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NetCorps Jordan: SME Theme Facilitator Toolkit

AMIR II Achievement of Market-Friendly Initiatives and Results

February 2005

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JORDAN AMIR II

Achievement of Market-Friendly Initiatives and Results

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**NetCorps Jordan: SME Theme Facilitator Toolkit
Final
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Abstract

This Facilitator Toolkit has been developed for the NetCorps Jordan program's SME theme. This toolkit will assist NetCorps Jordan facilitators to deliver the SME training to new interns.

Task Cards		
Computer Component Flashcards	module 1 and throughout	
SME Trends Task Cards	module 2	
Reward Thought Cards	module 19	
GUI Kit (Alternative Activity)	module 2	
Case Studies		
Naseem Dead Sea Products Company	throughout	facilitator version
Naseem Dead Sea Products Company Case Study numbers	throughout	separate Excel file (ncj_Naseem Case Study_numbers_feb05)
Imagine the Possibilities # 1	module 2	Furniture Manufacturer
Imagine the Possibilities # 2	module 2	Construction
Imagine the Possibilities # 3	module 2	Airline
Software		
ICDL exercises and manuals		Velsoft (Version 4 – English)
Web Design exercise files	optional modules	separate Zip File (WebDesign_exercise files)
NCJ Project Ranking Matrix Excel Template	modules 21 - 22	separate Excel file (NCJ Ranking Matrix_feb05)
Sales Management Tools – Series 1	for debriefing Audits & in 1-on-1 coaching sessions	separate Zip File (gnc_sm_com_fac_toolkit_series1_june04_v1_en) overview attached
Imagine the Possibilities 1	module 1	separate Zip File (gnc_sm_com_fac_toolkit_imagine_mod1_june04_v1_en)
Imagine the Possibilities 2	module 2	separate Zip File (gnc_sm_com_fac_toolkit_imagine_mod2_june04_v1_en)
Assessment Tools		
Overall Course Evaluation Form	module 26	handout

NetCorps Jordan: SME Theme Facilitator Toolkit

Posters		
Where Are You in This Picture?		
Parking Lot		
The WordPad Window		screen capture of what you see when you open this application – poster size!
The Word Window		same as above
The Excel Window		same as above
The PowerPoint Window		same as above
The Access Window		same as above
The NCE Project Map		see attached
The NCJ Sales Management Wheel		see attached
Stage 1 & Stage 2 SMEs		prototype included
The NCJ Project Ranking Matrix		see attached
The NCJ Sales Funnel		prototype included
Brainstorming Rules (optional)		
Web Design Plan		see attached
Theme Package		
Theme Facilitator Guide		
Theme Facilitator Toolkit		
Theme Participant Learning Package		

work or assembly required	separate soft copy
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Computer Component Flashcards

One side of the flashcard has an image of the computer component while the other side of the flashcard describes the component. Refer to Velsoft Module 1 for images.

Image (side 1)	Text (side 2)
Image of System Unit	The system unit is the name given to the main PC box that houses the various elements that go together to make up the PC.
Image of System (Mother) Board	The system (mother) board is contained within your system unit. All the vital computer systems plug directly into the system board.
Image of CPU	The CPU (Central Processing Unit) determines how fast your computer will run and is measured in MHz.
Image of Memory (RAM)	The RAM (Random Access Memory) is where the operating system loads to when you turn on your computer. This is also where applications copy to when you start an application, such as Word. Generally, the more RAM you have installed on your computer the better.
Image of ROM-BIOS	The ROM-BIOS (Read Only Memory – Basic Input Output System) chip is a special chip held in your computer's system (mother) board. It contains software that makes your computer work with your operating system.
Image of Parallel Port	The parallel port is a socket located at the back of your computer. It enables you to

Image (side 1)	Text (side 2)
	connect items to the computer, such as a printer.
Image of a Keyboard	This input device allows you to type information into the computer.
Image of a Mouse	This input device is used to select drop down menus, point and click on items, select items, and drag and drop items from one place to another.
Image of CD-ROM	A CD-ROM (Compact Disc – Read Only Memory) disc looks exactly like a music CD but contains computer data. One CD can hold a vast amount of data (equivalent to the storage capacity of 450 discs).
Image of Floppy Disk	Floppy disks are also known as diskettes. They are very slow compared to hard disks or CD-ROMs and hold relatively small amounts of data (1.44 Mbytes).
Image of Hard (Fixed) Disk	The hard disk is the main, large data storage area within your computer. Hard discs are used to store your operating system, applications, games, and data.
Image of a Monitor	This is output device is a TV-type screen that allows you to view programs, documents, web sites, and games.
Image of Sound Cards and Speakers	To listen to sounds from multi-media programs you run on your computer. If you have a microphone and suitable software, you can also record sounds. You can even purchase special software that will allow you to talk to your computer and

Image (side 1)	Text (side 2)
	get the computer to type the words you have spoken on your screen. In time, this type of software may replace the keyboard.
Image of a Modem	A modem is a device that is used to attach your computer to the telephone or cable system. If you wish to connect to the Internet you need a modem.
Image of a Printer	Most data is printed once you have created it and there are a vast number of different printers available to accomplish this. The most common are ink jet and laser printers both of which can now produce colored output.
Image of a Scanner	Scanners allow you to scan printed materials into your computer. These images or documents can be stored within the computer and then altered, resized, and printed as required.
Image of Universal Serial Bus (USB)	A relatively new item within the PC, USB's allow you to plug in devices such as scanners and digital cameras.

SME Trends Task Cards

<p>Increase in availability of Internet service combined with the decreasing cost of service throughout the region.</p>
<p>A rise in Free Trade Agreements combined with the creation of Qualifying Industrial Zones has opened new markets for exports.</p>
<p>The steady growth in quantity and quality of Chinese imports.</p>
<p>A rising interest in and support for women entrepreneurs and women in government.</p>
<p>Middle East water availability expected to decline by half by 2030.</p>
<p>War in Iraq hampering required oil imports.</p>
<p>91.3% literacy rate, one of the highest in the region.</p>

Reward Thought Cards

Good sales people are motivated by money.

Rather than eating into the company's bottom line, paying commissions adds to the company's profits.

Sales people who receive their pay in whole, or in part, through commissions are more focused and targeted.

Implementing a commission structure will give the SME business owner more time to handle other aspects of their business.

A dedicated sales force (i.e. selling is 100% of a person's job) is the best way to achieve superior sales.

Alternate GUI Activity

- Set A and Set B of sticky notes
- One set of index cards
- One small box

Sticky Notes Set A - Write one of the following terms in green ink on each sticky note to create a total of 15 sticky notes, one for each term:

Letter to client	Irasima's pay check
Mailing list	Letter to father
Product catalog	Order form
Newspaper web page	Email from best friend
To do list	Map of home city
New factory project plan	Product label graphic
Three panel marketing brochure	Picture of new baby
David's time card	

Sticky Notes Set B - Write one of the following terms in red ink on each sticky note to create a total of 8 sticky notes, one for each term:

Time Cards	Customers
Planning	Marketing
HR	Personal
Web Favorites	Maps

Index Cards - Write one of the following terms on each index card for a total of 23 index cards:

Letter to client	Mailing list
Product catalog	David's time card
Irasima's pay check Order form	Letter to father Picture of new baby
Newspaper web page	Email from best friend

To do list	Map of home city
New factory project plan	Product label graphic
Three panel marketing brochure	Time Cards
Customers	Planning
Marketing	HR
Personal	Web Favorites
Maps	

Before the session starts hide one sticky note and the index card with the same term somewhere on your desk. Place the remaining index cards in a box and shake the box.

Case Studies

- **Naseem Dead Sea Products Company (Facilitator Version)**
- **Imagine the Possibilities #1 (Carolina's Choice: how Excel has transformed both the costing and communication of costing to the client for a medium sized furniture company)**
- **Imagine the Possibilities #2 (McGraw Hill Construction: how basic Microsoft applications can be used to help communication information in a direct way)**
- **Imagine the Possibilities #3 (Continental Airlines: how Microsoft Office applications can be used to ensure compliance with company and government policies)**

The Naseem Dead Sea Products Company (Facilitator Version)

Snapshot

Naseem Dead Sea Products manufacturers bath products made from Dead Sea minerals. They have been in business for two generations (over 30 years) and have an average annual income of about JD 90,000. They have been operating the same way since Nagui's father started the business. Nagui is planning to hand over the business soon.

Naseem employs 8 workers in the factory full time, adding temporary help as needed. Mohammad works in the plant office and does part time sales work. Three family members also are involved in the business:

- Nagui – the current business owner
- Enas – Nagui's newly married daughter who works in the business
- Mourad – Nagui's new son-in-law and Enas husband.

The product line includes four different products: Bath salts, mud mask, body oil, and salt scrub. Each product is packaged in both a large and a small size.

Although they have a small store in front of the factory, 85% of their sales come from wholesale accounts. This chart outlines some of the sales information for Naseem's wholesale accounts.

Sales revenue by product	Annual wholesale sales in units	Unit price in JD	Annual wholesale sales revenue in JD
bath salts lg	2,700	4.2	11,340
bath salts sm	1,875	3.5	6,562.5
mud mask lg	2,250	5.4	12,150
mud mask sm	1,500	4.9	7,350
body oil lg	1,500	7.8	11,700
body oil sm	900	6.3	5,670
salt scrub lg	3,750	4.2	15,750
salt scrub sm	1,875	3.5	6,562.5
Total	16,350		77,085

Foundation

You are a senior sales manager for a company that supplies many manufacturers of cosmetics, both inside and outside of Jordan. Nagui Sidki is the owner of the Naseem Dead Sea Products Company, a small company that produces body products from the Dead Sea for Jordanian trade. He was your first customer and has become a personal friend.

The business has been in the family for two generations. Six months ago, Mourad married Nagui's oldest daughter, Enas. Nagui wants to retire from the family business in a couple of months and pass it onto his new son-in-law, Mourad. Both Mourad and Enas have recently graduated from the University of Jordan with Bachelor of Commerce degrees. Because of your long relationship, Nagui has asked your advice on his business.

Until a year ago, the Naseem Dead Sea Products Company sold most of its products from a storefront in front of the small factory. Last year, the company began to distribute products through several retail cosmetic shops in Amman. The Naseem Dead Sea Products Company sells four different products in two different sizes.

You have agreed to meet with Nagui and Mourad to discuss the plans and ideas that they have for growth and the increased use of technology in Naseem Dead Sea Products Company. Mourad has big plans for the company and would like to expand into other geographic markets, including outside Jordan.

Nagui: I would like to introduce my son-in-law, Mourad. He will be taking over the company very soon when I retire.

You: It's good to meet you, Mourad. So, tell me about your company.

Nagui: We are in pretty good shape. Moving some of our business into Amman has stretched our workers pretty thin, but they're making a little bit more money and for now everyone is happy. I know Mourad wants to do more but I'm not sure that we have the space to add more workers.

Mourad: I would like to bring in some new equipment, increase the staff, and add some new products. I would like to see our business grow. I was reading about a business in Amman that automated their production and got into the foreign market. We could do that.

Nagui: I don't know about all the changes that Mourad is suggesting. How should we make the decision to change? It seems like we're selling more this year than last year and I think we have some new customers. But I don't know how much more we can grow.

If we grow, we may need more workers but we can't afford to hire them unless we know how much we can sell. If we want to sell more, all of us will have to work harder on finding customers in addition to doing our regular jobs.

Mourad: I don't want to spend all my time selling. There are other parts of the business that will need my attention if we are going to expand.

Nagui: How will we know what our customers will buy so that we don't produce too much? It's already up to the roof. We don't even know what's in the boxes at the bottom of the stacks it's been there so long.

Mourad: It's true that we don't quite know which of our products sell the best. Last year, we sold out of the new scent of our salt scrub around the holidays. It was a complete surprise. We could have sold a few more cases of the scrub if we'd been able to produce them quickly. I don't know what set off the buying.

I'm planning to hire two salespeople part time. In fact, I have already hired one person. There is one salesperson who works primarily in the office - Mohammad. And of course, Enas helps with orders on top of doing all the computer work.

Nagui: Don't forget me! I have done most of the sales activities for this company over the past 25 years. I tell Mohammad what to do. Sometimes a friend tells us about a business person that they know who might be interested in selling or buying our products. Many times Mohammad will find out a bit more about their business before I meet with them. Sometimes I send him up to Amman with a few samples to show to potential customers. But I close all the major deals. Sometimes I pay Mohammad a bit of a bonus when he signs up a new customer.

You can tell that Nagui and Mourad get along well and that they are both interested in keeping Naseem Dead Sea Products thriving and healthy.

You: You've given me a lot to think about. Why don't you think more about what you want the business to do and we can continue our conversation on my next visit.

The night after your meeting, Mourad and Enas talk about the business Enas has managed the accounting for the business since she was a girl. She is a little worried about what Mourad's business expansion plan might cost them. She is

also concerned that she will be the one doing all the new computer-related work, as no one else in the company other than Mourad and a few others even know how to use a computer. For example, Mohammad does not ever use the computer to enter in his sales records. She confides that she doesn't feel she knows enough to take on more complicated computer tasks without some training.

What do you think?

- What are the key sales management issues in the Naseem Dead Sea Products Company?
 - What **direction** has the Naseem Dead Sea Products Company set? How has this been determined and shared with others?
 - How does the Naseem Dead Sea Products Company **define** its sales functions? Describe the sales force.
 - How does the Naseem Dead Sea Products Company **measure** and analyze sales related information? How is this information collected? How it is used to guide other sales management decisions?
 - How does the Naseem Dead Sea Products Company **reward** and motivate sales efforts within the company?
- How is the Naseem Dead Sea Products Company using technology to assist with sales management processes? How could it better utilize technology applications?
- If you were running the Naseem Dead Sea Products Company what would your sales management priorities be?
- What are the implications of acting on these priorities and solutions?

Part I: Set Direction (Modules 3 – 7)

1.1 Articulate Owner's Wishes

Two weeks later you plan a second meeting at Naseem Dead Sea Products.

You: It's important that you both decide what you want out of your business so that you can develop some plans based on your wishes.

Nagui: I think the business is fine as it is. Maybe it would be good to know more about what was selling and why, but Mourad, I know you have plans.

Mourad begins to talk excitedly.

Mourad: What I would like to do is to speed up the rate that we produce products and maybe lower the prices. If we can sell more, we don't have to charge as much. Last year we sold about JD 95,000 in total product sales. I think we can sell 15% more this coming year and 15% more after that. We can find new customers at the trade fairs in the other cities. I can probably get financing from a government program for new equipment to increase production.

I'm excited about what Naseem Dead Sea Products was able to do with the Amman marketplace. We already have 10 retail cosmetic shops in Amman that sell our products.

Nagui: It took a lot of work to find those Amman customers. At the factory shop we sell to tourists who come to the shop and buy what they need as they need it. But the Amman wholesale customers provide a much greater income to the company.

Mourad: I'd like to find ways to add another set of wholesale customers. And, if we could produce some new products, we could sell more to each customer. I'd like for us to double our sales over the next five years.

Nagui: Most of the time that Naseem Dead Sea Products has been in business, it's been run the way my father ran it, but last year we tried a lot of different things.

You: What happened?

Nagui: It seems like we spent a lot of money. I'm afraid that trying new things will eventually cost us the company.

- Mourad: Yes, but we need more customers and we need more people selling to customers. We need more customers like the ones we have in Amman who can sell our products in the big cities. And maybe we can add a few new products other than the ones we sell now like a line of cosmetics or spa wear.
- Nagui: Maybe. But we don't make as much money on each of the products that we sell in Amman as the ones that we sell in the store here. And who would we sell the spa wear to?
- You: You have some experience right onsite that you might want to use to get some feedback on your ideas. Why not ask some of the workers who have been in the factory since your father ran the business? Let's see how your internal experts respond to your ideas for business direction.
- Mourad: We could become the only supplier that the Dead Sea spa resorts come to for everything. We could sell them what they need both for their own use and for resale. Naseem could be HUGE! We could sell robes and sandals and . . .
- Mohammad: I can't do any more than I already do. I can't be driving around the Dead Sea looking for customers on top of the other sales work I do.
- You: You might be able to get to that point, Mourad, but you need to plan your growth in specific, measurable steps. Let's look at what's feasible.
- Enas: If we could find a few spa resort customers this year, we can learn what kinds of products sell the best.
- You: What about setting a target of one spa resort as a customer in the first half of the year and one per quarter after that?

Note to facilitators: There are lots of thoughts about the Owner's Wishes in this section. Also have learners refer to the Foundation section. Mourad has thought about a few of the how-to's so this isn't entirely wishful thinking.

1.2 Identify Existing and Future Capacity

Priorities have been outlined for the desired direction of Naseem Company. Nagui has told you that the present staff is stretched pretty thin at this point keeping up with their Amman wholesalers. But Mourad also wants to increase sales. As you arrive at your meeting you wonder what it will take for Naseem Company to grow to the size that Mourad wants.

You: You have some interesting plans for expansion but you probably want to see what you can produce with what you have right now.

Nagui: We have two large mixers which can produce our mud mask or salt scrub, plus a mixing vat that my father used and we now use for body oils. They have to be scrubbed out after each scent change. The mixers are much faster and will hold 2-3 cases worth of product at a time. We mix each batch for about 2 hours.

We have two new bottling machines and we change the configuration for each size of container. It takes about half an hour to bottle a case and set up takes another hour. We have the old bottling system, the Alico that my father used. We maintain it in case we need to increase capacity some times. I pay a man who worked for my father a little bit each month to make sure it's ready to run.

Finally we have one labeling machine as well as labeling by hand when we need to.

Last year when we had those extra people we used them as helpers for the workers running the packaging machines so we could speed up production a little bit. They could do the scrubbing and the set up for the next type. There weren't enough machines for them to work on their own during the day but once they had spent enough time with the packing workers, they sometimes came in during the evening and worked. At that point, we kept the factory open 12 hours/day.

Mourad: We keep about 8 workers employed almost all of the time.

Mourad: I wonder how many products we could produce if we worked the factory 100% of the time.

Nagui: If we kept the factory going full time, we'd need a lot more money in raw materials. Right now we spend about JD 355 to make about 10 cases of bath salts, 4 cases of mud mask, 10 cases of salt scrub and 2-4 cases of body oil. We've been piling stock in the backroom because we make products faster than we can sell them right now.

- Enas: I'm not sure we know what's in the storage area now. Some of the earlier boxes might have the old packaging that's really outdated. I don't know what we'll do with that.
- Nagui: Last year Mourad had an idea to make up gift sets to sell during the tourist season. It was a good idea. We priced the gift set slightly higher because it was nicely packaged and we added a little bottle of scented oil as a bonus. We made a good profit on those gift baskets.
- Enas: Yes, and then we sold out of the baskets. The tourists had told each other about the baskets and were disappointed when they couldn't buy them. By that time, another Dead Sea products company had gotten the idea. I think we lost a lot of tourist business to them that way.
- Mourad: Once we saw that we had run out, we had workers working overtime to make the scented oil and package the baskets.
- Nagui: I think we lost some money on it at the end. We had to pay workers more time; they were tired so there was more product breakage; and we still had to keep up with our regular customers.
- Enas: Yes, and the tourists who didn't get what they wanted from us went to another store and will probably go back there again next year even though our products are better.
- You: Those are all valuable lessons in capacity planning. Let's talk about your equipment and the growth that you would like to achieve. You say you use the equipment about 8 hours a day. What would you do if you achieved greater sales increases than you expect and you needed to increase your production capacity?
- Nagui: I suppose we could add more workers
- Mourad: If we become a spa supplier, they might want their own label on their products. We could do that with a second shift.
- Enas: We'd need to add people, but we wouldn't have to buy new equipment.

Note to facilitators: Guide learners to look beyond production capacity. Other capacity issues include:

- ***Sales capacity***
- ***Raw materials costs***

- *The worker capacity that Nagui brought out in the Foundation section*
- *The storage capacity in the store (stacked to the roof).*

1.3 SWOT Analysis

Areej is a successful cosmetics product manufacturer who also uses Dead Sea minerals in their products. Areej sells their cosmetics in the duty free shop at the airport. They also have at least one foreign wholesale customer who orders over the Internet. Naseem decides to perform a SWOT Analysis on Areej in preparation for launching a new Dead Sea cosmetic. They want to know how much of the Dead Sea cosmetics market Areej already has. They also want to find out where Areej is already strong in the market. Mourad plans to look around in the stores that carry the Areej products to find out more.

They carefully focus the SWOT search statement. “We are going to perform a SWOT on the potential market share for Naseem Dead Sea cosmetics vs the market share of Areej.”

	Positive	Negative
Internal	<p>What are your <u>strengths</u>?</p> <ul style="list-style-type: none"> • We have an existing customer base in Amman • Our wholesale accounts like being served by the owner and might refer others. • Our products are based on research in healthy skin care • We are committed to quality packaging; our products look good in the stores 	<p>What are your <u>weaknesses</u> in response to Areej?</p> <ul style="list-style-type: none"> • Cosmetics are a new area to us • Areej has a 10 year reputation in the cosmetics industry • They are a bigger company • They have an internet storefront • They get name recognition by being in the duty free shop
External	<p>What <u>opportunities</u> are presented to you by their weaknesses?</p> <ul style="list-style-type: none"> • Luxury markets might prefer our quality of product and packaging • We could provide referral bonuses from our current wholesale accounts to any referrals outside of Jordan • We can position ourselves as boutique in relation to the larger corporation 	<p>What <u>threats</u> do they present to Naseem?</p> <ul style="list-style-type: none"> • They have a 10 year head start on us. • They are known for cosmetics in Jordan. • They are listed on Jordan website for cosmetics

- **Note to facilitators: Make the point that the tightly focused SWOT statement guided where to look and exactly what to look for.**

1.4 PEST Analysis

You have helped Nagui and Mourad establish a list of owner's wishes for setting the business direction and they have discovered what they can produce with what they have. You know that their greatest chance of success involves looking at both external and internal forces. You recommend a PEST Analysis

Here are two possible "subject statements" for a PEST Analysis:

1. New Product

- Mourad would like to see if Naseem Dead Sea Products can sell more of its body products in Jordan or abroad.

2. New Market

- Mourad knows that the luxury spa trade market pays a more for products than wholesalers and also buys in much higher volumes. He would like to explore that market.

Part 2: Define (Modules 8 – 13)

2.1 Forecast Sales

Nagui and Mourad have now tested their potential business objectives by looking at internal and external influences. They have also uncovered their capacity numbers. Now it's time to look at Mourad's sales expectations. You can test his projected sales objectives by working on a reasonable sales forecast based on their current business practices.

You: It's easy to get caught up in your ideas for expansion, but let's look at what's been selling. How much do you sell per month?

Mourad: I think we sold about JD 11,000 in Amman last quarter and they seem to think that they will need to reorder every two months. If we add three more Amman wholesalers and a couple in Aqaba, we should sell JD 3,403 more a month to the wholesalers.

I think our market in Amman will grow by about 30% over the next two years, maybe more.

You ask Mourad to put together the sales history over the past three years so that the two of you can look at it together. He says there isn't much written down but he can talk to Nagui, Enas, and Mohammad. These are the numbers they come up with.

Enas: Some of these are assumptions but they are based on the best possible information we have.

Mourad: We sell our large bath salts for JD 4.2 a piece to the Amman distributors. The large mud mask sells for JD 5.4; the small mask sells for JD 4.9. The large body oil sells for JD 7.8 and the small for JD 6.3. The large salt scrub sells for JD 4.2 and the small scrub for JD 3.5.

Sales by revenue	Average/Quarter
Large bath salts	2,835
Small bath salts	1,640.6
Large mud mask	3,037.5
Small mud mask	1,837.5
Large body oil	2,925
Small body oil	1,417.5
Large salt scrub	3,,937.5
Small salt scrub	1,640.6

Sales by product volume	Average/Quarter
Large bath salts	675
Small bath salts	468
Large mud mask	562
Small mud mask	375
Large body oil	375
Small body oil	225
Large salt scrub	937
Small salt scrub	468
Totals	4,085

Note to facilitators: The lack of sales documentation is perhaps not surprising. Possible discussion point: how to work with the lack of written records. Is this one of the benefits the SMEs will realize if they use technology – having written documentation readily available to guide decision making? Use the quarter approximations to determine the annual sales in both product and revenues.

2.2 Sales Funnel

Mourad's plans to create a sales force suggest a need to actually *manage* their sales functions. In order to manage a sales staff, they need to understand the stages of their sales process. Since the best opportunity for expansion appears to be through new markets beginning with Amman, Nagui and Mourad need to know how those sales come about. You ask about the Amman sales.

Nagui: That's a good question. We found the first Amman outlet through a mutual friend. I called him and we phoned back and forth for about two weeks before we connected. After we spoke on the phone several times over four weeks, Mohammad drove several samples of our products for him to see. Mohammad left the samples with him for a week by his request, so that he could see what his customers thought about them. I called him back a couple of weeks after that and we talked about wholesale prices. He spent another couple of weeks thinking about the offer. I called him back to check on our arrangement, and he said he would try a case of each size in our most popular scent. It wasn't a big order but it was a start. He's been our best customer so far and has ordered regularly.

Note to facilitators: Learners can find the length of each sales stage for the Amman market in Nagui's conversation above:

- **Stage 1; Get prospects = 2 weeks**
- **Stage 2; Contact = 4 weeks**
- **Stage 3; Yes, Send samples = 2 weeks**
- **Stage 4: Wholesale pricing = 1 weeks**
- **Stage 5: Buy = 1 week**

Mourad: I've been working through the same friend of Nagui's to get a few more introductions. He's given me about 30 or so names. I've been able to talk to about 10 of them but certainly not all. And then sometimes, when Mohammad delivers the samples, their customers don't like the labels or the fragrance or the products themselves and nothing happens. I think we still have 5 cases of samples out and 2 of them have actually sent the samples back. I'm not sure why these two are sending back the samples. Maybe they don't like the wholesale prices that I am able to give them. I wasn't able to come up with low enough prices for a couple of people. Not every Amman contact turns into a customer, that's for sure.

Note to facilitators: Learners can find the percentage potential of each sales stages in Mourad's conversation above.

- **Stage 1; Get prospects = 30**
- **Stage 2; Contact = 10 (33%)**
- **Stage 3; Yes, Send samples = 5 (50%)**
- **Stage 4: Wholesale pricing = 3 (60%)**
- **Stage 5: Buy = 2 (40%)**

Part 3: Measure (Modules 14 – 17)

3.1 Sales, Profitability, and Breakeven Analyses

The Naseem Dead Sea Products Company is working their way through the Sales Management wheel. They know what they want the business to do; they know what to expect for future sales. They've even documented their sales process and Enas is figuring out how they can use their computer to manage all the information they have collected. Everyone can see that the more information that they can keep current about Naseem Dead Sea Products, the better they will be able to manage and sustain business health and growth.

You know that it's important to look at what sells to whom, which products cost the least to make and sell for the most money, which products sell in the greatest volume, which employees contribute the most value to the company, and which customers are the most profitable.

You: Tell me about your business. What does it cost you to make a case of a product?

Nagui: It costs JD .39 in raw materials to make a case of our small sized mud mask and it sells for JD 7 a piece in the store. We give our wholesalers a discount of about 30% off the retail price.

You: How about the cost of your factory?

Nagui: I pay about JD 600 a month to operate both the store and the plant and another JD 1,750 a month for the workers and about JD 1,300 to me, Mourad and Enas.

Mourad: Don't forget Mohammad. We pay him about JD 150 a month.

Nagui: Yes, if you figure it all together, it costs me about JD 40,000/year to pay for all the people and the factory and the store.

You remember that Nagui told you about how long it took to produce 2-3 cases of product. Everyone is beginning to think about the numbers behind doing business and everyone is working with the same sets of numbers now.

You: How much did you sell to your wholesale accounts last year?

Mourad: Mohammad and I were able to figure out what we sold in Amman by looking through his order books and files and some scraps of paper and the paperwork that he sent back to the customers. We sold 112.5 cases of large bath salts and 78 cases of small; 93.5 cases of large mud masks and 62.5 cases of small; 62.5 cases of large body oil and 37.5 cases of small; 156 cases of large salt scrub and 78 cases of small.

Enas: Don't forget that they returned 4 cases of the new fragrance of large body oil and about 5 small cases.

Mourad: That's right. And Nagui mentioned that we sell the small bottles at a slightly smaller discount because they cost almost as much to produce. No one says anything about paying a little bit more for them.

You: How much do you sell the large bottles for to the Amman customers?

Mourad and Enas show you their handwritten notes below:

Product	Raw Material Cost in JD	Wholesale price in JD
Large bath salts	2.04	4.2
Small bath salts	1.64	3.5
Large mud mask	2.34	5.4
Small mud mask	1.94	4.9
Large body oil	4.73	7.8
Small body oil	3.63	6.3
Large salt scrub	2.84	4.2
Small salt scrub	2.04	3.5

You: This information is very valuable. It can help you with the business decisions you need to make as you achieve your wishes for the business.

Note to facilitators: Should you wish to work through another scenario for any of these sections, you can find a spreadsheet with all the Naseem numbers in the attached case study numbers file.

Breakeven Analysis

Mourad: I've been thinking about the conversation that we have had on analysis. It's really helping us focus the business on the products that make us the most money. We've even figured out how many products we will need to sell to breakeven on a new sales person. This is all making a lot of sense but I had another thought. You know that old Alico bottler that belonged to Nagui's father?

Mourad: It not only takes up space that we could use for storing product but it's costing us monthly to maintain it. I suppose paying for maintenance would be all right if we could actually use it, but as soon as anyone but Nagui touches it, it practically falls to pieces. We have to stop production to clean up the mess, especially if we were mixing oil.

You: Why not run a set of breakeven numbers on it to see if it makes sense to move it out of production? Maybe Nagui could use it to test market some specialty items. That way it wouldn't be in the actual factory.

You sketch a little table for Mourad to use, explaining that once he fills in the numbers, he can evaluate the total cost of running the Alico Bottler and measure it against the money that it brings in.

Alico Bottler			
Cost		Revenue	
Plant floor space		Specialty products	
Maint. Cost			
Down Time			
Nagui Time			
What else?			

Mourad: That's a great idea. I didn't know you could run breakeven on machinery.

You: You can run a breakeven on anything that has a cost and revenue and that includes equipment. Think about this. You want to buy a new piece of equipment and you know how much it costs. How much revenue will that cost (the new equipment) have to produce (the revenue) in order to hit a breakeven point? It's a great way to measure the business value of any significant expense.

Part 4: Reward (Modules 19 – 20)

4.1 Commission Structures

You return to the Naseem Dead Sea Products Company two weeks later. You recall conversations that you had in the other meetings:

Nagui: I have done most of the sales activities for this company over the past 25 years. I tell Mohammad what to do. For example, sometimes a friend, family member, or customer tells us about someone they know who might be interested in selling or buying our products. Many times Mohammad will find out a bit more about their business before I meet with them. Sometimes I send him up to Amman with a few samples to show to potential customers. But I close all the major deals. Sometimes I pay Mohammad a bit of a bonus when he signs up a new customer.

Note to facilitator: Currently, Mohammad is more of an office worker than a corporate sales person. Direct attention to the fact that Mohammad does not seem to take any initiative in his corporate sales work (just does as he's told).

Mourad wants to work on other parts of business expansion and not take over the sales activities that Nagui did. They also have told you that they will be hiring salespeople. They may be assuming that these salespeople will be as focused in sales efforts as Nagui but they aren't thinking about Nagui's commitment to the business as the business owner, which drives his efforts. They need to set up a different set of motivators if they are going to be successful with hired salespeople. Right now there is no established reward system.

Note to facilitator: This part of the Sales Management wheel is very weak. It will need to be improved as Mourad creates an actual dedicated sales team.

You: There is one more thing I think we should talk about. Let's talk about how you reward your salespeople for successful sales.

Nagui: I sometimes pay Mohammad a little extra on the business that he brings in. The rest of us don't need a reward. It's enough for us to see the business successful.

You: Yes, but you told me you are planning to hire salespeople. How will they know what is the most important customer activity?

Mourad: I thought that everyone who worked at the company could act as a salesperson. And if we pay commissions or bonuses, won't it cut into our profits?

You: Well, for us, commissions actually drive our business growth. As a sales person, I know that for me to make more money, I have to focus on the things that make the business money. And the more I sell, the more we all make. It's like we're all in this together.

Mourad: So we'll pay more bonuses.

Enas: No, we have to pay them bonuses or commissions based on what we want to business to do.

You: That's right. For instance, if you wanted the sales people to exceed a sales goal of JD 25,000/quarter, you might pay them a little higher commission on sales over their target. And, if you wanted them to bring in new customers, you might pay them extra for bringing in new customers of a certain size.

Nagui: And, since we know that the large products make us a little bit more money than the smaller ones, we could pay a bonus for sales of the large product sizes.

You: That's about it.

Note to facilitator: The following are some sample commissions that Naseem might want to consider paying, depending on what parts of the business they want to emphasize:

- ***2% on sales up to JD 25,000/quarter***
- ***3% on sales from JD 25,001 – JD 50,000/quarter***
- ***JD 500 bonus on all new customers with single sales over JD 25,000***
- ***JD 50 bonus for in-stock orders over JD 5,000***
- ***JD 10 bonus for every 10 cases of large salt scrub sold***



Furniture Manufacturer Builds a Better Network and Cost Management/Marketing Solution – CASE STUDY #1 (IMAGIN

Over the last two years, Carolina's Choice by Williams, Inc., has been challenged to keep the cost of goods under control as the price of raw materials changed quickly. Capturing, changing, and communicating the new cost information to its sales channel needed to happen more rapidly.

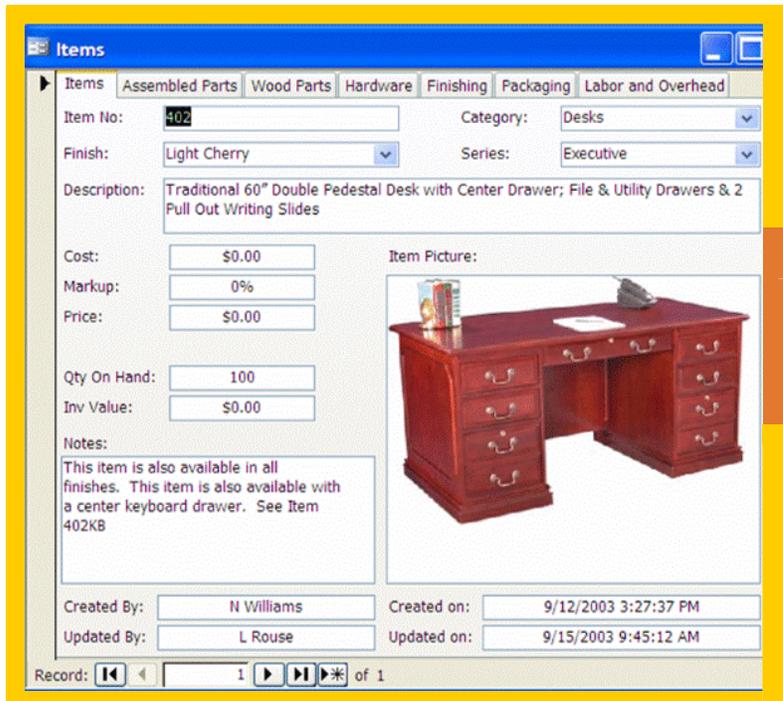
With the help of its IT partner Harrison Technology Consulting, Carolina's Choice created:

- o a more flexible and powerful network infrastructure,
- o a single-entry cost management system, and
- o new communication and collaboration tools that dramatically affect how both the internal staff and the company's sales channel respond to changing costs.

CUSTOMER PROFILE	BUSINESS SITUATION	SOLUTION	BENEFIT
<p>Carolina's Choice by Williams, Inc., is a small, independent furniture manufacturer that specializes in the manufacturing of high-quality furniture for the home and office. The company sells its furniture through a network of dealers throughout the United States. Located in Rocky Mount, North Carolina, it has annual sales of approximately U.S. \$1.2 million.</p>	<p>Carolina's Choice has found that managing its rapidly changing cost of goods has become more challenging. There are two essential processes involved that have always taken a long time:</p> <ol style="list-style-type: none"> 1. Being able to quickly recalculate costs in response to changes in the cost of raw materials and to adjust product pricing accordingly is critical to maintaining profitability. 2. Quickly communicating those price adjustments to the sales channel is essential. 	<p>Using Microsoft® Office Professional Edition 2003 and Microsoft Windows® Small Business Server 2003 with Microsoft Windows SharePoint™ Services Carolina's Choice:</p> <ol style="list-style-type: none"> 1. replaced its peer-to-peer network, 2. overhauled its cost management system, and 3. dramatically improved its marketing communications processes. 	<ul style="list-style-type: none"> ▪ The single manager estimate ▪ Rich, up informat sales cha ▪ The new system i standarc accesso it ▪ New solu business \$2.5 ▪

Single-Entry Costing Saves an Estimated U.S. \$72,000 a Year

The Excel-based costing system was transferred to Microsoft Office Access 2003. Carolina's Choice is taking advantage of the relational database capabilities of Access to store data about furniture parts and finished goods in separate tables. Each furniture part is "related" to each finished goods item in which it is used. When the cost of raw materials changes, the new information only needs to be entered once. The change is automatically replicated throughout the finished goods database, which, in turn, automatically updates the new selling price and price sheet for each finished good. "With single-entry cost adjusting, we immediately can see savings being as high as \$72,000 per year," says Nan Williams, Vice President. "And that's in direct labor costs.



At the heart of the new cost management system are product entry forms created with Access 2003. Changes in raw material costs can now be rapidly applied to all affected product lines.

Adapted from <http://www.microsoft.com/resources/casestudies/CaseStudy.asp?CaseStudyID=14702> (20 June 2004)

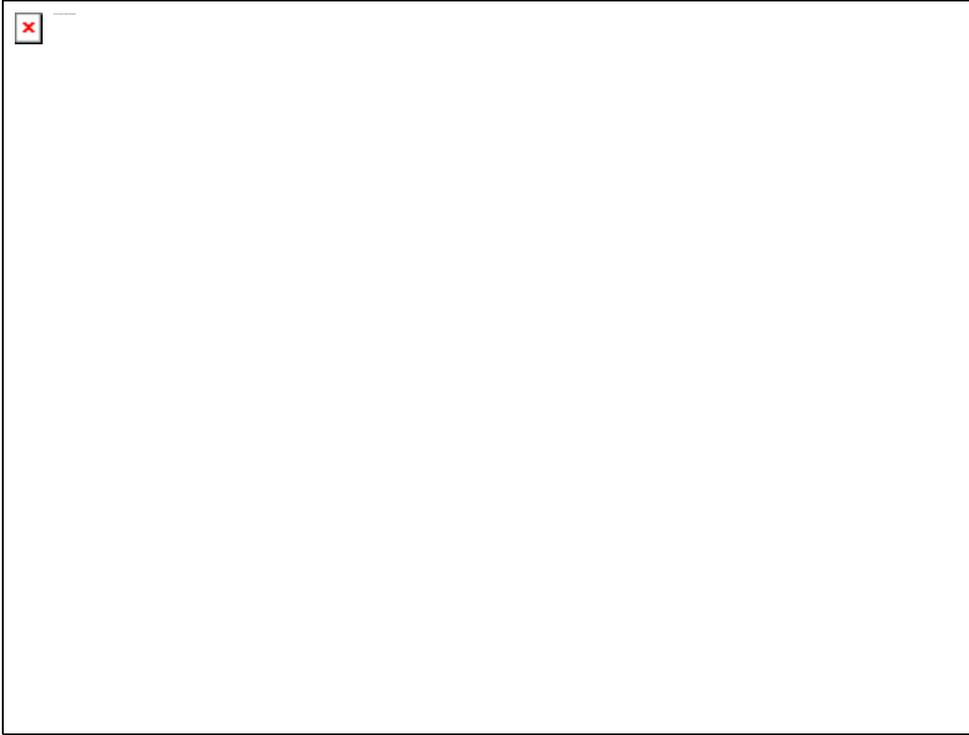
The ability to make precise cost adjustments daily if needed allows us to stay very competitive across our whole product line—something that was impossible before.”



Construction Industry Giant Gives Its Subscribers Competitive Edge by Providing Up-to-the-Minute Access to Key Data STUDY #2 (IMAGINE!)

McGraw-Hill Construction is the leading provider of project and product information, industry news, trends and forecasts to more than one million customers in what is a more than three trillion dollar global design and construction industry. The company's online news product, DataLine, delivered project information to subscribers once every 24 hours, not often enough for the fast pace and competitive nature of today's construction industry. Additionally, the application used proprietary technology that was expensive to maintain. Seeking to increase competitive advantage and revenue while lowering operating costs, McGraw-Hill Construction created the McGraw-Hill Construction Network. Working with Xerox Global Services, McGraw-Hill Construction leveraged the power of the Microsoft Office System to give subscribers access to up-to-the-minute data anytime.

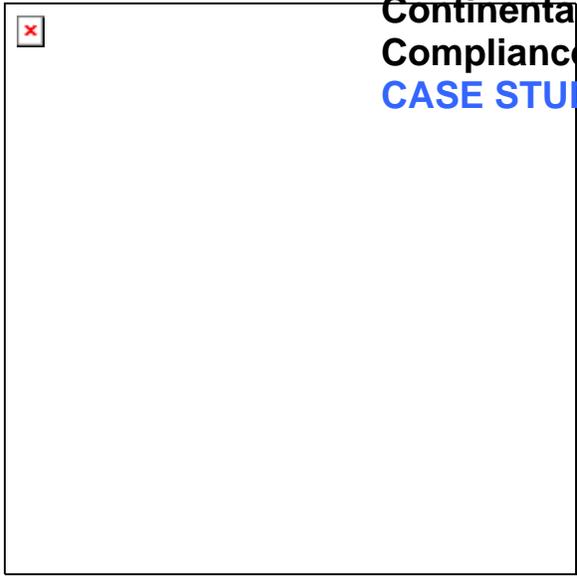
CUSTOMER PROFILE	BUSINESS SITUATION	SOLUTION	BENEFITS
McGraw-Hill Construction is the largest information and intelligence provider to the design and construction industry, serving more than one million customers. The company provides project and product information, news, trends and forecasts in an industry that exceeds U.S.\$3 trillion globally.	The program McGraw Hill Construction used to deliver project information to its subscribers used technology that was expensive for McGraw-Hill to maintain. Subscribers received updates once a day; not often enough for the fast pace and fiercely competitive nature of today's construction industry.	Together with Xerox Global Services, McGraw-Hill developed features for the McGraw-Hill Network solution, providing subscribers with anytime-access to up-to-the-minute data, using familiar yet powerful Microsoft® Office System programs, while at the same time fulfilling all its mandates to keep costs low and time-to-benefit short.	<ul style="list-style-type: none"> o Reduces operating costs o Increases competitive advantage by increasing customer retention and new subscriber opportunities o Increases subscriber competitive advantage: reduces by up to 35 percent the time subscribers spend accessing information o Use of the .NET Framework resulted in fast time to benefit; solution was developed in only 6 weeks



Subscribers access the McGraw-Hill Construction Network using a Microsoft Office smart document hosted in Word 2003. Saving the report for offline use or

exporting search results to other Microsoft Office programs is as easy as selecting actions presented in the task pane on the right.

Adapted from <http://www.microsoft.com/resources/casestudies/CaseStudy.asp?CaseStudyID=14766> (20 June 2004)

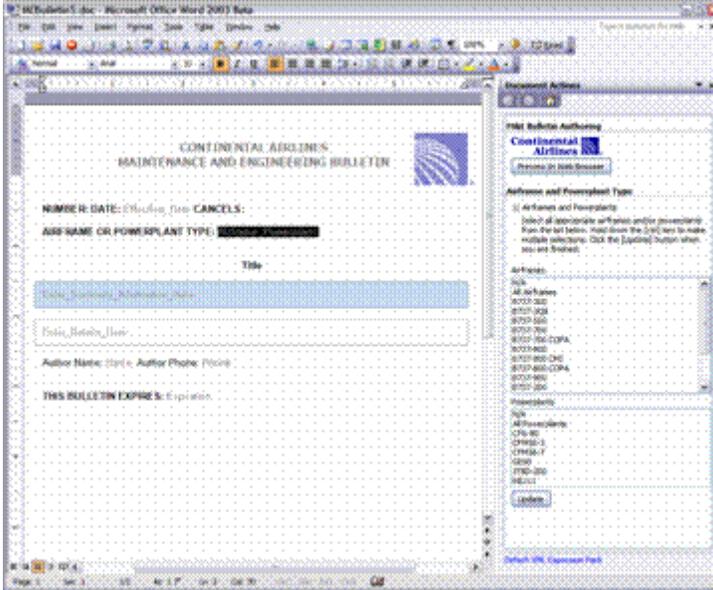


**Continental Improves Efficiency and the Bottom Line While
 Compliance with FAA (Federal Aviation Administration) R
 CASE STUDY #3 (IMAGINE!)**

During the last ten years, Continental Airlines has received several awards, including being named Airline of the Year and best U.S. airline for business travel. Seeing an opportunity to improve operations while keeping its pledge to customers and shareholders, Continental worked with Xerox Global Services to develop a solution that would simplify processes and reduce the risk of unfavorable audit results related to routine Maintenance Advisories. The comprehensive solution they devised slashes Maintenance Advisory production costs almost in half while helping to ensure favorable audit results. As a result, Continental expects to save more than U.S. \$750,000 annually.

CUSTOMER PROFILE	BUSINESS SITUATION	SOLUTION	BENEFITS
Continental Airlines is the fifth-largest airline in the U.S., with more than 2,200 departures daily to 133 domestic and 92 international destinations. Based in Houston, Texas, Continental serves more international cities than any other U.S. carrier.	The authoring, approval, and distribution process for routine Maintenance Advisories was lengthy and labor-intensive. Company policy required employees to read and acknowledge new Advisories within 20 days; a requirement auditable by the FAA	Together with Xerox Global Services, Continental created a solution that puts Advisories into the hands of maintenance personnel much more quickly, improving the bottom line and helping Continental achieve favorable audit results, while continuing to meet its high standards of	<ul style="list-style-type: none"> ○ Enhances productivity; reduces costs for producing Advisories by almost half ○ Ensures compliance; improves reporting capability ○ Seamlessly integrates solution components and helps

		customer service.	Continental extend the usefulness of its documentation
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The Microsoft Office smart document makes authoring a Maintenance Advisory simple and quick

Adapted from <http://www.microsoft.com/resources/casestudies/CaseStudy.asp?CaseStudyID=14762> (20 June 2004)

Overview of the GNC Sales Management Tools – Series

Introduction

This document and the accompanying zip file provide GNC interns with a set of sample tools to use as templates with SME owners and their employees. In addition, the following web sites provide a wealth of excellent business templates that are free for you to use. Please remember to always acknowledge the creators of these materials when using them. If you find other great sites with collections of tools please let us know on the www.gnc.org website!

- Olin School of Business
<http://www.olin.wustl.edu/faculty/coon/spreadsheets.html>
- Score: Counsellors to America's Small Business:
http://www.score.org/template_gallery.html
- JaxWorks: Small Business Spreadsheet Factory www.jaxworks.com)
- Business Balls www.businessballs.com

SME Sales Focused Tools

Tool	Description	Location
SWOT (Set Direction)	Good outline and description of the SWOT analysis. We've revised this tool for your use. (Tool Provider: Businesss Balls: www.businessballs.com)	Web Page: http://www.businessballs.com e.htm Document on CD: SMTool
PEST (Set Direction)	Good outline and description of the PEST analysis. We've revised this tool for your use. (Tool Provider: Businesss Balls: www.businessballs.com)	Web Page: http://www.businessballs.com .htm Document on CD: SMTool
Capacity Planning (Set Direction)	Spreadsheet tool that helps SME owner plan capacity utilization. Model is based on a machine, people, shifts and two products. Conditional formatting to provide a "dashboard" for managing capacity. (Tool provider: Digital Opportunity Trust www.dotrust.org)	Document on CD: SME C

NetCorps Jordan: SME Theme Facilitator Toolkit

<p>Sales Forecast (Define)</p>	<p>This is a very good 12 month sales forecast tool that details sales by category groups and provides a history of sales as well.</p> <p>(Tool provider: Score: Counsellors to America's Small Business: www.score.org)</p>	<p>Web Page: http://www.score.org/downloads%20Forecast1.xls</p> <p>Document on CD: SME 12</p>
<p>Sales Funnel & Forecast (Define)</p>	<p>Spreadsheet tool that calculates factored revenue based on funnel stages and probabilities and forecasts by quarter. Easily modified to include multiple sales reps.</p> <p>(Tool provider: Digital Opportunity Trust www.dotrust.org)</p>	<p>Document on CD: SME Sa</p>
<p>Breakeven Analysis (Measure)</p>	<p>Guides the user through identifying their Fixed Costs and Variable Costs and then calculates the amount of sales required to break even.</p> <p>(Tool provider: Score: Counsellors to America's Small Business: www.score.org)</p>	<p>Web Page: http://www.score.org/downloads/Even%20Analysis1.xls</p> <p>Document on CD: SME Br</p>
<p>Product Profitability (Measure)</p>	<p>Looks at various costs and taxes to determine a product's profitability.</p> <p>(Tool provider: Olin School of Business http://www.olin.wustl.edu/)</p>	<p>Web Page: http://www.olin.wustl.edu/files/Cost-Volume%20Profit</p> <p>Document on CD: SME Pr</p>
<p>Sales Commission Structures (Reward)</p>	<p>Spreadsheet tool that calculates commissions on four different strategies: Product, Timing, Activities and Volumes.</p> <p>(Tool provider: Digital Opportunity Trust www.dotrust.org)</p>	<p>Document on CD: SME Sa</p>
<p>Product Sales Plan (Optional)</p>	<p>Good document the covers strategy for product sales plan.</p> <p>(Tool provider: Olin School of Business http://www.olin.wustl.edu/)</p>	<p>Web Page: http://www.olin.wustl.edu/files/ans/3-sales.doc</p> <p>Document on CD: SME Pr</p>
<p>Sales Channel Analysis (Optional)</p>	<p>Provides a good framework for analyzing sales by channel.</p> <p>(Tool provider: JaxWorks: Small Business Spreadsheet Factory www.jaxworks.com)</p>	<p>Web Page: http://www.jaxworks.com/s</p> <p>Document on CD: SME Sa</p>

Posters

The NCJ Project Map

The NCJ Sales Management Wheel

Select Project

- Identify Possibilities
- Prioritize
- Project Scope
- Action Plan
- Promote

Set Direction Audit

1. Articulate Owner Wishes
2. Identify Capacity
3. PEST Analysis
4. SWOT Analysis



Reward Audit

10. Commission Structures

Measure Audit

7. Sales Analysis
8. Profitability Analysis
9. Breakeven Analysis

Define Audit

5. Forecast Sales
6. The Sales Funnel

SMEs in Transition

(TO BE FORMATTED – USE TEXT BELOW)

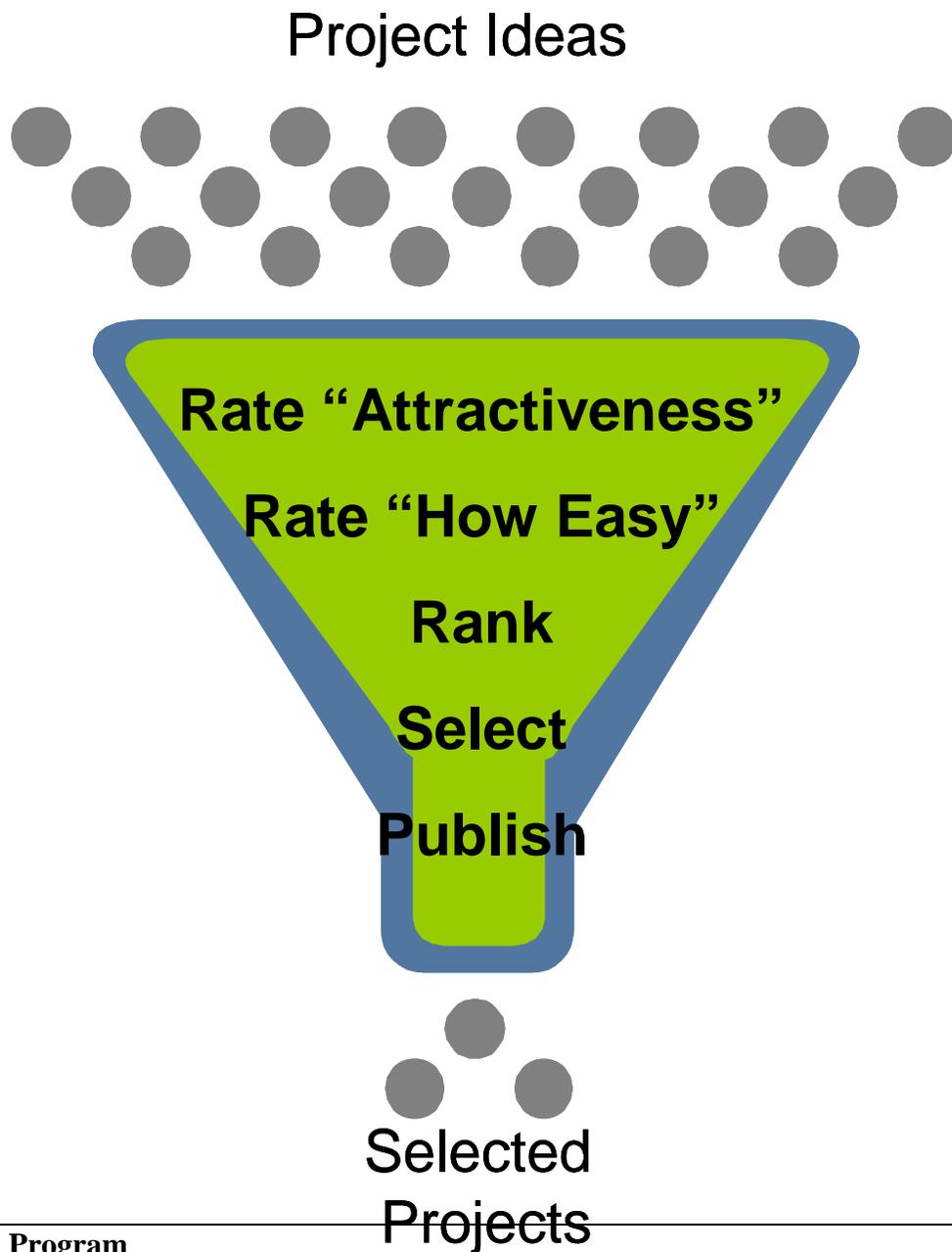
Stage 1

reactive
no direction
decisions by seat of pants
owner is still a doer
keeps low performers
afraid of competition
no consequences for action
hires rookies
everybody does everything
unable to measure results
focuses on creating jobs
favoritism and nepotism
started on a shoestring

Stage 2

proactive
goals and objectives
make informed decisions
owner is a manager
required to meet the bar
thrives on competition
accountability
pays for top people
defined tasks
measurement system
there to make money
fair treatment of people
properly capitalized

The NCJ Project Ranking Matrix



NCJ Sales Funnel

CREATE A SAMPLE PICTORIAL FUNNEL (TO DO)

Web Design Plan Poster

