "Terry, is that as low as you can go on this project? Look, I can't disclose the other quotes to you, but I can tell you that one of the bids is from a reputable company and they are considerably under your last price. Their model satisfies the specs and requirements of the project."

At this point, Kim Johnson checked the time, appeared agitated, and then stood up and indicated that it was time for another appointment. Kim said, "Terry, it's real simple. We would prefer to continue doing business with HTCS -- but you're going to have to meet the competition. Prices are really starting to fall on this "techie stuff" and High-Tech hasn't been giving us any breaks on prices for some time now. Your company is going to have to get with it to keep our relationship. Why don't you and Sandy stay here and get this worked out."

As Kim left the room, Terry asked Sandy to clarify Johnson's comments. "Does this mean we might lose more than just this current project?" Sandy nodded in the affirmative and stated, "You bet, this is a pet project and I think Kim feels insulted by your price" and then continued "The price to beat is \$1,900. It was made by the same firm that is doing the software for the project. Although they are a software house and not an authorized dealer for computer equipment, they are brokering the deal through

one of their new vendors who would subcontract the delivery and on site installations to another firm." As the meeting ended, Terry restated a strong conviction to do every thing possible to deserve their business.

As Terry headed for the door, Sandy shouted out, "Wait! There is something else you need to know. That other bid -- they are including a real nice laser printer, the package you showed was a moderately priced ink-jet printer. Can you do anything about that? The franchisees really like the quality of those black and white laser printers!"

The Role Play Assignment

Hold the next meeting to discuss the project. Terry has asked Regional Sales Manager Jamie Thompson to assist on this call. Jamie commented to Terry on their way into the meeting, "This is a huge account. Don't mess this up!" Remember, there is no specific right answer. Terry needs to consider what has occurred, the potential alternatives along with their strengths and weaknesses, and then handle the sales call with the goal of gaining a commitment from the RT & B buyers. In this selling skill practice exercise, feel free to make any reasonable assumptions about products, services, and company policies.

TOP SECRET INFORMATION FOR EACH CHARACTER

TERRY WILLIAMS

Title: Account Executive

Employed By: High-Tech Computer Systems (HTCS)

Age: 31

Marital Status: S

Education: B.S.B.A. in Sales, University of Akron

Reports To: Jamie Thompson, Regional Sales Manager

Other Influencers: National Sales Manager

Employment History: Several years as general manager for retail computer store prior to

joining

HTCS as a salesperson.

Personality: Uptight and demanding, self-assured, but is also very energetic and good at working with people developing relationships.

Other: Did well in training and selling performance is above the norm. Hasn't molded into the company culture yet. Still a bit independent. Likes to travel and enjoys the outdoors. Terry wants to settle down soon and start a family.

Inside Information: Terry is the best of friends with Christy McClure, Director of Human Resources at RT & B. Christy had a major influence in helping Sandy Snyder get the job as Director of Information Systems at RT & B.

Pricing Information: The system being proposed would allow HTCS to profitably come in at a price slightly under the projected \$2,500 per unit price including delivery and set-up. HTCS pays salespeople a commission that is based on gross margin, not just sales revenue. Terry could reduce the price to as low as \$2,300 and still make a reasonable commission for this system. But at any price below \$2,200 the commission would be marginal given the amount of selling and service effort that would be involved. A price below \$2,100 would result in a very small commission and a price under \$2,000 would not pay any commission at all. A price under \$1,925 would be below cost and it is highly unlikely that such a price would be approved by the Regional Sales Manager because it is below their direct cost.

JAMIE THOMPSON

Title: Regional Sales Manager

Employed By: High-Tech Computer Systems (HTCS)

Age: 43

Marital Status: M

Education: MBA, Northern Illinois University

Reports To: National Sales Manager

Employment History: Several years as a sales person for another computer firm prior to joining HTCS as a sales manager 3 years ago.

Northern Illinois University

Personality: Quite a "driver" who demands results, but very good at coaching and motivating sales people. Jamie also has excellent customer relation skills when necessary.

Other: Has aspirations for higher management. Excellent product knowledge. Enjoys working and does not like travel. Jamie has a spouse and 6 children.

Inside Information: Jamie is under the gun for increased sales while also achieving a higher rate of margin on those orders.

SANDY SNYDER

Title: Director of Information Systems

Employed By: Royal Tire and Battery Stores

Age: 28

Marital Status: M

Education: B.S. in Management Information Systems, Illinois State University

Reports To: Operations Vice President

Other Influencers: Christy McClure

Employment History: Has worked several similar jobs, but left because company cultures conflicted with beliefs and values.

Personality: Self-confident, analytical, is extremely interested in the facts and figures regarding every project, is a perfectionist, and determined to reach the top of the corporation some day.

Other: Sandy stays too busy at work to have kids and spouse is feeling neglected. This may develop into a future problem; however, they both enjoy spending weekends together on their boat sailing.

Inside Information: RT & B is undergoing reorganization and many jobs are being cut; however, Sandy's position is pretty secure based on current performance and continued effectiveness. Sandy is aware of this, and has loyalties to Christy McClure, who actively assisted Sandy in getting the job with RT & B.

KIM JOHNSON

Title: CEO

Employed By: Royal Tire and Battery Stores

Age: 49

Marital Status: M

Education: M.B.A., New York University

Reports To: Board of Directors

Employment History: 8 years in sales and 10 years in sales management for three different major firms; was selected as CEO of RT & B 6 years ago.

Personality: Uptight and demanding, especially in "crunch" situations; an expressive who is assertive, quick to make decisions and does not hide temper or feelings -- no matter who is around.

Other: Active risk taker: drives race cars and motorcycles, likes flying, parachuting and anything else that gives a rush.

Inside Information: The grapevine at work indicates that Kim is a candidate for promotion to Chairman of the Board if the company continues its strong performance over the next three years.

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