

Case Study

John French CALLPLAN

By Arnaud De Bruyn



The *John French CALLPLAN sales call planning* case study has been designed to be used in conjunction with the *Resource Allocation* software provided with *Marketing Engineering for Excel*. Open the file "*John French CALLPLAN Data (Resource Allocation).xls*." By default, the file installs in "*My Documents/My Marketing Engineering/Cases and Exercises/*." Please also refer to the *resource allocation* tutorial.

Overview

CALLPLAN was developed by Lodish (1971) to help salespeople allocate their calling time to customers and prospects based on judgmental response functions.

For the purpose of this exercise, you will be required to use the all-purpose *Resource Allocation* software provided with *Marketing Engineering for Excel*, which is also built on judgmental response function calibration. Notice however that there is a difference between the CALLPLAN original model and the software you are going to use. In CALLPLAN, recommended efforts are integer numbers (1, 3), while *Marketing Engineering for Excel Resource Allocation* software will make unrounded recommendations (1.2, 2.9). Of course, you cannot make 1.2 visits per month. Keep that in mind when you interpret the software recommendations.

Sales Call Planning for UBC (CALLPLAN)

The Unsweetened Breakfast Cereals (UBC) division of Conglomerate, Inc. competes with Post and Kellogg but with a narrower range of products based primarily on corn. UBC estimates that it has about a five percent market share of a \$9.8 billion market.

UBC has a mixed distribution system: it does mostly direct delivery to its large accounts using its own fleet of delivery trucks, but relies on distributors to deliver to small accounts. UBC account sales reps operate the trucks, restock store inventories and interact with store managers to negotiate for shelf space, end aisle display space and the like. While running its own fleet is a more costly alternative than the more common industry methods, UBC has found that it achieves a higher level of sales and a higher level of retained margins (by capturing the distributor markup), which makes it a reasonable investment.

In early 2004, corporate pressures to reduce staff and to outsource non-core functions forced UBC to carefully evaluate and document the cost-

effectiveness of the operation and make sure it managed the operation in the most efficient manner possible. To help it to control and justify its costs and to conform with Conglomerate's program of salesforce automation, UBC began experimenting with a software tool called CALLPLAN.

CALLPLAN relies on a salesperson's judgmental inputs about likely customer response to calling frequency to suggest optimal allocation of that salesperson's calling time.

To test the CALLPLAN system, UBC management provided its Northeastern US sales force, including its sales rep for eastern and central Pennsylvania, John French, with a prototype of the software. John covers 15 Pennsylvania counties and tries to visit his key accounts at least once a month.

John chose his four accounts in State College for a test: BiLo, Weis, Giant and O.W. Houts. He travels through Centre County every week anyway (although he does not always stop there). In planning his visits for the next quarter, he thought as follows:

"Let's see... I can visit these accounts up to 12 times a quarter or not at all. Actually, for the large retailers, like BiLo, Weis and Giant, I wouldn't want to visit less frequently than twice a quarter, and once a quarter would be the minimum for Houts. I'll have to check my records to see what we actually sold through these retailers last quarter and how many times I actually visited them. I also need to fill in the 'judgmental calibration' form to indicate how much more or less I think we could sell if I call more or less often. I can't possibly work more hours total than I do now, so I can spend no more time with these accounts in the next quarter than I did in the last when I made 24 visits in total."

Questions

To Do:

Question 1. Set up the sales-call constraints as John has specified them and run the optimization in the Resource Allocation version of CALLPLAN to get a recommended calling plan. Do the results make sense? Interpret them.

To Do:

Question 2. John is thinking about putting one or more of these accounts through his distributor. (This is equivalent to removing the minimum visit restriction for each of the accounts.) How does this affect the solution in Question 1? Should he do it?

To Do:

Question 3. John is rethinking BiLo's likely response to more selling effort because its volume has grown recently. He now believes that 50 percent more effort will bring in 50 percent more sales and unlimited effort will bring in twice the current level of sales. How does this affect his calling frequency (assuming no minimum visit constraints)?

To Do:

Question 4. John's regional sales manager has suggested that he spend more time at a new Weis store that has just opened in Harrisburg. According to John's best guess, if he made two additional visits to that store each quarter, he would bring in \$1,400 more in quarterly sales (with a margin similar to that of the store in State College). Should he do this if it means cutting the number of visits to his State College store-clients to four per quarter (again, assuming no minimum number of visits per quarter for any account and using the calibration from Question 3)?



Question 5. How can CALLPLAN or a similar model be adapted to a range of products, some of which are new (whose sales will not be immediate), or to a mixture of current and prospective accounts? (Prospective accounts may or may not provide any sales at all at low levels of selling effort.) Is the model's objective the right one for these cases? What would you recommend?

Reference

Lodish, Leonard M. 1971, "CALLPLAN: An Interactive Salesman's Call Planning System," *Management Science*, Vol. 18, No. 4, Part 2 (December), pp. 25-40.