

Problem Solving and Decision Making

RE-IMAGINING THE SELLING CIRCLE!
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Introduction:

The definition of a problem in business is an unwanted business service or process that takes place or randomly occurs, and the outcome of the problem can be either good or bad depending on the overall solutions applied. To define what the problem is you would first need to create a problem statement which would provide a compendia or description of all the issues that need to be revamped or clarified. A well interpreted problem statement can then be adopted and shared by the company's project team in leu of developing a conclusive long-lasting solution to the overall problem. I used to be a kitchen Design Sales Consultant for a variety of different kitchen design and manufacturing companies.

This assignment will be based upon the problems that I faced whilst working for the last company of which I was employed, the name of this company is Better Living Kitchens Bedrooms and Bathrooms, this assignment will be based on one of their showrooms based in Brent Cross in north west London.

What is the Problem:

The first major problem that I immediately tripped over was endless paperwork and outdated operating business strategy that then in turn caused the job to become a very slow laborious process. This company has already created their own CAD Design Enterprise Resource Management System which is the software platform solution that forms the business's operating foundation and combines then integrates a set of various application level service function options, into one single but uniquely complete functional operating system, allowing all company products and service applications, to then be accessed and utilized in real time in the field by all design sales staff operatives. Although claiming to be brand new to me this current system seemed as though it already needed a thorough and complete overhaul.

The problem lies within the fact that not all product spread sheet data has been fully and seamlessly included within the overall framework of the data base system.

Although they have included the data base for all base cabinets wall cabinets glass cabinets and various other video depictions of certain appliance models, they have still not included some of the most basic design creation tool elements, within the overall application itself.

It does not include fully digitized costing spread sheets, it does not include fully digitized fitting spread sheets, it does not include digitized flexible finance payment suite, it does not include digitized laser sync measuring tool, it does not include automatic 3D rendering capabilities there are no automatic digitized product calculation tools available, there are no automatic digitized costing calculations tools available, with each non-existent element of the operating factor thus, leading to slower design process time, more time in the customers home, and the possibility for frequent errors when calculating or costing the overall job.

Problem Two Pay and Commissions:

With all of the work that we put in, and the number of product units that we sell for the company we expect to be fairly compensated for our efforts it's very hard for design staff operatives to keep track of all bonuses incentive rewards that would be attributed to each successful sale we often lose track with money by not being correctly paid for all reward bonus incentives that this company provides.

We are frightfully concerned with this companies pay and commissions structure which is deeply complex and constructed in such a way that it would be very easy for a design sales consultant to lose track of all associated pay and bonus rewards associated with each job. This company also deploys a strange set of clawback payment rules associated with all completed works that the design sales consultants may have already previously sold.

We get paid for doing our hard-earned work, but the payment is always slow sometimes taking up to 6 months or more, before you've even received your fully cleared sales pay check. When taking the finance option into account when you then receive your check it may not even resemble anything like what you had expected in the first place. Meaning it's often short due to this company's strange policy of so-called clawbacks!

Sales Agent Commission Calculator:

Better Living designers are paid on the net order value of each successful and completed deal there are five elements on which I designer can be paid.

Furniture: Maximum of 15% of net furniture value – Appliances 5% of net appliance value

Granite/Quartz 10% of net granite quartz value – Fitting 5% of the net fitting exclusive of survey fee.

Platinum Accounts (flexible finance) 5% of the total loan value. **but must wait 6mths for 2% of it!**

The following discounts are available to all customers based upon their eligibility status

60% off all furniture based on current range and collection

10% off furniture for previous customers

5% off furniture for NHS employees (proof of employment)

Weekly offer discount Managers special deals

Developers discount: if after all other discounts have been awarded and the customers furniture spend is more than £6000 a further 5% developers discount can then be applied.

If the furniture spend is over £7000 then a further 10% developers discount can then be applied.

Appliance discount offers are also available spend £3500 on furniture and receive £500 off appliances.

spend £4500 on furniture and receive £750 off appliances

spend £6000 on furniture and receive £1000 off appliances.

spend £7500 on furniture and receive £1500 off appliances, spend £9000 on furniture and receive £2000 off appliances fitting commission will also be included.

Book Price Deals:

The book price is the price that the deal should be sold at after allowing for all discounts to work out the book price you must first calculate the gross price for all parts of the customer's order then apply all the relevant discounts.

Example 1:

Previous customer using the Platinum Account (flexible payment plan) the company Weekly offer is 20%

Gross Furniture £19,458 – Appliances £2,358 – Sink and Taps - Hippo Bag (rubbish) £758
Fitting and Survey £1750

The book price for this installation is £7,783 + fitting = £9,720 calculated as follows:

£19,458 – 60% Standard Sale = £7,783 – 10% Previous customer = £7,005 – 20% Weekly Offer = £5,604 qualifies for £750 appliance discount

£5,604 + £2,358 - £750 + £758 = £7,970 plus fitting.

Example 2:

NHS employee, Weekly Offer is 10% Supply Only Gross Furniture = £31,362, Granite £3,250, Appliances £1,732 Sink Taps Lighting Wiring £1,249

Fitting and Survey £150

The book price for this installation is £14,152+ Survey = £14,302 calculated as follows

£31,362 - 60% = £12,545 – 5% NHS Employee Discount = £11,918 – 10% Weekly Offer = £10,726 – 10% Developers Discount = £9,653 qualifies for £2000 appliance discount

Below Book Price Deals:

The book value relates solely to the contract value part of your order fitting not included all deals that are sold beneath book value price are then subject to a reduction in the overall level of pay commission awarded to each designer. Deals that are sold under priced are therefore subject to a decrease in commission payable on the furniture element of each order.

It's at this point that everything seems to start going wrong with the payment element of this company's service. It's also at this point that all designers start to lose track of what they are earning and must all try to keep up with the complicated payments system they have created, when if it was created right in the first place, we would not have these problems.

Deals 1% undercharged = 100% commission payable, 1.1% - 7.9% undercharged = 80% commission payable, 8% - 13.9% undercharged = 65% commission, 14% - 18.9% undercharged = 55% commission payable, 19% - 24.9% undercharged = 40% commission payable, 25% - 30% undercharged = 30% commission payable, 30.1% - 33% undercharged = 25% commission payable, 33.1% or more undercharged = no commission payable.

At this point the designers are now probably working for this company for free!

Drop Closing:

This policy deployed by Betta Living Kitchens almost seems like another way of clawing back funds from its own workers or another attempt to decrease or not pay what is expected.

Drop closing will have a massive effect on the end resulting commissions payable for all completed contracts a seemingly small reduction can result in a job being under-priced by much more than it would first appear.

Commissions: I get paid at what rate!

All commissions are paid out in stages depending on the level of the deposit and how the customer is choosing to pay.

A cash deal with a deposit of 33% of the contract value will always pay out all commissions due except fitting commission which will be paid out when the fitting has been completed.

A cash deal with a deposit of less than 33% of the contract value will be paid out as follows.

33% of the value of the deposit paid on next run balance of commission paid when product is delivered

fitting commission will only be paid after fitting has been completed.

A Platinum Account (flexible finance) deal with a deposit of at least 10% of contract value will be paid out as follows,

All furniture commission paid out on next run commission on appliances and granite paid when delivered

1st 3% of finance commission paid when product delivered fitting commission paid when fitting complete

2nd 2% of finance commission paid when customer has successfully completed and has successfully completed or paid back 6 monthly finance instalments. (pay me now)

Commissions Statement tracking your pay!

Navigating your way throughout this company's complex data policies and trying to keep up and in track with them all is a complete nightmare. For designers to stay in track of their earnings for all the hard work they put in they now must all navigate their way through and fully understand another part of the disastrous design of this company's ERP management solution.

Commissions' statement tracking is used by designers to track how much and the way that you are being paid by the company and what monies are due to you for the contracts that you write, created for the purpose of designers to follow, check and keep track of their money and to see how their completed deals, have been costed or re-tested against the book price.

The statement provides this information:

Job Number, Customer Name, Your Designer Code, Cash Deal or Finance Deal, Gross Contract Value, Total Loan Amount for Finance Deals, Nett Furniture Value, Nett Appliance Value, Deposit Paid, Deposit Paid as a % of Gross Contract Value, Undercharge against Book Price, Total Commission Due, What Commission Due on This Run, Commission Still Outstanding, Date of Order , Deal Status.

All this integrated segment of the solution just needs to be digitized and simplified.

The final complicated element that has been included into the design of this ERP management solution is the 3 letter status codes that indicate at what stage of the process that your deal currently resides at.

ABW Awaiting Building Work, ACC Accepted, AMO Awaiting Money, AWF Awaiting File
AWS Awaiting Stock, COF Call Off, CXC Cancelled Confirmed By Accounts, CXL Cancelled
DEL Delayed, EXD display dates TBA, GOD Goods In Stock, GOE Good In Stock Awaiting Execution, GON Goods In Stock Next Call Off, GOS Goods In Stock Need Call, IDF In Day for Fit Called Off, NED New Deal, NOC Not Yet Contracted, PAB Problem At Branch, PFF Pending Finance, POP Passed Order to Processing, PSP Post Survey Problems SPA Surveyed Paperwork, SPP Sale Problem Pending, STA Survey to be Arranged, SUB Survey Booked
SWS Surveyed with Surveyor. (Betta Living, 2004)

Clawbacks:

Whenever a designer completes a new contract deal the deal is then costed twice before and prior to any commissions being paid out. Once the deal has been surveyed it is not uncommon for the contract value to alter or slightly change due to changes made by management.

Once the contract deal has been turned in, the new contract deal is then costed for the second time. (managers change) clawbacks occur, when the contract value changes, the book price changes, the split between furniture and appliances changes, or if the customer pays off their finance contract early. **which should have nothing to do with the designer.**

This company will sometimes initiate a clawback when the contract value increases to the point where the deposit paid is no longer greater than the 33% required for cash contracts or the 10% required for finance contracts.

They proclaim that 90% of their clawbacks are due to inaccuracies made by the designers **now it's our fault** on the original contract or changes that were made after survey.

Their excuse was that it is vital that all designers keep their paperwork accurate and that all items must be correctly added and costed for properly on the variety of order sheet forms.

Managers always check contracts after each job and the smartest ones will always immediately spot and fix any errors. The changes made during the survey stage of the process is again where the value of the contract deal may change due to so called incorrect form filling. They say that their clawback rules will only take place after the final costing stage causing the designer that did all of the hard work to suffer a clawback of funds due to so called over payment of commission and then they do not receive the promised full amount of expected payment once the deal has been finalised.

Leaving the Company:

If a designer, then decides that they want to leave this company and go find work elsewhere well guess what there will be no golden handshake for you my friends and don't even think about a new gold watch. After leaving the accounts team will then issue a summary of all outstanding monies due to the designer but the designer will not receive a single penny of those funds until,

All deals showing on the summary have been delivered and final costings have been completed. The finance deal must have completed the required 6-month period or has not been paid off early. Once all outstanding deals have been finalised less any clawbacks the designer will still not receive the full and final payment for all of their work efforts, for up to 1 year after leaving this company just imagine if you end up leaving this company with many outstanding contracts.

When does the problem occur?

Every time that we are expecting work, we are then informed whether there are any leads available for the day you just must wait in the rotor pool until your name comes up. Every time currently employed field sale designers are out doing their work in the field whenever we enter a customer's home and enter the design process of the selling circle.

Every time we must manually fill in product order, appliance order, accessories order fitting order, and finance order form sheet information.

We spend over 2 hours in pitch mode 1 hour in design mode we can shorten this time!

How big is the Problem?

Whoever created this current version of the ERP management system has obviously not added the time per job factor into the equation. When designing this system someone has just assumed that all jobs take three hours to complete and that company time will be better served with a slow and laborious design system with trickle down economic rewards amounting to become the final unrewarding discharged result.

The whole design process is slow and could also become uncomfortable for the customer when everything seems to take so long to complete, a mind bendingly complicated costing structure that could all be made so simple if only the powers that be opened their eyes from the perspective of their own workforce out in the field.

It's then easy for a design sales consultant to feel as though they are being used not listened to or the company is just not willing to fully invest in them or even in their own business.

Designers are simply following the steps of this companies selling circle process throughout the industry of direct selling regardless of the product sold there is only one method of selling and it's called the selling circle.

It is a proven system which some of the very best salespeople have been using for several years and when followed correctly in its exact format it will then provide a sure way of delivering continued success.

Betta Living Kitchen Selling Circle Formula.

According to the AIDAS theory of selling which is one of the widest known theories of selling and is also the basis for training materials adopted by numerous companies across the world. AIDAS stands for Attention Interest Desire Action Satisfaction.

The AIDAS theory also states that a prospected purchase customer, goes through five different stages before responding satisfactorily to products, thus they should all be led through all five stages of the selling circle process. (Bhashin, 2018)

Steps of the selling circle: Preparation, Breaking the ice, Set the scene, Company Demonstration

Market Demonstration, Product Demonstration, Terms of Trading/Finance Presentation

Look at the room (measure up) Planning and Designing, Present Plan (walk and talk)

Costing, Final Presentation/Trail Close, Presenting Retail Price, Present the Price

Complete Sale and Paperwork, Consolidate/Close.

Whilst trying to convince all customers why our company is the best why our quality is the best why our service is the best where we fit within the current marketplace why they should all take advantage of our products discounts flexible payment opportunities and place an order with us buy today. **although I do not have a problem with this part of the pitch.**

All designers are taught to follow and adhere to these steps of the selling circle rules.

where is the problem located?

This problem resides within the Database Area of the ERP information systems management suite in the technological design area of overall CAD database system.

More time should be spent rethinking the whole of the design sales process with accessibility of all product data set components in the system being the focus.

The problem resides within the room measuring/drawing plan and the form filling stages of the selling circle including the commissions and payments in the HR accounts department.

This system requires simple yet logical, product entry self-calculating optionality, automated product component calculation management, this function should be ascribed to all current data form sheet sets. This system requires simple yet logical, automated product costings calculation management serving the flexible finance optionality, that should be ascribed to utilize the simplification of product data input and the calculation of the flexible finance product improving accuracy. This system requires time management remodelling that will then deliver at least 1 hour being reduced from the overall design and costings phase of the selling circle.

This system requires a complete overhaul of the way designers are paid for all their hard work this should also be factored into the process simplification of the commissions pay structure.

Who does it affect the most?

The Company:

It affects the Better Living Company itself the bottom-line of the parent company production time wasted potential lead sales unfilled and ultimately gross company profits affected with work that could have been done that wasn't.

This companies current operating model formula allows all advanced rivals the opportunity to now move in and gobble up all the potential leads that could have been served by us. The digital world is moving along so swiftly our closest rivals and many other major companies have already themselves invested adopted new modern operating model formats for their own business, streamlining their efficiencies, adapting and enhancing the design sales and customer experience, in the process.

The Design Sales Operatives:

Using inefficient outdated techniques wastes times looks old antiquated way past it's sell by date since the introduction and evolution of the new and latest automated digital CAD design capabilities professionalizing and simplifying many different sectors of industry.

The Customers:

Designers must virtually invade the customers' homes and take up their valuable time spread out all their design kit out all over the place usually their dining room table where most designers who still must draw by hand in either 2 or 3D must literally take control over that space for the duration of their home visit.

Identify the cause of the prob:

The problem lies with the old ways in which we must design and sell the product drawing by hand in 2d is so outdated and looks almost childlike and unprofessional when you're in a customer's home and all you could come up with as a plan after 30/40 minutes was a couple of 2D boxes on a page that looks as though a five years old child could have drawn better it is not a very cool and professional look seen as though the customers may have already had a quote from one of our rivals who turn up for work with all of the right professional modern digital tools on hand.

Drawing by hand in 3D is a better way of displaying the customers rendered plan but not all kitchen design companies even bother to teach this skilful art to their potential new workforce anymore. With this company Betta Living being one of the main protagonists In this day and age if your design team are not either rendering in 3D by hand or by 3D CAD design system then that designer stands little to no chance of showing the company or their design product service off in a very good light. Digital laser application measuring application tool required to simplify and speed up the time spent walking the room and taking measurements. Instant 3D rendering application required upgrade CAD or redevelop what currently exists to simplify and speed up the time spent drawing and rendering the final draw plan by introducing a bespoke OEM 3D rendering tool.

Create automatic product/price calculating, simplify and speed up the time spent working out prices. Create automatic price order form loading, simplifies and speed up the time spent filling in forms. Create faster wage pay-out automatic commission payment system to facilitate faster tracking speed up and simplify the time spent waiting for my own pay.

Prove how big the prob is:

The Betta Living Kitchen company has 5 showroom outlets scattered across the country from Manchester down to London each showroom outlet was created to require a 20-man design sales workforce team.

Assuming this companies current operating policy dictates that all design jobs take's on average 3 hours to complete.

100-person total workforce based in 5 separate locations = workforce of people 20 per location.

We will base this calculation on a single location made up of a 20-person workforce for now, and that the average job takes 3 hours, for each designer to complete.

A 20-person workforce will then produce 60 hours of labour per day with each worker receiving one job each per day.

With the average total cost for a kitchen installation project balancing out at roughly £8000 per job, the total revenue collected for each showroom location, would equate to be £160,000 per day, rising to £800,000 when accumulating the assets across the whole 5 showroom outlet locations.

With the introduction of a remodelled ERP management formulation we believe that we can save 1 hour per worker, per job, per day, freeing up another 100 hours of potential extra worktime per day across the organization that will then create 5 new jobs per single showroom outlet location that can then be utilized to efficiently serve more customers sell more product and improve the company's bottom line.

Streamlining the operational process by reducing the time spent on each job from 3 hours down to 2 hours per job, per worker. Will then provide 5 new jobs per day per location or 25 new jobs per day across the five outlets the company serves.

With the average job totalling £8000 this one move will then allow the company to Increase our bottom line by up to £40,000 per day per location, or 240,000 over the course of a six-day week or 960,000 over the course of the month across the organization in extra potential sales revenue.

We will streamline the process by reducing the design stage time frame of the operation by 20 minutes.

We will achieve this by adopting 3D rendering and laser measuring tools to speed up the whole process.

We will then eliminate manual form filling further reducing time by introducing digitized automatic product appliance plumbing/electrics and digitized form fitting sheets with automatic costings calculation capabilities included saving a further 20 minutes.

We will then create new finance form filling sheets with automatic product costing calculation features included fully improving accuracy and saving a further 20 minutes.

Prove what was causing the problem:

Drawing by hand in 2d or by hand in 3d slow and outdated and will probably never look as good as a 3D rendered version created live on site. Unwanted invasion of the homeowner's personal space leaving kit all over the place during the design process and virtually taking over their dining room living space area. Slow laborious manual form filling process that could lead to furniture appliance, finance or fitting costing errors. The nonexistence of any form of any automatic digital product and service calculation tools that would no doubt save time improve accuracy and efficiency. The painfully slow way in which we are all paid for our hard earned graft leaves little to be desired sometimes taking up to six whole months just to be fully compensated for our efforts and even then you may be subject to some form of clawback, I'm sure that some of these big kitchen companies can afford to pay their workers for the service they provide. They should be the ones that take the hit if the customers default in some way not the designers. These big boy companies already enjoy the power of a double indemnity clause shared partnership with own their finance lenders helping them to lighten their heavy load.

Implement Solutions:

Solution Fix 1:

Remodel bespoke ERP CAD design system, that includes, each stage of the design sales process including digitized 3D rendering capabilities, digitized product assets, digitized appliance assets digitized sink/tap assets, digitized fitting sheet form assets, digitized accessories sheet form assets, digitized automatic product price calculation tool, digitized automatic commissions calculation tool, digitized automatic laser measurement capture tool, digitized finance form sheet calculation tool.

Solution Fix 2:

AutoCAD + Microvellum Technology

AutoCAD is a commercial computer aided design and drafting technology developed by Autodesk and is one of the worlds leading software companies. This companies solutions already serve many differing sectors of industry, architecture, engineering, construction, manufacturing, media and entertainment are among the few. This AutoCAD solution is widely known and has been used as the industry standard classed design and drafting platform relied upon by millions of professional users worldwide. Users can quickly lay out a project in AutoCAD complete with walls windows obstructions room components cabinetry flooring lighting presentation renderings walk through animations all also included. (Microvellum, 2019)

Solution Fix 3:

Infurnia:

Infurnia is a complete online kitchen design solution that takes full advantage of cloud-based software like data backups and mobility, this solution also claims to be one of the easiest to learn and the fastest to use. With Infurnia you can create kitchen plan designs of any shape and size. This solution also offers a huge built in library of cabinets and accessories and what sets this solution apart from others, is that every single cabinet is fully customizable and boasts a high-quality cloud-based rendering capability.

This solution also boasts a web-based 3D design sharing function allowing for the showcasing of your designs to remote customers. This solution also offers post design features production drawing bill of materials pricing and quotation functions. (Launchpad Academy, 2018)

Conclusive Last Fix:

If only they would have designed a better operating system in the first place, we would not have had to create this report.

If only they would deliver a system that actually works and does what it's intended to do there are so many flaws that are now popping up within the design of this current system but it would be way too costly to just scrap it and start all over again.

They just need to tinker with it and fix all the issues that are so blatantly ugly within the current system that they already have. **Follow Solution Fix 1.**

Prove that you've fixed the problem:

The new ERP management system will then need to be thoroughly tested out in the field to further iron out any flaws bugs or bottlenecks discovered within the new design.

If working correctly, you would have saved at least 20 minutes in the measure up design draw and product order form entry and product calculation sector of the new ERP system.

If working correctly you would now have saved at least 20 minutes in the product form filling and automatic product calculation sector of the new ERP system.

If working correctly you would now have saved at least 20 minutes in the finance form filling and finance calculation sector of the new ERP system

Retest to see if the problem is fixed:

The new system should then be retested for the second time out in the field after all patch update fixes have been applied.

Design sales operatives full on-site accounts should all be fully factored into the overall equation.

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