

Case 21: Cleaning Supplies (II of VII)

ZS Associates, Round 1

There are four product lines:

	<u># Customers</u>	<u>Current Revenue</u>	<u>Prior Year Revenue</u>	<u>%Change</u>
A	12,000	\$24 M	\$18 M	33%
B	24,000	\$30M	\$35M	-14%
C	6,000	\$24M	\$20M	20%
D	3,000	\$30M	\$18.5M	62%

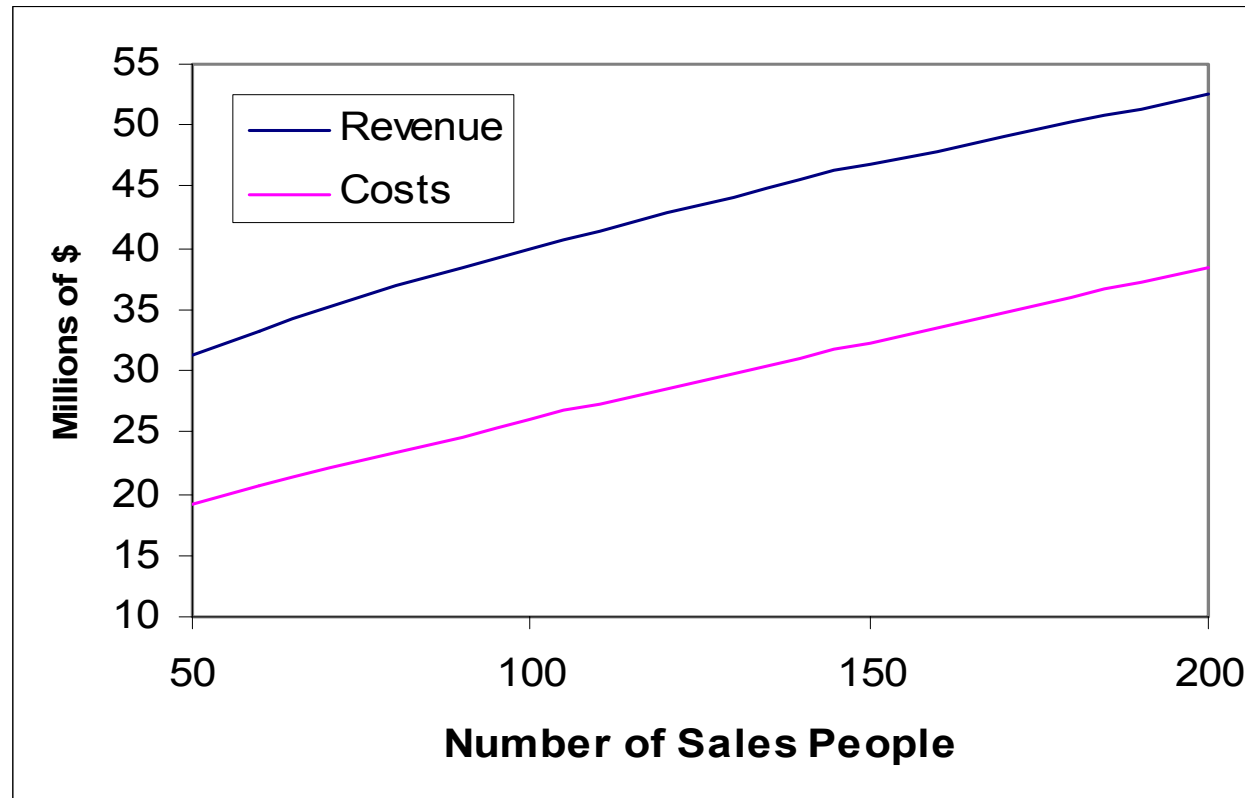
Which products would you concentrate on first and why?

Suppose a sales person can make 3,000 calls per year, and a customer must be called 10 times in order to make a sale. How many sales people should you hire?

Case 21: Cleaning Supplies (III of VII)

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The Research Team provided the following revenues and costs associated with the sales force
Estimate the Optimum Sales Force



Case 21: Cleaning Supplies (IV of VII)

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In the previous slide, revenue is given by

Revenue = $3,000,000 \cdot \sqrt{N}$ + 10,000,000 (N = number of Sales People)

Gross Margin = 80%

Fixed Costs = 8,000,000

Assume each sales person makes \$100,000 in salary and benefits

What is the optimum Sales force?

Exhibit 4

Case 21: Cleaning Supplies (V of VII)

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Sales force information for the competition is as follows:

	# Sales People	% time working on sales calls
Client	?	100%
Comp 1	50	100%
Comp 2	100	80%
Comp 3	200	75%
Comp 4	400	50%

How many sales people should the client hire in order to achieve 25% of the industry's total coverage?