



Fall 2015 Account Situations

Round 1A, 1B and 1C – Needs Identification sales call to an International Company, Meliá Varadero Resort, Thursday (15 minute)

Wild-Card Round WC-A and WC-B Needs Identification sales call (repeat of round 1 to an International Company, Thursday (15 minute)

Round 2 – Sales call to a single large salon, Friday (20 minute)

Round 3 – Sales call to a small salon, Friday (20 minutes)

Round 4 – Saturday (handed to each finalist 30 minutes before their scheduled role-play time) – GoToMeeting video sales call to Mele Varadero managing director for final decision (20 minutes)

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Special Note to Competitors:

Just as in a real sales meeting, current events, information found on the web sites of the companies mentioned in the following profiles may be valuable in understanding a buyer's needs and/or presenting a persuasive solution.

For purposes of financial justification of any products or services offered by role-play competitors, the following statistical information is provided. This information does not represent the actual data from any salon or spa and is not indicative of the actual prices, cash flow or profits of salons using any Neill-TSP products or services.

1. For a salon where personal products are sold, below an average of \$4 per customer, the cost of displays, cash flow and labor results in a loss rather than a profit for product sales.
2. A well-managed Aveda Concept Salon will average \$10 to \$12 per customer in product sales.
3. The average service revenue per stylists is \$65 per customer and this does not seem to depend on the type or size of a salon. However some stylists develop a reputation for their skills and will average much higher revenue per customer.
4. Stylists productivity is also highly variable, nationally averaging 20 customers per week with highly motivated stylists averaging as much as 30 customers per week.

Meliá Varadero Resort – Round 1 and Wild-Card

Note #1: Meliá Varadero Resort is real. Material related to this resort found on the Internet may be of use in the following situations. The actual situation and all other persons mentioned in this scenario are fictitious.

ROUND 1 – NORMALIZING RELATIONS WITH CUBA

It was 6 weeks before graduation when you agreed to start your career with the Neill-TSP corporation <http://neilltsp.com/>. Neill-TSP is the collaboration of Neill Corporation and The Salon People. Together they encompass all aspects of the salon and spa industry from stylist training through the Aveda Institutes, distribution of Aveda products, to complete cloud-based management software (ERP/CRM) with Salonbiz.

As part of your training to fully understand this 53 billion dollar industry, your first

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assignment is to work with a senior account executive and introduce Salonbiz to existing NeillTSP salons. Your territory encompasses Florida and Georgia and you've experienced both success and rejection in your first 4 months.

Most of your day is spent walking into salons where Neill-TSP is well known so there really are no cold-calls. In the several months since you started no one called you to ask to see you so when the gentleman called it was only the first of several surprises. He introduced himself as Rafael Soltero, managing director of the Meliá Varadero Resort in Varadero Cuba To find their web site you did a Google search of "Melia Varadero".

With only the slightest of a Spanish accent he explained that he might be interested in learning more about Salonbiz. Rafael was also the president of the Varadero Hotel Association and he was interested in a cloud based salon management system for not just his resort but for all the Varadero Hotel Association's hotels and resorts. He explained that with President Obama's initiative to normalize relationships with Cuba, a major U.S. tourist influx is about to happen and he wants the hotels in Varadero to take full advantage of the U.S. dollars about to pour in.

Rafael then asked if Niki Garza, the manager of the salon and spa at the Meliá Varadero could meet with you in Orlando. Niki would be in the United States at an international trade conference. Not knowing if you could sell Salonbiz in Cuba (or if anyone could sell anything in Cuba for that matter) you followed a time-honored rule of sales...you would beg forgiveness later and told Rafael, "YES". There were several email exchanges with Niki to set up where and when the meeting would take place. It became evident that Niki was acting as the gatekeeper and could give you an overview of the salon operation at most of the Varadero resorts but was not the decision-maker. You would have to convince Niki that a meeting with Rafael would be a next step. The meeting with Niki was set (BUT ONLY FOR 15 MINUTES) between Niki's other conference meetings at the Rosen Plaza on Thursday morning, November 5th. Excited about the possibilities you started your research on Cuba, Varadero hotels and the latest on normalizing relations with Cuba.

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Wild-Card Round

NOTE #2: Nothing uncovered by a sales person or said by a buyer in any round 1 role-play applies to this wild-card round. Further, any commitment, promise, agreement to any action by the buyer in round 1 has no bearing on this Wild-Card round. Each round is judged solely on activities occurring in that role-play. The ONLY valid information to be considered is the round 1 information above and the follow.

The meeting with Niki did not happen in the morning. When you got to Niki's door at the Rosen Plaza, there was a note on the door. It stated, "Sorry, I had the opportunity to meet with Penny Pritzker and could not miss it. However I will be available between meetings, this afternoon and I really do need to meet with you. While I am at lunch, I will text you a time we can meet this afternoon, but again it can only be for 15 minutes.

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ROUND 2 – A DIFFICULT SITUATION

When you received the call from Jamie Otero, owner of Applewoods Salon in Weston, Florida (<http://www.applewoodspa.com>), it was more of a shock than a surprise. It seems that Rafael Soltero is Jamie's brother-in-law! Rafael called Jamie and asked why Salonbiz was not being used at Applewoods. Jamie explained to Rafael that Applewoods already did everything that Salonbiz offered. Only six weeks earlier Jamie would not give you even 20 minutes to ask some questions about how the salon was managed. However to please his brother-in-law he was now going to meet with you.

With a little probing during the phone conversation you began to understand why the resistance. It was obvious that Jamie is very proud of the operation at Applewoods. At one point Jamie stated, "I graduated from McCoy College of Business Administration and even took a sales course from Professor Wayne Noll, so I know that business decisions need to be based on ROI. We already have an online appointment booking system written by my nephew, so spending time to learn a new one does not make sense and just cost me money. Let's meet so I can report back to Rafael but there is no way I am going to switch to Salonbiz."

By looking through the notes captured by past NeillTSP account executives, you uncovered the following facts about Applewoods:

- There are eight stylists, and a variety of support staff including specialist for nails, and coloring.
- It was unusual to see any information about salon revenue in the account notes. Owners were highly guarded about revenue numbers but there it was, average monthly service revenue from 8 stylists, \$42,000. It was a note put in not by the last account manager but by Tom Petrillo, president of Neil-TSP!
- From the Neill-TSP Aveda products shipped report you could see an average monthly total billing of about \$5,200. That number was a surprise. It was below average monthly product revenue for a south Florida concept salon of that size. From the way Jamie talked you would think it would be the #1 Aveda Concept Salon in Florida!
- The stylists selling any Aveda product to their client received a 5% commission based on the selling price.
- Applewoods gross profit on product sales after paying stylists' commission was 25% of the selling price.
- There were several account manager notes in the file that were of interest. One noted that every time there was a product training, the same two stylist were always missing. A second note was about several instances where a request was

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made to overnight product and then a complaint about the cost of FEDEX 10 AM delivery.

Armed with this information you set the appointment with Jamie who would only give you 20 minutes. This was going to be the most challenging sales call of your short career.

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Round 3 – KARMA

Note #4: “KARMA has no menu, you get what you deserve” – Unknown author

This past weekend you spent both days at your town’s homeless shelter cooking and serving meals. Between meals you worked on reorganizing the entire kitchen and pantry. It always feels good to give back.

So here you are back on the road making sales calls. You have about 2 hours before your next call so you decide to stop at Starbucks, get a Frappuccino and use their wireless to catch up on some email. While sipping your drink, you notice a young couple moving from table to table, sitting for a few moments and then moving to the next one. Finally when they get to your table, they introduce themselves, “I’m Cagney and this is Lacy, may we sit for a moment and talk with you?”

As they sit, Cagney explains, “If you noticed that store next to Starbucks has white-washed windows. We are opening a small salon next week and do both men’s and women’s cuts. We would like you to come by for our grand opening and see examples of our creative work.” You explain that you live on the other side of the state so it would not be convenient to get your hair styled so far away. However, you are in the business of helping salons improve their business operations and ask if they have the time to talk a little about how they plan to manage this new business?

Again, it is Cagney who speaks up and with a big smile explains they both need to get back to the store so at least one of them can be there for some deliveries. He goes on saying they sure can use any help you can give them since this is their first venture running their own salon. Cagney suggests that you finish your drink and then stop by. Finally, Lacy speaks up, “I am Lacy Cagney and this chatterbox is my husband Jim Cagney. I figure we should be properly introduced now that this will be a formal meeting. Please, no more than 20 minutes because we are both very busy”.

So you finish your Frappuccino and walk next door.

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