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Certificate Course

In

Retail and Sales Management

GC-CRS2 SALES MANAGEMENT

JAGAT GURU NANAK DEV
PUNJAB STATE OPEN UNIVERSITY, PATIALA
(Established by Act No. 19 of 2019 of the Legislature of State of Punjab)

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JAGAT GURU NANAK DEV PUNJAB STATE OPEN UNIVERSITY, PATIALA
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COURSE COORDINATOR AND EDITOR:

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CERTIFICATE COURSE IN RETAIL AND SALES MANAGEMENT

GC-CRS2 SALES MANAGEMENT

Max. Marks: 100

External: 70

Internal: 30

Pass: 40%

Credits: 6

Learning Objectives:

The course aims to achieve following objectives

1. Discuss the sales, sales management and related concepts.

2. Explain the structure and objectives of a sales organisation

SECTION A

Unit 1 -Sales Management: Objectives and Functions, Setting up a sales organization,

Personal Selling, Scope and Importance of Salesmanship, Designing Sales Force, Strategies and

Structures, Selling Process and goals of Sales Management, Functions and qualities of Sales

Manager

Unit II - Theories of Selling: AIDAS, Right Set of circumstances, Buying formula theory. Sale

Forecasting, Territory Management, Sales Budget, Sales Quota. Procedure of Sales Quota

Setting, Sales and Cost Analysis, Sales Territory Management.

Unit III - Distribution Management, Design of Distribution Channel, Channel Conflict, Co-

operation & Competition

Unit IV – Marketing systems: Vertical marketing system, Horizontal Marketing system,

Designing Customer Oriented Marketing Channels: Wholesaling, Retailing.

SECTION B

Unit V -Logistics Transportation, Warehousing, Inventory, Order Processing, Market Logistics

Decision, SCM, Emerging Trends. Case analysis compulsory

Unit VI: Sales HRM: Introduction to Sales Human Resource Management, Recruitment, Selection, Training, Compensation Plans, Performance Appraisal of Work Force, Sales Force Diversity, and Team based Selling Approach

Unit VII: Customer Relationship Management, Emerging issues in Sales management and Sale Analytics

Suggested Readings:

1. Futrell, Charles, Sales Management: Behaviour, Practices and Cases, The Dryden Johnson, Kurtz and Schueing, Sales Management (McGraw-Hill).

2. Rusell, F.A. Beach and Buskirk, Richard H., Selling: Principles and Practices, Salesforce, Richard D.Irwin/McGraw-Hill.

3. Still, Richard R., Cundiff, Edward W., and Govoni, Norman A.P. Sales Management: Decision Strategies and Cases, Prentice Hall of India Ltd., New Delhi.

4. Blattberg, Robert C and Neslin, Scott A., Sales Promotions: Concepts, Methods and Strategies. New Jersey: Prentice Hall.

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CERTIFICATE COURSE IN RETAIL AND SALES MANAGEMENT

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SECTION A

UNIT NO.	UNIT NAME
UNIT 1	INTRODUCTION TO RETAIL MANAGEMENT
UNIT 2	RETAIL LOCATIONS
UNIT 3	SPACE MANAGEMENT
UNIT 4	RETAIL MARKETING MIX

SECTION B

UNIT NO.	UNIT NAME
UNIT 5	CUSTOMER RELATIONSHIP
UNIT 6	RETAIL SCENARIO
UNIT 7	CONTEMPORARY ISSUES IN RETAIL MANAGEMENT

UNIT-1 SALES MANAGEMENT

STRUCTURE

1.0 Objectives
1.1 Introduction to Sales Management
1.2 Objectives of Sales Management
1.3 Functions of Sales Management
1.4 Setting up a Sales Organization
1.5 Personal Selling
1.6 Scope and Importance of Salesmanship
1.7 Designing Sales Force
1.8 Strategies and Structures
1.9 Selling Process and Goals of Sales Management
1.10 Functions and Qualities of Sales Manager
1.11 Management of Sales Force
1.12 Recruitment and Selection of Sales Force
1.13 Training of Sales Force
1.14 Motivation and Evaluation of Sales Force
1.15 Compensating Sales Force

Unit End Questions

1.16
1.17 References

1.0 Objectives

After completing this student will be able to

- Define Sales management
- Understand the objectives and functions of sales management
- Understand how to set up a sales organization
- Explain the meaning of personal selling
- Explain recruitment, selection, training, motivation and compensation of sales force

1.1 Introduction To Sales Management

The words sales and management are combined to form the term sales management. Sales is the art of creating a reason that will motivate someone else to do a favourable action. Selling is the "personal or impersonal process of assisting and or convincing a prospective client to acquire a commodity or a service or to act favourably upon an idea that has commercial value to the seller," according to the American Marketing Association committee.
Contrarily, controlling is any routine action taken to accomplish a certain objective. Therefore, "sales management is the planning, direction, and control of a business unit's selling activities, including recruiting, selecting, training, equipping, assigning, routing,

overseeing, paying, and motivating the individuals of the sales force."

Initially, the term "sales management" referred only to the management of the sales personnel. Later, the term's meaning expanded to include more than only the control of personal selling.
Advertising, sales promotion, marketing research, physical distribution, pricing, and product merchandising were all included in the definition of sales management.
Sales management is "the planning, direction, and control of professional selling, including hiring, selecting, outfitting, allocating, routing, overseeing, paying, and motivating the personal sales force," according to the American Marketing Association. The administration of the personal selling component of a company's marketing function is another common name for it.
Since sales is the only activity in an organisation that produces money for the business, it must be well handled. The performance of a company's sales department affects its financial results.
A business discipline called sales management is dedicated to managing a company's sales activities and putting sales tactics into practise. It is a crucial business function because the majority of commercial enterprises are driven by net sales from the selling of goods and services and the subsequent profit. These are also frequently used as sales management's objectives and metrics.
A person who manages sales typically goes by the title of sales manager. The position usually entails talent development.
Churchil stated that the meta-analysis for the years 1918 to 1982 served as the foundation for the antecedents of sales performance (76 years of previous research work). In addition to several categories such skill level, role perceptions, motivation, aptitude, personal characteristics, and organisational factors with three moderators, he proposed five elements that affect a salesperson's job behaviour and performance.
The process of creating a sales team, coordinating sales activities, and putting in place sales strategies that enable a company to consistently meet and even exceed its sales targets is known as sales management.
A sales management strategy is a necessity if your company generates any money at all. The key to success is always accurate sales management practises when it comes to managing sales and improving sales performance for any size company, regardless of industry. A strong sales manager who can motivate and guide a sales department is the first step towards achieving this.

1.2 Objectives Of Sales Management

The main goals of sales management are to increase sales volume, contribute to corporate earnings, and foster long-term organisational growth. As marketing operations including advertising, sales promotion, marketing research, physical distribution, pricing, and product merchandising are added to the administration of personal selling, sales management has grown in importance throughout time.
Although modern sales managers now have greater responsibilities, the American Marketing Association's definition of sales management equates it with the management of the sales force.

Sales managers oversee a sizable and frequently diversified group of salespeople in addition to overseeing personal selling activities. They are in charge of planning the sales effort both inside and outside of the company. Sales managers are important contacts for customers and other external publics, and they have been found to create formal and informal organisational structures both inside and outside of the company.

As such, sales management is a crucial task in many businesses. There are issues with sales management in a variety of businesses, including manufacturing organisations, retail businesses, and service businesses. Therefore, it is quite essential for a company's profitability to hire competent and successful individuals for the role of managing sales.

The three main goals of sales management are sales volume, profit contribution, and sustained growth.

It is common knowledge that sales executives don't shoulder all the responsibility for achieving the aforementioned goals, but they do contribute significantly.

By dissecting and restating objectives as distinct goals, objectives are frequently transformed into more precise goals. Setting goals comes before planning. Sales executives make projections on market and sales potentials, as well as the capacities of the sales force and middlemen, throughout planning. management of sales has a key role in determining how operations will develop in the future. Top management can use the activity to set goals for sales and profits and to make informed judgments about marketing. The management of sales and a company's financial performance are linked.

Some other objectives are-

1. Income Generation - Creating revenue for the firm is one of the primary goals of sales management. The money must only be brought in through the sales division.

2. Increase in Sales Volume - The company wants to sell more units by using effective sales management. This will guarantee that the production facilities are fully employed and are not left idle.

3. Sustained Profits - Through efficient planning, coordination, and control, sales management seeks to increase the organization's profits. Sales management aims to boost sales while cutting costs to guarantee the firm makes a healthy profit.

4. Organizational Growth - The organisation tends to increase its market share as a result of the sustained and ongoing sales management strategies.

5. Market Leadership - "Sales management" enables a business to become the market leader by increasing sales volumes and revenues.

6. Converting Prospects to Customers - Converting prospects to customers involves careful preparation and consistent efforts. Sales management is how this is done.

7. Motivate the Sales Force - Increasing the sales force's motivation is one of the primary goals of sales management. Meeting sales goals can be quite difficult because selling is a very demanding job. As a result, it is the responsibility of sales management to guarantee that the sales staff is consistently motivated through appropriate incentives and reward systems.

8. Complementary Marketing Activities - Supporting the organization's marketing efforts is the responsibility of sales management. To get the intended results, marketing and sales must work together.

1.3 Functions Of Sales Management

The following are the general duties of sales management:
1. Creating the Sales Plan.
2. Securing qualified personnel to carry out the sales strategy.
3. Providing the chosen individuals with training to help them become competent in hitting their goals and carrying out the organization's objectives.
4. Establishing the sales regions
5. Outlining the sales quotas that must be met in each territory
6. Specifying the compensation and incentive structure for the sales force
7. Providing the sales force with welfare and medical facilities
8. Creating a programme to grow the sales force
9. Comparing recent performance to recent performance and forecasting demand
10. Coordinating with the consumers and the marketing division
11. Sales policies and planning
12. Pricing guidelines and price stabilization
13. Sales promotion and advertising
14. Scientific salesmanship, management and control of sales force
15. Marketing research
16. Planning and control of sales operations and control of sales costs
17. Selection and management of channels of distribution
18. Branding, packing and labeling
19. After sales service, if necessary
20. Integration and coordination of all functions

1.4 Setting Up A Sales Organisation

A sales organisation isn't typically created from scratch because there is typically some kind of structure in place. In other words, the majority of sales organisation issues are reorganization issues since the sales organisation already exists and is being improved. Nevertheless, it is appropriate for the sales executive to treat the organisational challenge every time it occurs as if a brand-new organisation were being created.
The establishment of a sales organisation involves five main steps:

- Establishing the goals
- Defining the required actions
- The classification of tasks into "jobs" or "positions"
- Placing people in roles
- Facilitating control and coordination.

Establishing The Goals
The first stage is to specify the goals for the sales department. Of course, top management establishes the long-term goals for the business, and it is from these that the general, or long-

term, goals for the sales department are deduced. When taken as a whole, broad objectives represent top management's future vision for the business. For instance, top management may want the company to not only survive but also become the leader in its industry, establish a reputation for excellent technical research, diversify its product offerings, offer customers excellent service, give investors a generous return, foster an image of social responsibility, and so forth. Sales management draws conclusions about the sales department's implications from these composites and develops a list of qualitative personal-selling goals.

Then, with an eye on the qualitative objectives, quantitative personal-selling goals are established. Securing a specific level of sales volume is an important sales department quantitative target since survival, for example, is the most fundamental qualitative objective of every firm as well as its sales department, and this requires, among other things, a constant flow of sales money.

Profits are also necessary to survive. As a result, a second goal of qualitative personal selling is to make money by controlling departmental costs and expenses as well as creating lucrative sales. Additionally, a firm must develop its sales and profits to survive; otherwise, it would inevitably lag behind rivals and potentially run the risk of going out of business. Realizing long-term growth in sales and profitability is, thus, a third qualitative personal-selling goal. Sales, profitability, and expansion are therefore the three overarching goals of the sales department, all of which can be linked to management's desire for the company to survive.

Objectives for qualitative personal selling are essential for long-term planning and must be taken into consideration during short-term planning. As operating benchmarks, quantitative personal-selling targets are necessary. By converting the qualitative personal-selling goal of making a profit into specific quantitative goals, such as "to increase our market share of the hand-held calculator business to 20% by the end of the current year" and "to secure four wholesalers in Australia and one in New Zealand to introduce our vest-pocket calculators in those markets next year," the qualitative personal-selling goal can be translated into quantitative goals. When given clear objectives, people in the sales department and wherever else work more productively and waste less time, effort, and money. Similar to how the sales department as a whole function more efficiently and with greater purpose when it has clear quantifiable goals.

The general regulations guiding the sales department's long-term performance are based on the qualitative goals that were established for it. The quantitative goals established serve as the cornerstones for creating daily operating sales rules and plans. The appropriate place to start the work of reorganization is with a detailed analysis—possibly even a restatement—of the qualitative and quantitative goals of the sales department.

Defining the Required Actions

An effective organisational design must acknowledge that activities are ordered. The question of what executive posts are necessary cannot be answered until all relevant activities have been identified and an estimate of their volume of performance has been made. What ought to be the relationships between them and other positions? What responsibilities and duties should those who hold these roles have?

Analyzing the qualitative and quantitative goals of the sales department will help you determine the necessary actions and their level of performance. A thorough investigation reveals which tasks need to be completed and in what volume. Even while individual sales executives may believe that their operations are different, most variances in modern sales management are more superficial than substantive.

The Classification of Tasks into Jobs

Then, various positions are assigned to the specified necessary activities. The planner must bear in mind that activities are designed to achieve specific goals because, in the end, the composite provides the foundation for creating job descriptions (in terms of reporting relationships, job objectives, duties and responsibilities, and performance measures).

In order to assign tasks that are closely related to one another to the same position, activities are classified and grouped. Each position should have a sufficient amount of tasks, as well as enough variety to keep employees engaged, challenged, and interested in their work. A job should only consist of a single activity in very big organisations where extreme specialisation is practised, and even in these cases the burden of proof should be on those making the proposal. The demands of administrative economics are typically so great that those in most positions are in charge of a variety of diversified but linked tasks.

The effectiveness of the sales department depends on a few key tasks, which has effects on organisational structure. For instance, in a highly competitive industry, jobs at the top of the organisational chart are designated for product retailing and pricing. Less important tasks are delegated to lower level positions.

Departmental subdivisions are formed when several roles need to be created. They are collections of linked tasks. The top sales executive would typically be responsible for coordinating a number of intermediate-level employees. The planner should take care to avoid adding too many levels to the department, though.

Placing People in Roles

The hiring of employees for the vacancies is the next phase. This raises the dilemma of whether to fill the roles with qualified candidates or adjust them to better suit the skills of the workforce. This issue has generated debate for a very long time. We frequently make concessions. On the one hand, some job requirements are so general that many people already have the skills required or can learn them through training. On the other hand, some people have such special skills and capabilities that it is wise and beneficial to adjust the job requirements to meet them. However, when circumstances allow, planners prefer that people develop into specific tasks rather than that jobs develop around people.

Facilitating Control and Coordination

Sales leaders with line authority—those who have others reporting to them—need ways to manage and organize the work of their employees. They shouldn't have so many intricate and unassigned tasks on their plate that they don't have enough time for coordination. Additionally, they should not have an excessive number of direct reports because this degrades the standard of control and makes it difficult to carry out other obligations. Therefore, the range of executive control must be taken into account while making arrangements for coordination and control.

Both informal and formal methods can be used to exert control and coordination. Strong leaders typically operate informally to direct and organize the work of their subordinates. The strong leader tends to use less formal instruments of control and coordination because of their sheer personal dominance and exceptional talent for winning and keeping the devotion of followers. But regardless of whether they are strong leaders or not, all sales executives may increase their effectiveness by using formal control mechanisms.

The written job description is the most significant formal instrument of organisational control. This document outlines the reporting relationships, job objectives, responsibilities, and performance metrics for each position. The section outlining the employment objectives is considered by many planners to be the most important. They also contend that, to the extent practicable, the job holder should be given the freedom to choose how to attain the goals. This not only encourages job holders to exercise their own initiative, but it also makes it obvious that they are expected to accomplish specified job objectives even if doing so necessitates carrying out duties and obligations outside the scope of their job descriptions. Few sales executives will disagree with this assertion, yet the majority also believe that it is important to specify job roles and responsibilities as well as performance metrics.

Good job descriptions are helpful in various contexts and paint a clear picture of the duties that job holders are expected to play in the sales organisation. In the hiring process, written job descriptions are used. Additionally, they are used to match work requirements with candidates' qualifications; in cases where recruits cannot be identified who meet all requirements, job requirements serve as the foundation for training. Additionally, position holders can evaluate their own performances by comparing them to their job descriptions.

Another management tool that demonstrates formal relationships between various roles is an organisational chart. Uncertainty over the individual's role is decreased by a chart. An organisational chart defines formal relationships and, as a result, rarely offers a true representation of how the organisation functions in practise. However, having access to an organisational chart allows members of the sales department to understand the formal relationships they have with others, identify the people they should be collaborating with, and define their formal duties.

The organisational manual is a tool for organisational control that is increasingly employed. The organisational chart is expanded by it. It often includes organisational and departmental charts, job descriptions and requirements, and summaries of the main goals and policies of the corporation and the divisions.

1.5 Personal Selling

Personal selling is the practise of engaging in paid one-on-one communication with consumers in an effort to educate them about the items and encourage them to buy them.

Due of the complexity of these contracts, salespeople and businesses must have a close, ongoing interaction. Because it guarantees that businesses are in direct contact with a top-notch prospect, personal selling is the most precise way of communication when compared to other forms of promotion. The expense per contact is the most significant disadvantage of personal selling. Due to the expenditures involved in hiring, vetting, educating, and motivating salespeople, personal selling is also costly. Despite the high expenditures, personal selling is becoming more and more crucial to IMC and the entire marketing plan. Finding prospects, educating prospects, convincing prospects to buy, and ensuring customer satisfaction through after-sale support are often the objectives of these objectives. Salespeople must not only possess strong selling abilities but also have in-depth knowledge of technical product attributes in order to accomplish these aims. Very few companies can thrive only on the earnings from transactional marketing (one-time purchases).

Because of this, personal selling has developed to incorporate components of customer service and marketing analysis. Every time a salesperson interacts with a customer, there is an opportunity for them to provide outstanding customer service and discover more about their needs. Additionally, salespeople have the chance to learn about rival items and how customers feel about them. The value of establishing relationships when selling.

1.6 Scope And Importance Of Salesmanship

Salesmanship is the art of persuasively presenting products or services to potential customers with the aim of closing a sale. It plays a crucial role in the success of any business, acting as a bridge between the company and its customers. The scope and importance of salesmanship extend far beyond just making sales; it influences various aspects of a business and customer relations. Here's a brief note on the scope and importance of salesmanship:

Scope of Salesmanship:

1. **Generating Revenue:** The primary scope of salesmanship is to drive revenue for the company. A skilled salesperson can convert leads into paying customers, contributing directly to the company's bottom line.
2. **Building Customer Relationships:** Salesmanship involves understanding the needs and preferences of customers. A good salesperson aims not only to make a sale but also to build a long-lasting relationship with the customer, leading to repeat business and customer loyalty.
3. **Market Research:** Salespeople are in direct contact with customers, allowing them to gather valuable feedback and insights. This information can be used for market research, product development, and improving overall customer satisfaction.
4. **Brand Representation:** Sales representatives are often the face of the company. They play a vital role in representing the brand and its values to potential customers, thereby influencing the brand's image.
5. **Product Education:** Sales professionals are responsible for educating customers about the features, benefits, and usage of products or services. Proper product education can boost customer confidence and lead to more informed purchase decisions.
6. **Negotiation and Deal Closing:** Salesmanship involves negotiating with customers to find mutually beneficial terms and ultimately closing deals successfully.

Importance of Salesmanship:

1. **Revenue Generation**: The most apparent importance of salesmanship is its direct

impact on revenue generation. Without effective salesmanship, businesses may struggle to sell their products or services, leading to financial difficulties.

2. **Business Growth:** Salesmanship is vital for the growth of a business. Increased sales lead to more significant opportunities for expansion and diversification.
3. **Customer Satisfaction:** A skilled salesperson can identify the specific needs of customers and offer tailored solutions. This enhances customer satisfaction and fosters a positive brand image.
4. **Competitive Edge:** In a competitive market, strong salesmanship can differentiate a company from its competitors. Excellent sales representatives can sway customers in favor of their products over competitors' offerings.
5. **Feedback Loop**: Sales teams act as a valuable feedback loop for a company. They can provide insights into customer preferences, market trends, and potential improvements for products or services.
6. **Employment Generation:** Successful sales efforts can lead to business growth, which, in turn, creates more employment opportunities, benefiting the economy.
7. **Innovation and Adaptation**: Through customer interactions, sales teams can identify changing customer needs and market trends. This information helps companies innovate and adapt to stay relevant and competitive.

In conclusion, salesmanship is a vital aspect of any business. It encompasses various roles and responsibilities that contribute to revenue generation, customer satisfaction, and overall business growth. Investing in sales training and building a strong sales team can significantly impact the success and sustainability of a company.

1.7 Designing Sales Force

Designing a sales force refers to the process of creating an effective and efficient team of sales representatives within an organization. It involves carefully structuring the sales team to meet the company's sales objectives, cater to customer needs, and maximize revenue generation. The goal is to optimize the sales force's performance and ensure that it aligns with the overall business strategy. A well-designed sales force can significantly impact sales productivity, customer satisfaction, and the company's bottom line.

Steps Involved in Designing Sales Force:

1. **Set Sales Objectives:** The first step in designing a sales force is to define clear and specific sales objectives. These objectives should be aligned with the company's overall goals and revenue targets. The objectives can include increasing sales in specific markets, launching new products, or expanding customer base, among others.
2. **Sales Force Structure:** The next step is to determine the appropriate sales force

structure that suits the company's needs. This decision depends on factors such as the size of the market, the complexity of products or services, the geographic scope of operations, and the target customer segments. Common sales force structures include geographic, product-based, customer-based, or a combination of these.

3. **Sales Force Size and Composition**: Once the structure is determined, the company needs to decide on the size of the sales force and the required skill sets. This involves estimating the workload, market coverage, and the number of sales representatives needed to achieve the sales objectives. Additionally, identifying the right mix of experienced and new salespeople is essential.
4. **Recruitment and Training:** Hiring the right sales talent is crucial for a successful sales force. Recruiting candidates with the right skills, experience, and cultural fit is essential. Once recruited, comprehensive training programs should be conducted to equip the sales team with product knowledge, selling techniques, negotiation skills, and an understanding of the company's values and policies.
5. **Sales Territories and Quotas**: Dividing the market into well-defined sales territories ensures efficient coverage and prevents conflicts among sales representatives. Additionally, setting realistic sales quotas for each territory or salesperson motivates them to achieve their targets and contributes to overall sales success.
6. **Sales Process and CRM**: Designing an effective sales process and implementing a Customer Relationship Management (CRM) system helps streamline sales activities, track customer interactions, and manage sales pipelines efficiently. CRM systems provide valuable insights into customer behavior, helping sales teams make data-driven decisions.
7. **Compensation and Incentives:** Developing a competitive and motivating compensation plan is crucial to attract and retain top sales talent. Incentives, bonuses, and commissions tied to sales performance can drive the sales force to exceed targets and contribute to the company's growth.
8. **Performance Evaluation and Feedback:** Regularly evaluating the sales team's performance is essential to identify strengths, weaknesses, and areas for improvement. Providing constructive feedback and coaching helps sales representatives enhance their skills and achieve better results.

By following these steps, a well-designed sales force can drive sales growth, foster strong customer relationships, and contribute significantly to the overall success of the organization.

1.8 Strategies And Structures

Marketers need to consider several issues relating to sales force strategy and design. These are: structuring the salespeople and their tasks, size of the sales force, mode of working alone or in teams with other people in the company, and working in the field or by telephone.

Sales Force Structure

A company can organize its sales force in several ways. The most common types of sales force structures are territorial sales force structure, product sales force structure, customer sales force structure, and complex sales force structure. So, the sales force structure can be discussed in the following subsections:

1. Territorial Sales Force Structure

A territorial sales force structure is a sales force organization that assigns each salesperson to an exclusive geographic territory. That salesperson carries the company's full line of products or services. This sales organization offers many advantages.

It specifically defines the salesperson's jobs and responsibilities; it improves the salesperson's selling effectiveness and involves a relatively low cost. Many executives manage a territorial sales organization at the various levels of the company.

2. Product Sales Force Structure

A product sales force structure is a sales force organization under which salespeople specialize in selling only a portion of their products or lines.

For example, a company producing consumer and industrial products uses two sales force sets to deal with these two products. Companies emphasizing product management use a product sales force structure.

3. Customer Sales Force Structure

A customer sales force structure is an organization where salespeople specialize in selling only to certain customers or industries. For Example: Xerox classifies its customers into four major groups, each served by a different sales force.

The top group consists of large national accounts with multiple and scattered locations. These customers are handled by 250 to 300 national account managers.

Next are major accounts that, although not national in scope, may have several locations within a region; these are handled by one of Xerox's 1,000 or so major account managers.

The third customer group consists of standard commercial accounts with annual sales potential of Rs 5,000 to Rs 10,000; account representatives serve them.

Marketing representatives handle all other customers. Customer sales force structure helps a company develop a closer relationship with customers.

4. Complex Sales Force Structure

Companies selling a wide variety of products to many types of customers located in a wide geographical area often combine several types of sales force structures.

Sales force can be specialized by customer and territory, product and territory, product and customer, or territory, product, and customer. The effectiveness of a particular type of structure varies from company to company and from situation to situation.

In selecting a sales force structure, the company must be convinced that it best serves the customers' needs and is compatible with its overall marketing strategy.

1.9 Selling Process And Goals Of Sales Management

7 Steps of Selling Process

The process of selling a product covers various steps like prospecting, pre-approach, approach, presentation, handling objections, closing & follow-up with customers. The 7 steps of selling process are explained below in detail:

1. Prospecting

The first step in selling process in which potential customers are identified by the salesperson is called prospecting

2. Pre-approach

The stage where the salesperson collects information about the potential customers and understands them before making the sales call is called pre-approach.

3. Approach

Approach is the step where the salesperson actually meets the customer for the first time.

4. Presentation

The step wherein the salesperson talks about how the product will satisfy the customer's needs and add value to his/her life is called presentation.

5. Handling Objections

In this step, the salesperson clarifies all the doubts and questions that the customer has and eliminates all his objections to buying the product.

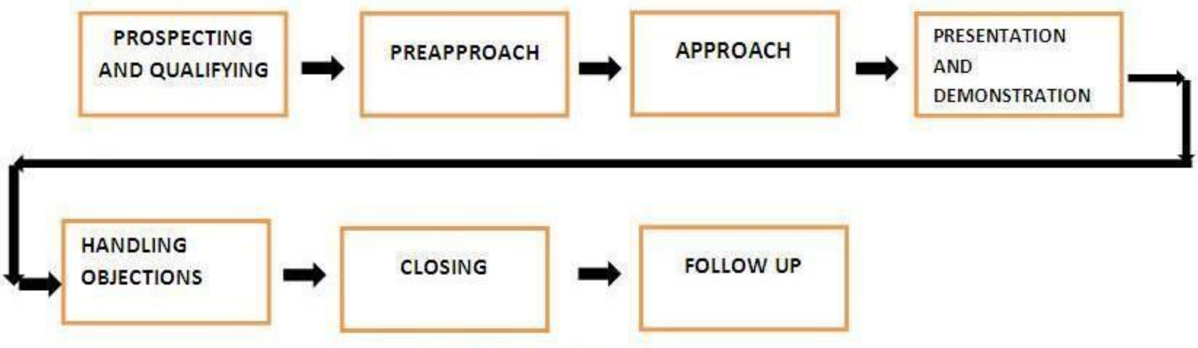
6. Closing

The step in which the customer is asked to place and order for the product is called closing.

7. Follow-Up

This is the final step in the selling process where the salesperson follows up with the customers to ensure satisfaction and builds the relationship in order to repeat business with them.

All the steps above help in increasing business sales and thereby increasing sales revenue & profits.



THE SELLING PROCESS

Goals of Sales Management

4 main objectives of sales management

1) Achieving Sales volume

Achieving sales volume is the first objective of Sales. The word "volume" is critical because whenever a product sales start, the market is supposed to be a virgin market. Thus there needs to be optimum penetration so that the product reaches all corners of the region targeted. Ultimately, penetration levels can be decided on the basis of sales volume achieved.

2) Contribution to profit

Sales brings turnover for the company and this turnover results in profits. Naturally, sales has a major contribution to profit and it is categorized as a profit function in several organizations. But there is one more aspect to the contribution of profit by sales.

The objective of sales management is to sell the product at the optimum price. Some companies might target a premium pricing for a product to make it premium in the market. But if the sales team drops the price, then the objectives are not being met and the profit is dropping. This has to be kept in check by seniors as price drops directly affect the margin of the product.

3) Continuous growth

A company cannot remain stagnant. There are salaries to be paid, costs have been incurred and there are shareholders to be answered. So a company cannot survive without continuous growth. If there is no innovation at the product level or at the company level, then the company has to be blamed. But if the products are good, and still the penetration is not happening, then it is the fault of sales manager and sales executives.

It is the job of marketing to take feedback and bring new products in the market. But if the sales team does not provide the appropriate feedback of "Why the product is not selling", then growth becomes impossible. This is why, more penetration and more growth is in the hand of sales people.

4) Sales Management and financial results

Financial Results are another objective of sales management and are closely related and therefore sales management has financial implications as well.

Sales – Cost of Sales = Gross Profit

Gross Margin – Expenses = Net profit.

Thus the variation in Sales will directly affect the Net profit of a company. Hence maintaining and managing sales is important to keep the product / service / organization financially viable.

The Objectives of sales are therefore decided on the basis of where the organization stands and where it wants to reach. It is a collaborated effort from the top management along with the marketing managers and sales managers to provide with a targeted estimate.

1.10 Functions And Qualities Of Sales Manager

Functions of Sales manager

- A sales manager is responsible for meeting the sales targets of the organization through effective planning and budgeting.
- A sales manager can't work alone. He needs the support of his sales team where each one contributes in his best possible way and works towards the goals and objectives of the organization. He is the one who sets the targets for the sales executives and other sales representatives. A sales manager must ensure the targets are realistic and

achievable.

- The duties must not be imposed on anyone, instead should be delegated as per interests and specializations of the individuals. A sales manager must understand who can perform a particular task in the most effective way. It is his role to extract the best out of each employee.
- A sales manager devises strategies and techniques necessary for achieving the sales targets. He is the one who decides the future course of action for his team members.
- It is the sales manager’s duty to map potential customers and generate leads for the organization. He should look forward to generating new opportunities for the organization.
- A sales manager is also responsible for brand promotion. He must make the product popular amongst the consumers. A banner at a wrong place is of no use. Canopies must be placed at strategic locations; hoardings should be installed at important places for the best results.
- Motivating team members is one of the most important duties of a sales manager. He needs to make his team work as a single unit working towards a common objective. He must ensure team members don’t fight amongst themselves and share cordial relationship with each other. Develop lucrative incentive schemes and introduce monetary benefits to encourage them to deliver their level best. Appreciate whenever they do good work.
- It is the sales manager’s duty to ensure his team is delivering desired results. Supervision is essential. Track their performances. Make sure each one is living up to the expectations of the organization. Ask them to submit a report of what all they have done throughout the week or month. The performers must be encouraged while the non performers must be dealt with utmost patience and care.
- He is the one who takes major decisions for his team. He should act as a pillar of support for them and stand by their side at the hours of crisis.
- A sales manager should set an example for his team members. He should be a source of inspiration for his team members.
- A sales manager is responsible for not only selling but also maintaining and improving relationships with the client. Client relationship management is also his KRA.
- As a sales manager, one should maintain necessary data and records for future reference

Qualities of Sales manager

A Sales manager should possess following qualities to be successful in Life:

1. Patience

a. A sales manager needs to be extremely patient. You just can't afford to be rude to your customers.

b. Clients do need time to believe in you and trust your products. Don't get hyper and make the client's life hell. Give him time to think and decide.

2. People Oriented

a. It is essential for a sales manager to be customer centric. Understand customer's needs and expectations. Don't simply impose things on him.

b. Individuals representing the sales vertical need to be caring and kind towards customers.

c. Don't only think about your own targets and selfish interests. One should never misguide the customers. Be honest with them. Avoid telling lies and creating fake stories.

3. Aggressive

a. A sales professional needs to be aggressive and energetic. Lazy individuals don't make great sales professionals.

4. Go-Getter Attitude

a. It pays to be optimistic in sales. Sales professionals need to have a go-getter attitude for the best results.

b. It is really not necessary that all customers would like or need your product. Don't expect results every time. Remember failures are the stepping stones to success. One must learn from his previous mistakes and move on. Don't take failures to heart.

5. Value Time

a. People in sales must value time. Being late for meetings create a wrong impression in the minds of customers.

b. It is a sin to make customers waiting unless and until there is an emergency. Start a little early and make sure you reach meetings on time.

6. Sense of Commitment

a. A sales representative who is committed towards his work manages to do well and make his mark as compared to others. Commitment in fact is essential in all areas of work.

b. If you have promised someone to meet at 5pm, make sure you are there at the desired venue at 4.45 pm sharp. Don't make silly excuses. Trust is lost when commitments are taken back. There should be no turning back.

7. Reliable

a. The customers must be able to depend on the sales professionals. A sense of trust is important.

8. Flexible

a. A sales professional must know how to change his sales pitch as per the client. Don't just stick to one plan or one idea.
b. Learn to take quick decisions as per the situation. Be adaptable to changes. People in sales should not be too rigid and demanding.

9. Be Transparent

a. Don't hide things from the customers. Transparency is essential to avoid problems later on.
b. Convey only what your product offers.

10. Diligent

a. Mere sitting at office does not help in sales. One needs to go out, meet people and make prospective clients. Don't complain if it is too hot or cold outside.
b. A sales professional ideally should spend his maximum time in field to achieve targets in the best possible way.

1.11 Good Communicator

a. A sales professional must be a good communicator for the desired impact.
b. Take care of your pitch and tone.

1.11 Management Of Sales Force

Managing the sales staff is a sales manager's most evident and important responsibility. The same holds true for service and support personnel managers, especially the substantial numbers employed in the service industries.

An effective sales manager needs to possess the following traits:

(i) Desire to be a manager
(ii) The capacity to inspire and guide others
(iii) Effective planning and organisational abilities
(iv) Administrative and control skills
(v) Complete comprehension of the financial implications
(vi) The ability to find, hire, train, inspire, and develop team members
(vii) Understanding that computers are here to stay!

1.12 Recruitment and Selection Of Sales Force

Finding potential candidates and encouraging them to apply for the position are both parts of recruitment.

The positions are decided upon, advertised, and applications are gathered from candidates. The goal of selection is to identify the best candidates among the many that are available or interested. To identify the most qualified people, the available candidates are carefully examined, and exams and interviews are held. The salesman is a crucial cornerstone on which the sales organisation is constructed. The choice salesman will determine whether the company is successful or not. Therefore, cautious selection must be made. The Sales Manager is responsible for choosing salespeople.

But choosing a suitable salesperson is difficult for a variety of reasons, including:

(a) The complexity of the products and services, the variety of distribution channels, and other factors make it harder to complete sales tasks.

(b) The markets of today are rather cutthroat.

(c) There aren't many marketers who are qualified because selling as a job or profession isn't widely accepted.

(d) Institutions that teach salesmanship are conspicuously lacking.

The following procedures are involved in hiring salespeople:

1. Determining the size of the sales team.
2. Deciding on the traits and qualities that the salesperson should have.
3. Utilising the various recruitment channels.
4. Selection of applicants with care and conclusion of employment.

Procedure #1. Choosing the amount of sales force:

Before making a decision, the sales manager should evaluate the quantitative requirements for a sales force, such as the number of salesmen needed based on business growth and attrition from retirement and resignation.

Procedure #2. Identifying the features and capabilities that sales force should possess:

Job Description/Analysis:

It is concerned with identifying the kind of activities and responsibilities necessary to carry out a specific job efficiently. The focus of a job description is on the work itself, not the employees. It provides information on the duties to be carried out as well as the skills and qualifications needed.

The man specification outlines the precise specifications required for a given job. The demands may alter depending on the nature of the tasks. The following fundamental factors should be prioritised while creating a man specification:

- Can he perform the job?
- Will he complete the task?

In general, a salesman needs to possess the following traits:

i. Good character, sound health, intelligence, honesty and integrity of character, friendliness, constancy, and power of observation are all general qualities.

ii. Particular Qualities: Education, prior experience, familiarity with the product, target market, and spoken languages.

iii. Technical expertise includes understanding the chemical or mechanical properties of the intended product, as well as the potential legal repercussions of the sales operations.

Procedure #3. Source of Sales force's Hiring:

To choose the most effective salesman, every resource should be used after task analysis and man-specification.

The following are the numerous sources:

(a) Employees of the company (promotion)
(b) Competing businesses (less ethical; greater pay)
(c) Exchanges of employment
(d) Educational establishments
(e) Newspaper "Situation Wanted" columns
(f) Ads for "Situation Vacant"
(g) Casual applicants
(h) Candidates who are suggested.
(i) Placement firms

Procedure #3. Choosing Sales force:

Applications are received from these sources, and screening is done on the applications.

Only applications that meet the requirements outlined in the job descriptions and man specifications are taken into consideration. The chosen candidates are contacted for a psychological examination. If they perform well in the first two, they will receive recommendations from the applicants' listed referees.

The candidates will be called from the medical examination if the references provide positive report. The candidates will be contacted for the final interview and appointment order if they are physically fit. The designation, remuneration, and mode of appointment, such as temporary or permanent, should all be clearly stated in the appointment order.

1.13 Training Of Sales Force

An old saying goes, "Salesmen are born, not made." Rarely do we come across a salesperson who can convince an Eskimo to buy a refrigerator, but it does happen occasionally. The salesperson must inform clients about the items in order to sell them in a way that benefits both the customer and the business. He should therefore be extremely knowledgeable about products, rivalry, market dynamics, consumer motivations, and selling techniques.

The necessity of Sales force training

The requirement for salesman training results from the reality that a newly hired salesman lacks expertise of the goods he must sell. He might not be familiar with customers or why they make purchases. He might not understand how to show the goods to potential customers or how to sell them. even experienced salespeople require training to become familiar with the company's latest products as well as those of competitors, to explain an enhanced sales method, or simply as a refresher course.

The following factors will determine the extent of training:

1. How challenging and intricate is the selling work issue?
2. The salesperson's educational background and prior training.
3. The salespeople's prior experience in selling.
4. The kind of customer to approach. More product knowledge is absolutely necessary in the case of a knowledgeable buyer.

A decent training programme would typically consist of the following:

Training Program # (1) Basic Salesmanship Rule:

For salespeople to be successful in their efforts, they must have a thorough understanding of both the reasons why clients buy and the benefits of the items. They must to be knowledgeable about how to approach customers. They should be aware of the best techniques for piquing people's interest in the product. They ought to be able to address the concerns voiced by the clients. The AIDA formula should be emphasised in the training programme as a way to describe and construct the sales presentation.

Attention: How do you obtain it?

I – Interest: How to pique interest?

D- Desire: The desire how do you grow it?

A - Action - How do I make a buying decision?

Training Program #2 Industry Knowledge:

The salesperson should be knowledgeable about the company, including its history, organisational structure, reputation, record of accomplishments, sales and distribution practices, customer service offerings, retail locations, and other relevant information. The salesmen are better able to do their duties in accordance with company policy when they are aware of the company's reputation and its selling practices.

Training Program # (3) Knowledge of the Product:

To be successful in increasing the sales volume of a product, salesmen should possess the requisite knowledge of the product. Good physical appearance alone will not help him to sell the product. Therefore, a salesman must have a detailed knowledge regarding- nature of the product, methods of production, materials used, method of packing, uses of the product, etc. This knowledge could be gained only out of properly organized training by the company.

Training Program #4 Understanding of the Clientele

The customers to whom the products are to be offered must be completely known to salesperson. Additionally, because they are people, consumers will behave differently from one another. They would have various reasons for making different purchases. The kind and type of each customer would vary.

Their temperaments frequently shift along with their modes. Consumers that are silent and talkative, as well as ill-mannered, suspicious, anxious, hesitant, argumentative, and ill-tempered, are some examples of the many types of customers. The factors that influence our purchasing decisions include our sense of dread, fashion, leisure, affection, hobbies, and routines.

Training Program #5 Competitor Information:

Along with understanding of the company the salesperson represents and its products, they must also be knowledgeable about the products and policies of the rival company.

Training Program #6 Subjects Concerning Day-to-Day Work:

Additionally, training for salespeople should cover the following topics:

(a) Create periodic reports for the company.

(b) Letter receipt and response

(c) Creating invoices and orders

(d) Account maintenance

(e) Product display and demonstration arrangements

#7 Self-awareness:

This trait can be cultivated both naturally and via on-going self-improvement. Every person has specific advantages, disadvantages, and restrictions. One should acquire expertise in all pertinent fields and use that knowledge to daily work in order to become an excellent salesperson.

This can be accomplished by establishing regular reading habits and improving managerial, selling, and technical knowledge. He needs to develop his public speaking, presentations, and communication abilities.

Benefits of Sales force Training:

A company that has well-designed training programmes benefits from the following:

Advantage #1. Higher Sales Volume:

A scientifically created training programme aids in boosting sales.

Advantage #2: Lowers production costs:

Increased sales contribute to lower production costs.

Advantage #3: Early Selling Maturity

The salesperson needs to spend less time each customer persuading him to buy the goods thanks to training.

Advantage #4: Reduces the Cost of Supervision:

Sales managers and other supervisory employees must visit untrained salespeople more frequently than they must trained salespeople to monitor their job.

Other benefits

(a) Products with a higher profit margin can be sold more quickly.

(b) Lessening of losses from bad debts.

(c) Lowers the cost of selling.

(d) The salesperson makes more sales each call.

(e) A decrease in the volume of client complaints.

(f) Fewer calls are placed for each order.

(g) Improved sales presentation and demonstration.

(h) It is possible to sell the entire product line.

(i) It might be possible to employ the fewest possible salespeople.

(j) Only a skilled salesperson could meet the buyer's demand for further product knowledge.

Techniques for Training:

Method # A: Individual Methods

(1) First-time or Induction Training:

The trainee is expected to work in several departments while also doing independent studies. He may be led, but is frequently left alone. He would be required to work in his field after a predetermined amount of time.

(2) Special Projects:

His ability to solve issues is observed as he receives assignments that are a little bit easier. If there are any shortcomings, they are pointed out to him for future direction, such as senior and junior attorneys.

(3) Field Instruction:

A more seasoned salesperson in the field is asked to assist the freshly hired salesman. The newly hired salesman gains enthusiasm and self-assurance thanks to this technique.

(4) Sales guides:

These are customized booklets that list many issues and offer potential solutions. This is based on the company's prior experience and could be useful information. Salespeople are provided these for self-study.

Method # B: Group Methods

(1) Lecture Format:

This is the simplest and quickest way to teach the learners new material. Simply because it ensures success, this idea forms the basis of the majority of training techniques. The practical elements are disregarded because it is theoretically focused. Despite these flaws, the lecture approach is the foundation of many training techniques.

(2) Audio-Visual Techniques:

This strategy uses both telling and showing. This approach is frequently used in addition to the lecture approach. Filmstrips, slides, charts, posters, and other visual aids can add more explanation to the lectures and make them more engaging. This method allows for demonstration.

(3) Conference Procedure:

Nowadays, sales conferences and seminars are commonplace in most businesses. These techniques are helpful for exchanging knowledgeable people's experiences. For the freshly hired salesmen, it is a poor technique of training, nevertheless.

(4) Case Method and Discussion:

This approach is highly effective for individuals who have a basic understanding of the subject. Each group is requested to discuss the issue and offer its own solutions after receiving a specific problem. All of the groups afterwards analyse each of these proposals together. This makes it possible to identify the issue accurately and come up with a better solution.

(5) Playing a role:

Each participant in this method is required to perform a role. Each person is required to behave as he would be expected to in a real-life scenario when a scenario is given. This strategy is active and relies on self-assurance to make independent decisions. Later, an analysis of the participants' roles is done, and the flaws are highlighted.

Method # C: On-the-Job Methods

This approach prioritises training that is practice-based.

(1) Field Education:

The new representative works outside, meeting different types of clients.

(2) Rotation of Jobs:

Since the salesman has received training in every department, he will be expected to work in every area of every department. He would gain a thorough understanding of the interdepartmental relationships as a result, which would help him form an opinion of the business. He might also be required to work at the plant so that he can understand how the goods are assembled. All of these would provide him with the necessary tools to overcome consumer resistance in the sales environment.

Method # D. Off-the-Job Method:

Numerous organisations regularly publish journals, bulletins, and other materials to help their members carry out their responsibilities quickly and effectively. The salesperson can join these organisations to advance his knowledge and abilities.

Method # E. Follow-Up Training:

Training should be on-going and is not transient. Even experienced salespeople need to receive refresher training' or 'follow-up training' on occasion. Regular training is crucial because the marketing landscape always undergoes change. Constant training is necessary in order to keep the salesman up to date with all of these events, including changes in consumer tastes, alterations in government policy, and modifications to products.

1.14 Motivation And Evaluation Of Sales Force

Motivation

The will to work differs from the ability or capability to work. You can purchase a man's time, physical presence, and daily or hourly muscle actions. However, you cannot buy a man's passion, willingness to work, or loyalty.

A compliment, a salary raise, a smile, a promise of promotion, acclaim, public acknowledgement of accomplishments, and other rewards can all be used to motivate someone or oneself to take the desired course of action. The will to labour is ignited by motivation. It inspires others to perform in a desired way. Financial or non-financial motivation is possible. Conventions, seminars, and sales competitions are a few examples of sales force motivation.

Evaluation

Control is the process of ensuring that everything happens according to the course mapped out in the plans. For a sales organisation to succeed to its fullest potential, salesmen must be managed and under supervision.

It is the responsibility of the sales manager to develop efficient and purposeful methods for supervising, directing, and controlling the activities of the salesmen in order to ensure the most efficient and effective performance from them, regardless of how scientific the selection and training of salesmen may be.

In addition to the fact that salespeople are still people, the following issues are the main causes of the need for monitoring and control:

Need #1 To Improve Sales Force’s Efficiency:

Sales leaders are occasionally informed on the actual sales that were made at each branch in each territory. In reality, this may be compared to the goals, and deviations or discrepancies can be reduced by taking the appropriate corrective action. The salesmen are compelled to remain active and not fall behind by regular monitoring and management.

Need #2: Coordinating the efforts is necessary:

Independent salespeople frequently work far from the sales manager. Coordination and regulation of selling activities are therefore required.

Need #3: Controlling Sales Force Demands' Nature:
In the sales organisation, salesmen are exceptional. Some employees sacrifice their lives for the organisation, and because they are loyal employees, they don't need direction or control. In the absence of strong management and monitoring, there are those who cause the unit to perish. Control of salesmen is necessary to get everyone to follow the path that has been mapped out. Because of this, control is necessary for salespeople.

Need #4: For Effective Public Relations
The goal of controlling is to construct strong sales foundations by fostering positive public relations, which means that it also entails directing and guiding staff members in order to build positive relationships with the public and preserve market goodwill. Customers are the most precious asset, according to Kotler. A business suffers an unwelcome premature death if it fails in the view of the general public.

How is Control applied?
Reports and records, setting sales territory and quotas, determining authority, field supervision, and compensation plans are all examples of techniques to regulate.

#1. Reports and records are Method
Periodically, salespeople are asked to send reports. They could be daily, weekly, or monthly reports. These reports provide insightful data on his call volume, the total value and volume of sales made, the number of new customers he reached out to and the amount of sales that resulted, the number of old customers he lost, the reasons for item-by-item expenses, the credit standing of his customers, the decisions he made, the impact of his publicity and sales promotion efforts, the level and nature of competition, and the compliance and adjustments from his customers.

The record, on the other hand, is a summary of the report based on the actual performance of each salesperson. Reports are helpful in two reasons. Firstly, the firm can act as needed to increase sales by carefully studying the salespeople report. Second, creating pretty thorough sales reports allows salespeople to form the beneficial habit of self-analysis.

#2. Fixing Sales Quotas and Sales Territories

a. Sales quota
The amount of business that each salesman's quota is determined by the sales manager. It is the objective that a salesperson must achieve. The sales manager first plans the volume of business generated. After that, he assigns quotas to each territory. The quota may be set for six months, a year, a month, or a quarter.

The goals of the sales quota are:
(i) To provide a foundation for paying the sales staff,
(ii) The sales quota is the most practical method of gauging a salesperson's effectiveness.
(iii) A quota system encourages salespeople to work harder since no salesperson wants to see his or her sales fall short of the quota.
(iv) To organise and manage sales activities and foster a spirit of rivalry among salespeople.

(b) Sales territories
A salesman is given a certain geographic region to advertise the company's products within. This is referred to as a sales territory. Most businesses segment the marketplace into distinct geographic regions or zones. Each salesperson has a designated zone in which to conduct his selling operations. A salesman's zone falls inside the boundaries of his sales region. Sales

regions are typically chosen based on factors such as consumer demand, level of competition, accessibility of transportation, customer kinds, and salesperson capacity.

Creating Sales Territories Has the Following Goals:

Objective # (a): To carry out contractual obligations

To fully cover the potential market for a product, sales territories are created. If a salesman isn't given a sales zone like that, it will be difficult to reach the goal of contacting prospects and past clients. The soliciting of personnel is made easier.

Objective # (b): To compare individual performance

A study of a certain sales region indicates the market's potential, and the actual sales volume achieved by a particular salesperson is compared to his potentialities. The distribution of sales territories offers a great opportunity to compare salesman performance.

Objective # (c): Fixing the Responsibility

Territorial assignments explicitly outline the duties and conversations of Sales Managers. This has the result of making him feel more accountable for his work. He makes an effort to keep his promises. In other words, it is possible to assess and supervise each sales manager's operations.

Objective # (d): Reduce sales expenses as much as possible

These territorial allocations are meant to maximise sales efforts while minimizing sales expenses. This is true since specifying the sales tasks prevents time and energy wastage.

Objective # (e): Motivating salespeople

Fixing a sales zone gives the sales manager the flexibility to employ his aptitude and expertise to maximise sales turnover because there is less intervention.

Sales territory advantages include:

(a) Each sales manager's activities can be better monitored and assessed

(b) It is possible to better utilise each territory's market potential.

(c) Sales efforts can be organized more readily, and sales managers' efforts don't have to be repeated or overlapped,

(d) It gives the sales manager motivation to boost sales in his region.

#3. Determining the Sales Manager's Authority

The only people who regularly interact with consumers and salespeople who bring clients into the company are frequently sales managers. Customers view them as the business.

As a result, sales managers and their authority must be precisely established and defined. The authority of the sales manager is typically constrained by price lists and catalogues.

However, the corporation may provide sales managers a certain amount of authority over things like issuing credit to consumers, discount rates, special discounts, pre-sale and after-sale services, client settlements, etc. However, the sales manager must ensure that the salesman follows directions. A salesperson can be reprimanded and asked for an explanation if they exceed their authority.

#4. Field Supervision

Control is not a problem as long as the company is small and operates only in a narrow area, with salespeople reporting directly to the sales manager. In the case of corporate organisations that operate widely throughout a large territory, supervision is essential. Example: Thousands of medical representatives work for huge pharmaceutical corporations.

Aspects of supervision, direction, and control include: (a) observing, tracking, and reporting the sales force's performance; (b) counselling and coaching salespeople to address performance flaws; (c) providing them with sufficient information about company plans and policies and changes to those policies; (d) receiving feedback and resolving their professional and personal issues.

The sales manager is in charge of fostering and preserving the sales force's morale. The sales force's mental preparedness to cooperate with management in the achievement of goals is known as morale. Excellent morale translates into high productivity.

1.15 Compensating Sales Force

A desiring animal, man, is. An employee never complains about what he receives. He's constantly looking for higher pay. Remuneration is therefore a constant problem for any business or service. A competitive, effective, and devoted sales staff is essential to a company's ability to raise sales volume at the lowest possible cost, and this is strongly tied to how the salespeople are paid for their work.

Why do you pay well? It is impossible to overstate the significance of paying fairly.

There are certain fundamental justifications for paying the sales staff well:

#1 Motivator for Recruiting Top Salespeople:

Only when a company is ready to compensate generously for the services supplied can gifted and skilled salesmen be attracted. Paying a little bit more than others is not harmful because it results in better performance.

#2 To Maintain Sales Force Conflict:

The amount of money paid to them and the level of satisfaction are directly related. Man is happy and content or satisfied when he accomplishes his obligations and takes care of himself well. A happy employee gives their all to the job to the fullest extent possible.

#3 For fostering loyalty:

The objective of a sound sales organisation is to create a sales force that is not only skilled but also long-term service-ready. Employee loyalty makes the company wealthy. Having a good paymaster is an advantage. The mantra is to "pay well and keep the employee." A devoted workforce avoids issues with hiring, choosing, and training new hires, and consequently, the challenges of high employee turnover.

#4 To Ensure a Good Employer-Employee Relationship:

Misunderstandings typically result from a variety of factors, including differences in treatment. One selling house's Sales force compares its employees' compensation against that of other salespeople. The morale of salespeople is impacted by differences. Salesmen who are handsomely compensated and treated well have little room for resentment or complaining, and as a result, their relationships would be solid and based on a concerted effort.

A Good Remuneration Plan Should Include:

The following specifications should be met by a good compensation plan. If these conditions are met, the plan will be sound and aid in creating a devoted sales force. Long-term service to the company is ensured by loyalty. Salesman turnover will be lower as a result.

Element #1
When compared to other people in the same field; should be able to sustain a decent level of living.

Element #2: Simplicity
It should be simple enough for salespeople of average intelligence to understand without any accounting or statistical background. Salesmen are wary of any plan that they do not fully comprehend which decreases morale and undermines confidence.

Element #3: Flexibility
The plan must be flexible enough to adjust to different selling circumstances. For instance, commission plans will be more advantageous for the company launching a new product. On the other hand, the salary system can be trusted when dealing with a regular product.

As a result, the variable gives it flexibility to guarantee positive outcomes.

Element #4: Incentive-focused
A great and smart incentive for many salesmen who perform above average is financial compensation for extra effort. Increased sales volume derives from this additional sum. It might take the shape of a commission or bonus. It's done to imply that the salespeople receive compensation for above-average performance.

Element #5: Low Administration Cost
The expense of administering the plan, i.e., the requirement for assistance from clerks, accountants, etc. for calculating salesmen's profits, should be as minimal as feasible

Element #6: Fairness
It must be just to the company and the salespeople. Additionally, there shouldn't be any place for favouritism or discrimination against specific salespeople.

Element #7: It Pays Immediately
The remuneration should be incentive-oriented, as was already stated. To have a lasting impact on the employees' thinking, the increased incentives must be provided to them early. Bonus payments are frequently announced but not received until the end of the quarter, the half-year, or the year.

The employees' motivation is weakened by the payment delay. He may have lost interest and excitement by the time he receives the cash. When such incentives are paid late, labour turnover can occur. They must therefore be paid as soon as they are eligible and earned.

1.16 Unit End Questions

A. Descriptive Questions

Short Questions

1. Define sales management.
2. What is personal selling?
3. Explain motivation.
4. How is the sales force compensated?
5. How is a salesman recruited?
6. Describe job analysis.

Long Questions

1. Explain the meaning of sales management. State its objectives.
2. State the functions of sales management.
3. How is a sales organization set up?
4. How is a sales force managed?
5. What is personal selling?
6. How is the sales force of an organization selected and recruited?
7. How is the sales force of an organization trained? State the advantages of training.
8. Explain the individual methods of training sales force.
9. Explain the group methods of training sales force.
10. Describe on-the-job methods of training sales force.
11. What is the need to monitor and control the sales force?
12. How is control applied on sales force?
13. What is the objective of creating sales territories?
14. The sales force be compensated fairly. Comment.

B. Multiple Choice Questions

1 What does the term "Sales Management" refer to?

a. The process of manufacturing products to meet customer demands.

b. The art of persuasively presenting products to potential customers.

c. The process of overseeing and coordinating the sales activities of a company.

d. The process of marketing products to a target audience.

2. Which of the following is a primary responsibility of sales management?

a. Setting up the company's financial goals.

b. Handling employee payroll.

c. Recruiting and training the sales team.

d. Conducting market research.

3. What is the purpose of sales forecasting in sales management?
   a. To determine the marketing budget for the company.
   b. To assess the performance of the sales team.
   c. To estimate future sales and plan resources accordingly.
   d. To set sales quotas for individual sales representatives.
4. Which sales management strategy focuses on nurturing and maintaining long-term customer relationships?
   a. Transactional Selling
   b. Consultative Selling
   c. Relationship Selling
   d. Inbound Selling
5. What is the key benefit of implementing a Customer Relationship Management (CRM) system in sales management?
   a. Reducing the number of sales representatives needed.
   b. Automating the sales process entirely, eliminating the need for human intervention.
   c. Improving customer interactions and enhancing customer satisfaction.
   d. Eliminating the need for sales forecasting.

Answers

1-C, 2- C, 3-C, 4-C, 5-C

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UNIT- 2 THEORIES OF SELLING

STRUCTURE

2.0 Objectives

After completing this Students will be able to

- Define AIDAS
- Understand traditional v/s modern way of selling
- Define territory management
- Explain sales forecasting
- Explain the difference between sales budget and quota

2.1 Introduction

"Everyone lives by selling something." - Robert Louis Stevenson

Selling is the process of exchanging products and services for cash in order to generate revenue for businesses. These days, selling has emerged as an essential component of an organization's operations. Through their sales activities, the groups sway consumers to purchase their goods. Consequently, groups have emerged.

In order to be successful, there must be interest in the selling and promoting operations.

Sellers that want to sell their goods adhere to certain procedures or methods in order to succeed. Some vendors use the traditional method of selling, while others use the modern way for promoting their goods. Traditionally, the salesperson is in charge of the conversation from beginning to end, convincing the customer to make a purchase even when there is no necessity.

2.2 Traditional Way Of Selling

After the World War II, there was a shift as the manufacturing industrial units began producing consumer products. In the 1950's the supplies always outclassed the demands for products. From 1960's to 1980's selling was largely limited to standard products, and sales personnel were used for selling. During that time, the prime motive was to expand base and acquire new customer prospects, one-time selling was the need of the hour. The companies had to focus on ways and means to sell their products. Closing sales, probing method, qualifying the prospect were some of the novel selling techniques which were developed during that period. The glorious position of the sales department in the organizational structure had started. The process of selling was largely dependent on a persuasive pitch, scheming closing techniques, and the salesman's skills in taking care of the client's objections. Those sales representatives who could master the art of arm twisting were usually the successful and admired lot. Thus in order to ensure marketing and selling success, the organizations made efforts to undertake selling and promotional activities. The earlier theories advocated that a typical customer is one who needs to be goaded to buy by converting their static need into buying motive. Traditional selling techniques are still being used depending upon the nature of product/service and the customer.

Traditional selling today is also known as confrontational selling wherein the sales personnel have to go to battle to survive the chances of making a sale. The traditional selling concept advocates that until and unless the customer is not poached and persuaded to buy the organization's product through selling strategies, the customer won't buy. Persuasive advert, or sales personnel telling the customer that the product will change their life, makes them purchase something which is never meant to change their life. In that way the selling concept isn't ethical to say the least, however it also depends upon the seller to be ethical and persuade the customer to buy only those superior products which can fulfil the promises given.

2.3 Aidas

The original AIDA model, one of the hierarchy of effects models, provides the basis for AIDAS. Attention, Interest, Desire, Action, and Satisfaction (AIDAS) refers to the five stages that a prospect experiences before making a purchase.

The overall goal of a marketer's or a seller's marketing or advertising campaign can be maximised by using AIDAS to effectively guide a customer through the stages.

Who was the AIDA Model's creator?

American businessman E. St. Elmo Lewis developed the AIDA model in 1898. AIDA's main goal was to clarify how personal selling operates, particularly in the exchanges between the vendor and the consumer regarding the goods. Lewis' theoretical explanations of advertising theory are based on his vast experience working as a marketing director and consultant for numerous businesses and organisations that were involved in the concepts and campaigns for advertising measures.

He has published numerous works that spread his knowledge among US universities. His AIDA model, which originally appeared more than a century ago, is still frequently used today, for instance in digital marketing.

How Do You Use The AIDAS Model?

The AIDAS model explains how messages from marketing or advertising communications affect customers' brand preferences. You may properly plan your marketing strategy and get the best results by thoroughly understanding each stage of the AIDAS concept. Here are some instructions for using AIDAS:

1. Attention

It's critical to inform potential customers about your goods or services at this initial phase. In your brand awareness campaign, you may efficiently bring material in front of your target audience to grab their attention and pique their interest in your goods or services.

One strategy for drawing customers to your brand is through digital marketing. This entails luring customers via email, content marketing, search engines, social media, and other channels.

2. Interest

The key to success on this stage is keeping your audience's interest. Customers that are interested in goods or services will want to find out more about the advertised brand. Understanding your customer profile and strategically creating materials that provide persuading and engaging messages can help you effectively increase attention.

3. Desire

It's critical to assist customers in understanding why they require the product or service once they've expressed interest in it. To better understand consumer purchasing behaviour and to fuel a greater desire to satisfy requirements, research is required. Messages and visuals are two potent media that stir up emotions and elicit wants.

4. Action

Giving your audience the chance to use the product or service is the next phase in this strategy. This is known as a Call-To-Action (CTA) in digital marketing, which is a phrase or statement intended to compel the audience to do an action. CTAs should be placed in areas where customers can quickly locate them throughout emails, websites, landing pages, and other channels. Create a sense of urgency by using phrases like "Limited Time Offers," "Ends Today," "This Week Only," and similar expressions to convince customers that they must act immediately.

5. Satisfaction

This new stage has transformed AIDA into AIDAS and is crucial to any advertising campaign's overall success. Through multi-channel customer support, after-sales service, and other methods, it is crucial at this point to keep customers loyal once they make a purchase choice.

2.4 Right Set Of Circumstances

As a seller must put up effort, this notion is seller-oriented. The phrase "Situation-response" is another name for it. According to this hypothesis, the prospect will react a certain manner if given the specific variables present in a given selling opportunity. After capturing the prospect's interest and attention, the salesman in order to market the goods to the consumer; need to provide the appropriate appeals or stimuli prospect. He must use judgement and make the best possible impression during the presentation of the product enticing by producing a beneficial situation. To be successful in sales, a person should be well-versed in how to handle the given conditions, which serves as the foundation for knowing how close the prospect's reaction is to the behaviour predicted.

As per this theory, there are two factors which need to be handled by the salesperson and these are- internal factors and external factors. External factors are the salesperson and the remarks which he makes during the sales conversation. External factors are controlled by the salesman himself. However the internal factors are related to the thinking of the prospect and limited to the prospect himself, and therefore cannot be manipulated by the salesperson. A salesperson can never know how a prospect will respond, as different prospects have different internal factors i.e. different thought patterns and processes. Therefore, this theory focuses on the external factors only.

For instance, the salesperson might invite Mr. X, the prospect, to a coffee date in a neighbouring cafe where he can hear the sales pitch after gaining his interest and attention. The coffee shop invitation and the salesperson are examples of the exterior elements that the salesman himself can influence. The thinking of Mr. X is one of the internal causes, though, and it may be uncontrollable. The concept

In this circumstance, Mr. X can choose between:

i) Having coffee or not.

ii) Whether to drink the coffee right now or later.

iii) Whether to leave right away or not.

iv) To go out with the salesperson or another person.

The prospect's above-mentioned cognitive processes are internal to them; a salesperson cannot influence such internal aspects. As a result, the appropriate set of circumstances hypothesis emphasises the outside variables that the salesperson can influence. It is inappropriate to manipulate internal forces.

2.5 Buying Formula Theory

As the emphasis is on the needs or issues of the consumers, this theory is referred to as a buyer-oriented theory. Therefore, the salesperson's goal is to comprehend the difficulties and needs of the customer. They need a salesperson to assist them in identifying the issue at hand.

According to the notion, internal factors have an impact on prospects' responses, and it is a given that the salesperson is not excluding the outside influences. It was given the moniker "Buying Formula" by E. K. Strong Jr.

When a customer sees a need or an issue with a product or service, then at some point, the salesperson must resolve the issue. After receiving the solution, the buyer takes action by buying the good or service. The salesman may offer a brand name, a product or service, or both as the answer.

If you provide the remedy, there's a good chance the potential customer will come up with some relationship with the salesperson, which could result in the prospect becoming satisfied. Additionally, when a potential customer experiences a need, he or she becomes aware of the deficiency, the salesperson should always try to turn this deficit into adequate contentment.

The salesman must make sure that the prospect believes the "Product/Service or Brand Name or Both" to be adequate in order to persuade them to buy.

Additionally, he must ensure that the potential customer feels the positive effects of waiting for fulfilment. The potential customer must feel good when contemplating the brand or merchandise. Looking at the figure below will help you comprehend the theory, where any issue or need is addressed with a specific product, service, brand, or

both. The answer is deemed satisfactory and provides a satisfying sensation to the prospect when he gives it some thought. The potential customer then purchases the product and finds satisfaction in it.

For instance, Mr. X's family is expanding, and he is having difficulty taking them on two-wheeled trips. He is given a solution by a salesperson, who advises him to buy an automobile. The "product" in this case is the "vehicle." The "brand name" in this case is "Maruti Suzuki" if the salesperson suggests that the customer purchase a Maruti Suzuki vehicle. The merchant is obligated to confirm that the proposed solution is adequate to address the issue, and Mr.

feels good while considering the automobile. After that, Mr. X buys the car and enjoys utilising the vehicle and developing a relationship with the vendor.

The Buying Formula is the solution to every selling issue a salesman faces. Depending again on how differently the formula's components are emphasised, there may be variations in the solutions. <u>The variations in how much focus is given depending on the conditions, which can include the following:</u>

- When a potential customer does not perceive a need or issue, the focus is put on the issue or need.
- When a potential customer does not consider a product or service while if there is a need or issue, the salesperson must emphasise the connection between the product and the need.
- The salesperson needs to emphasise the relationship between the brand name and the product when a prospect does not immediately think of a brand name while considering

the product or service.

- When the requirement or issue, good or service, and brand name are closely related then the focus shifts to making purchases easier.
- In the event of competition, the salesperson must prioritise developing the suitability of the good or service, the reputation of the brand, or both, and a good feeling close to it.
- When dealing with a new client, the salesperson needs to emphasise each of the following component of the previously described formula

2.6 Sales Forecasting

Sales forecasting is the act of determining how much a sales unit—which can be a single salesperson, a sales team, or an entire company—will sell over the course of the upcoming week, month, quarter, or year.

A sales forecast is, at its most basic level, a prediction of how the market will react to a company's marketing initiatives.

Why is it important?

In forecasts, the future is discussed. The significance of a corporation producing an accurate sales estimate cannot be overstated. When leaders can put their faith in forecasts, privately held enterprises become more confident in their operations. Accurate forecasts give publicly listed companies credibility in the market.

Forecasting sales has benefits for the entire organisation. Production organises its cycles using sales predictions, and finance uses forecasts to create budgets for recruiting and capacity planning. Forecasts aid supply chain with material purchases and production capacity, sales strategy with channel and partner strategies, and sales operations with territory and quota planning.

These are but a few illustrations. Unfortunately, these techniques frequently remain disjointed within firms, which can have a negative impact on company results. For instance, product marketing might develop demand plans that aren't in line with sales quotas or sales attainment levels if information from a sales forecast isn't shared. This results in errors that damage the bottom line, such as having too much inventory, too little inventory, or erroneous sales targets. Committing to consistent, high-quality sales forecasting can help prevent such costly errors.

Benefits

<u>There are numerous advantages to a precise sales forecasting strategy. These consist of:</u>

- improved capability for future decision-making
- reduction of forecast and sales pipeline hazards
- alignment between revenue projections and sales targets
- less time spent establishing quota allocations and planning region coverage

- benchmarks that can be used to evaluate future trends
- ability to direct a sales staff toward opportunities with strong revenue and profit margins, leading to higher win rates

Bottom-up sales forecast or a top-down sale forecast?

Bottom-up predictions and top-down forecasts are the two main categories of sales forecasting methodology. In bottom-up forecasting, the number of units a company is expected to sell is first projected, and the average cost per unit is then multiplied by that number. The number of sites, sales representatives, online interactions, and other analytics can also be built in.

Starting with the entire market size (also known as the total addressable market, or TAM), a top-down sales forecast calculates the share of the market that the company can eventually control. A company might think it can capture 10% of a $500 million market, for instance, and project revenues of $50 million for the entire year.

A bottom-up sales prediction works by starting with the smallest elements of the forecast and working your way up. A bottom-up forecast has the benefit of being simple to adjust if any variables (such as cost per item or the number of reps) change. Additionally, it gives fairly specific information.

It's crucial to combine the two approaches when forecasting sales. Start with a top-down strategy, then check the viability of your first estimate using a bottom-up approach, or perform the two independently and compare how well they agree. Companies should do both types of forecasts, then make adjustments to each until they yield the same result in order to produce the most accurate forecast.

How to accurately forecast sales??

Follow these five steps to produce a precise sales forecast:

1. Analyze historical patterns

Analyze the prior year's revenue. Sort the data according to price, product, rep, sales time, and other important factors. Create a "sales run rate" based on them, which is the amount of anticipated sales per sales period. Your sales prediction is built on this.

2. Adapt to changes

The outlook becomes fascinating at this point. Once you have your basic sales run rate, you should adjust it in light of the various changes you anticipate occurring. For instance:

- Pricing: Have any of your product pricing changed? Exist any rivals who could pressure you to alter your pricing strategies?
- Customers: How many brand-new clients are you hoping to bring in this year? How many did you catch the year before? Have you employed new reps, boosted your chances of attracting new clients, or received quantifiable brand exposure?
- Channels: Are you planning to launch any new promotions this year? How did the past promotions compare in terms of return on investment?

- Promotions: Are any new channels, regions, or territories being launched?
- Product alterations: Are you updating your product lineup or launching new ones? How long did it take for the market to accept the previous products? Do you anticipate that new items will behave similarly?

1. Recognize market trends

Project all the market events you have been following right now. Are you or any of your rivals planning to go public? Do you plan on making any purchases? Will new legislation alter how people view your product?

2. Track competitors

You probably already do this, but pay attention to the offerings and marketing strategies of rivals, especially the industry leaders. Additionally, keep an eye out for any potential entry of new rivals into your market.

Keys to success in sales forecasting

Numerous elements, such as effective organisational coordination, automation, trustworthy data, and an analytics-based process, are necessary to increase the precision of your sales forecasts and the effectiveness of the forecast technique. Sales predictions should ideally be:

- **Collaborative:** Leaders should combine ideas from various sales roles, company units, and geographical areas. Frontline sales staff can be quite helpful in this situation by offering a viewpoint on the market you hadn't previously considered.
- **Data-driven:** Subjectivity, which is frequently more retroactive than prospective, can be lessened by the use of predictive analytics. Alignment will be promoted and time will be saved by using standard data definitions and baselines.
- **Produced in real time**: Sales executives may swiftly gather knowledge so they can make more educated decisions by investing in the real-time ability to reforecast or course-correct. This allows them to swiftly and precisely adjust the forecast in response to changes in demand or the market.
- **Single sourced with multiple perspectives**: You have excellent insight into rep, region, and company performance when the forecast is generated as a single source of data, and this helps align various business processes across the organisation.
- **Improved over time**: Utilize the knowledge gained from an improved sales forecasting process to produce future predictions that are more precise and whose accuracy increases with time in comparison to a set of accuracy objectives.

Key sales forecasting challenges

Precision and mistrust

Companies that use spread sheets for sales forecasting may experience accuracy problems, which reduces the reliability of the forecast. These accuracy problems may be made worse by:

- Poor CRM implementation throughout the business and slow data entry by staff
- Data that varies between teams, or incomplete data submitted by salespeople
- Company stakeholders generate their forecasts using a variety of approaches.
- Inadequate coordination between the finance, sales, and product departments. When businesses create sales predictions manually or with spread sheets, this lack of teamwork may be exacerbated.

Subjectivity

Although the forecaster's ability to use the data wisely does have a little impact on the accuracy of the forecast, in general, businesses rely more on discretion than they should on reliable predictive analytics. Companies projecting, for instance, using straightforward mathematical pipeline weightings could miss the subtleties of the true accuracy drivers, such as headcount, pricing choices, or route-to-market areas of emphasis.

Usability

A sales forecast loses a lot of its usefulness when it isn't produced in a way that benefits all of the company's stakeholders. For various teams, a successful prediction should generate pertinent and intelligible data.

Inefficiency

When inefficiencies are incorporated into the forecasting process, it can be very challenging to develop sales estimates. There may be disagreements over how a prediction will be created, for instance, when there are numerous owners for the forecast or when the forecast process is not outlined in detail with a set of uniform principles. Similar to this, if forecast inputs are not reconciled before the forecast is generated, the forecast may be the subject of numerous modifications, which can lower trust if versions are released and then updated.

2.7 Territory Management

A territory is a set of clients or a region that falls under the purview of a sales team or an individual salesperson. The typical criteria used to determine these areas include geography, potential sales, historical data, or a mix of these things. Maximizing sales and profitability while effectively allocating resources are the ultimate goals of this separation of responsibilities.

The creation of balanced sales territories is crucial. There are two possible outcomes when a sales territory is out of balance. When a territory is under-served, the sales team or individual salesperson is overworked, which results in less-than-ideal levels of activity. Because they are busy, those in charge of the territory will look for too few leads, identify too few prospects, and spend too little time with clients. As a result, clients turn to rival businesses, costing you sales.

When the sales team has too much work and too many team members to service a small area, the territory is over-servicing. Overall costs and prices rise as a result, which ultimately results in lower sales. Additionally, valuable resources are not being used in other crucial areas. Under-servicing in other sectors may result from this.

Territories that are not balanced can lead to several issues. Among these include the unjust allocation of sales potential among the sales force, unequal pay for sales representatives, and representatives quitting the organisation to pursue other opportunities.

Forecasting sales potential is one strategy people can use to create effective sales territory. This aids in setting sales goals and indicates regions deserving of sparse resource allocation. Forecasting establishes the quantity of prospects in a region and their aggregate (as well as individual) purchasing power.

A sales management strategy should contain sales regions for three key reasons. It might do so for client-related factors. Territories can broaden the market's reach and improve customer service. Higher sales figures and higher levels of customer satisfaction result from this.

The salesperson themselves may be responsible for the second factor. Each team member's excitement and drive will rise if they are aware of their specific area of duty. It is ideal for efficient performance review, lowers staff turnover, and offers the chance for additional awards for those who go above and beyond.

The final factor can be connected to sales management. Territorial distribution improves control and is excellent for organising promotions (if someone does well then they get a bigger territory). It offers the opportunity for better employee incentives and better cost distribution per territory.

What factors must be taken into account when creating territories?

- What kind of merchandise or lines do you carry?
- The intensity of competition in each country
- Distribution channels and the state of the transportation system
- Salesperson workload and the type of the task or activity
- Sales potential and servicing needs of the territory - new sales representatives might train in territories with low potential.
- Performance of a specific salesperson will influence whether they are given more or less difficult areas.

Your sales team's burden can be more evenly distributed with the aid of territory management, allowing them to work faster, forge stronger bonds with clients, and generate more high-quality leads. Your sales team's motivation will increase if they feel like they are working hard and achieving the sales targets they have set for themselves.

2.8 Sales Budget

A sales budget is a financial strategy that projects the entire income of a business over a given time frame. To forecast the performance of the company, it relies on two factors: the volume of products sold and the price at which they are sold.

Sales forecasting, the technique of predicting future sales revenue, is not the same as a sales budget. However, a sales estimate could be guided by a strong sales budget. A sales budget differs from a sales expense budget, which is more concerned with business costs over a specific time frame.

What is the purpose of a sales budget?

A planning tool that enables businesses to manage resources and earnings based on anticipated sales is the sales budget. It considers past sales trends and budgets for comparable time periods so that each department can gain a broad sense of their financial situation.

This makes businesses more effective in achieving their objectives and increasing their profit.

When it comes to creating achievable goals, the sales budget is also helpful. For instance, if a sales team's sales aim is to double client subscriptions, the budget for sales will keep expectations reasonable by representing a 20 percent annual increase. This isn't to say that reaching 50% isn't possible; it only means that when creating a budget based on revenue, reaching 50% should be a bonus rather than a goal.

The significance of a sales budget

Sales budgets are essential for controlling spending (no department likes to go over budget) and for establishing sales targets. Teams advance when they collaborate to achieve growth, even if it's just a simple 1% boost in sales productivity, thanks to clear, precise targets.

A sales budget includes what items?

Before beginning your strategy, make sure your components are ready and correct before getting into sales forecasting or budget preparation. You may have a larger or smaller sales budget worksheet than others depending on the size of your organisation, but all sales budgets should have the following three components:

Income statement: Contains the company's net income and provides a broad financial analysis of how the business is faring.

Balance sheet: For a specific budgetary period, a balance sheet summarises a company's liabilities, assets, and equity.

Cash Flow statement: Cash received and cash spent for a specific budgetary period are reported in the cash flow statement.

2.9 Sales Quota

How do sales quotas work?

A sales entity—team or individual—aims to accomplish a sales quota, which is a sales goal, sales target, or minimum sales level. Sales quotas can be calculated in terms of dollars or units sold, or they can be as precise as the number of new customers, or they can be tracked through actions like product demos. They are often time-sensitive and must be met on a monthly, quarterly, or annual basis.

Sales Quota Types

Notably, there isn't a quota solution that works for everyone. Instead, quotas can come in a variety of sizes and shapes to maximise sales performance management planning and meet corporate strategy.

Direct Quota

Sales representatives who work on the "front line" and have the authority to influence quotas as well as the burden of meeting quotas are given direct quotas.

A direct quota might be something similar to new business quotas (which would be set by looking at a historic average selling price and conversion rates over a period of time). Another possibility is quotas for current clients (which is a bottom up summary of expected revenue based on past or committed performance, such as a renewal, plus any incremental sales sold during the quota period).

Layered Quota

Overlay quotas, as their name implies, are placed on top of direct quotas, but their function as a sum of all direct quotas beneath them provides a better explanation. For instance, a sales manager's overlay quota is the total of all rep direct quotas that report to them. Similar to how a sales vice president has an overlay quota over a sales manager, and so forth.

Essentiality of Sales Quotas

We all understand the value of creating goals and that giving someone something to aim for typically yields greater outcomes than letting them pursue their interests at their own pace.

Sales are no different, of course, and the sales quota is that huge number that is clearly apparent for everyone to observe. Quota draws the line in the sand and establishes the attainment expectation of where a salesperson would want to find their performance at the end of the term, depending on a salesperson's pay mix and the amount of on target earnings they have "at risk."

2.10 Procedure Of Sales Quota Setting

Following Procedure is used to set the Sales Quota

(i) **Quotas based on sales potential:** One common practice in quota setting is to relate quotas directly to the territorial sales potentials. These potentials are the share of the estimated total industry sales that the company expects to realise in a given territory. A sales volume quota sums up the effort that a particular selling unit should expend. Sales potential represents the maximum sales opportunities open to the same selling unit. Many companies derive sales 158 volume quota from sales potentials, and this approach is appropriate when - territorial sales potentials are determined in conjunction with territorial design or bottom-up planning and forecasting procedures are used in obtaining the sales estimate in the sales forecast. Thus, if the territorial sales potentials or forecasts have already been determined and the quotas are to be related to these measures, the job of quota setting is largely completed. For instance, let us assume that the sales potential in territory A is Rs. 300000 or 4 per cent of the total company potential. Then management may assign this amount as a quota for the salesperson who covers that territory. The total of all territorial quotas then would be equal the company sales potential. In some cases, management chooses to use the estimate of potential as starting point in determining the quota. These potentials are then adjusted for one or more of the factors discussed below:

a) **Human factors:** A quota may have to be adjusted downwards because an older salesperson is covering the district. The salesperson may have done a fine job for the company for years but is now approaching retirement age and slowing down because of physical limitations. It would not be good on human relations - or ethical - to discharge or force the person into early retirement. Sometimes such persons are given smaller territories with corresponding 159 lower quotas. Likewise, sometimes new sales people are given lower quotas for the first few years until they learn a greater level of competence.

b) **Psychological factors:** Management understands that it is human nature to relax after a goal has been reached. Therefore, sometimes sales managers set their quotas a little higher than the expected potential. On the other hand, management must not set the goals unrealistically high. A quota too far above the sales potential can discourage the sales force. The ideal psychological quota is one that is bit above the potential but can still be met and even exceeded by working efficiently.

c) **Compensation factors:** Sometimes companies relate their quotas basically to the sales potential, but adjust them to allow for the compensation plan. In such a case, the company is really using both the quota and compensation systems to stimulate the sales force. For example, one company may set its quota at 90 percent of potential. It pays for one bonus if the quota is met and an additional bonus if the sales reach 100 per cent of the potential.

(ii) **Quotas based on past sales alone:** In some organisations, sales volume quotas are based strictly on the preceding year's sales or on an average of sales over a period of several years. Management sets each salesperson's quota at an arbitrary percentage increases over sales in some past period. The only merits in this method of quota setting are 160 computational simplicity and low-cost administration. If a firm follows this procedure, it should at least use an average figure for the past several years as a base, not just the previous year's sales. Random or irregular events would greatly affect a sales index based on only one year.

However, a quota setting method based on past performances alone is subject to severe limitations. This method ignores possible changes in a territory's sales potential. Generally, business conditions this year may be depressed in a district, thus cutting the sales potential or promising new customers may have moved into the district, thus boosting the potential volume. Basing quotas on previous year's sales may not uncover poor performance in a given territory. A person may have had sales of Rs. 100000 last year, and the quota is increased by 5 per cent for this year. The salesperson may even reach the goal of Rs. 105000. However, the potential in the district may be Rs. 200000. This salesperson may perform poorly for years without letting the management realize that a problem exists. Quotas set on past sales also ignore the percentage of sales potential already achieved. Moreover, 'chase your tail' quotas-in which the more the salespeople sell, the more they are supposed to sell-destroy morale and ultimately cause top achievers to leave the company.

(iii) **Quotas based on executive judgement:** Sometimes sales volume quotas are based solely on the executive judgment, which is more precisely called guesswork. Executive 161 judgment is usually an indispensable ingredient in a sound procedure for quota setting, but to use it alone is certainly not recommended. Even though the manager may be very experienced, too many risks are involved in relying solely on this factor without referring to quantitative market measures. This method is justified when there is little information to use in setting quotas. There may be no sales forecast, no practical way to determine territorial sales potential. The product may be new and its probable rate of market acceptance is unknown, the territory may not yet have been opened, or a newly recruited salesperson may have been assigned to a new territory. In such situations, management may set sales volume quotas solely on a judgement basis.

(iv) **Quotas based on total market estimates**: In some companies management has neither statistics nor sales force estimates of territorial sales potentials. These companies use top-down planning and forecasting to obtain the sales estimate for the whole company; hence, if management sets volume quotas, it uses similar procedures. Management may either (i) breakdown the total company sales estimate, using various indexes of relative sales opportunities in each territory and then make adjustments or (ii) convert the company sales estimate into a companywide sales quota and then breakdown the company volume quota, by using an index of relative sales opportunities in each territory. In the second procedure, another set of adjustment is made for 162 differences in territories and sales personnel before finally arriving at territorial quotas. Note that these choices are similar, the only difference being whether adjustments are made only at the territorial level, or also at the company level. The second alternative is a better choice.

(v) **Quotas related only to compensation plan:** Companies sometimes base sales volume quotas solely upon the projected amounts of compensation that management believes sales personnel should receive. No consideration is given to territorial sales potentials, total market estimates, and past sales experiences, and quotas are tailored exclusively to fit the sales compensation plan. If for example, salesperson A is to receive Rs. 5000 monthly salary and a 5 per cent commission on all monthly sales over Rs. 50,000. A’s monthly sales volume quota is set at Rs. 50,000. As long as A’s monthly sales exceed Rs. 50,000, management holds A’s compensation-to-sales ratio to 5 per cent. Note that A is really paid on a straight-commission plan, even though it is labelled “Salary and commission”.

Such sales volume quotas are poor standards for appraising sales performance, they relate only indirectly, if at all, to territorial sales potentials. It is appropriate to tie in sales force quota performance with the sales compensation plan, that is, as financial incentive to performers, but no sales volume quota should be based on the compensation plan alone.

(vi) **Salesperson set their own quota**: Some companies turn the setting of sales volume quotas over to the sales staff, who are placed in the position of determining their own performance standards. The reason for this is that sales personnel, being closest to the territories, know them best and therefore, should set the most realistic sales volume quotas. The real reason, however, is that management is transferring the quota setting responsibilities and turns the whole problem over to the sales staff, thinking, they will complain less if they set their own standards. There is, indeed, a certain ring of truth in the argument that having sales personnel set their own objectives may cause them to work harder to attain them and complain less. But sales personnel are seldom dispassionate in setting their own quotas. Some are reluctant to obligate themselves to achieve what they regard as ‘too much’; and others far this is just as common-overestimate their capabilities and set unrealistically high quotas. Quotas set unrealistically high or low-by management or by the sales force cause dissatisfaction and results in low sales force morale.

Management should have better information; therefore, it should make final quota decisions.

2.11 Sales And Cost Analysis

Sales Analysis

Always, it is treated that the sales analysis is a detailed study of sales volume performance to detect strengths and weaknesses. If sales management-depends solely on summary sales data it has no way to evaluate its own activities and those of the sales force. The fact that sales increased by two percent over last year but profit decreased by one percent would be a cause for concern but of no help in determining how to reverse the profit decline. Sales analysis provides additional information, for example, that the increased sales volume came from products carrying a lower-than-average gross margin. Trough sales analyses, management seeks insights on strong and weak territories, high-volume and low-volume products, and the types of customers providing satisfactory and unsatisfactory sales volume. Sales analysis uncovers details that otherwise lie hidden in the sales records. It provides information that management needs to allocate sales efforts effectively.

Purposes of Sales Analysis

The sales analyses portray strengths and weaknesses of a sales organization in terms of sales, and each type of sales analysis glimpses different aspect. The sales territories analysis depicts about that the particular product where it can be sold. Analysis of sales by products answers how much of what is being sold. Analysis of sales by customers' answers who is buying how much: All sales analyses relate to how much is being sold, but each answers the question in a different way. Sales analyses identify different aspects of sales strengths and weaknesses, but they cannot explain why strengths and weaknesses exist. 197 In addition to above, sales analysis answered four questions of sales manager:

i. it revealed the sales territories with good and poor performances;
ii. it showed that whomsoever salespersons are above; at par and below the quota given to them;
iii. it indicated that Edwards' performance improved as accounts got smaller, but was unsatisfactory with all sizes of accounts; and
iv. where sales were weak and strong, which salespersons were performing above or below quota, which classes of accounts were buying, and which products were being sold

Marketing Cost Analysis

In the Marketing cost analysis; we analyse the sales volume and the selling expenses to determine the relative profitability of particular aspects of sales operations within a specified period of time. The first step in marketing cost analysis is sales analysis by territories, sales personnel, products, class of account, size of order, marketing channels, and other categories. For example, having broken down sales volume by sales territories, the next step is to break down and assign selling expenses by sales territories accordingly. The outcome indicates relative profitability of the sales territories. Marketing cost analysis searches for ways to improve profit performance through exposing relative strengths and weakness of the sales organization and its salespeople.

Purpose of marketing cost analysis

The analysis in terms marketing cost determines the relative profitability of particular aspects of sales operations. By this analysis, we became in position to reply the questions like:

i. which sales territories are profitable and which are unprofitable;
ii. what are the profit 198 contributions of individual sales personnel;
iii. what is the profitability of the different products;
iv. what is the minimum size of a profitable account;
v. how small can an order be and still be profitable; and
vi. which marketing channels provide the most profit for a given sales volume?

Further, the marketing cost analyses indicate aspects possibly requiring managerial action, but not the nature of the action. Answers to more complex questions requiring cross-analysis of expense allocations, are also suggested. If the expenses of selling different products, for instance, are cross analysed with the expenses incurred by individual sales personnel, insights are gained on how sales time should be allocated among products. But, the point related to improvement in sales time allocation among products requires consideration of other factors among them, sales potentials for each product in each sales territory. The marketing cost analysis also discusses about the price discrimination among the products. Especially, a marketing cost analysis performed for this purpose would aim to show that the difference in prices was no greater than the difference in selling expenses incurred in servicing the two customers.

Marketing Cost Analysis Techniques

In the marketing cost analysis, the following techniques may be used:

1. **Selling expenses classification:** Marketing cost analysis requires the classification of selling expenses as either separable (direct) or common (indirect). A separable expense is one traceable to individual sales personnel, sales territories, customers, marketing channels, products, or the 199 like. A common expense is one that is not traceable to specific sales personnel, sales territories, customers, marketing channels, products, or the like. Whether a given expense is a separable or common expense may depend on company policies or aspects of the operation under study. If sales personnel are paid salaries, for example, the outlay for salaries is a common expense as far as selling individual products is concerned. But if sales personnel are paid commissions, sales commissions are a separable expense of selling individual products and of selling particular categories of account or individual customers.

2. Alteration of accounting expense data and activity expense groups: Conventional accounting systems record expenses according to their immediate purpose. For instance, typical account titles include salespeople' salaries, commissions, travel expense, branch sales office rent, advertising expense, general selling expense, general and administrative expenses, and bad-debt expense. In marketing cost analysis, accounting expense data are converted into activity expense groups all the expenses related to field sales operations are grouped together i.e. sales salaries, sales commissions, sales travel expense, and branch sales office rent to determine total expense for this activity.

3. Allocation bases for common expenses: Selection of bases for allocating common expenses is troublesome. In contrast to the analysis of production costs, where a single allocation 200 basis, such as number of machine hours, is used for allocating all manufacturing expenses, some forms of marketing cost analysis require the allocation of selling and marketing expenses on several bases. Allocation bases are factors that measure variability in the activities for which specific expenses are incurred. Allocation bases permit logical assignment of portions of common expense items to particular aspects of sales operations. Some expenses, such as credit and collection expenses, can be allocated according to a logical basis in any type of marketing cost analysis. But other expenses, such as sales salaries, can be allocated to sales territories or to customers but not usually to products, unless available data show the allocation of sales time among different products. For most marketing cost analyses, no attempt is made to allocate all common expenses, only those that can be allocated on logical bases. Marketing cost analyses determine relative profitability, not net profitability, of particular aspects of sales operations. Therefore, there is no need to allocate all common costs in the sales organization. **4. Contribution:** As already discussed that marketing cost analyses focus upon separable expenses and those common expenses available for allocation on logical bases, relative profitability is measured as a contribution margin. As we know, Contribution = Net Sales - Cost of Goods Sold - (separable expenses + common expenses a locatable on logical bases).

2.12 Sales Territory management

Sales Territory

A sales territory comprises a group of customers or a geographical area assigned to a salesperson. The territory may or may not have geographical boundaries. Typically, however, a salesperson is assigned to a geographical area containing present and potential customers. Assigning sales territories helps the sales manager achieve a match between sales efforts and sales opportunities. The total market of most companies is usually too large to manage efficiently, so territories are established to facilitate the sales manager's task of directing, evaluating, and controlling the sales force. The emphasis in sales territory concept is upon customers and prospects rather than only upon the area in which an individual salesperson works. Customers and prospects are grouped in such a way that the salesperson serving these accounts can call on them as conveniently and economically as possible

Procedure for Setting up Sales Territories

A sales territory should not be so large that the sales person either spends an extreme amount of time travelling or has time to call on only a few of the scattered customers. On the other hand, a sales territory should not be so small that a sales person is calling on customers too often. The sales territory should be big enough to represent a reasonable workload for the ales force but small enough to ensure that all potential customers can be visited as often as needed. Whether a company is setting up sales territories for the first time or revising ones that are already in existence, the same general procedure applies:

(1) Select a geographic control unit,

(2) Make an account analysis,

(3) Develop a salesperson workload analysis,

(4) Combine geographic control units in to territories, and

(5) Assign sales personnel to territories.

1. Selecting a basic geographical control unit

The starting point in territorial planning is the selection of a basic geographical control unit. The most commonly used control units are districts, pin code numbers, trading areas, cities, and states. Sales territories are put together as consolidations of basic geographical control units.

Management should strive for as small a control unit as possible. There are two reasons for selecting a small control unit. One reason is to realize an important benefit of using territories, precise geographical identification of sales potential. If the control unit is too large, areas with low sales potential are hidden by inclusion with areas having high sales potentials, and areas with high sales potentials are obscured by inclusion with those having low sales potentials. The second reason is that these units remain relatively stable and unchanging, making it possible to redraw territorial boundaries easily by redistributing control units among territories. If, for example, a company wants to add to Ram's territory and reduce Sham's territory, it is easier to transfer city-sized rather than state- sized control units.

Political units (state, district, or city) are presently used quite often as geographic control units. These are commonly used because they are the basis of a great deal of government census data and other market information.

Counties: In the United States and U.K., the county is the most widely used geographical control unit. County, in these countries, typically is the smallest unit for which government sources report statistical data. Districts may be used on: similar lines in India.

Zip code areas: It is also used in USA. Typical Zip code area is smaller than the typical county. In India Pin code areas may be used on similar lines.

Cities: When a company's sales potential is located entirely or almost entirely, in urbanized areas, the city is used as the control unit. The city rarely is fully satisfactory as a control unit, suburbs adjacent to cities possess sales potentials at least as great as those in the cities themselves and, in addition, they can often be covered by the same sales personnel at little additional cost.

Trading areas: Another control unit used for establishing sales territories is the trading area. The trading area is perhaps the most logic' al control unit, since it is based mainly on the natural flow of goods and services rather thin on political or economic boundaries. Firms that sell through Wholesalers or retailers often use the trading area as a control unit. The trading area is a geographical region that consists of a city and the surrounding areas that serve as the dominant retail or wholesale centre for the region. Usually, customers in one trading area will not go outside its boundaries to buy merchandise; nor Will a customer from outside enter the trading area to purchase a product. The trading area as a geographic control unit has several advantages. Since trading areas are based on economic considerations, they are representative of customer buying habits and patterns of trade. Also, the use of trading areas aids management in planning and control.

States: Many companies have used state boundaries in establishing territory boundaries. A state may be an adequate control unit if used by a company with a small sales force that is covering the market selectively rather than intensively. The use of states as territory boundaries may also work well for a company that is seeking nationwide distribution for the first time. In fact, in these situations salespeople may be assigned to territories that consist of more than one state. This may be done on a temporary basis until the market develops, at which time a change can be made to a smaller control unit. State sales territories are simple, convenient, and fairly inexpensive.

1. Making an Account Analysis

After a company selects the geographic control unit, the next step is to conduct an audit of each geographic unit. The purpose of this audit is to identify customers and prospects and determine how much sales potential exists for each account. First, accounts must be identified by name. Many sources containing this information are available. For example, the yellow Pages have become computerized, and they represent one of the most effective sources for identifying customers quickly. Other sources include company records of past sales; trade directories; professional association membership lists; directories of corporations; publishers of mailing lists; trade books and periodicals; chambers of commerce; central, state, and local governments; and personal observation by the salesperson. After potential accounts are identified, the next step is to estimate the total sales potential for all accounts in each geographic control unit. The sales manager estimates the total market potential and then determine how much of this total the company can expect to get. The estimated sales potential for a company in a particular territory is often a judgmental decision. It is based on the company's existing sales in that territory, the level of competition, any differential advantages enjoyed by the company and the relationships with the existing accounts. The Personal Computer has become a tremendous management aid in analysing the sales potential in a territory. The PC can also calculate the estimated sales potential based on the pre-determined criteria much faster than the sales manager can. Once the sales potential estimates have been made, the PC can classify each account according to it's annual buying potential. One commonly used approach is to employ an ABC classification. The computer identifies all those accounts whose sales potential is greater than a predetermined amount, and classifies them as an account. Next, the accounts that are considered to be of average potential are classify as C accounts. Finally, accounts whose potential is less than a certain amount are classified as C accounts.

1. Developing a Salesperson Workload Analysis

A salesperson workload analysis is an estimate of the time and effort required to cover each geographic control unit. This estimate is based on an analysis of the number of accounts to be called on, the frequency of the calls, the length of each call, the travel time required, and the non-setting time. The result of the workload analysis estimate is the establishment of a sales call pattern for each geographic control unit. Several factors affect the number of accounts that can be called on in each geographic control unit. The most basic factor is the length of time required to call on each account. This is influenced by the number of people to be seen during each call, the amount of account servicing needed, and the length of the waiting time. Information about these factors can be determined by examining company records or by talking with sales people. One factor that affects the number of accounts that can be called on is the travel time between accounts. Travel time will vary considerably from one region to another, depending on factors such as available transportation, conditions of highways, and the weather. The sales manager seeks ways to minimize travel time and thereby to increase the number of accounts that can be called on. The frequency of sales calls is influenced by a number of factors. Accounts are generally grouped into several categories according to sales potential. Group A accounts are called on most frequently, group B accounts less frequently, and group C accounts the least of all. Other factors that influence the call frequency are the nature of the product and the level of competition. The level of non-selling activities influences the time and effort required to cover a geographic control unit.

2. Combining Geographical Control Units into Sales Territories

Up to this point the sales manager has been working with the geographic control unit selected in the first phase of the procedure for setting up sales territories. The unit may be a state, county, city or some other geographical area. The sales manager is now ready to group adjacent control units into territories of roughly equal sales potential. In the past the sales manager used to develop a list of tentative territories by manually combining adjacent control units. However, this was a long procedure that, in most cases, resulted in split control units and territories with uneven sales potential. Today, computers are handling this task in a much shorter time period. Territories with unequal sales potential are not necessarily bad. Salespeople vary in ability and experience as well as initiative, and some can be assigned heavier workloads than others.

The sales manager should assigns the best salespeople to territories with a high sales potential and newer less effective salespeople to the second and third-rate territories, Of course, some adjustment in sales quotas and commission levels may be necessary; depending on the relative sales potential of a specific area and the types of selling or non-selling tasks assigned to the sales representatives.

Territory Shape

The planner now considers territory shape. The shape of a territory affects both selling expenses and ease of sales coverage. In addition, if the shape of a territory permits the salesperson to minimize time on the road, shape contributes to sales force morale.

Three shapes are in wide use; the wedge, the circle, hopscotch, and the cloverleaf. The wedge is appropriate for territories containing both urban and non-urban areas. It radiates out from densely populated urban center. Wedges, of course, can be in many sizes. Travel time among adjoining wedges can be equalized by balancing urban and non-urban calls. The circle is appropriate when accounts and prospects are evenly distributed throughout the area.

Circular territory involves starting at the office and moving in a circle of stops until the salesperson ends up back at the office. The salesperson assigned to the circular M shaped territory is based at some point near the center, making for greater uniformity in frequency of calls on customers and prospects. This also makes the salesperson nearer to more of the customers than is possible with a wedge- shaped territory. The cloverleaf is desirable when accounts are located randomly through a territory. Careful planning of call schedules results in each cloverleaf being a week's work, making it possible for the salesperson to be home weekends.

Home base for the salesperson assigned to the territory is near the center. Cloverleaf territories are more common among industrial marketers than they are among consumer marketers and among companies cultivating the market extensively rather than intensively. In the case of hopscotch territory, the salesperson starts at the farthest point from the office and makes calls on the way back to the office. The salesperson would typically go non-stop to the farthest point in one direction and on the way back stops at many places. On the next trip the salesperson will go in the next direction.

3. Assigning Sales Personnel to Territories

When an optimal territory alignment has been devised the sales manager is ready to assign salespeople to territories. Salespeople vary in physical condition, as well as ability, initiative and effectiveness. A reasonable and desirable workload for one salesperson may overload another and cause frustration. In assigning sales personnel to territories, the sales manager must first rank the salespeople according to relative ability. When assessing a salesperson relative ability, the sales manager should look at such factors as product and industry knowledge, persuasiveness and verbal ability. In order to judge a salesperson's effectiveness within a territory, the sales manager must look at the salesperson's physical, social and cultural characteristics and compare them to those of the territory. For instance, the salesperson born and brought up in a village is likely to be more effective with rural clients than with urban customers because he or she speaks the same language and shares the same value as the rural clients.

The goal of the sales manager in matching salespeople to territories in this manner is to maximize the territory's sales potential by making the salesperson comfortable with the territory and the customer comfortable with the salesperson.

Revising Sales Territories

Two major factors may cause a firm to consider revising established territories. First, a firm just starting in business usually does not design territories very carefully. Often, it is unaware of the problems inherent in covering a certain territory, and sometimes it overestimates or under-estimates the territory's sales potential and required workload. But as the company grows and gains in experience, the sales manager recognizes that some territory revision is needed. In other situations, a well- designed territory structure may become outdated because of changing market conditions or other factors beyond the control of management. With the aid of a PC, the sales manager can produce several revised territory alignments in minutes.

Without a computer this task would consume days. Before embarking on the revision, the sales manager should determine whether the problems with the original alignment are due to poor territory design, market changes, or faulty management in other areas. For example, it would be a serious mistake for management to revise sales territories if the problems are really due to a poor compensation plan.

Signs that justify territory revision

As a company grows, it usually needs a larger sales force to cover the market adequately. If the company does not hire additional sales personnel, the sales force will probably only skim the territory instead of covering it intensely. If sales potential have been estimated in an inadequate manner, the performance of the sales force may be very misleading. Territories may also need revision because of an overestimation of sales potential. For instance, a territory may be too small for a good salesperson to earn an adequate income. Certain environment changes could also warrant the revision of a sales territory. Overlapping territories are another reason for revision. This problem usually occurs when territories are split, and it can cause a tremendous amount of friction in the salesforce. Sales people are very reluctant to have their territories divided because that means handing over accounts they have built up and nurtured. The mere thought that another salesperson is reaping the benefits of their hard work can lead to much bitterness. The organization should immediately correct this problem in a way that will benefit the existing representatives, the new representatives, and the company. territory revisions may be necessary when one salesperson jump into another salesperson's territory in search of business. This is an unethical practice, and it will cause problems with in the sales force. If territories have been designed properly, there should be no need for jumping. Territory jumping is usually a sign that a salesperson is not developing his or her territory satisfactorily. However, it can also indicate that the sales potential due territory is greater than that in another. If a salesperson is doing a good job covering his or her market but the contiguous market has more potential, the representative may be forced to enter the adjacent market.

The effects of territory revision

Salespersons, like most others, dislike change. Management, therefore, must make, a decision either to avoid territory revisions for fear of damaging sales force morale or to revise the territories in order to eliminate problems. When a territory is reduced, a salesperson might face a reduction in potential income and the loss of key accounts that he or she has developed over years. Both of these can result in low morale. Therefore, before revisions are made, sales manager should ask the sales force for ideas and suggestions that might alleviate such problems. Compensation adjustments sometimes must be made to avoid low morale. The salesperson whose territory is being reduced should be taken into confidence and told that a smaller territory can be covered more intensively, thereby Offering a higher volume for the same travel time. One approach to compensating the salesperson is to guarantee the previous level of income.

2.13 Unit End Questions

A. Descriptive Question

Short Questions

1. What is the traditional way of selling?
2. Describe AIDAS.
3. Explain buying formula theory.
4. Explain sales quota.
5. Explain sales budget.

Long Questions

1. What is territory management?
2. What are the key challenges in sales forecasting?
3. Explain the right set of circumstances.
4. How is the AIDAS model used?
5. How is sales forecasted accurately?
6. Differentiate between top-down sales and bottom-up sales.
7. What are the types of sales quota?

B. Multiple Choice Questions

1. Which theory of selling emphasizes that successful salespeople should focus on building strong relationships with customers and understanding their needs to provide customized solutions?

    a. Transactional Selling
    b. Consultative Selling
    c. Product-Oriented Selling
    d. Persuasive Selling

2: In sales, what does "SPIN" stand for in the SPIN selling method?

    a. Selling Principles and Innovative Negotiations

b. Situation, Problem, Incentive, Negotiation
c. Solution, Presentation, Implementation, Negotiation
d. Situation, Problem, Implication, Need-Payoff

3: What is the primary purpose of setting sales quotas for sales representatives?

a. To limit the number of sales calls they make
b. To motivate them to achieve specific sales targets
c. To restrict access to sales training resources
d. To increase their administrative workload

4: Which of the following is a characteristic of an effective sales quota?

a. Being unrealistic and unattainable to challenge salespeople
b. Being flexible and adjustable throughout the sales period
c. Being set without considering the market conditions and customer preferences
d. Being solely based on the company's overall revenue targets

5: Which sales theory assumes that consumers are primarily rational decision-makers who carefully evaluate the costs and benefits before making a purchase?

a. Emotional Selling
b. AIDA Model (Attention, Interest, Desire, Action)
c. Cognitive Dissonance Theory
d. Economic Buyer Theory

Answer
1-b, 2-d, 3-b, 4-b, 5-d

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UNIT- 3 DISTRIBUTION MANAGEMENT

STRUCTURE

3.0 Objectives

After completing this Students will be able to

- Define Distribution
- Understand the Design of distribution channel
- Explain the difference between channel conflict, co-operation and competition

3.1 Introduction

The process of controlling how things are transported from a supplier or manufacturer to a point of sale is referred to as distribution management. It is a general phrase that covers a wide range of operations and procedures, including supply chain management, inventory management, warehousing, and packaging. for distributors and wholesalers, distribution management is an essential component of the business cycle. The ability of an organisation to quickly turn over its products affects its profit margins. The future of the company will be brighter as they sell more and make more money. Businesses need a good distribution management system in order to maintain customer satisfaction and competitiveness. distribution management in the modern era involves more than merely transporting goods from point A to point B. Additionally, it entails obtaining and disseminating pertinent data that can be used to pinpoint important market growth and competition prospects. Nowadays, the majority of forward-thinking businesses use their distribution networks to gather market data, which is essential for determining their competitive advantage.

Distribution can be broadly divided into two categories: commercial distribution (sometimes known as sales distribution) and physical distribution (better known as logistics). Customer service, shipping, warehousing, inventory control, private trucking fleet operations, packaging, receiving, materials handling, as well as plant, warehouse, and store location planning and the integration of information, are just a few of the diverse roles involved in distribution.

Benefits

There are other reasons a business can choose to employ a distribution management plan, aside from preserving revenues. It first keeps things in order. Retailers would be compelled to store inventory at their own locations if a competent management system wasn't in place, which is a horrible idea, especially if the seller doesn't have adequate storage space.

For the consumer, a distribution management system also simplifies things. It enables consumers to shop for a variety of goods at a one spot. Customers would need to visit many sites only to receive what they need if the system didn't exist.

Putting in place a suitable distribution management system also reduces the possibility of delivery problems and the times when products need to be delivered.

Distribution management as a marketing function

The core tenet of distribution management as a marketing function is that it takes place in an ecosystem that also takes into account the following factors:

Product is not only a physical thing; it can be be a concept, music, or piece of knowledge.

Price: This is the amount that a product or service is worth to the vendor and the buyer. It might include both tangible and intangible elements, such as the list price, financing options, discounts, and the likelihood that consumers and rivals would react favourably.

Promotion is any kind of communication a seller uses to inform, convince, and/or remind customers and potential customers about the seller's products, services, reputation, beliefs, and social effect.

Placement: This procedure makes sure that products are offered, accessible, and visible to final consumers or business users in the target channels or customers where they choose to make purchases.

3.2 Design Of Distribution Channel

Distribution channel -meaning

A distribution channel is a network of firms or middlemen that a commodity or service travels through before reaching the final consumer or buyer. Wholesalers, merchants, distributors, and even the internet are examples of distribution channels.

The downstream process, which addresses the issue of "How do we get our product to the consumer," includes distribution networks. As opposed to this, the upstream procedure, also referred to as the supply chain, provides an answer to the query "Who are our suppliers?"

Recognizing Distribution Methods

A distribution channel is the route that all products and services must take in order to reach their target customers. On the other hand, it also specifies the payment route that customers take to pay the original provider. The length of a distribution channel depends on how many middlemen are needed to distribute a good or service.

Products and services can sometimes reach consumers through a variety of short and long-distance methods. Sales can go up by expanding the options for consumers to find a product. However, it can also result in a complicated system that occasionally makes distribution management challenging. Longer distribution routes may also result in lower profit margins charged by each middleman to the manufacturer.

Channels, both direct and indirect

Direct and indirect channels are the two categories into which they are divided. In contrast to an indirect channel, which allows customers to acquire products from wholesalers or retailers, a direct channel lets customers buy directly from the producer. For products that are offered in conventional brick-and-mortar establishments, indirect channels are typical.

In general, the price of a commodity may rise if there are more middlemen in the distribution chain. A direct or short route, on the other hand, may result in cheaper costs for consumers because they are purchasing from the producer directly.

Different Channels of Distribution

Even though there are three major types of distribution channels, each of which combines a producer, wholesaler, retailer, and end user, a channel may occasionally appear to be limitless.

Since it covers all four—producer, wholesaler, retailer, and consumer—the first channel is the longest. The wine and adult beverage sector is the ideal illustration of this extensive distribution network. In this business, wineries are not allowed to sell directly to retailers due to rules that date back to the Prohibition era. It follows the three-tier system, which calls for the winery to first sell its goods to a wholesaler before passing them on to a retailer. The goods is subsequently sold to the final customer by the store.

By selling straight to a retailer who then sells the item to the final consumer, the second channel eliminates the wholesaler. This indicates that there is only one intermediate in the second channel. For instance, Dell is big enough to sell its goods directly to dependable stores like Best Buy. a direct-to-consumer model, which is the third and final channel, allows the producer to sell their goods to the final customer. A direct model is demonstrated by Amazon, which sells Kindles to customers on its own platform. Since both the wholesaler and the merchant are eliminated, this is the shortest distribution chain imaginable.

Making the Best Distribution Channel Selection

The proper distribution channel must be chosen by businesses because not all channels are effective for all items. The channel should be in line with the company's overarching strategic aims, including its general mission.

The distribution strategy should benefit the consumer. Customers, do you wish to talk to a salesperson? Before they buy, will they want to touch the product? Do they prefer to make a hassle-free online purchase instead? Companies can choose the best channel by responding to these questions.

The second thing the business should think about is how quickly it wants its product(s) to get to the customer. Meat and produce are examples of products that profit most from direct distribution, although other products could also benefit from an indirect channel.

The distribution methods a business uses, such as selling things online and through a retailer, shouldn't compete with one another. Companies should plan their strategies to prevent one channel from dominating the other.

What constitutes a Distribution Channel and what elements are there?

The ways a business uses to convey its goods or services to the final customer are referred to as "distribution channels." A network of intermediary companies, including producers, wholesalers, and retailers, is frequently involved. One of the most important aspects of managing supply chains is choosing and observing distribution networks.

What Sets Direct Distribution Channels Apart from Indirect Distribution Channels?

Direct distribution channels let a product maker or service provider interact with the final consumer directly. A corporation using an e-commerce platform to produce clothes and sell them directly to customers is an example of a direct distribution channel. On the other hand, if the same business relied on a network of wholesalers and retailers to market its goods, that is an example of an indirect distribution channel.

Which Three Kinds of Distribution Channels Exist?

Wholesalers, retailers, and direct-to-consumer sales are the three different categories of distribution channels. **Wholesalers** are middlemen companies that buy large quantities of goods from manufacturers and resell them to retailers or, occasionally, to the final customers. **Retailers** provide high-touch customer service to end users and are typically wholesalers' clients. Finally, **direct-to-consumer sales** take place when the manufacturer conducts business with the buyer directly, such as when an e-commerce platform is used.

3.3 Channel Conflict

Channel conflict is defined as any argument, disagreement, or strife between two or more channel partners if one partner's actions or operations have an impact on the other's operations, sales, profitability, market share, or achievement of comparable objectives.

As we all know, in order to ensure market share, customer satisfaction, growth, and profitability, manufacturing companies must strategically plan their distribution and marketing channels.

Numerous channel partners and middlemen join the brand's supply chain as a result of the market's ongoing supply of goods. Any quarrel and commotion between these business partners might be referred to as a channel conflict.

Channel Conflict Types

According to the flow of the conflict and the parties involved, the channel conflict can be broadly divided into the following four categories:

- Vertical level conflict
- Horizontal level conflict
- Inter-type channel conflict
- Multi-channel level conflict

Vertical Level Conflict

In a vertical level conflict, a channel partner from a higher level or vice versa engages in conflict with a channel member from a lower level.

Channel disputes, such as those between wholesalers and retailers or dealers and retailers.

Horizontal level conflict

Horizontal level conflict is defined as disputes between channel partners at the same level, for as disagreements over pricing or manufacturer biases between two or more stockists or retailers in different countries.

Inter-type channel conflict

Conflicts of this nature sometimes occur in scrambled retailing, where large retailers make a special effort to enter a product line distinct from their typical product range in order to compete with the small and concentrated stores.

Multi-channel level conflict

When a manufacturer employs numerous distribution channels for its products, it may experience multi-channel level conflict, in which channel partners for one distribution channel run into problems with another.

Conflict Intensity

The scale of the disagreement refers to the degree to which it is deemed essential or requires the channel leader's, or manufacturer's, attention.

The appropriate examination of the shift in market share and the company's sales volume in a certain area or region can be used to gauge the extent of the conflict.

Channel Conflict Factors

What causes a channel conflict, and what causes it to occur?

The following are some of the main causes that force organisations to deal with channel conflict:

Role Ambiguity: In a multi-channel setup, an intermediary's unsure actions could disrupt the channel of distribution and produce conflict among the intermediaries.

Incompatible Goals: Channel conflict occurs when the manufacturer and the intermediaries have distinct goals and operate in separate ways to achieve them.

Marketing or strategic misalignment: When two-channel partners advertise the same manufacturer's goods in two different ways, it creates two contradictory brand perceptions in the eyes of the consumers.

Differences in Market Perception: The manufacturer's idea of the potential market and penetration into a given area or territory may differ from the intermediaries' perception, which can lead to disagreements and decrease the intermediaries' interest in securing that particular market.

Change Resistant: The intermediates may or may not accept the channel leader's proposals to change the distribution channel. As a result, it can lead to a state of disagreement or non-cooperation.

Consequences of Channel Conflict

Given below are some of these outcomes:

Price Wars: As a result of channel conflict, partners compete against one another on the basis of price, which may cause consumers to put off making a purchase in order to get the best bargain.
Customer Dissatisfaction: If there is a channel conflict, distributors or merchants may be too interested in the company's products and resentful of the customers for needing help.
Sales Decline: Conflicts may have a negative impact on a company's sales since fewer distributors are interested in carrying it and more customers are switching to competing brands.
Exit of Distributors: To grow sales of their products, manufacturers must hold onto their distributors or partners. The likelihood that different distributors may leave the channel increases when there is a channel conflict.
Poor Public Relations: Because of the manufacturer's unfavourable public relations with its distributors, dissatisfied distributors may negatively market the brand and its products.

3.4 Channel Cooperation

It is a universal fact that the conflicts cannot be eliminated, though these can be handled smartly to reduce its negative impact on business.

Following are some of the ways to manage the channel conflicts:

Diplomacy, arbitration, and mediation

The manufacturer can use the intervention strategy, in which a neutral third party steps in to mediate a conflict. The alternative is arbitration, in which a neutral arbiter hears all sides of a dispute and renders a ruling. Or, the parties can try diplomacy, in which the representatives of each side talk and come up with a solution.

Co-optation

As a member of the grievance redressal committee or board of directors, the manufacturer should appoint a specialist who has prior experience managing channel conflicts in other organisations in order to address such conflicts.

Trade associations and dealer councils

The manufacturer creates a dealer council where the dealers can collectively voice their issues and complaints to the channel leader in order to address horizontal or vertical conflicts. They can be included as members of a trade association that protects their interests in order to foster unity among the channel partners or intermediaries.

Superior Goals

Conflicts between channel partners may be lessened by establishing the organization's overarching aim and coordinating it with the partners' particular goals or ambitions.

Consistent Communication

Through formal and informal meetings, the channel leader should solicit regular feedback from the channel partners to learn about market dynamics and trends. Additionally, by talking to each other frequently, problems and disagreements with the channel partner can be resolved.

Legal Process

The aggrieved party may file a lawsuit against the accused party if the dispute becomes crucial and the channel leader is unable to control it.

Fair Pricing

The majority of channel disputes are brought on by the pricing war, thus they may be settled by making sure that items are priced fairly across all markets and that channel partners receive a fair margin.

3.5 Channel Competition

Efforts made by marketers within a distribution channel or by channels as a whole to dominate the competition. For instance, restaurants in a downtown area compete with one another for clients as well as the best sites and vendors. The same eateries also engage in joint competition with meal delivery services for homes and offices. By setting oneself apart from the other restaurants in the market, a restaurant might obtain an advantage. For instance, it may provide a formal lunch club for members only or ensure 15 minutes of service for casual lunches. A marketer may find it challenging to tell when a former participant in one distribution channel has joined a rival distribution channel.

3.6 Unit End Questions

A. Descriptive Questions

Short Questions

1. What is distribution management? State its advantages.
2. What is channel conflict?
3. What is channel co-operation?
4. What is channel competition?
5. What is channel intensity?
6. Differentiate between direct and indirect channels.
7. What kinds of distribution channel exist?
8. Explain distribution management as a marketing function.

Long Questions

1. Explain distribution management.
2. What are the ways to manage channel cooperation?
3. Which factors influence channel conflict?
4. What are the types of channel conflict?
5. What are the different types of distribution channels?

B. Multiple Choice Questions

1. What does distribution management primarily involve?

a. Developing advertising campaigns
b. Managing the supply chain and logistics
c. Conducting market research
d. Setting product pricing

2. Which of the following is a key objective of distribution management?
a. Maximizing production efficiency
b. Minimizing customer satisfaction
c. Optimizing inventory levels
d. Reducing product variety

3. Which channel of distribution involves using intermediaries such as wholesalers and retailers to reach customers?
a. Direct distribution
b. Indirect distribution
c. Franchise distribution
d. Online distribution

4. What is the primary purpose of a distribution center?
a. To store excess inventory
b. To manufacture products
c. To conduct market research
d. To facilitate order fulfillment and distribution

5. What does the term "logistics" encompass in distribution management?
a. Product pricing and promotions
b. Product design and development
c. Transportation, warehousing, and inventory management
d. Target market identification

Answers

1.b, 2.c, 3.b, 4.d, 5.c

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UNIT- 4 MARKETING SYSTEM

STRUCTURE

4.0 Objectives

After completing this Students will be able to

- Understand Vertical marketing system
- Understand Horizontal marketing system
- Explain Customer Oriented Marketing Channels

4.1 Introduction

Many companies fall short when it comes to effective marketing strategies. Although marketing may seem like a straightforward concept on the surface, it really requires careful adaptation to fit the needs of each individual business and its intended customer base. A wide variety of approaches can be taken in an attempt to draw the most lucrative clientele. The term "marketing" here encompasses both horizontal and vertical strategies. These are all forms of marketing, yet they all approach the industry in very different ways.

4.2 Vertical Marketing System

The form of collaboration between the participants in a distribution channel is known as a vertical marketing system. It involves a producer, a wholesaler, and a retailer working together to supply essential products to their clients with the goal of improving efficiency and realising economies of scale.

Benefits

Earlier, businesses chose a traditional marketing strategy. It can be characterised as a situation in which manufacturers, distributors, and retailers work independently from one another to maximise profits. The system increased disputes among business partners and decreased ROI. Some businesses chose to transition to a vertical marketing structure in order to prevent these repercussions.

Manufacturers, wholesalers, and retailers all work together to produce goods and distribute them in a vertical marketing structure. As a result, business owners may effectively manage their organisations and increase their market share. A vertical marketing system aims to reduce rivalry and conflict that frequently exist between businesses. Better efficiency and lower product costs are the results.

In this system, producers, wholesalers, and retailers work together to achieve their commercial goals and boost earnings for everyone. Additionally, each participant has the authority to manage channel operations.

This collaboration increases productivity, helps address issues, and gives firms complete control over their operations. The system needs strong cooperation and communication abilities to succeed, though.

Vertical marketing systems are applicable to a variety of business kinds. The system aids in forging solid relationships with suppliers, distributors, and retailers for businesses of all sizes.

Types

- **Corporate:** In this arrangement, the entire supply chain is controlled by a single business. Each company in this channel continues to oversee the project even if a single company manages the entire production and distribution process. Amway is one of the examples. This American marketing firm creates goods for the home, body, and health. The brand sells goods only through its authorised outlets, making it a part of a corporate vertical marketing structure. As a result, the business functions as both a manufacturer and a distributor of its products.
- **Contractual:** Each component of the distribution channel functions as a separate entity in this system. They combine their efforts in order to increase efficiency and produce value for all participating businesses. To market their products and remain competitive, businesses enter into agreements with significant distributors. An instance of a contractual kind is working with a franchise. People need to buy a licence in order to open one of these shops or cafés. They must, however, adhere to a franchisor's standards, procedures, and rules. Franchises like Pizza Hut, Domino's, and McDonald's are well-known examples.
- **Administered:** Although there is no formal agreement, the size and influence of one of the companies influences the operations of the other companies in the production and distribution channel. Simply said, a big corporation with the biggest influence controls what everyone else does. Procter & Gamble, as an illustration. High levels of collaboration are expected from this consumer goods company.

Example

Take Zara, for instance. The entire supply chain is completely under the brand's control. Conflicts within the company are avoided as a result. Since Zara owns every store, they all employ the same advertising approach. Complete integration of all operations eliminates the potential for channel conflict and promotes maximum effectiveness.

A vertical marketing system is, to put it simply, an alternative to a conventional marketing system. It makes sure that various businesses work together to meet client needs, increase revenues, and cut expenses.

4.3 Horizontal Marketing System

In a horizontal marketing system, two or more unrelated enterprises operating at the same level join forces to take advantage of economies of scale.

Companies who lack funding, human resources, production methods, marketing programmers, and are fearful of suffering significant losses typically choose this type of marketing strategy. In order to get around these constraints, businesses partner with larger firms either through joint ventures, which can be temporary or permanent, or mergers to stay in business.

Collaboration in this marketing system is possible between:

- Two or more manufacturers- Aiming to use scarce resources as efficiently as possible.
- Two or more wholesalers- with the aim of covering a greater territory for the distribution of goods and services.
- Two or more retailers- With the intention of offering large quantities in a certain location.

Example

1. **Nike and Apple** have entered into a partnership, with the intent to have a Nike+ footwear in which the iPod can be connected with these shoes that will play music along with the display of information about time, distance covered, calories burned and heart pace on the screen.
2. **Johnson & Johnson,** a health care company, have joined hands with Google, with an objective of having a robotic-assisted surgical platform. That will help in the integration of advanced technologies, thereby improving the healthcare services.

4.4 Designing Customer Oriented Marketing Channels

A marketing strategy centred on the wants and needs of the consumer is known as customer-centric marketing. It involves valuing customers above all other considerations while combining common sense, intuition, and reliable data about customer behaviour.

More than merely enticing people to buy your products is what customer-oriented marketing entails. Some businesses increase sales by offering promotions like "buy one, get one free" or by pressing clients. Instead of focusing on what you want to offer, the consumer-oriented marketing strategy focuses on what your customers need.

Why has customer-oriented marketing become essential for companies?

The consumer of today is better informed, has access to a wider range of options, and is exposed to novel experiences thanks to the digital era. Because of this, businesses must swiftly and successfully adjust to changing customer needs.

As a result of its effectiveness in putting your brand in the shoes of the customer, customer-oriented marketing has gained popularity in recent years.

With this strategy, businesses must stop focusing on their own demands and instead pay attention to those of each individual consumer.

In order to better clarify, here are 5 factors that highlight the significance of implementing a client-cantered strategy.

1. Adjusting to the changing consumer culture

We covered how customer-focused techniques help close more business more quickly in one of our recent posts. Consumers are continuously looking for fresh experiences and are more conscious of their purchasing power with companies.

Therefore, prospects are no longer interested in listening to the same old promotional messages. Therefore, building a trustworthy relationship with customers is important to maintain their purchase patterns.

In this case, customer-oriented marketing enables you to create a comprehensive strategy that takes into account all the elements that influence the consumers' loyalty.

2. Recognize how your customers decide what to buy

Digital marketing has created opportunities for a more bidirectional communication paradigm where customers expect to be heard while also being more likely to conduct online research prior to making a purchase.

That is why it is crucial to have a content marketing plan.

Customers and prospective clients enjoy finding solutions. You establish a good association when your brand, through pertinent and interesting information, dramatically enhances their quality of life.

You can only create a memorable experience when your text, visual, or interactive content addresses consumer problems along their path (including success stories that influence the purchase decision).

As a result, creating pertinent and optimized content for a client acquisition plan is a successful technique to establish a long-lasting connection.

Someone may have come seen your brand for the first time as a customer through, for instance, a blog post that came up on Google. The resources you generated afterward continued to build that person until you gained enough confidence to make the ultimate purchasing decision.

3. Adhere to the modern inbound marketing strategy

The traditional sales and marketing funnel started the process of becoming a customer-focused cycle in 2018. This is currently referred to as a flywheel.

This innovative strategy prioritizes client loyalty and places the client at the center.

4. Improve your knowledge of your clients.

Companies can better define their users and understand their behaviour by using a data enrichment strategy to gather and process more precise information about specific clients or leads. Basically, any digital channel may be used to gather data to better segment the public, completely understand their wants, and have all the information needed to create a marketing strategy that is more effective and centered on the demands of the client.

5. Loyal consumer

Finally, a happy consumer may act as a brand ambassador in addition to remaining loyal to your product.

4.5 Wholesaling

Meaning and Definition:

The word 'Wholesaler' has been derived from the word 'Wholesale' which means to sell goods in relatively large quantities or in bulk. A wholesaler, in the words of S.E. Thomas 'is a trader who purchases goods in large quantities from manufacturers and sells to retailers in small quantities.

The term 'wholesaler' applies only to a merchant middleman engaged in selling the goods in bulk quantities. Wholesaling includes all marketing transactions in which purchases are intended for resale or are used in marketing other products. Thus, we can say that a wholesaler is a person who buys goods from the producer in bulk quantities and forwards them in small quantities to retailers. So, a true wholesaler, as S.E. Thomas observes, "is himself neither a manufacturer nor a retailer, but acts as a link between the two". He is a vital link in the channel of distribution.

Characteristics of a Wholesaler:

i. He buys in bulk quantities from producers and resells them to retailers in small quantities.
ii. He usually deals in a few types of products.
iii. He is a vital link between the producer and the retailer.
iv. He operates in a specific area determined by producers.
v. He does not display his goods but keeps them in god owns. Only samples are shown to intending buyers.
vi. A wholesaler may be an individual or otherwise a firm.

vii. A wholesaler generally sets up distribution centre in parts of the country to make available goods to the retailers.

viii. He sets up own warehouses to store goods for ready supply.

Functions of a Wholesaler:

A wholesaler performs the following functions:

(i) **Assembling:** A wholesaler buys goods from producers who are scattered far and wide and assembles them in his warehouse for the purpose of the retailers.

(ii) **Storage**: After arranging and assembling the products from producers, wholesaler stores them in his warehouse and releases them in proper and required quantities as and when they are required by retailers. Since there is always a time-lag between production and consumption, therefore, the manufactured goods are to be stored carefully till they are demanded by retailers. Thus, a wholesaler performs the storage function in order to save the goods from deterioration and also to make these goods available when they are demanded.

(iii) **Transportation**: Wholesalers buy goods in bulk from the producers and transport them to their own god owns. Also, they provide transportation facility to retailers' by transporting the goods from their warehouses to the retailers' shops. Some wholesalers purchase in bulk, therefore, they can avail the economies of freight on bulk purchases.

(iv) **Financing:** A wholesaler provides credit facility to retailers who are in need of financial assistance.

(v) **Risk-bearing:** A wholesaler bears all the trade risks arising out of the sudden fall in prices of goods or by way of damage/spoilage or destruction of goods in his warehouse. The risk of bad debt as a result of non-payment by retailers who have purchased on credit, also falls on the wholesalers. Thus a wholesaler bears all the trade and financial risks of the business.

(vi) **Grading and Packing:** A wholesaler sorts out the goods according to their quality and then packs them in appropriate containers. Thus, he performs the marketing function of grading and packing also.

(vii) **Providing Marketing Information:** Wholesalers provide valuable market information to retailers and manufacturers. The retailers are informed about the quality and type of goods available in the market for sale, whereas the manufacturers are informed about the changes in tastes and fashions of consumers so that they may produce the goods of the desired level of taste and fashion.

(viii) **Facilitating Disbursement and Sale:** Wholesalers sell their goods to retailers who are scattered far and wide. Retailers approach them when their stocks are exhausted from further replenishment. Thus, wholesalers help in the dispersion process of marketing

4.6 Retailing

World of Retailing:

Retailing is a global, high-tech industry that plays a major role in the global economy. About one in five U.S. workers is employed by retailers. Increasingly, retailers are selling their products and services through more than one channel—such as stores, Internet, and catalogs. Firms selling services to consumers, such as dry cleaning and automobile repairs, are also retailers.

Retail management:

The various processes which help the customers to procure the desired merchandise from the retail stores for their end use refer to retail management. Retail management includes all the steps required to bring the customers into the store and fulfil their buying needs. Retail management makes shopping a pleasurable experience and ensures the customers leave the store with a smile. In simpler words, retail management helps customers shop without any difficulty.

What is retailing?

Most common form of doing business It consists of selling merchandise from a permanent location (a retail store) in small quantities directly to the consumers. These consumers may be individual buyers or corporate. Retailer purchases goods or merchandise in bulk from manufacturers directly and then sells in small quantities.

Shops may be located in residential areas, colony streets, community centers or in modern shopping arcades/ malls.

Meaning of Retailing: According to Kotler: ´Retailing includes all the activities involved in selling goods or services to the final consumers for personal, non-business uses:

A process of promoting greater sales and customer satisfaction by gaining a better understanding of the consumers of goods and services produced by a company.

Retailing consists of the sale of goods or merchandise from a fixed location, such as a department Notes store or kiosk, or by post, in small or individual lots for direct consumption by the purchaser. Retailing may include subordinated services, such as delivery. Purchasers may be individuals or businesses. In commerce, a retailer buys goods or products in large quantities from manufacturers or importers, either directly or through a wholesaler, and then sells smaller quantities to the end-user. Retail establishments are often called shops or stores. Retailers are at the end of the supply chain. Manufacturing marketers see the process of retailing as a necessary part of their overall distribution strategy. The term "retailer" is also applied where a service provider services the needs of a large number of individuals, such as a public utility like electric power.

Functions of Retailing

Retailers are crucial players in the emerging market scenario. Large brands are running first to get into the desired retail formats to cater to the growing middle class of India. Retailers perform various functions like providing assortments, sorting, breaking the bulk, rendering services, bearing risk, serve as a channel of communication, transportation, advertising and holding inventory. They significantly contribute towards increasing the product value and satisfying the consumers.

Following are the functions of a retailer/retailing:

1. Providing assortments: Offering an assortment enables customers to choose from a wide selection of brands, designs, sizes, colors, and prices in one location. Manufacturers specialize in producing specific types of products.

Example: Kellogg makes breakfast cereals, Knorr makes soups.

If each manufacturer had its own stores that only sold its own products, consumers would have to go to many different stores to buy groceries to prepare a single meal. Retailers offer assortment of multiple products and brands for consumer convenience.

2. Sorting: Manufacturers make one single line or multiple product lines and will always prefer to sell their entire output to few buyers to reduce their costs. Final consumers will prefer to choose from a large variety of goods and services and then usually buy in smaller quantities. Retailers have to strike a balance between demands of both the sides, by collecting a combination of goods from different producers, buying them in large quantities and selling them to individual consumers in smaller quantities. The above process is called sorting and under this process, the retailer undertakes activities and performs functions that add value to the products and services while selling them to consumers.

Example: A shopping supermarket of Pantaloon Retail in the name of 'Big Bazaar' sells more than 20,000 assortments from 900 companies. Customers can choose from such a basket in just one location. There are specialized retailers like Nilgiris or Barista, which offers specialized assortments of a single product line.

3. Breaking Bulk: Retailers offer the products in smaller quantities tailored to individual consumers and household consumption patterns. This reduces transportation costs, warehouse costs and inventory costs. This is called breaking bulk.

4. Rendering Services: Retailers render services that make it easier for customers to buy and use products. They provide credit facilities to the customers. They display products, which attract the customers. Retailers keep ready information on hand to answer queries of the customers. They provide services by which the ownership can be transferred from manufacturer to the end consumers with convenience. They also provide product guarantee from owner's side, after sales service and also deal with consumer complaints.

Retailers also offer credit to consumers and develop hire purchase facilities to enable them to buy a product immediately and pay the price at their ease. Retailers also fill orders, promptly process, deliver and install the product at customer point. Retail sales people answer the customer complaints and demonstrate the product for the customer to evaluate before making a choice. They also help in completing a transaction and realizing the sale.

5. Risk Bearing: Retailers bear a different kind of risk to the manufacturers and wholesalers. Even the customers can come back to the retail point and return the product. In that case, the risk of product ownership many times rests with the retailers. Many companies have buy back schemes and return schemes whereby the retailers can always return the unsold items to the manufacturer.

6. Holding Inventory: A major function of retailers is to keep inventory so that products will be available for consumers. Thus, consumers can keep a much smaller inventory of products at home because they can easily access more from the nearby retailers. Retailer's inventory allows customers instant availability of the products and services.

7. Channel of Communication: Retailers are the bridge between the manufacturer or his representative and the end customers. They serve as a two-way channel of communication. The manufacturer collects customer choice and preference data and provides information about existing and new products through the retailers. The point of purchase displays provide serve as advertisements that provide information about new products and many times retailers inform the consumers about likely date of availability of a product or entry of variants into the market. The shoppers get a chance to learn about products and services from the stores and even acquire trial habits by seeing others buying a product or service in the store. The manufacturer too collects customer data, data on gaps in demand and supply cycles and customer satisfaction from retail points.

8. Transportation: Retailers also help in transport and advertising function. The larger assortments are transported from wholesaler's point to retailers point by retailer's own arrangements and many times, the retailer delivers the goods at final consumer's point. So, retailers provide assistance in storage, transportation and prepayment merchandise. The percentage that a retailer gets from the sale price depends on the number of functions that the retailer does for the manufacturer.

Characteristics of Retailing:

1. Direct interaction with customers'/end customers.
2. Sale volume large in quantities but less in monetary value
3. Customer service plays a vital role
4. Sales promotions are offered at this point only
5. Retail outlets are more than any other form of business
6. Location and layout are critical factors in retail business.
7. It offers employment opportunity to all age

4.7 Unit End Questions

A. Descriptive Questions
Short Questions

1. What is vertical marketing system?
2. What are the benefits of vertical marketing system?
3. What is horizontal marketing system?
4. Give two examples of Horizontal marketing system
5. Give two examples of Vertical marketing system

Long Questions

1. Why is customer oriented marketing important?
2. What is the difference between vertical and horizontal marketing system?
3. What are the types of vertical marketing system?
4. How do we design Customer Oriented Marketing Channels?

B. Multiple Choice Questions

1. Which of the following best describes a Vertical Marketing System (VMS)?

   a. A system where multiple unrelated companies collaborate to promote a product.
   b. A system where a single company handles different stages of production and distribution.
   c. A system where marketing efforts are focused on a specific target market.
   d. A system where products are sold through various online and offline channels.

2. In a Vertical Marketing System, what is the primary benefit of channel integration?

   a. Increased competition among channel members.
   b. Better control and coordination of the distribution process.
   c. Reduced dependency on intermediaries.
   d. A wider reach in the market.

3. What is the main characteristic of a Horizontal Marketing System (HMS)?

   a. Multiple companies come together to share resources and production facilities.
   b. One company acquires all the competitors in the market.
   c. Companies collaborate to target a specific customer segment.
   d. Several companies join forces to enhance product differentiation.

4. In a Horizontal Marketing System, what is the primary reason for companies to form partnerships?

a. To reduce production costs.
b. To create a monopoly in the market.
c. To pool resources and expand market reach.
d. To streamline the distribution process.

5. Which of the following is an example of a Horizontal Marketing System?

a. A Manufacturer Forming a Partnership with A Retailer to Increase Product Sales.
b. A Single Company Acquiring All the Suppliers in The Industry.
c. Several Independent Companies Collaborating to Offer Complementary Products as A Package Deal.
d. A Manufacturer Selling Its Products Through Multiple Distributors and Wholesalers.

Answer

1.b, 2.b, 3.a, 4.c, 5.c

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UNIT- 5 LOGISTICS

STRUCTURE

5.0 Objectives

After completing this Students will be able to

- Explain transportation
- Understand the meaning of warehousing
- Elaborate on inventory management
- Explain order processing
- Elucidate market logistics decision
- Illuminate SCM
- Explain the emerging trends and challenges in sales management

5.1 INTRODUCTION

Logistics Concept, Definition, Origin and Evolution

Logistics management is the part of the supply chain process that plans, implements, and controls the efficient, effective flow and storage of goods, services, and related information from the point of origin to the point of consumption to meet customer requirements.

Logistics management may be defined as follows:

According to the Council of Logistics Management, logistics can be defined as "that part of supply chain process that plans, implements and controls the efficient, effective flow and storage of goods, services and related information from the point of origin to the point of consumption".

Logistics Management is an all-inclusive term that encompasses both planning and execution of four key aspects of logistics, i.e. transportation, distribution, warehousing and purchasing. Another pertinent factor that logistics management takes into account is the flow of goods in forward and reverse order. Logistics management consists of the process of planning, implementing and controlling the efficient flow of raw-materials, work-in-progress and finished goods and related information- from point of origin to point of consumption; with a view to providing satisfaction to the customer.

Origin and Evolution:

- **Years 30 “Military logistics”**

After the Second World War, the interest of business by the logistics process arises and an analogy is established between military logistics and technical material supply and military logistics is begun to be related to industrial production.

- **Years 50 “Conceptualization of logistics”**

Logistics becomes more important due to the transition that goes through the most developed countries, from an economy characterized by excessive demand to an economy with excess supply, with these being their main characteristics:

- First developments of the total cost of logistics operations.
- It focuses on the concern to satisfy the customer.
- Distribution channels are of particular importance. You want to sell any product anywhere.
- Increase new products, as a result the product lines are originated.
- **60 Years “Outsourcing”**

Logistics took a new approach where “outsourcing” was the most appropriate mechanism to reach customers, since it had as its main objective the subcontracting of other companies because the flow of goods or information was efficient and reached all parts that were within the reach of the company.

- **Years 70 “The concept of trial logistics”**

Customer service becomes an indispensable requirement to continue competing with market leaders.

- Progress in the concept of physical distribution.
- There are periods of recession and growth in the world economy.
- Development of the inventory management strategy.
- The technology for the industrial revolution that occurred during these times began to emerge, and the cost of information technology was reduced to improve the quality,

which brought about an improved mechanism for the supply of the goods Or information accurately and precisely at the time the customer made their order, this mechanism is called "Just in Time", that is just in time.

- **Since the 80's "Modification of preferences"**
- The energy crisis of the moment drives the movement towards the improvement of transport and storage.
- Just in Time's approach was modified by Quick Response (QR) and Efficient Consumer Response (ECR) with the sole purpose of seeking a precise delivery with the exact amount, when and where needed, to meet To the customer.
- changes in supply chain preferences where special attention is paid to suppliers, distributors and customer service, defining the end-user's demand.
- Inventories, total logistics costs are reduced, and delivery times are shorter.
- Logistics operations are energy-intensive: environmental-ecological concern is born.

1990 "Promotion of logistics"

Logistics went on to become a more integrated process in terms of its external and internal environment, in other words, its internal processes within the company were managed according to the relationships that were with its customers and suppliers. This process of integration causes logistics management to begin with a strategic plan regarding the design of how to reach the final customers, in order to go out and minimize competition, establishing efficient plans for the supply of the products.

- Technology continues to position itself in conventional Logistics processes and Distribution channels
- Outsourcing services
- Demand for logistics services expands Day by day it is observed that to put into practice a good business logistics management is essential, it has developed over time and is now a basic aspect.

A perfectly designed logistics project is the most strategic tool to compete with the demanding current market, achieving customer loyalty.

Classification of Logistical Activities:

Logistics (or Logistical Activities) may be broadly classified into two categories:

I. **Inbound logistics;** which is concerned with the smooth and cost effective inflow of materials and other inputs (that are needed in the manufacturing process) from suppliers to the plant. For proper management of inbound logistics, the management has to maintain a continuous interface with suppliers (vendors).

II. **Outbound logistics** (also called physical distribution management or supply chain management); is concerned with the flow of finished goods and other related information from the firm to the customer. For proper management of outbound logistics, the management has to maintain a continuous interface with transport operators and channels of distribution. 5 Significance (or Objectives) of Logistics Management: Logistics management is significant for the following reasons:

5.2 Transportation

Meaning

The function of transportation is essential to marketing. The physical methods of moving people and products from one location to another are provided by transportation. In other words, it deals with moving the items from their manufacturing locations to their consuming locations.

Transportation establishes the usefulness of a location and regulates supplies from one location to another. Transportation makes it easier to carry out marketing tasks like purchasing, assembling, selling, storing, and warehousing, among others. A cohesive transportation network is essential for the growth of the overall economy.

Modes

1. Land- railways, roadways
2. Water
3. Air

Importance

It is stated that transportation and communications are a country's nerves if agriculture and industry are its body and bones. A reliable transportation infrastructure would have made modern industrialization a reality.

Markets are widened by transportation, which also enhances the scale of operations, labour and capital mobility, wealth creation and distribution, and the specialization and division of labour.

(1) Rapid industrialization and agricultural development depend heavily on transportation.

(2) It is crucial to the process of price stabilization across various regions.

(3) It promotes both domestic and international trade. Foreign trade has significantly increased thanks to the development of air and maritime transport.

(4) By making commodities available even in remote locations, transportation has significantly aided in raising the standard of living of people.

(5) One of the key factors to consider while choosing the location of an industrial unit is transportation.

(6) The development and promotion of enterprises producing perishable goods, such as fishing, poultry farming, dairy farming, etc., have benefited greatly from transportation. These commodities may now be transported quickly and efficiently over long distances without suffering any quality degradation.
(7) Consumers have benefited immensely from transportation by having access to a wide range of goods at lower prices.
(8) Millions of people have jobs thanks to transportation, and as the number of transportation options grows, so do employment opportunities.

5.3 Warehousing

Meaning

The act of storing involves keeping and protecting the things. Typically, there is a lag between the manufacturing of a good and its consumption. The storing function is concerned about this gap. Warehousing guarantees a constant and unhindered supply of commodities in the market and makes them available as and when needed. In this way, holding and retaining items at several locations also creates place utility.

Importance

1. Production is now conducted in advance of anticipated market demand for the product. Not all of the things are instantly sold off. Warehousing is essential for the commodities that have not been sold.
2. A lot of goods have a seasonal aspect. They are created in a specific season. They must be stored in order to maintain year-round availability. Typically, this is done while dealing with agricultural products.
3. Despite the fact that a lot of things are manufactured all year long, demand only increases during certain seasons. In these circumstances, products must be kept in warehousing and released when the season starts. Examples of this category include wool and woolen clothing.
4. Producers must store raw materials in order to continue production without interruption or delay due to a lack of raw materials, hence warehousing is crucial from their perspective.
5. Both retailers and wholesalers agree that product warehousing is essential. These products must be consistently supplied by wholesalers to retailers, who then sell them to consumers.
6. Warehousing functions as a method of price equalization, especially when market prices are declining. As a result, farmers may sell their goods for higher prices since they have access to warehousing space.
7. Warehousing is important in the case of perishable commodities as well. Produce like fruits, butter, eggs, and vegetables, among others, can be kept in cold warehousing to assure a consistent supply all year long.
8. Products like rice, tobacco, and alcohol are held for extended periods of time since they may command greater prices in the future.

9. Some products, like tea, tobacco, coffee, etc., need to undergo further processing before they can be consumed. It is necessary to carry out specific procedures including curing and blending, among others. Before executing such operations, these products must be kept.

5.4. Inventory

What is inventory?

A company's inventory is made up of the components, finished commodities, and raw materials it sells or utilises in manufacturing. Inventory is viewed as an asset in accounting. Accounting professionals use stock level information to accurately report valuations on the balance sheet.

Stock vs. Inventory

In retail organisations, inventory is usually referred to as stock: Managers frequently refer to items like clothing and housewares as "stock on hand." Across industries, "inventory" more broadly refers to items that are kept for sale as well as raw materials and production-related parts.

Inventory Management

Inventory management aids businesses in determining which merchandise to order when and in what quantities. Inventory is tracked from product acquisition to sale. To guarantee there is always adequate inventory to fulfil client orders and proper warning of a shortfall, the technique recognises trends and reacts to them.

Inventory turns into revenue after it is sold. Inventory ties up cash before it is sold, while being listed as an asset on the balance sheet. As a result, having too much stock is expensive and lowers cash flow.

Inventory turnover is one metric for effective inventory management. Inventory turnover is a metric used in accounting to determine how frequently stock is sold over time. A company doesn't want to have more inventory than sales. Deadstock, or unsold stock, can result from a lack of inventory turnover.

Benefits

- **Saves Money:** By comprehending stock trends, you may better utilise the stock you already have by seeing how much and where you have it in stock. Because you can fill orders from anywhere, you may keep less inventory at each location (store, warehouse). This lowers the cost of holding inventory and reduces the amount of inventory that is unsold before it becomes obsolete.
- **Enhances Cash Flow:** When you manage your inventory well, you spend money on products that will sell, which keeps the business's cash flow healthy.
- **Makes Customers Happy:** Making sure clients get what they want right away is one way to cultivate loyal patrons.

Challenges

- **Obtaining Accurate Stock Information:** Without accurate goods information, you can't determine when to restock or which stock sells well.
- **Poor procedures:** Operations might be slowed down and work can become error-prone using outdated or manual techniques.
- **Variations in Consumer Demand:** Tastes and wants of customers are always evolving. How will you be able to determine when and why their preferences change if your system is unable to observe trends?
- **Making Good Use of the Warehouse:** If similar products are hard to find, staff members squander time. Getting inventory management right can help solve this problem.

5.5. Order Processing

Meaning

After a consumer has successfully made an order, order processing entails the identification, sorting, picking, packaging, transfer, and delivery of the packed items to a shipping carrier. Distribution centres are where it is typically conducted.

Order processing is the sum of all the tasks that must be carried out between the time an order is placed and the time it is delivered to the customer.

Steps

The following steps are involved in order processing:

Step 1: Placing the Order

The customer successfully places their order at this stage. Typically, it contains information on the customer, the address, the items requested and their quantities, the order number, instructions, etc. In order to determine the best way to deliver the merchandise, it also contains an inventory lookup.

Step 2: Selection

In order to fulfil the requests of the customers, it refers to the gathering of items in a specific number prior to dispatch. There are three different forms of picking:

Piece picking, which refers to the process of picking orders one piece at a time, Distributors of repair parts or mail-order catalogue businesses typically carry this out.

Step 3: Sorting

According to the customers' requests, the goods are sorted at this step based on their destination, type, size, etc.

Step 4: Pre-consolidation or package formation

In this, the package's weight and labelling are completed.

Step 5: Consolidation

This is the last action. The container is now full with the combined final packages. Transport to the customer is prepared.

When building an order processing system, the following considerations must be taken into account:

i) The type of product—Shipping vegetables and clothing require two separate procedures.

ii) The nature of the order: Some orders are quite large, while others are only modest in size. Shipping a few kilogrammes versus shipping several tonnes of goods is a distinct process.

iii) The type of shipping container—Shipping milk cans and boxes of cookies requires distinct procedures.

iv) Costs: These vary depending on the amount of time needed, the weight of the shipment, etc.

v) The procedures are also impacted by the availability of labour and the work force. In the absence of labour, the procedures must be automated.

vi) Seasonality: Some products' demand vary with the time of year.

5.6. Market Logistics Decision

Meaning

The market-logistics goal of many businesses is to "deliver the appropriate products at the right time and location for the lowest possible cost." Unfortunately, no solution can optimise consumer satisfaction while reducing distribution costs. Maximum client service necessitates expensive transportation, numerous warehouses, and vast stocks, all of which increase the cost of market logistics. Market logistics activities necessitate trade-offs, thus managers must consider the entire system while making decisions. The first step is to research what the market needs and what the competition is providing. Customers expect timely deliveries, assistance in addressing urgent needs, cautious handling of their purchases, and prompt return and replacement of any defective items. The business must take service standards of rivals into account. Although it will typically seek to meet or surpass these, the goal is to maximise earnings, not sales.

Objectives

The following are some of a company's key market logistics goals:

a. Logistics Decisions
b. Market logistics and cost
c. Market logistics decisions

"Getting the right items to the right places at the right time for the least cost" is a common company goal statement for market logistics. This means that a market logistics system must simultaneously offer the highest level of customer service at the lowest possible cost of distribution.

(a) <u>Logistics Decisions</u>: Market logistics activities contain significant trade-offs, thus decisions must be made with the entire system in mind. On-time delivery is important to customers, and suppliers want to fulfil urgent requests. They are also eager to accept defective products back and swiftly restock them at their expense. The proportional significance of various service outputs must then be determined by a corporation.

For a picture copier machine, for instance, the shortest service-repair time is crucial.

A malfunctioning machine anywhere in the United States will be repaired or replaced by Xerox Corporation, USA, within three hours of receiving a complaint. In this situation, the business must take into account the service standards of its rivals and choose to either meet or exceed those standards or provide service that is superior to that of its rivals.

(b) Market Logistics and Cost:

The following service standards have been created by a machine maker.

i. To fulfil at least 95% of the dealer's orders within seven days of receiving them.

ii. To accurately fill the dealer's requests (99%)

iii. To provide 99 percent accurate answers to dealer questions about orders.

iv. To say that 1% or less of the item is damaged while in transit.

The business must create a system that will reduce the cost of attaining the aforementioned market-logistics objectives.

<u>The following empirical equation may result from any potential market logistics scheme:</u>

$M = T + FW + VW + S$.

Where, M = Total market-logistics cost of proposed system.

T = Total freight cost of proposed system.

FW = Total fixed warehouse cost of proposed system

VW = Total variable warehouse costs (including inventory) or proposed system.

S = Total cost of lost sales due to average delivery delay under proposed system.

Choosing a market logistics system calls for examining the total cost (M) associated with different proposed system and selecting the system that minimizes it.

If it is difficult to measure S, the company should aim to minimize $T + FW + VW$ for a target level of customer service.

(c) Market Logistics Decisions:

Four major decisions must be made with regard to market logistics:

(i) How should orders be handled? (Order Processing).

(ii) Where should stocks be located? (Warehousing).

(iii) How much stock should be held? (Inventory).

(iv) How should goods be shipped? (Transportation).

5.7. Supply Chain Management

Supply chain management, which covers all procedures that convert raw materials into finished commodities, is the management of the movement of goods and services. It entails the deliberate simplification of a company's supply-side operations in order to optimise customer value and achieve a competitive edge in the market.

How it works?

Suppliers make an attempt to design and operate supply chains that are as effective and cost-effective as feasible through supply chain management (SCM). Production, product development, and the information systems required to manage these activities are all covered by supply chains.

SCM often aims to centrally coordinate or link a product's manufacturing, shipment, and distribution. Companies can save unnecessary expenses and expedite the delivery of goods to customers by optimizing the supply chain. Internal inventories, internal production, internal distribution, internal sales, and the inventories of firm vendors are all closely monitored to achieve this.

The foundation of CM is the notion that almost all products that are sold are the result of the efforts of numerous businesses that are connected by a supply chain. Despite the fact that supply chains have been around for a very long time, most businesses have only recently recognized the value they can contribute to their operations.

Parts of SCM

1. Planning

SCM often starts with planning to align supply with customer and manufacturing demands in order to achieve the best results. Businesses must anticipate their future demands and take appropriate action. This has to do with the raw materials required at each stage of manufacturing, the capability and constraints of the equipment, and the personnel requirements throughout the SCM process. ERP system components are frequently used by large organisations to gather data and create plans.

2. Sourcing

Strong ties with suppliers are essential for effective SCM operations. Working with vendors to procure the raw materials required for the manufacturing process is referred to as sourcing. To obtain products in advance, a business may be able to plan and collaborate with a supplier. But the sourcing needs may vary depending on the industry.

SCM sourcing often entails making certain that:

- The raw materials are in compliance with the requirements for manufacturing the goods.
- The prices paid are consistent with what the market would anticipate.
- In the event of unforeseeable catastrophes, the vendor has the flexibility to send emergency supplies.
- The supplier has a track record of providing goods that are both timely and of high quality.

When producers are dealing with perishable items, supply chain management is very important. Businesses should consider lead times and a supplier's ability to meet requirements when sourcing items.

1. Manufacturing

The corporation converts raw materials by using equipment, labour, or other external factors to create something new, which is at the core of the supply chain management process. Despite not being the last step in the supply chain management process, this end result is what the manufacturing process ultimately aims to produce.

Sub-processes within the manufacturing process, such as assembly, testing, inspection, or packaging, may be further broken down. A company must be aware of waste and other manageable issues during the manufacturing process that could lead to changes from the original intentions. For instance, a corporation must address the problem or go back to the early stages of SCM if it finds that it is utilizing more raw materials than it had anticipated and sourced.

2. Delivering

A business must put its goods in the hands of its customers after manufacturing and closing sales. As the customer has not yet interacted with the goods, the distribution process is frequently viewed as a contributor to the brand's image. A corporation with effective SCM procedures has strong logistical skills and delivery channels to guarantee the timely, secure, and affordable delivery of products. in the event that one mode of transportation becomes temporarily inoperable, this includes having a backup plan or varied distribution channels. For instance, how can record snowfall in areas around distribution centres affect a company's delivery procedure?

3. Returning

The support for the product and customer returns marks the end of the supply chain management procedure. Even worse is when a customer has return a product because of a mistake on the part of the business. The company must make sure it has the capacity to collect returned goods and properly assign refunds for returns received. This return procedure is frequently referred to as reverse logistics. The business transaction with the client needs to be resolved, whether a company is carrying out a product recall or a customer is just dissatisfied with the goods.

Many people view customer returns as a communication between the client and the business. The intercompany communication to identify faulty products, expired products, or non-conforming goods, however, is a crucial component of client returns. The supply chain management process will have failed if the root reason of a customer return is not addressed, and subsequent returns are likely to continue.

5.8. Emerging Trends

Both the legal and corporate worlds were significantly altered by the coronavirus outbreak. A record number of new developments entered the sales world in 2021, including the emergence of AI, a boost in the influence of video, the automation of numerous sales procedures, and many more.

- **Implement sales automation**- Contrary to popular belief, once a process is scaled up, originality and personalization don't suffer from automation. In fact, as you give more tedious everyday duties to specialized software, creativity is encouraged. Because you have more time to think creatively, you can develop more unique strategies to market your goods and more individualized offerings.

Simply pick the CRM system that gives the most functionally appropriate features to match the workflows of your company. For example, Net Hunt CRM has a fantastic "Workflows" feature that allows users to transition from a CRM system to a focused sales-growth hub. It automates contact-email linking, drip marketing, and web form capture. The usage of algorithms and notifications simplifies life because working hard is too much hard work.

But you can't just automate the sales process with a CRM system integration. This includes anything pertaining to the software and/or hardware-based optimization of the sales process.

Example: Implementing a customer relationship management (CRM) system is the greatest approach to automate your sales process. It enables you to visualize your sales funnels and manage them more effectively by automating outreach and drip campaigns. Implement value-based selling- The best advice for increasing sales in 2022 is to quit attempting to sell, which may seem paradoxical. The days of forcing an offer in a prospect's face and expecting them to accept it because it's "an offer they can't reject" are long gone. Customers, particularly in the B2B market, are sick and tired of being treated like cash cows in 2022. You could make your product less expensive... But let's face it, every for-profit company wants to make as much money as they can. Giving discounts away like there's no tomorrow is probably going to put you out of business first. You should alter your leads' perceptions of your offers before making price changes. Use a value-based selling approach. Prospects reject offers all too frequently because they believe the price is too exorbitant, often without even giving you an opportunity to explain it further. Value-based selling solves this difficulty. Prior to modifying your offer to suit your prospects, ascertain their needs and desires. Advanced salespeople sell the results their product produces for the customer, whereas entry-level salespeople sell features. By emphasizing the advantages leads will receive from the offer, you can attract more leads to it. Learn about your product and why customers find it useful. Video for sales- A picture can speak a thousand words. Given that movies are typically 24 frames per second in length, consider how much information a brief video clip may convey! Global video crazes have been sparked by international lockdowns and include Zoom, Google Meet, Microsoft Teams, YouTube, Netflix, and Hulu. Images appear before our eyes more quickly than ever, and we have grown accustomed to this.

Utilize video in 2022 rather than lengthy text to convey the value of your offer. Video made its triumphant entrance into the realm of sales in 2021, and its here to stay.

For instance, Media Valet decreased the length of their sales cycle in half by including videos into their sales process! You may include videos in your sales process in a variety of ways...

An email using the word "video" in the subject line is 8 times more likely to be opened.

The amount of content that users watch or skim through can be determined using video monitoring.

It makes your follow-ups distinctive, which links in with the creativity trend.

Artificial Intelligence is taking over- The value of forecasting and analysis in the sales process cannot be understated. It might be seen as the foundation of sales to some extent. To evaluate their present performance and to support their choice of plans, sales teams must do a detailed examination of metrics.

Analysis is expected to be simpler, more precise, and take a lot less time in 2022. AI is gradually assuming control of every area of our lives, including sales analytics. Sales projections made with the use of AI-powered software can boast increased accuracy, shielding you from the danger of losing market demand. Almost all AI-powered products provide insight that identifies which actions work well and which ones require modification.

The application of AI can enhance a variety of sales duties, such as...

Trends in consumer purchasing, data gathering, and interpretation

Giving clients recommendations based on recent purchases

Planning and forecasting for buying and selling trends.

5.9 Emerging Issues In Sales Management And Sales Analytics

1- Managing Your Teams Wherever They Are

The problem with sales representatives is that they are frequently on the go, making many customer visits in a single day or travelling to meetings. You can't just show up at their desk whenever you need to check in as a director. And over the past two years, even individuals who formerly did the most of their work in the office have been forced to embrace hybrid methods, working remotely or from home. A major issue for every sales director is leading a staff that is spread out geographically. Communication with your staff when they are on the road is now considerably simpler than it was fifteen years ago thanks to modern technologies.

However, sales enablement is still challenging because it becomes more difficult when you have to disclose crucial data that will aid in negotiations or when you want to grant them access to the metrics they require. Why? Since most analytics tools are designed for desktop use, using them on mobile devices is difficult. Additionally, since sales representatives are not confined to a workstation, they miss out on important information that could increase their effectiveness.

Data has enormous value, and your sales teams shouldn't be left out. Investing in a tool that enables you to use analytics on mobile devices can improve everyone's performance at work. Before entering the meeting, your sales representatives will be able to check final figures.

2- Keeping Everyone on the Same Page

Sales representatives now have access to a variety of knowledge to guide their decisions.

The time when they could just rely on instinct is long gone. Thanks to precise and quantifiable information like how often a consumer has connected with your company, digital CRM systems have made it simpler than ever to get to know your customers. What kind of content has piqued their interest the most? When they first made contact? How is their business faring? There is no longer any room for speculation when determining a lead's interest. Marketing departments can now calculate this information with great accuracy and let you know just when to act.

However, this plethora of data also brings up its own set of issues, as it is frequently challenging for non-experts to understand the data at their disposal. Even worse, there are frequently multiple sources of information to consult, so your time-pressed sales staff just skip the data stage entirely rather than taking the time to switch across platforms to obtain the whole picture. How do you maintain consensus among everyone?

Make analytics simple and available to everyone if you want them to use it to improve their sales plan. Even more crucially, you must guarantee the validity of the data they have access to. Your numerous positions shouldn't be at odds with one another. Because salespeople are busy, grant them access to a single source of truth which can be used easily.

3- Spotting Issues and Fixing Them

An essential component of sales management is troubleshooting. Yes, it is your responsibility to develop promotional plans for SFE. But when these tactics fall short (and they will, eventually, as tactics frequently do), you must be able to recognise warning signs, act fast, and move on after making mistakes. You should try to do this before your sales start to decline because it might be too late by that point. Your team won't perform below expectations if you can identify problems before they arise. But how do you go about it? One method to do it is to ask your team members to report back to you frequently and schedule weekly meetings with them to gauge their morale. However, you might not be able to determine the precise reason for their decreased productivity. Is it the shift in your company's positioning? Do your sales professionals' relationships with their teams suffer as a result of the marketing department's strategy? Or is it really a seasonal issue? To be certain, you'll need data.

You must be able to spot warning signs if you want to be able to predict issues. Keeping track of important metrics like the length and volume of phone calls, the number of emails that go unanswered, or the number of meetings that are abruptly cancelled. Your analytics platform should be able to be configured to send you alerts when these figures start to fall.

4- Keeping Everyone Motivated

Dealing with rejection is a necessary part of the job when you work in sales. Salespeople are aware of this and remain positive even when they fail. However, losing a crucial purchase can occasionally demoralize even the most seasoned sales representatives. Maintaining the morale of the troops is your responsibility as the sales director. You've established a reward system for individuals that succeed in their goals in order to keep your team engaged. Your best employees may receive benefits or other non-cash awards as part of your reward programme. An important aspect of management is being able to acknowledge and praise your excellent team members.

You must have dependable access to your data in order to accomplish that. Sales figures by themselves are insufficient, therefore in addition to rewarding people who generate the greatest revenue, you may also set up a reward system based on other indicators, like those who place the most outgoing calls.

For sales teams, having direct access to their performance statistics is frequently quite motivating. The ability to assess their performance, both individually and collectively, can help lift spirits. Make sure your teams have access to a current dashboard that shows their progress toward their goals and how well they are performing. Your teams' motivation can be greatly increased by broadcasting your data.

5- Collaborating with Other Departments

You represent your team to the board, other departments, and customers as the sales director. You must be able to provide feedback with precise numbers demonstrating how well your team has been performing. Your duties include a significant amount of communication. However, consumers don't have the time to pore over intricate graphs and tables to comprehend the specifics of your teams' work. You must be able to give them a select few powerful statistics that will convey to them the whole scope of your team's operations. It helps to be able to share information about what the sales team is doing and to work together with different departments (such the marketing and customer service teams).

5.10 Case Study

Bata Rounds off '95 paisa' Price Tag

For decades, it was a price tag that drew instant jokes, sarcastic comments and sometimes even arguments over consumer rights, but ending it all, Bata India has withdrawn its famous 95 paise pricing. Now Bata chapels, shoes and other footwear are priced sans the 95 paise. Bata prices still stop at '9' (such as ` 499), but the two decimal points in the price that made you feel like sheepishly asking the five paisa back, are gone. "I have seen it almost throughout my stint with Bata," a manager of a Bata showroom, who has put in around 40 years with the company, said. He remembers that Bata sales people would also be curious about the 95 paise tag when they joined the company. They would be later taught at training sessions that it was a strategy to begin sales talk with buyers curious about price like ` 299.95 "It would automatically create interest in the product. And from there salesmen can start their talk," he said. The Bata price also had a psychological impact on the prospective buyers as it fell short of an amount that might have looked like a high price. Also, the price tag was devised to communicate to customers that Bata values even their five paise. "We used to religiously return the five paise in those days when the coin was available," he said. There is also an unconfirmed theory that Bata, then headquartered in Kolkata, came up with a price of ` 124.95 to avoid an entry tax, which was levied on products priced at ` 125 and above. Bata India officials said the company had decided to do away with the most distinctive pricing in the country because the five paise coins have now gone out of circulation. "Returning the five paise to customers was becoming an issue. There are people who would insist on getting it back," they said. But the company did try to keep the price going by trying out various things. "We used to offer customers candies, or told them that for every five paise they did not take back, we would put another five paise and donate the amount to Missionaries of Charity. But we realized later that no such thing was working," they said.

Question:

1. Comment on Bata's earlier '95 paisa' price tag.
2. Are they right in doing away with it?
3. What, do you think, is the reason for doing this?

5.10 Unit End Questions

A. Descriptive Questions

Short Questions

1. What is warehousing?
2. What is inventory management?
3. What is Order processing?
4. What is SCM?
5. Explain market logistics decision.
6. Discuss the emerging trends in sales management.
7. Discuss the emerging issues in sales management.
8. Differentiate between stock and inventory.

Long Questions

1. What is the importance of transportation?
2. Annotate the parts of SCM.
3. Explain Market Logistics and Cost.
4. Describe the steps involved in Order processing.
5. Explain the benefits and challenges of inventory management.
6. What is the importance of warehousing?
7. Write a note on the emerging trends in sales management.
8. Write a note on the emerging issues in sales management.

B. Multiple Choice Questions

1. Which of the following best describes logistics?

   a. The movement of goods and services from one location to another
   b. The process of managing inventory in a warehouse
   c. The process of packing and shipping products to customers
   d. The coordination of various activities involved in the supply chain

2. What is the primary mode of transportation for long-distance shipments of crude oil and natural gas?

a. Rail transport
b. Air transport
c. Pipeline transport
d. Truck transport

3. What does the term "last-mile delivery" refer to in the context of transportation?

a. The final leg of a long-distance shipment
b. The transportation of goods from the manufacturer to the retailer
c. The transportation of goods from the warehouse to the end consumer's location
d. The process of delivering goods to a distant location using specialized vehicles

4. Which of the following transportation modes is the most suitable for transporting perishable goods, such as fruits and vegetables, over long distances?

a. Rail transport
b. Air transport
c. Truck transport
d. Water transport

5. What is the purpose of a freight forwarder in the logistics industry?

a. To manage a company's internal warehouse operations
b. To provide insurance coverage for goods during transportation
c. To facilitate the movement of goods between different countries and handle documentation
d. To oversee the maintenance of transportation vehicles

Answers

1.d, 2.c, 3.c, 4.b, 5.c

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UNIT- 6 SALES HRM

STRUCTURE

6.0 Objectives

After completing this Students will be able to

1. Understand importance of HRM in Sales management.
2. Appraise the process of Recruitment and Selection
3. Able to understand the need and importance of training
4. Understand the Compensation Plans for Sales Force
5. Develop an understanding of Performance Appraisal system in Sales management.

6.1 Introduction

Human beings are social beings and hardly ever live and work in isolation. We always plan, develop and manage our relations both consciously and unconsciously. The relations are the outcome of our actions and depend to a great extent upon our ability to manage our actions. From childhood each and every individual acquire knowledge and experience on understanding others and how to behave in each and every situation in life. Later we carry forward this learning and understanding in carrying and managing relations at our workplace. The whole context of Human Resource Management revolves around this core matter of managing relations at work place. Since mid-1980's Human Resource Management (HRM) has gained acceptance in both academic and commercial circle. HRM is a multidisciplinary organizational function that draws theories and ideas from various fields such as management, psychology, sociology and economics. There is no best way to manage people and no manager has formulated how people can be managed effectively, because people are complex beings with complex needs. Effective HRM depends very much on the causes and conditions that an organizational setting would provide. Any Organization has three basic components, People, Purpose, and Structure. In 1994, a noted leader in the human resources (HR) field made the following observation: Yesterday, the company with the access most to the capital or the latest technology had the best competitive advantage; Today, companies that offer products with the highest quality are the ones with a leg up on the competition; But the only thing that will uphold a company's advantage tomorrow is the caliber of people in the organization. That predicted future is today's reality. Most managers in public- and private sector firms of all sizes would agree that people truly are the organization's most important asset. Having competent staff on the payroll does not guarantee that a firm's human resources will be a source of competitive advantage. However, in order to remain competitive, to grow, and diversify an organization must ensure that its employees are qualified, placed in appropriate positions, properly trained, managed effectively, and committed to the firm's success. The goal of HRM is to maximize employees' contributions in order to achieve optimal productivity and effectiveness, while simultaneously attaining individual objectives (such as having a challenging job and obtaining recognition), and societal objectives (such as legal compliance and demonstrating social responsibility).

6.2 Introduction to Sales Human Resource Management

Sales Human Resource Management (HRM) is a specialized area of HRM that focuses on managing and optimizing the human capital within the sales function of an organization. It involves various processes and strategies to attract, develop, motivate, and retain skilled sales professionals who can effectively drive revenue and contribute to the company's growth. Sales HRM recognizes that salespeople play a critical role in the success of the business and aims to create a supportive environment that maximizes their potential and productivity.

Theoretical Aspects of Sales Human Resource Management:

1. Recruitment and Selection:

Sales HRM begins with the recruitment and selection process. The goal is to identify candidates who possess the right set of skills, traits, and characteristics that align with the organization's sales objectives and culture. Theoretical models like "Competency-Based Selection" emphasize identifying key competencies required for successful sales performance and using assessment techniques to evaluate candidates based on these competencies.

2. Training and Development:

Providing training and development opportunities is crucial to enhancing the sales team's knowledge, skills, and abilities. Theoretical models like "Social Learning Theory" highlight the importance of learning through observation, imitation, and practice. Sales HRM should incorporate methods like on-the-job training, role-playing, and mentoring to foster continuous learning and skill development.

3. Performance Management:

Effective performance management ensures that sales professionals' efforts align with the organization's goals. Theoretical models like "Management by Objectives (MBO)" can be applied to set specific and measurable sales targets for each individual, allowing for a clear focus on achieving results. Regular performance appraisals help identify strengths and areas for improvement, facilitating coaching and feedback.

4. Motivation and Incentives: Sales HRM needs to understand what motivates salespeople to perform at their best. Theoretical frameworks like "Expectancy Theory" suggest that motivation is influenced by the belief that effort will lead to performance and performance will lead to desired rewards. Thus, designing appropriate incentive systems, such as commission structures and recognition programs, becomes critical to motivating the sales force.

5. Sales Leadership and Team Dynamics: Theoretical models like "Transformational Leadership" emphasize the importance of sales leaders who can inspire and motivate their teams to achieve exceptional results. Sales HRM should focus on developing effective leadership skills and fostering positive team dynamics to create a cohesive and high-performing sales team.

6. Employee Engagement and Retention: Sales HRM must focus on creating an engaging work environment that promotes job satisfaction and reduces turnover. Theoretical frameworks like the "Job Characteristics Model" suggest that jobs with higher levels of skill variety, task identity, autonomy, feedback, and significance lead to higher levels of employee engagement and retention. Sales HRM should consider these factors while designing sales roles and responsibilities.

7. Career Development and Succession Planning: Sales HRM should provide career development opportunities for sales professionals to nurture their potential and retain top talent. Theoretical models like "Career Anchors" can help understand individuals' career preferences and aspirations, guiding career development discussions. Succession planning ensures that the organization has a pipeline of skilled sales leaders ready to take on higher responsibilities in the future.

Sales Human Resource Management is a strategic approach to managing the sales force by applying theoretical principles to attract, develop, motivate, and retain skilled sales professionals. By incorporating these theoretical aspects, organizations can create a high-performing sales team that drives revenue growth and achieves long-term success

6.3 Recruitment

Recruitment is a positive process in which a company attract a pool of talented people, whereas selection is a negative process through which they screen people and finally select desired number of personnel who are offered appointment. Attracting and selecting new sales personnel is an important aspect of the sales manager's job. Recruitment is the procedure to obtain a good number of people with the potential capability of becoming good sales personnel. After attracting a large number of people, it becomes feasible to select the individuals, which fit the needs of the organization. Appropriate recruiting and selection policies and procedures, and their skillful execution result in greater overall efficiency of sales department. Good selection fits the right person to the right job, thereby increasing job satisfaction and reducing the cost of personnel turnover. In addition, training costs are reduced, either because those hired are more capable of absorbing training or because they require less formal training.

Recruitment and Selection of Sales Force

Finding potential candidates and encouraging them to apply for the position are both parts of recruitment. The positions are decided upon, advertised, and applications are gathered from candidates. The goal of selection is to identify the best candidates among the many that are available or interested. To identify the most qualified people, the available candidates are carefully examined, and exams and interviews are held. The salesman is a crucial cornerstone on which the sales organisation is constructed. The choic salesman will determine whether the company is successful or not. Therefore, cautious selection must be made. The Sales Manager is responsible for choosing salespeople.

But choosing a suitable salesperson is difficult for a variety of reasons, including:

(a) The complexity of the products and services, the variety of distribution channels, and other factors make it harder to complete sales tasks.

(b) The markets of today are rather cutthroat.

(c) There aren't many marketers who are qualified because selling as a job or profession isn't widely accepted.

(d) Institutions that teach salesmanship are conspicuously lacking.

The following procedures are involved in hiring salespeople:

1. Determining the size of the sales team.
2. Deciding on the traits and qualities that the salesperson should have.
3. Utilising the various recruitment channels.
4. Selection of applicants with care and conclusion of employment.

Recruitment Process

To ensure the new recruits have the aptitude necessary to be successful in a particular type of sales job, certain procedures should be followed in the recruitment process. The steps in this process are:

(a) Conducting a job analysis

Before a company can search for a particular type of salesperson, it must know something about the sales job to be filled. To aid in the process, a job analysis should be conducted to identify the duties, requirements, responsibilities, and conditions involved in the job. A proper job analysis involves following steps:

1. Analyze the environment in which the salesperson is to work. For example:

    (a) what is the nature of the competition faced by the salesperson in this job?

    (b) what is the nature of the customers to be contacted, and what kinds of problems do 48 they have?

    (c) what degree of knowledge, skill, and potential is needed for this particular position?

2. Determine the duties and responsibilities that are expected from the sales-person. In so doing, information should be obtained from

(a) salespeople;

(b) customers;

(c) the sales manager; and

(d) other marketing executives, including the advertising manager, marketing services manager, distribution manager, marketing research director, and credit manager.

Spend time making calls with several salespeople, observing and recording the various tasks of the job as they are actually performed. This should be done for a variety of different types of customers and over a representative period of time.

b. Preparing a job description

The result of a formal job analysis is a job description. Since a job description is used in recruiting, selecting, training, compensating and evaluating the sales force, the description should be in writing so that it can be referred to frequently. The written job description lets prospective job applicants, as well as current sales personnel, know exactly what the duties and responsibilities of the sales position are and on what basis the new employee will be evaluated.

The job description is probably the most important single tool used in managing the sales force. It is used not only in hiring but also in managing and sometimes as a basis for firing salespeople. It provides the sales trainer with a description of the salespeople's duties and enables him or her to develop training programs that will help salespeople perform their duties better. Job descriptions are also used in developing compensation plans. Often, the type of job determines the type of compensation plan that will be used. Job descriptions aid managers in supervision and motivation, and they are used as an official document that is part of the contract between management and a salesperson's union. Finally, a job description puts management in a position to determine whether each salesperson has a reasonable workload.

c. Developing a set of job qualifications

The duties and responsibilities set forth in the job description should be converted into a set of qualifications that a recruit should have in order to perform the sales job satisfactorily. Determining these qualifications is probably the most difficult aspect of the entire recruitment process. One reason is that the manager is dealing with human beings; therefore, a multitude of subjective and very complex characteristics are involved. Specific qualifications such as education and experience should be included in the job qualification, thus making good candidates easier to identify. But most firms also try to identify personality traits that presumably make better salespersons, such as self-confidence, aggressiveness, etc.

d. Attracting a pool of applicants:

The next major step in the recruitment process is attracting a pool of applicants for the sales position to be filled. All large companies with a sales force have a continuous need to identify, locate, and attract potentially effective salespeople. The candidates recruited become the reserve pool of sales staff from which new salespeople will be chosen. The quality of this group will predict the future successes or problems of the sales organization.

Sources of Recruitment

There are many places a sales manager can go to find recruits. Sales managers should analyze each potential source to determine which ones will produce the best recruits for the sales position to be filled.

Once good sources are identified, sales managers should maintain a continuing relationship with them, even during periods when no hiring is being done. Good sources are hard to find, and goodwill must be established between the firm and the source to ensure good recruits in the future.

Some firms will use only one source; others will use several. The most frequently used sources are persons within the company, competitors, non-competing companies, educational institutions, advertisements, and employment agencies.

a. Persons within the company:

Companies often recruit salespeople from other departments, such as production or engineering, and from the non-selling section of the sales department. The people are already familiar with company policies as well as the technical aspects of the product itself.

The chance of finding good salespeople within the company should be excellent because sales managers know the people and are aware of their sales potential.

In fact, most firms turn to non-sale personnel within the company as their first source of new sales recruits. Hiring people from within the company can lift morale because a transfer to sales is often viewed as a promotion. But transferring outstanding workers from the plant or office into the sales department does not guarantee success. In some cases hostility can arise among plant and office supervisors, who feel their personnel are being taken by the sales department. Recommendations from the present sales force and sales executive usually yield better prospects than those of other employees because the people in sales understand the needed qualifications.

b. Competitors:

Salespeople recruited from a competitor are trained, have experience of selling similar products to similar markets, and should be ready to sell almost immediately. But usually a premium must be paid in order to attract them from their present jobs. Some sales managers are reluctant to hire competitors' salespeople because the practice is sometimes viewed as unethical. But is it? Is it really any different than attempting to take a competitor's customers or market share?

No. But it is unethical if the salesperson uses valuable confidential information in competing against the former employer. Recruiting competitors' salespeople may bring other problems. Although these people are highly trained and know the market and the product very well. It is often hard for them to unlearn old practices. They may not be compatible with the new organization and management.

Also, recruits from a competitors usually are expected to switch their customers to the new business; if they are unable to do so, their new employer may be disappointed. The potential for these problems to arise may be evaluated with one question: why is this person leaving the present employer? A satisfactory answer to this question frequently clears up many doubts and usually leads to a valuable employee. The difficulty arises, however, in determining the real answer. Often, it is almost impossible to assess accurately why someone is looking for another job. Good sales managers must be able to evaluate effectively the information they get.

c. Non-competing companies

Non-competing firms can provide a good source of trained and experienced salespeople, especially if they are selling similar products or selling to the same market. Even though some recruits may be unfamiliar with the recruiting firm's product line, they do have selling experience and require less training. Companies that are either vendors or customers of the recruiting firm can also be an excellent source of candidates.

Recruits from these sources already have some knowledge of the company from having sold to or purchased from it; their familiarity reduces the time it will take to make them productive employees. Another advantage of recruits from the sources is that they are already familiar with the industry.

d. Educational institutions

High schools, adult evening classes, business colleges, vocational schools, junior colleges, and universities are all excellent sources of sales recruits. Large firms usually are successful in recruiting from universities, but small firms tend to be more successful in recruiting from small educational institutions or from other sources. While most college graduates lack specific sales experience, they have the education and perspective that most employers seek in potential sales managers.

College graduates tend to adapt more easily than experienced personnel. They have not yet developed any loyalties to a firm or an industry. A major problem in recruiting from college campuses used to be the unfavourable image of sales. Selling typically was associated with job insecurity, low status, and lack of creativity, but this situation has been changing in recent years. Colleges graduates are beginning to realize that selling provides challenge and a sense of accomplishment, that it is complex and exciting, that it allows them to be creative, that it rewards them well and in direct proportion to their level of achievement, and that it provides opportunity for rapid advancement. In short, many students today know that a sales career is a good use of a college education. Small firms are less likely to recruit on college campuses because many graduates prefer large, well-known corporations with training programs and company benefits. College students tend to avoid small companies because these companies usually employ few college graduates, and students are afraid that people without college degrees will not understand or appreciate their needs and expectations.

e. Advertisements

Classified advertisements in newspapers and trade journals are another source of recruits. National newspapers and various trade journals are used in recruiting for high-caliber sales and sales management positions. However, most firms that use advertising, especially in local newspapers, are recruiting for low-level sales positions.

Many businesses use advertising only as a last resort. While advertisements reach a large audience, the caliber of the average applicant is often second-rate. This places a burden on those doing the initial screening. The quality of applicants recruited by advertisements can be increased by carefully selecting the type of media and describing the job qualifications specifically in the ad. To be effective, a recruiting ad must attract attention and have credibility. The following elements should be included to ensure an ad's effectiveness: company name; product; territory; hiring qualifications; compensation plan, expense plan, and fringe benefits; and the way to contact the employer.

f. Employment agencies

Employment agencies are among the best and the worst sources. Most of the time it depends on the relationship between the agency and the sales manager. The agency should be carefully selected, and a good working relationship must be developed.

Sales managers should make sure that the agency clearly understands both the job description and the job qualifications for the position to be filled. In recent years' agencies have steadily improved and expanded their services. They can provide a highly useful service to sales managers by 55 screening candidates so that recruiters may spend more time with those prospects who are most highly qualified for the job.

6.4 Selection

Selection Process

The recruiting process furnishes the sales manager with a pool of applicants from which to choose. The selection process involves choosing the candidates who best meet the qualifications and have the greatest aptitude for the job. There are numerous tools, techniques, and procedures that can be used in the selection process.

Companies typically use initial screening interviews, application forms, in-depth interviews, reference checks, physical examinations, and tests as selection tools. None of these should be used alone. Each is designed to collect different information. While successful selection of sales applicants does not necessitate the use of all the tools and techniques, the more that are used, the higher the probability of selecting successful sales personnel. Selection tools and techniques are only aids to sound executive judgement.

They can eliminate the obviously unqualified candidates and generally spot the more competent individuals. However, in regard to the majority or recruits who normally fall between these extremes, the current tools can only suggest which ones will be successful in sales

. As a result, executive judgement is heavily relied on in selecting salespeople.

a. Initial screening interviews

The steps in the selection process vary from company to company, depending on the size of the company, the number of salespeople needed, 56 and the importance of the position to be filled. The purpose of the initial screening interview is to eliminate, as soon as possible, the undesirable recruits. Initial screening may start with an application form, an interview, or some type of test. But no matter which tool is initially used , it should be brief. The shorter it is; the ore it will cut down on costs. But it must not be so brief that it screens out good candidates.

b. Application forms

Application forms are one of the two most widely used selection tools (the other is the personal interview). An application form is an easy means of collecting information necessary for determining an applicant's qualifications. Information requested on forms usually includes name, address, position applied for, physical condition, educational background, work experience, participation in social organizations, outside interests and activities, and personal references. Other important questions on an application form relate directly to the sales position for which the application is made. For example:

- Why do you want this job?
- Why do you want to change jobs?
- What minimum income do you require?
- Are you willing to travel?
- Are you willing to be transferred?
- Are you willing to use your car for business?
- What do you want to be doing five years from now? Ten years from now?

Application forms will differ from company to company. On all forms, however, it is illegal to include questions that are not related to the job.

Some companies use a weighted application form that has been developed from the regular application form by analyzing the various items that help distinguish between good and poor salespeople. If companies can show that items such as educational level, and years of selling experience tend to be more related to success than are other items, then more weight (importance) can be placed on them in making hiring decisions. Thus, applicants who rate higher than an established minimum number of points on these items are considered, and those who fail to reach the cutoff point are usually rejected.

An important function of application forms is to help sales managers prepare for personal interviews with candidates for sales positions. By looking over the application form before the interview, the sales manager can get an initial impression of the applicant and can prepare a list of questions to ask during the interview.

c. In-depth interviews

The interview is the most used of the various tools for selecting employees. A salesperson is seldom hired without a personal interview. In fact, as many as three or four interviews are usually conducted with the most desirable candidates. No other selection tool can take the place of getting to know the applicants personally.

The personal interview is used to help determine if a person is right for the job. It can bring out personal characteristics that no other selection tool is capable of revealing. The interview also serves as a twoway channel of communication, which means both the company and the applicant can ask questions and learn about each other.

The questions asked during an interview should be aimed at finding out certain things: Is the candidate qualified for the job? Does the candidate really want the job? Will this sales job help the candidate fulfill personal goals? Will the candidate find this sales position challenging enough? These questions, like those on the application form, are directed at examining the applicant's past behaviour, experiences, and motivation.

Every sales manager will use a different approach in attempting to elicit useful information. The approach used will depend on the sales manager's personality, training, and work experience.

Interviews differ, depending on the number of questions that are prepared in advance and the extent to which the interviewer guides the conversation. At one end is the totally structured, or guided, interview; at the other end is the informal, unstructured type. In the structured interview, the recruiter asks each candidate the same set of questions. These are standardized questions that have been designed to help determine the applicant's fitness for the sales position, structured interviews can be used for initial screening but are not useful in probing for in-depth information. A structured approach is particularly useful for inexperienced interviewers. Since it helps and guide the interviewer and ensures that all factors relevant to the candidate's qualifications are covered.

At the other end of the continuum is the unstructured interview, which is informal and non-directed. The goal of the unstructured interviewing approach is to get the candidate to talk freely on a variety of topics. Frequently, the recruiter begins the interview by saying to the candidate. Tell me about yourself", or by asking questions such as "Why did you decide to interview without company?"

Several problems are associated with unstructured interviews. One is that they do not provide answers to standard questions that can be compared with other candidates' reponses or with the company's past experiences. Also, considerable time may be spent on relatively unimportant topics. However, personnel experts say this technique is the best for probing an individual's personality and for gaining insight into the candidate's attitudes and opinions. To administer and interpret unstructured interviews, interviewers must be well trained.

Therefore, many firms use a combination of structured and unstructured approaches, usually referred to as a semi-structured interview. In semi-structured interviews the interviewer has a preplanned list of major questions but allows time for interaction and discussion. This approach is flexible and can be tailored to meet the needs of different candidates as well as different interviewers.

d. Reference checks

A company cannot be sure it has all the information on an applicant until references have been thoroughly checked. Reference checks allows a company to secure information not available from other sources. References usually are checked while the application form is processed and before the final interview takes place.

In general, the quality of reference checks as a selection tool is questionable. Checking on the names supplied by a candidate is often seen as a waste of time because it is unlikely that serious problems will be uncovered. Therefore, many firms try to talk with people who know the applicant but were not listed on the application form. For reference checking to be a useful selection tool, the sales manager must be resourceful and pursue leads that are not directly given. If only one significant fact is uncovered, it usually makes the effort worthwhile.

References from teachers and former employers are generally more helpful than other types of references. Teachers can usually give an indication of intelligence, work habits, and personality traits. Former employers can be used to find out why the person left the job and how well he or she got along with others. Reference checks can uncover information about an applicant that may alter a sales manager's perceptions of the person's sales ability.

(a) Physical examinations

Many sales jobs require a degree of physical activity and stamina. Poor physical condition can only hinder a salesperson's job performance; therefore, a company should insist on a thorough medical examination for all its sales recruits. The results from the examination should be interpreted by a doctor who is familiar with the demands of the sales job, and the sales manager should be notified of the results. Because of their expense, physical examinations usually are not given until a recruit has passed most of the steps in the selection process.

(b) Tests

Tests are the most controversial tools used in the selection process. The need for application forms, reference checks, and personal interviews is seldom disputed, but there are differences of opinion about whether tests are necessary in the hiring of salespeople. Questions regarding the legality of testing have increased the complexity and the controversy surrounding the use of tests as a screening tool. But research has shown that test profile data can be useful to management in the process of selecting and classifying sales applicants who are likely to be high performers. There are some basic tests used in the selection process of sales personnel.

- **Intelligence tests:** These tests measure raw intelligence and trainability. Recent research has indicated that a salesperson's cognitive ability or intelligence is the best indicator of future job performance. Thus, although once looked down upon, the intelligence test is slowly regaining status as the most effective tool for selecting salespeople.
- **Knowledge tests:** These tests are designed to measure what the applicant knows about a certain product, service, market, and the like.
- **Sales aptitude test:** These tests measure a person's innate or acquired social skills and selling know-how as well as tact and diplomacy.
- **Vocational interest tests:** These tests measure the applicant's vocational interest, the assumption being that a person is going to be more effective and stable if he or she has a strong interest in selling.

- **Personality tests-** these tests attempt to measure the behavioral traits believed necessary for success in selling, such as assertiveness, initiative, and extroversion.

6.5 Training

An old saying goes, "Salesmen are born, not made." Rarely do we come across a salesperson who can convince an Eskimo to buy a refrigerator, but it does happen occasionally. The salesperson must inform clients about the items in order to sell them in a way that benefits both the customer and the business. He should therefore be extremely knowledgeable about products, rivalry, market dynamics, consumer motivations, and selling techniques.

The necessity of Salesforce training

The requirement for salesman training results from the reality that a newly hired salesman lacks expertise of the goods he must sell. He might not be familiar with customers or why they make purchases. He might not understand how to show the goods to potential customers or how to sell them.

Even experienced salespeople require training to become familiar with the company's latest products as well as those of competitors, to explain an enhanced sales method, or simply as a refresher course.

The following factors will determine the extent of training:

1. How challenging and intricate is the selling work issue?
2. The salesperson's educational background and prior training.
3. The salespeople's prior experience in selling.
4. The kind of customer to approach. More product knowledge is absolutely necessary in the case of a knowledgeable buyer.

A decent training programme would typically consist of the following:

Training Program # (1) Basic Salesmanship Rule:

For salespeople to be successful in their efforts, they must have a thorough understanding of both the reasons why clients buy and the benefits of the items. They must to be knowledgeable about how to approach customers. They should be aware of the best techniques for piqueing people's interest in the product. They ought to be able to address the concerns voiced by the clients. The AIDA formula should be emphasised in the training programme as a way to describe and construct the sales presentation.

Attention: How do you obtain it?

I – Interest: How to pique interest?

D- Desire: The desire how do you grow it?

A - Action - How do I make a buying decision?

Training Program #2 Industry Knowledge:

The salesperson should be knowledgeable about the company, including its history, organisational structure, reputation, record of accomplishments, sales and distribution practises, customer service offerings, retail locations, and other relevant information. The salesmen are better able to do their duties in accordance with company policy when they are aware of the company's reputation and its selling practises.

Training Program # **(3) Knowledge of the Product:**

To be successful in increasing the sales volume of a product, salesmen should possess the requisite knowledge of the product. Good physical appearance alone will not help him to sell the product. Therefore, a salesman must have a detailed knowledge regarding- nature of the product, methods of production, materials used, method of packing, uses of the product, etc. This knowledge could be gained only out of properly organized training by the company.

Training Program #4 Understanding of the Clientele

The customers to whom the products are to be offered must be completely known to salesperson. Additionally, because they are people, consumers will behave differently from one another. They would have various reasons for making different purchases. The kind and type of each customer would vary.

Their temperaments frequently shift along with their modes. Consumers that are silent and talkative, as well as ill-mannered, suspicious, anxious, hesitant, argumentative, and ill-tempered, are some examples of the many types of customers. The factors that influence our purchasing decisions include our sense of dread, fashion, leisure, affection, hobbies, and routines.

Training Program #5 Competitor Information:

Along with understanding of the company the salesperson represents and its products, they must also be knowledgeable about the products and policies of the rival company.

Training Program #6 Subjects Concerning Day-to-Day Work:

Additionally, training for salespeople should cover the following topics:

(a) Create periodic reports for the company.

(b) Letter receipt and response

(c) Creating invoices and orders

(d) Account maintenance

(e) Product display and demonstration arrangements

Self-awareness:

This trait can be cultivated both naturally and via ongoing self-improvement. Every person has specific advantages, disadvantages, and restrictions. One should acquire expertise in all pertinent fields and use that knowledge to daily work in order to become an excellent salesperson.

This can be accomplished by establishing regular reading habits and improving managerial, selling, and technical knowledge. He needs to develop his public speaking, presentations, and communication abilities.

Benefits of Salesforce Training:

A company that has well-designed training programmes benefits from the following:

Advantage #1. Higher Sales Volume:

A scientifically created training programme aids in boosting sales.

Advantage #2: Lowers production costs:

Increased sales contribute to lower production costs.

Advantage #3: Early Selling Maturity

The salesperson needs to spend less time each customer persuading him to buy the goods thanks to training.

Advantage #4: Reduces the Cost of Supervision:

Sales managers and other supervisory employees must visit untrained salespeople more frequently than they must trained salespeople to monitor their job.

Other benefits

(a) Products with a higher profit margin can be sold more quickly.

(b) Lessening of losses from bad debts.

(c) Lowers the cost of selling.

(d) The salesperson makes more sales each call.

(e) A decrease in the volume of client complaints.

(f) Fewer calls are placed for each order.

(g) Improved sales presentation and demonstration.

(h) It is possible to sell the entire product line.

(i) It might be possible to employ the fewest possible salespeople.

(j) Only a skilled salesperson could meet the buyer's demand for further product knowledge.

Techniques for Training:

Method # A: Individual Methods

(1) <u>First-time or Induction Training:</u>

The trainee is expected to work in several departments while also doing independent studies. He may be led, but is frequently left alone. He would be required to work in his field after a predetermined amount of time.

(2) <u>Special Projects:</u>

His ability to solve issues is observed as he receives assignments that are a little bit easier. If there are any shortcomings, they are pointed out to him for future direction, such as senior and junior attorneys.

(3) <u>Field Instruction:</u>

A more seasoned salesperson in the field is asked to assist the freshly hired salesman. The newly hired salesman gains enthusiasm and self-assurance thanks to this technique.

(4) <u>Sales guides:</u>

These are customised booklets that list many issues and offer potential solutions. This is based on the company's prior experience and could be useful information. Salespeople are provided these for self-study.

Method # B: Group Methods

<u>(1) Lecture Format:</u>

This is the simplest and quickest way to teach the learners new material. Simply because it ensures success, this idea forms the basis of the majority of training techniques. The practical elements are disregarded because it is theoretically focused. Despite these flaws, the lecture approach is the foundation of many training techniques.

(2) Audio-Visual Techniques:

This strategy uses both telling and showing. This approach is frequently used in addition to the lecture approach. Filmstrips, slides, charts, posters, and other visual aids can add more explanation to the lectures and make them more engaging. This method allows for demonstration.

(3) Conference Procedure:

Nowadays, sales conferences and seminars are commonplace in most businesses. These techniques are helpful for exchanging knowledgeable people's experiences. For the freshly hired salesmen, it is a poor technique of training, nevertheless.

(4) Case Method and Discussion:

This approach is highly effective for individuals who have a basic understanding of the subject. Each group is requested to discuss the issue and offer its own solutions after receiving a specific problem. All of the groups afterwards analyse each of these proposals together. This makes it possible to identify the issue accurately and come up with a better solution.

(5) Playing a role:

Each participant in this method is required to perform a role. Each person is required to behave as he would be expected to in a real-life scenario when a scenario is given. This strategy is active and relies on self-assurance to make independent decisions. Later, an analysis of the participants' roles is done, and the flaws are highlighted.

Method # C: On-the-Job Methods

This approach prioritises training that is practice-based.

(1) Field Education:

The new representative works outside, meeting different types of clients.

(2) Rotation of Jobs:

Since the salesman has received training in every department, he will be expected to work in every area of every department. He would gain a thorough understanding of the interdepartmental relationships as a result, which would help him form an opinion of the business. He might also be required to work at the plant so that he can understand how the goods are assembled. All of these would provide him with the necessary tools to overcome consumer resistance in the sales environment.

Method # D. Off-the-Job Method:

Numerous organisations regularly publish journals, bulletins, and other materials to help their members carry out their responsibilities quickly and effectively. The salesperson can join these organisations to advance his knowledge and abilities.

Method # E. Follow-Up Training:

Training should be ongoing and is not transient. Even experienced salespeople need to receive refresher training' or 'follow-up training' on occasion. Regular training is crucial because the marketing landscape always undergoes change. Constant training is necessary in order to keep the salesman up to date with all of these events, including changes in consumer tastes, alterations in government policy, and modifications to products.

Motivation and Evaluation Of Sales Force

Motivation

The will to work differs from the ability or capability to work. You can purchase a man's time, physical presence, and daily or hourly muscle actions. However, you cannot buy a man's passion, willingness to work, or loyalty.

A compliment, a salary raise, a smile, a promise of promotion, acclaim, public acknowledgement of accomplishments, and other rewards can all be used to motivate someone or oneself to take the desired course of action. The will to labour is ignited by motivation. It inspires others to perform in a desired way. Financial or non-financial motivation is possible. Conventions, seminars, and sales competitions are a few examples of sales force motivation.

Evaluation

Control is the process of ensuring that everything happens according to the course mapped out in the plans. For a sales organisation to succeed to its fullest potential, salesmen must be managed and under supervision.

It is the responsibility of the sales manager to develop efficient and purposeful methods for supervising, directing, and controlling the activities of the salesmen in order to ensure the most efficient and effective performance from them, regardless of how scientific the selection and training of salesmen may be.

In addition to the fact that salespeople are still people, the following issues are the main causes of the need for monitoring and control:

Need #1 To Improve Sales Force's Efficiency:

Sales leaders are occasionally informed on the actual sales that were made at each branch in each territory. In reality, this may be compared to the goals, and deviations or discrepancies can be reduced by taking the appropriate corrective action. The salesman are compelled to remain active and not fall behind by regular monitoring and management.

Need #2: Coordinating the efforts is necessary:

Independent salespeople frequently work far from the sales manager. Coordination and regulation of selling activities are therefore required.

Need #3: Controlling Sales Force Demands' Nature:

In the sales organisation, salesmen are exceptional. Some employees sacrifice their lives for the organisation, and because they are loyal employees, they don't need direction or control. In the absence of strong management and monitoring, there are those who cause the unit to perish. Control of salesmen is necessary to get everyone to follow the path that has been mapped out. Because of this, control is necessary for salespeople.

Need #4: For Effective Public Relations

The goal of controlling is to construct strong sales foundations by fostering positive public relations, which means that it also entails directing and guiding staff members in order to build positive relationships with the public and preserve market goodwill. Customers are the most precious asset, according to Kotler. A business suffers an unwelcome premature death if it fails in the view of the general public.

How is Control applied?

Reports and records, setting sales territory and quotas, determining authority, field supervision, and compensation plans are all examples of techniques to regulate.

#1. Reports and records are Method

Periodically, salespeople are asked to send reports. They could be daily, weekly, or monthly reports. These reports provide insightful data on his call volume, the total value and volume of sales made, the number of new customers he reached out to and the amount of sales that resulted, the number of old customers he lost, the reasons for item-by-item expenses, the credit standing of his customers, the decisions he made, the impact of his publicity and sales promotion efforts, the level and nature of competition, and the compliance and adjustments from his customers.

The record, on the other hand, is a summary of the report based on the actual performance of each salesperson. Reports are helpful in two reasons. Firstly, the firm can act as needed to increase sales by carefully studying the salespeople report. Second, creating pretty thorough sales reports allows salespeople to form the beneficial habit of self-analysis.

#2. Fixing Sales Quotas and Sales Territories

(a) Sales quota

The amount of business that each salesman's quota is determined by the sales manager. It is the objective that a salesperson must achieve. The sales manager first plans the volume of business generated. After that, he assigns quotas to each territory. The quota may be set for six months, a year, a month, or a quarter.

The goals of the sales quota are:

(i) To provide a foundation for paying the sales staff,

(ii) The sales quota is the most practical method of gauging a salesperson's effectiveness.

(iii) A quota system encourages salespeople to work harder since no salesperson wants to see his or her sales fall short of the quota.

(iv) To organise and manage sales activities and foster a spirit of rivalry among salespeople.

(b) Sales territories

A salesman is given a certain geographic region to advertise the company's products within. This is referred to as a sales territory. Most businesses segment the marketplace into distinct geographic regions or zones. Each salesperson has a designated zone in which to conduct his selling operations. A salesman's zone falls inside the boundaries of his sales region. Sales regions are typically chosen based on factors such as consumer demand, level of competition, accessibility of transportation, customer kinds, and salesperson capacity.

Creating Sales Territories Has the Following Goals:

Objective # (a): To carry out contractual obligations

To fully cover the potential market for a product, sales territories are created. If a salesman isn't given a sales zone like that, it will be difficult to reach the goal of contacting prospects and past clients. The soliciting of personnel is made easier.

Objective # (b): To compare individual performance

A study of a certain sales region indicates the market's potential, and the actual sales volume achieved by a particular salesperson is compared to his potentialities. The distribution of sales territories offers a great opportunity to compare salesman performance.

Objective # (c): Fixing the Responsibility

Territorial assignments explicitly outline the duties and conversations of Sales Managers. This has the result of making him feel more accountable for his work. He makes an effort to keep his promises. In other words, it is possible to assess and supervise each sales manager's operations.

Objective # (d): Reduce sales expenses as much as possible

These territorial allocations are meant to maximise sales efforts while minimizing sales expenses. This is true since specifying the sales tasks prevents time and energy wastage.

Objective # (e): Motivating salespeople

Fixing a sales zone gives the sales manager the flexibility to employ his aptitude and expertise to maximise sales turnover because there is less intervention.

Sales territory advantages include:

(a) Each sales manager's activities can be better monitored and assessed

(b) It is possible to better utilise each territory's market potential.

(c) Sales efforts can be organised more readily, and sales managers' efforts don't have to be repeated or overlapped,

(d) It gives the sales manager motivation to boost sales in his region.

#3. Determining the Sales Manager's Authority

The only people who regularly interact with consumers and salespeople who bring clients into the company are frequently sales managers. Customers view them as the business.

As a result, sales managers and their authority must be precisely established and defined. The authority of the sales manager is typically constrained by price lists and catalogues.

However, the corporation may provide sales managers a certain amount of authority over things like issuing credit to consumers, discount rates, special discounts, pre-sale and after-sale services, client settlements, etc. However, the sales manager must ensure that the salesman follows directions. A salesperson can be reprimanded and asked for an explanation if they exceed their authority.

#4. Field Supervision

Control is not a problem as long as the company is small and operates only in a narrow area, with salespeople reporting directly to the sales manager. In the case of corporate organisations that operate widely throughout a large territory, supervision is essential. Example: Thousands of medical representatives work for huge pharmaceutical corporations.

Aspects of supervision, direction, and control include: (a) observing, tracking, and reporting the sales force's performance; (b) counselling and coaching salespeople to address performance flaws; (c) providing them with sufficient information about company plans and policies and changes to those policies; (d) receiving feedback and resolving their professional and personal issues.

The sales manager is in charge of fostering and preserving the sales force's morale. The sales force's mental preparedness to cooperate with management in the achievement of goals is known as morale. Excellent morale translates into high productivity.

6.6 Compensation Plans

A desiring animal, man, is. An employee never complains about what he receives. He's constantly looking for higher pay. Remuneration is therefore a constant problem for any business or service. A competitive, effective, and devoted sales staff is essential to a company's ability to raise sales volume at the lowest possible cost, and this is strongly tied to how the salespeople are paid for their work.

Why do you pay well? It is impossible to overstate the significance of paying fairly. There are certain fundamental justifications for paying the sales staff well:

#1 Motivator for Recruiting Top Salespeople:

Only when a company is ready to compensate generously for the services supplied can gifted and skilled salesmen be attracted. Paying a little bit more than others is not harmful because it results in better performance.

#2 To Maintain Sales Force Conflict:

The amount of money paid to them and the level of satisfaction are directly related. Man is happy and content or satisfied when he accomplishes his obligations and takes care of himself well. A happy employee gives their all to the job to the fullest extent possible.

#3 For fostering loyalty:

The objective of a sound sales organisation is to create a sales force that is not only skilled but also long-term service-ready. Employee loyalty makes the company wealthy. Having a good paymaster is an advantage. The mantra is to "pay well and keep the employee." A devoted workforce avoids issues with hiring, choosing, and training new hires, and consequently, the challenges of high employee turnover.

#4 To Ensure a Good Employer-Employee Relationship:

Misunderstandings typically result from a variety of factors, including differences in treatment. One selling house's Salesforce compares its employees' compensation against that of other salespeople. The morale of salespeople is impacted by differences. Salesmen who are handsomely compensated and treated well have little room for resentment or complaining, and as a result, their relationships would be solid and based on a concerted effort.

A Good Remuneration Plan Should Include:

The following specifications should be met by a good compensation plan. If these conditions are met, the plan will be sound and aid in creating a devoted sales force. Long-term service to the company is ensured by loyalty. Salesman turnover will be lower as a result.

Element #1

When compared to other people in the same field; should be able to sustain a decent level of living.

Element #2: Simplicity

It should be simple enough for salespeople of average intelligence to understand without any accounting or statistical background. Salesmen are wary of any plan that they do not fully comprehend, which decreases morale and undermines confidence.

Element #3: Flexibility

The plan must be flexible enough to adjust to different selling circumstances. For instance, commission plans will be more advantageous for the company launching a new product. On the other hand, the salary system can be trusted when dealing with a regular product.

As a result, the variable gives it flexibility to guarantee positive outcomes.

Element #4: Incentive-focused

A great and smart incentive for many salesmen who perform above average is financial compensation for extra effort. Increased sales volume derives from this additional sum. It might take the shape of a commission or bonus. It's done to imply that the salespeople receive compensation for above-average performance.

Element #5: Low Administration Cost

The expense of administering the plan, i.e., the requirement for assistance from clerks, accountants, etc. for calculating salesmen's profits, should be as minimal as feasible

Element #6: Fairness

It must be just to the company and the salespeople. Additionally, there shouldn't be any place for favoritisms or discrimination against specific salespeople.

Element #7: It Pays Immediately

The remuneration should be incentive-oriented, as was already stated. To have a lasting impact on the employees' thinking, the increased incentives must be provided to them early. Bonus payments are frequently announced but not received until the end of the quarter, the half-year, or the year.

The employees' motivation is weakened by the payment delay. He may have lost interest and excitement by the ti

me he receives the cash. When such incentives are paid late, labour turnover can occur. They must therefore be paid as soon as they are eligible and earned

6.7 Performance Appraisal of Sales force

Performance Evaluation of Sales Force

In general sense, the evaluation process consists of comparing actual performance with planned performance. Evaluation implies a process of systematically uncovering deviations between goals and accomplishments. When weaknesses are identified, the firm will devise and implement corrective methods through supervision and other control devices. When strengths are indicated, by the discovery of deviations in a favourable direction, management will use this information as a valuable aid in the anticipating and dealing with problems in future periods.

This may take the form of revising performance standards and generally reappraising present policies, procedures, marketing communication methods, and potential opportunities for the firm.

Thus, the evaluation process aims at both prognosis and diagnosis and is considered to be a preventive and curative marketing device.

Evaluation system should do three essential things for the sale manager and sales-people:

- Provide feedback to each salesperson on individual job performance.
- Help salespeople modify or change their behavior toward effective work habits.
- Provide information to sales managers on which to base decisions on promotion, transfer and salespeople.

Time Horizon for Evaluation

Sales evaluation normally is of three types:

1. **Short run evaluation**- In this, performance is evaluated over one year and the focus is on the achievement of targets in terms of sales.
2. **Intermediate run evaluation**- The performance is judged over 2 to 4 years' time period and focus is on evaluation in terms of creating and identifying new opportunities while adapting to competitive and environmental threats.
3. **Long run evaluation**- This is on long-term basis and focus on evaluation in terms of surviving in an uncertain and increasingly competitive world.

Standards of Performance

Performance standards are designed to measure the performance of activities that the company considers most important. Setting standards of performance requires consideration of the nature of the selling job. In other words, sales job analysis is necessary to determine job objectives, duties and responsibilities, and the like. These, in turn, depend upon selling strategy. Setting performance standards for new business sales personnel requires different measures from those for trade-selling sales personnel.

Setting sales performance standards requires considerable market knowledge. It is important to know the total sales potential and the portion that each sales territory is capable of producing. Management needs evaluations of customers and prospects from the standpoint of potential profitability for each class and size of account. Marketing intelligence must provide evaluations of competitions' strengths, weaknesses, practices and policies. These items all bear on the setting of performance standards, especially quantitative standards.

Quantitative Performance Standards

Most companies use quantitative performance standards. The particular combination of standards chosen varies with the company and its marketing situation. Quantitative standards, in effect, define both the nature and desired levels of performance. Quantitative standards provide descriptions of what management expects. Each person on the sales force should have definitions of the performance aspects being measured and the measurement units. These definitions help sales personnel make their activities more purposeful. Sales personnel with well-defined objectives waste little time or effort in pursuing activities that was not contribute to reaching those objectives.

A single quantitative standard, such as one for sales volume attainment, provides an inadequate basis for appraising an individual's total performance. In the past the performances of individual sales personnel were measured solely in terms of sales volume. Today's sales managers realize that it is possible to make unprofitable sales, and to make sales at the expense of future sales.

In some fields, for example, industrial goods of high unit price, sales result only after extended periods of preliminary work, and it is not only unfair but misleading to appraise performance over short intervals solely on the basis of sales volume.

Sales personnel have little control over many factors affecting sales volume. They should not be held accountable for "uncontrollable" such as differences in the strength of competition, the amount of promotional support given to the sales force, the potential territorial sales volume, the relative importance of sales to national or home accounts.

Each company selects the combination of quantitative performance standards that fits its marketing situation and selling objectives. If necessary, it develops its own unique standards designed best to serve its objectives. The standards discussed here are representative of the many types in use.

i. Sales Quotas

A quota is a quantitative objective expressed in absolute terms and assigned to a specific marketing unit. The terms may be rupees or units of product; the marketing unit may be a salesperson or a territory. As the most widely used quantitative standards, quotas specify desired levels of accomplishment for sales volume, gross margin, net profit, expenses, performance of non-selling activities, or a combination of these and similar items. "When sales personnel are assigned quotas, management is answering the important question: How much and for what period? The assumption is that management knows which objectives, both general and specific, are realistic and attainable. The validity of this assumption depends upon the market knowledge management has and utilizes in setting quotas. When sales volume quotas are based upon sound sales forecasts, in which the probable strength of demand has been fully considered, they are valuable performance standards. But when sales volume quotas represent little more than guesses, or when they have been chosen chiefly for inspirational effect, their value as control device is dissipated.

ii. Selling expense ratio

Sales manager uses this standard to control the relation of selling expenses to sales volume. Many factors, some controllable by sales personnel and some not, cause selling expenses to vary with the territory, so target selling expense ratios should be set individually for each person on the sales force.

Selling expense ratios are determined after analysis of expense conditions and sales volume potentials in each territory. An attractive feature of the selling expense ratio is that the salesperson can affect it both by controlling expenses and by making sales. The selling expense ration has several shortcomings. It does not take into account variations in the profitability of different products, so a salesperson who has a favorable selling expenses ration may be

responsible for disproportionately low profits. Then, too, this performance standard may cause the salesperson to over-economize on selling expenses to the point where sales volume suffers.
Finally, in times of declining general business, selling expense rations inhibit sales personnel from exerting efforts to bolster sales volume. Selling expense ratio standards are used more by industrial product companies than by consumer product companies. The explanation traces to differences in the selling job. Industrial product firms place the greater emphasis on personal selling and entertainment of customers; consequently, their sales personnel incur higher costs for travel and subsistence.

iii. Territorial net profit or gross margin ratio

Target ratios of net profit or gross margin to sales for each territory focus sales personnel's attention on the needs for selling a balanced line and for considering relative profitability. Managements using either ratio as a quantitative performance standard, in effect, regard each sales territory as a separate organizational unit that should make a profit contribution. Sales personnel influence the net profit rations by selling more volume and by reducing selling expenses. They may emphasize more profitable products and devote more time and effort to the accounts and prospects that are potentially the most profitable. The net profit ratio controls sales volume and expenses as well as net profit. The gross margin ratio controls sales volume and the relative profitability of the sales mixture, but it does not control the expenses of obtaining and filling orders. Net profit and gross margin ratios have shortcomings. When either is performance standard, sales personnel may neglect new accounts, and over-emphasize sales of high profit or high margin products while under-emphasizing new products that may be more profitable in the long run.

iv. Territorial market share

This standard controls market share on a territory by territory basis. Management sets target market share percentages for each territory. Management later compares company sales to industry sales in each territory and measures the effectiveness of sales personnel in obtaining market share. Closer control over the individual salesperoJ1 's sales mixture is obtained by setting target market share percentages for each product and each class if customer or even for individual customers.

v. Sales coverage effectiveness index

This standard controls the thoroughness with which a sales person works in the assigned territory. The index consists of the ratio of the number of customers to the total prospects in a territory. To apportion the sales person's efforts more among different classifications of prospects, individual standards for sales coverage effectiveness are set up for each class and size of customer.

vi. Call frequency ratio

A call frequency ratio is calculated by dividing the number of sales calls on a particular class of customers by the number of customers in that class. By establishing different call frequency ratios for different classes of customers, management directs selling effort to those accounts most likely to produce profitable orders.

Management should assure that the interval between calls is proper, neither so short that unprofitably small orders are secured, nor so long that sales are lost to competitors. Sales personnel who plan their own route and call schedules find target call frequencies helpful, in as much as these standards provide information essential to this type of planning.

vii. Calls per day

In consumer product fields, where sales personnel contact large numbers of customers, it is desirable to set a standard for the number of calls per day. Otherwise, some sales personnel make too few calls per day and need help in planning their routes, in setting up appointments before making calls or simply in starting their calls early enough in the morning and staying on the job late enough in the day. Other sales personnel make too many calls per day and need training in how to service accounts. Standards for calls per day are set individually for different territories taking into account territorial difference as to customer density, road and traffic conditions and competitors' practices.

viii. Order call ratio

This ratio measures the effectiveness of sales personnel in securing orders. Sometimes called a "batting average", it is calculated by dividing the number of orders secured by the number of calls made. Order call ratio standards are set for each class of account. When a salesperson's order-call-ratio for particular class of account varies from the standard then the salespersons need helping in working with that class of accounts.

ix. Average cost per call

To emphasize the importance of making profitable calls, a target for average cost per call is set. When considerable variation exists in cost of calling on different sizes or classes of accounts, standards are set for each category of account.

x. Average order size

Average order size standards control the frequency of calls on different accounts. The usual practice is to set different standards for different sizes and classes of customers. Using average order size standards along with average cost per call standards, management controls the salesperson's allocation of effort among different accounts and increases order size obtained.

xi. Non-selling activities

Some companies establish quantitative performances standards for such non-selling activities as obtaining dealer displays and cooperative advertising contracts, training distributor's personnel, and goodwill calls on distributor's customers. Whenever, non-selling activities are critical features of sales job, appropriate standards should be set. Since quantitative standards for non-selling activities are expressed in absolute terms, they are, in reality, quotas.

Qualitative Performance Criteria

Qualitative criteria are used for appraising performance characteristics that affect sales results, especially over the long run, but whose degree of excellence can be evaluated only subjectively.

Qualitative criteria defy exact definition. Many sales executives do not define the desired qualitative characteristics with any exactitude; instead they arrive at informal conclusion regarding the extend to which each sales person possesses them. Other executives consider the qualitative factors fom1al1y, one method being to rate sales personnel against a detailed checklist of subjective factors such as given below:

a. Job Factors

- Product knowledge
- Customers' knowledge
- Competitor's knowledge
- Handling sales presentations
- Customer satisfaction
- Time management

b. Personal Factors

- Punctuality
- General Attitude
- Dress and Appearance
- Co-operation
- Adaptability
- Reliability
- Communication skills
- Decision-making ability
- Initiative

Executive judgement plays the major role in the qualitative performance appraisal. Written job description, up to date and accurate, are the logical points of departure. Each firm develops its own set qualitative criteria, based upon the job description, but the manner in which these criteria are applied depends upon the needs of management.

Measuring Actual Performance

Sales management's next task is to measure actual performance. There are two basic sources of performance information: sales and expense records and reports of various sorts. Almost every company has a wealth of data in its internal sales and expense records, but this purpose.

Field sales reports

The fundamental purpose of field sales reports is to provide control information. They provide a basis for discussion with sales personnel. They also indicate the matters on which sales personnel need assistance. The sales executive uses field sales reports to determine whether sales personnel are calling on and selling to the right people, and whether they are making the proper number of calls. Similarly, field sales reports assist in determining how to secure more and larger orders. Field sales reports provide the raw materials that sales management processes to gain insights on giving needed direction to field sales personnel. A good field sales reporting system assists sales personnel in their self-improvement programs. Recording accomplishments in written form forces individuals to check their own work. They become their own critics and self-criticism often is more valuable and more effective than that from headquarters.

Purposes of field sales reports

The general purpose of all field sales reports is to provide information for measuring performance; many reports, however, provide additional information. Consider the following list of purposes served by field sales reports:

1. To provide data for evaluating performance- for example, details concerning accounts and prospects called upon, number of calls made, orders obtained, days worked, miles travelled, selling expenses, displays erected, cooperative advertising arrangements made, training of distributor's personnel, missionary work, and calls made with distributors sales personnel.
2. To help the sales person plan the work- for example, planning itineraries, sales approaches to use with specific accounts and prospects.
3. To record customers' suggestions and complaints and their reactions to new products, service policies, price changes, advertising campaigns, and so forth.
4. To gather information on competitors' activities- for example, new products, market tests, changes in promotion, and changes in pricing and credit policy.
5. To provide information requested by marketing research- for example, data on dealers' sales and inventories of company and competitive products.
6. To report changes in local business and economic conditions.
7. To keep the mailing list updated for promotional and catalogue materials.

Types of sales force reports

Reports from sales personnel fall into six principle groups.

1. Progress or call report:

Most companies have a progress or call report. It is prepared individually for each call or cumulatively, covering all calls made daily or weekly. Progress reports keep management informed of the salesperson's activities, provide source data on the company's relative standing with individual accounts and in different territories, and record information that assists the sales person on revisits. Usually the call report form records not only call and sales, but more detailed data, such as the class of customer or prospect, competitive brands handled, the strength and activities of competitors, best time to call, and "future promises".

2. Expense report:

The purpose is to control the nature and amount of salesperson expenses. This report also helps the salesperson exercise self-control over expenses. The expense report reminds salesperson that they are under moral obligation to keep expenses in line with reported sales-some expense report forms require sales persons to correlate expenses with sales. The details of the report form vary with the plan for reimbursing expenses

3. **Sales work plan:**

The salesperson submits a work plan (giving such details as accounts and prospects to be called upon, products and other matters to be discussed, routes to be travelled, and hotels or motels) for a future period, usually a week or a month. The purposes are to assist the salesperson in planning and scheduling activities and to inform management of the salesperson's whereabouts. The work plan provides a basis for evaluating the salesperson's ability 'to plan the work and to work the plan'.

4. New-business or potential new-business report:

This report informs management of accounts recently obtained and prospects who may become sources of new business. It provides data for evaluating the extent and effectiveness of development work by sales personnel. A subsidiary purpose is to remind sales personnel that management expects them to get sales reports point the way to needed sales training, changes in customer service policies, and product improvements. The salesperson reports the reasons for the loss of the business; but receipt of a lost-sales report also causes management to consider further investigation.

5. Report of complaint and/or adjustment:

This report provides information for analysing complaints arising from a salesperson's work, complaints by class of customer, and cost of complaint adjustment. This assists management in detecting needed product improvements and changes in merchandising 'and service practices and policies. These data also are helpful for decisions on sales training programs, selective selling, and product changes. The optimum number of reports is the minimum necessary to produce the desired information. Holding down the number of reports is important, since they are generally made out after the selling day. Report preparation places demands on free time, and, unfortunately, the best people often have the least time. All reports are reviewed from time to time to determine whether the information is worthwhile.

When a new report is proposed, the burden of proof of its need is upon its advocates. Information obtainable through other means at no higher cost should not be gathered through field sales reports. The amount of detail required in sales reports varies from firm to firm. A company with many sales personnel covering a wide geographical area needs more detailed reports than does a company with a few salespeople covering a compact area. The more freedom that sales personnel have to plan and schedule their activities, the greater should be the detail required in their reports.

Comparing Actual Performances with Standards

The most difficult step in sales force control is the evaluation step the comparing of actual performances with standards. This is more than a mechanical comparison; this step is difficult because evaluation requires judgement. The same standards cannot be applied to all sales personnel-there are differences in individual territories, their sales potentials, the impact of competition and the personalities of sales personnel and their customers. It is possible to take territorial differences into account by setting individual performance standards for each territory, but it is not possible to adjust fully for differences in the personalities of the salesperson and the clientele.

Furthermore, complications often develop in relating individual performances to standards, for example, when two or more sales persons work on the same account or when an account deals both with the salesperson and the home office. Evaluating sales personnel requires both a comparison of performance with quantitative standards and an appraisal against qualitative performance criteria. Sales personnel with poor performances, as gauged by quantitative standards, may be making offsetting qualitative contributions. Individual who do not reach sales quotas or keep to prescribed call schedules, for instance, may be building for the future by cementing relations with distributors and dealers.

Evaluating performance of sales personnel requires judgement and deep understanding of market factors and conditions. Judgement enters into the evaluation of sales personnel in still other ways. Performance trends, as well as the current record, are relevant- an individual showing improvement but with still substandard performance needs encouragement.

There is always the chance, too, that something is wrong with a standard-when an individual continually fails to reach a standard, management should investigate whether the standard has been set too high. In comparing actual results with projected results, the general procedure in scientific work is to set up tests that measure the variable under observations while taking account of the effects of other variables. In the evaluation of sales personnel, it is not possible to set up such tests.

Each salesperson’s performance results from complex interactions of many variables, some beyond the control of either the salesperson or of management. The time element changes and so do the sales personnel, the customers, general business conditions, competitors’ activities and other variables. However, some companies measure the impact of particular variable on personnel performance through careful design of experimental and control groups.

The Dynamic Phase of Evaluation

The evaluations, or comparisons of actual performances with standards, and adjusted by executive judgement, point the way to needed action. If performance and standards are in alignment may no action needed. Otherwise the three alternatives are:

1. Adjust performance to the standards, thus increasing the degree of attainment of objectives;
2. Revise the policy and/or plan, or the strategies used for their implementation to better for

the achievement of objects;

3. Lower or raise the objectives or the standards and/criteria used in measuring degree of attainment to make them more realistic.

Similarly, actions to be taken depend on the performance in terms of quantitative as well as quantitative evaluation. Four such situations, as discussed below, may be anticipated:

1. Good performance in both qualitative and quantitative evaluation- The appropriate response would be praise, monetary rewards and may be promotion.
2. Good performance in quantitative but poor in qualitative evaluation- The good quantitative result suggest performance in terms of sales/profits and in front of customers is good. However, poor performance on qualitative criteria warrant advice and training on qualitative aspects.
3. Poor performance in quantitative but good in qualitative evaluation- Good qualitative input is failing to be reflected in quantitative success. The specific causes need to be identified and training and guidance should be provided.
4. Poor performance in both quantitative and qualitative evaluation- Critical and thorough discussion is required on problem areas. Training may be provided to improve the performance. In some situations, punishment including dismissal is required.

6.8 Sales force Diversity and Team based Selling Approach

All of us being consumers often come across variety of selling situations. Differences in marketing factors cause each company to have individualized selling styles. Each different type of selling job requires the sales person to perform a variety of different tasks and activities under different circumstances. The job of a soft drink driver salesperson who calls in routine fashion on a number of retail stores is different from that of a computer sales person who sells a system for managing information to executive of a consultancy firm.

Before categorizing sales persons into basic selling styles, one convenient way to classify the many different types of sales job is to array them on the basis of the creative skill required in the job, from simple service-or repeat order selling to the complex developmental selling. Let us now discuss the different kinds of selling positions prevalent in Indian companies.

1. Delivery sales person:

The primary job of the delivery sales person is to deliver the product e.g. soft drink, bread, milk etc. The selling responsibilities are secondary. Good service and a pleasant personality may lead to more sales.

2. Inside order taker:

The retail sales person standing behind a counter is an inside order taker. The customer comes to the sales person with the intention to buy a product or service, the sales person only serves him or her. The sales person may use suggestion selling but ordinarily cannot do much more.

3. Outside order taker:

The soap or spices sales person calling on retailer is an outside order taker. They do little creative selling. In contract with store personnel these representatives actually may be discouraged from doing any hard selling. That task is left to executives higher in the hierarchy.

4. Missionary sales people:

These sales persons are not expected or permitted to solicit an order. Their job is to build goodwill or to educate actual or potential user or provide services for the customers, as in the case of Medical representatives, working for the pharmaceutical company.

5. Consultative sales person:

Consultative sales are characterized by the product or service that is sold at the higher level of an organization e.g. computer system or management consultancy service. The decision to purchase such products involves higher capital outlay thus sales job requires a low key, low pressure approach by the sales person. It would also require a very strong knowledge about product, patience to discuss product with several people of organization and potential benefits to the user. Even at times when the progress of sales slows down representative has to make creative and sensitive efforts to resume interest but without appearing to exert pressure on the prospect.

6. Technical sales personnel:

The most distinctive characteristic of technical sales is the product knowledge required by its sales person, unlike the consultative sales, where sophistication in organization relationship and persuasive ability are sales persons' most valuable assets. Even time required to sell the product is relatively less than consultative sales. Most of the technical purchasing requires approval of several people but only one or two people with technical knowledge influence decision. If the sales representative is able to satisfy these people with product characteristics, application, installation process, approval from higher management is usually forthcoming. The technical sales persons though not strangers to the process of making a sale, are trained to utilize the rational approach, by going into details of product utility and features.

7. Commercial sales person:

This field generally includes nontechnical sales to business, industry, government and non-profit organization e.g. office equipment, wholesale goods, building products, business services and others. Unlike the previous two types, it is customary for the commercial sales person to make sales on first or second call. The process stresses approach to right person (decision maker), making a smooth presentation and closing the sales. The field is composed of order takers, to follow up and maintenance of accounts and order getter, to develop new accounts. Since these require different approaches, they normally require different personality traits e.g. the order getter are more aggressive and more highly motivated.

8. Direct sales people:

Direct sales are primarily concerned with the sales of products and services to ultimate consumers e.g. restaurants, door to door sales, insurance, encyclopedias, magazines etc. There is normally some emotional appeal associated with this type of selling, thus sales persons are required to possess strong persuasive ability. Often length of time to close sales is shortest in the case of above product categories. In fact, sales person are trained to close the sales on the first visit because it is felt if consumers are given time, they will either cool off from buying or will buy from competitor.

The Team-Based Selling Approach

It is a sales strategy that involves collaborating and leveraging the expertise of various team members to effectively engage with customers, understand their needs, and close deals. In this approach, sales representatives work together as a cohesive unit, combining their skills and knowledge to deliver a comprehensive and tailored solution to potential clients. The team may include salespeople, product specialists, technical experts, marketing professionals, and even senior management if required.

The Team-Based Selling Approach has gained popularity due to its ability to address complex customer demands and foster stronger customer relationships. Here are some key points to understand about this approach:

1. Holistic Solution Delivery:

One of the primary advantages of team-based selling is its capability to offer a holistic solution to customers. Each team member contributes their expertise, which ensures that the customer's unique needs and pain points are thoroughly addressed. This approach enhances the credibility of the sales team and increases the likelihood of customer satisfaction.

2. Specialized Roles:

In a team-based selling environment, individuals take on specialized roles based on their strengths and expertise. For instance, a salesperson may handle initial client interactions and relationship-building, while a product specialist may delve into the technical details of the product/service. This specialization leads to a more efficient sales process.

3. Enhanced Communication:

Effective communication within the sales team is crucial for successful team-based selling. Regular team meetings and open channels of communication allow team members to exchange information, share insights, and provide valuable feedback to one another. This fosters a collaborative atmosphere that benefits both the team and the customer.

4. Overcoming Customer Objections:

The presence of multiple team members during sales meetings enables them to respond promptly to customer objections or concerns. This real-time problem-solving approach instills confidence in the customer, showing that the company is committed to understanding and resolving any issues that arise.

5. Flexibility and Adaptability:
Team-based selling provides greater adaptability to meet diverse customer needs. The team can quickly adjust their approach and presentation based on the client's preferences and requirements, leading to a more personalized sales experience.
6. Closing Complex Deals:
Complex sales deals often involve multiple decision-makers and stakeholders within a customer organization. Team-based selling allows for better engagement with these individuals, ensuring that all relevant parties are involved and their concerns are addressed, increasing the chances of successfully closing the deal.
7. Cross-Selling and Up-Selling Opportunities:
The collaborative nature of team-based selling opens up opportunities for cross-selling and up-selling. Team members can identify additional products or services that complement the customer's initial interest, leading to increased revenue for the company.
Team-Based Selling Approach is a powerful sales strategy that capitalizes on the collective expertise of a diverse sales team. It enables businesses to provide tailored solutions, build stronger customer relationships, and effectively address the challenges of complex sales scenarios. Implementing this approach requires a well-coordinated team, excellent communication, and a customer-centric mindset. When executed effectively, team-based selling can significantly boost sales performance and drive business growth.

6.9 Unit End Questions

A. Descriptive Questions
Short Questions

1. Define Selection
2. Explain the meaning of Training.
3. Discuss the need of motivation
4. What do you mean by Sales Force diversity?
5. What is HRM in sales Management.?

Long Questions

1. Define recruitment and discuss in brief the process of recruitment.
2. Elaborate the important sources of recruitment.
3. Write in brief the important steps involved in selection process.
4. "Appropriate selection policies and procedures result in greater efficiency and reduce the training costs as well". Comment.

B. Multiple Choice Questions

1. What is the primary goal of Sales HRM?
   a. Maximizing sales revenue
   b. Ensuring compliance with labor laws
   c. Recruiting top-performing sales talent
   d. Implementing cost-cutting measures

2. Which of the following is a key responsibility of Sales HRM?
   a. Creating sales strategies
   b. Managing product inventory
   c. Conducting market research
   d. Designing sales training programs

3. Which approach is commonly used to compensate sales teams based on their performance?
   a. Hourly wage
   b. Fixed salary
   c. Commission-based
   d. Overtime pay

4. What is the purpose of sales performance evaluations conducted by Sales HRM?
   a. Determining employee promotions
   b. Identifying training needs
   c. Reducing the workforce
   d. Assigning sales territories

5. Which factor is essential for the success of a salesperson and is often assessed during recruitment by Sales HRM?
   a. Marketing skills
   b. Accounting knowledge
   c. Technical expertise
   d. Communication abilities

Answers

1.c, 2.d, 3.c, 4.b, 5.d

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UNIT-7 CUSTOMER RELATIONSHIP MANAGEMENT

STRUCTURE

7.0 Objectives

After reading this chapter, the students will be able to

- Understand and define Customer Relationship Management
- Understand Relationship Marketing and CRM
- Know the history of CRM.
- Get acquainted with Elements of CRM
- Know the benefits of CRM.
- To know about trending issues in CRM
- Get acquainted with Sales Analytics

7.1 Introduction

"A business absolutely devoted to Customer Service Excellence will have only one worry about profits. They will be embarrassingly large." − **Sir Henry Ford**

"On average, sales, and marketing costs average from 15%-35% of total corporate costs. So, the effort to automate for more sales efficiency is essential. In cases reviewed, sales increase due to advanced CRM technology have ranged from 10% to more than 30%." – **Harvard Business Review**

"The purpose of business is to create and keep a customer."– **Peter Drucker**

"How you gather, manage and use information will determine whether you win or lose." – **Bill Gates**

Customer Relationship Management (CRM) is an approach to managing a company's interactions with current and potential customers. It uses data analytics on customer history with businesses to improve business relationships with customers, with a particular focus on customer retention and ultimately increased revenue. An important aspect of the CRM approach is a CRM system that aggregates data from various communication channels such as the company's website, phone, email, live chat, marketing materials, and recently social media.

Customer relationship management is known as CRM. It is the main tactic an organization employs to create a culture that is centered on managing and maximizing its relationships with both current and potential customers.

Fortune Business Insights predicts that the size of the worldwide CRM market will reach USD 145.79 billion in 2029, growing at a CAGR of 12.5% between 2022 and 2029. The Report predicts that quick digital transformation is responsible for this market growth.

Defining Customer Relationship Management

As per Francis Bottle, World's first professor of CRM, "it is the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to a target customer at profit. It is grounded on high quality customer data and information technology".

"Customer relationship management (CRM) is a term that refers to practices, strategies and technologies that companies use to manage and analyze customer interactions and data throughout the customer lifecycle, with the goal of improving business relationships with customers, assisting in customer retention, and driving sales growth. CRM systems are designed to compile information on customers across different channels — or points of contact between the customer and the company — which could include the company's website, telephone, live chat, direct mail, marketing materials and social media. CRM systems can also give customer-facing staff detailed information on customers' personal information, purchase history, buying preferences and concerns" (Searcher**)**

"CRM is the business strategy that aims to understand, anticipate, manage and personalize the needs of an organization's current and potential customers" (**PWC Consulting)**

Features of Customer relationship management (CRM):

From the above definitions, the following features of CRM can be elucidated:

- CRM is a comprehensive strategy that integrates all customer-related company functions, such as marketing, sales, customer support, and field service, while taking advantage of the Internet's transformative power to connect people, processes, and technology.
- CRM is a field of study as well as a group of stand-alone programmes and technologies designed to enhance and streamline the management of customer interactions in the areas of sales, marketing, customer service, and support.
- Through the CRM approach companies learn more about their target audience and how best to meet their needs.

- Frontline personnel may also receive comprehensive data from CRM systems regarding a customer's identity, purchasing history, preferences, and issues.
- CRM software systems make it easier to integrate numerous company processes (such as sales, marketing, customer care, and support) and different communication channels with in-person interactions, call centres, and the customer's preferred method of contact.
- A CRM system collects customer data through many points of contact between the customer and the company. This includes the company's website, phone calls, live chats, direct mail, promotional products, and social media.
- Customer relationship management (CRM) is a technique used by businesses to manage customer interactions and data across the course of a customer's lifecycle **(Figure 7.1)** with the aim of strengthening customer service ties, promoting customer retention, and boosting income.
- CRM creates connections with clients that are profitable for both parties. A new generation of powerful customers is developing in the quickly expanding world of e-commerce who demand immediate service with a personal touch.

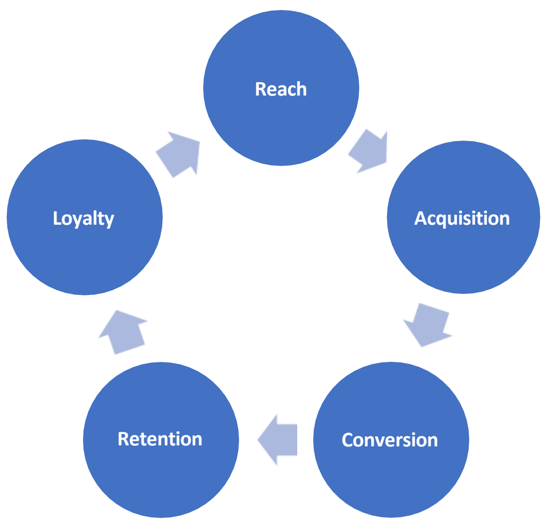

Fig 7.1: Customer Life Cycle

Customer Life cycle or The CRM cycle has five crucial phases:

- Contacting a prospective client
- Customer acquisition
- Conversion

- Customer retention
- Customer loyalty

In theory, it begins with outreach and customer acquisition and results in a loyal customer base. Marketing, Sales, and Customer Service are all part of the CRM cycle. In contacting a prospective client, marketing activities are employed. Sales activities are involved once the organization is successful in acquiring the customer till converting him into an actual customer. Customer Service activities are part and parcel of customer retention to customer loyalty.

Relationship Marketing and CRM

In marketing literature, the phrase "relationship marketing" is used interchangeably with CRM at times. Relationship marketing is more broadly understood to be the integration of database knowledge with long-term customer retention and growth tactics while focusing on the individual or one-to-one relationship with the customer. Some authors have adopted a strategic viewpoint and changed the function of marketing from client manipulation to genuine customer interaction (transfer of shared knowledge) (telling and selling). The collaborative relationship between a company and its customers, as well as other marketing components, is at the core of CRM and relationship marketing. It should be noted, though, that contemporary CRM solutions aim for a greater level of interaction than the data-driven, one-on-one customer interactions that define relationship marketing.

7.2 History Of Crm

In the 1980s, the Customer Relationship Management (CRM) Foundation was established under the name "Database Marketing." Customer focus groups, which allowed for customer communication were used for this. Early in the 1990s, the phrase Customer Relationship Management (CRM) was in usage. Since then, there have been numerous attempts to define the phrase, albeit it is unknown who first used it since it develops. This was due, in part, to the challenge of efficiently tracking customer information. Additionally, managing massive data collections that required regular updates was crucial for large businesses. Before CRM hit the market, names, dates of birth, and addresses were stored in a variety of other ways using words and systems like the Personal Information Manager (PIM). Sales Force Automation Systems (SFA) arrived next, then Contact Management Systems (CMS). Although the purpose of Sales Force Automation is to boost sales and goal of CRM is to satisfy the customers which would ultimately improves the sales.

Businesses slightly modified their customer relationship management strategy in the 1990s to include a two-way dialogue. They delivered it to specific clients in addition to gathering data for corporate usage. By providing presents, incentives, and other practical prizes for patron loyalty, this improved customer service expressed gratitude to its clients. It's one of many approaches to maintain and enhance your level of customer service.

7.3 Elements/Components Of Crm

CRM components:

Analytics: In order to identify market trends, analytics examines, modifies, and displays data in a variety of graphical formats, such as charts, tables, and trends.

Business Reports: Business Reports provide in-depth analyses of marketing, customer service, and sales.

Customer service: is responsible for gathering and sending the following customer-related data to the appropriate departments. Information on the individual, including name, address, age, and purchasing history, conditions and circumstances, recommendations and grievances.

Human resource management: entails finding the best human resources and placing them where they are needed inside the business.

Lead management: entails keeping track of sales leads and distributes, running campaigns, creating personalized forms, putting together mailing lists, and studying consumer buying patterns.

Marketing: It includes promotional activities that are adopted by a company in order to promote their products. It also entails the process of creating and putting into practice a sales strategy to sell products for both current and future clients.

Workflow automation: It is the process of automating and planning a number of concurrent processes. With workflow automation, the duplicity of assignments to many employees can be avoided which would ultimately save money and time.

7.4 Benefits of CRM

- **Help in improving interactions with customers:** With the help of CRM, consumer (or customers) will feel that organization care about them more if you know and recall more about them. This enables organizations to connect with and establish deeper relationships with their clients.
- **Increased inter-team communication.** This is where many businesses miss out on the advantages of their CRM because their executives do not need to use it. They don't want to learn how to use the tool itself, but they oversaw the CRM software implementation cross-selling skills that are better. Finding answers to your clients' next issue will be made simpler the more you understand their requirements and preferences.
- **Increased worker satisfaction.** Employee empowerment and engagement increase as knowledge increases. CRM, which is accurate, current, and available to everyone, assists staff in resolving client issues. It brings happiness to both the staff and the clients.
- **More effective client service**. Once more, the more information we have about our

clients, the better we can serve them. Others will be able to give them information about prior talks they have had if everyone uses a CRM to document all interactions with customers.

7.5 Crm Solutions

CRM solutions are available in the form of CRM softwares which can be categorized under three sections viz.

- Operational CRMs
- Sales/Analytical CRMs
- Collaborative CRMs

Operational CRMs:

Operational CRMs act as databases for maintaining and storing prospect and customer data. The marketing, sales, and customer success departments of your company are then given access to this data.

Some of the famous operational CRMs include

- Salesforce
- Insightly
- Pipedrive.

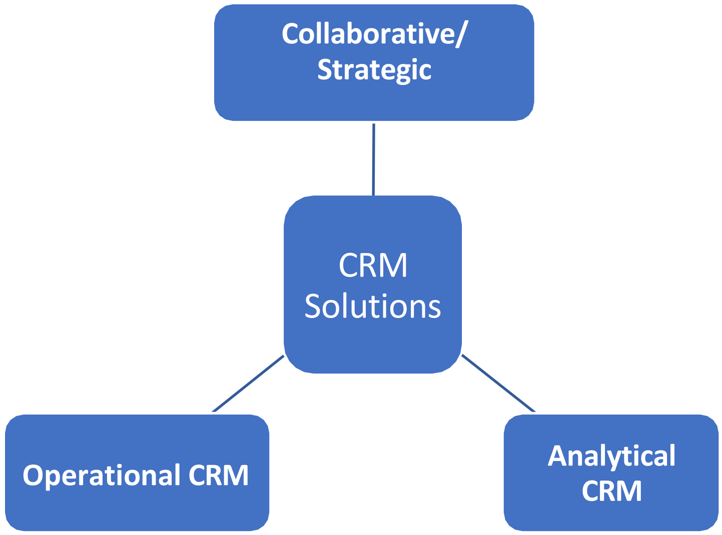

Fig.7.2: CRM (Customer Relationship Management) Solutions

Operational CRMs can organize the contact lists of customers. With operational CRM marketing strategies and efforts get automated. Operational CRM helps in scoring the leads that come in a pipeline so that a sales team can prioritize appropriately.

- **Sales/Analytical CRMs**

An analytical CRM may examine the data inputted into it to produce insightful conclusions about your company. Then, you can use these realizations to guide your business decisions. Online analytical processing (OLAP) technology and data mining modules are also included in the software, which makes predictions, charts, graphs, and reports possible.

Some of the famous Sales/Analytical CRMs include.

- Hub Spot
- Zen desk
- Zoho

Analytical CRMs can increase the conversion rate by providing information about Sales performance, Sales opportunities, Customer service and channels

- **Collaborative CRMs**

With the use of collaborative CRMs, it is simpler to share data and information internally. A better customer experience is eventually received by both the staff and the consumers

Examples of popular Collaborative CRMs are.

- Microsoft Dynamics 365
- Sage CRM
- SugarCRM.

Collaborative CRMs make all information about consumer interactions available, hence are able to deliver best services to them. With Collaborative CRM, team members can easily delegate the task to apt person in the team and moreover, Channels can be easily managed by keeping a tab on all inbound communications

CRM Software Examples

- Salesforce
- Monday.com
- Pipedrive

Fig 7.3: Other CRM Softwares

7.6 Trending issues in the CRM

The solution providers of CRM are monitoring the following upcoming trends:

Bringing Data from Different Channels Together

The developers of CRM solutions are attempting to transfer social media data to a more secure channel of communication. Additionally, they are investigating the integration of unstructured data from many sources, including email and mobile cellphones.

Dealing with Big Data

The CRM solution providers are investigating how this huge data may be managed correctly to be able to use it effectively while the data is piercing from numerous channels with high volume, velocity, and variety.

CRM migration to the cloud

To address the issues with on-premises CRM software, firms are favoring cloud-based CRM software (in which every new feature development requires an expensive upgrade). The cost of investing in infrastructure is significantly lessened for businesses using cloud-based CRM.

Social media based CRM

Before making a purchase, people have a habit of reading reviews and suggestions and evaluating the good or service. Because social media may provide information about client preferences and behavior. Organizations are eager to use social CRM tools in their CRM software.

The Mobile CRM is also quite in these days as it is easy and handy option. Today's CRM solution suppliers are making considerable investments to strengthen the mobile CRM application platforms.

CRM software that uses wearables

It is the upcoming significant shift in the creation of CRM software. Consumers who want to measure their health and fitness can do so using wearable technology.

Businesses will gain if CRM software relates to wearable computing devices since they will have access to real-time customer information and account data. The companies can then interact with their clients in a meaningful way, identify sales opportunities, and strengthen client relationships.

7.7 Sales Analytics

The technology and procedures used to gather sales data and assess sales performance are referred to as sales analytics. These measurements are used by sales leaders to define objectives, enhance internal procedures, and more precisely forecast future sales and income.

In order to create objectives and forecast future sales performance, sales analytics is a technique for gathering insights from sales data, trends, and metrics. To determine sales performance and set targets for the sales team, it is best practices in sales analytics to link all activities together.

Simplifying the information that is available has always been the aim of sales analytics. It makes it easier for you to understand the effectiveness of your team, sales trends, and opportunities.
The goal of analysis should be to create strategies and enhancements to boost sales performance both immediately and over time. Setting team-specific KPIs or metrics that are relevant to each team member's position is an illustration of a common sales analytics task. For instance, give your sales manager a revenue goal and your account management team a sales productivity goal.
You may more accurately evaluate the effectiveness of your team and identify opportunities for development by using sales analytics. Better training, more realistic goals, and a cohesive team can be achieved by being aware of these strengths and shortcomings.
Sales metrics, which are used to monitor sales analytics, can assist boost accountability, optimize sales efforts, and improve performance.

Some important Sales Metrics to monitor are:

Sales Growth: Sales growth illustrates how much your revenue grows (or shrinks) over a given time frame. This measure gives you an overview of sales and the effectiveness of your team.

Sales Target: Sales target assesses existing sales and contrasts them with your more expansive, long-term objectives. One must first choose one’s aim in order to track this metric. The revenue needed to stay in business and remain competitive is frequently based on prior growth rates. The goals for sales should be both challenging and attainable.

Lead conversion Rate: The Sales Conversion Rate indicator evaluates how well your sales force converts leads into new clients. As both teams will utilise this statistic to assess the calibre of leads, it's crucial for ensuring that your sales and marketing teams are working together.

Sell-through rate: A company's ability to sell its inventory fast is measured by its sell-through rate. Divide the quantity of inventory you sold within a certain time period by the quantity of inventory you acquired within that same time period to arrive at this metric. Then, divide the outcome by 100 to determine your sell-through rate.

Cannibalization rate: The Cannibalization Rate calculates how new items affect established products' sales revenue. As your company introduces new products, interest in and demand for current products may decline. Teams of sales and marketing professionals working on an existing product line may face difficulties due to cannibalization in the workplace.

Quote-to-Close The percentage of prospects who become paying customers is determined by the quote to close. Take the total number of deals that were actually closed during a given time period and divide it by the total number of quotes that were sent during that same time period to get your quote-to-close rate.

For this statistic, all you have to do is keep track of the sales each agent generates during a predetermined time frame, like a week, month, or quarter. Once more, it's wise to consider both the volume of transactions and their monetary value.

Average Purchase Value: The average value of each transaction is looked at while calculating average purchase value. To calculate it divide total sales revenue by the total number of sales

Sales by Region: The volume of sales in your company's important geographic locations is broken down by region in the sales report. This measure keeps track of sales throughout a given time period in a particular territory, state, nation, or continent. A company that sells products all across India, for instance, could be interested in knowing the annual sales produced by each state.

Sales per product: The profitability of each product you sell is indicated by sales per product, also known as product performance. One can monitor overall sales for certain products over a predetermined time frame for this measure. One may choose to focus on the quantity of units sold rather than the Rupee amount, depending on one's objectives.

Pipeline velocity: The speed at which leads and prospects travel through your sales pipeline is known as pipeline velocity. The quantity of sales-qualified leads (SQLs) in your pipeline, the typical deal size, and your typical win rate can all be used to calculate your pipeline velocity. Add them up, then divide the result by the length of your sales cycle at the moment. This will demonstrate how much revenue is currently moving through your pipeline.

Benefits of Sales Analytics

Boost sales productivity

To be successful, sales representatives must always be moving. Sales procedures are frequently intricate. The path from obtaining a lead to closing a deal is fraught with obstacles.

Managers can shorten the sales cycle by finding areas for improvement with the aid of sales data analytics. Analytics assist sales representatives in reducing leaks in the sales funnel in addition to raising sales productivity by an average of 20%.

Find fresh opportunities

New opportunities exist as firms expand and goods change. Businesses can better assess product fit across industries and regions by tracking sales data. Salespeople can define their customer base and provide upsell and cross-sell opportunities using historical data.

Planning for effective sales targets

A company's strategic planning for sales targets can be significantly altered by gathering sales data (deals closed, qualified opportunities, and length of sales cycle) over the course of a year or quarter. It will be made better. Based on the performance of your sales staff, predictive analytics enables you to forecast sales income and define individual goals.

Making Customer Acquisition Better

Without knowledge about client behaviour, it is challenging to design personalised customer journeys. Customer journeys have several touchpoints, and they may be made better by keeping track of things like response time, time spent on a particular website, and in-call audio. Over 44% of organisations utilise customer analytics to bring in new consumers and to help sales representatives make better sales

Sales Team Rewards

For sales teams, incentives are the main source of motivation. However, their performance cannot be rewarded in the absence of precise records. Companies can give their sales employees reasonable incentives by tracking their efforts and results in sales. Analytics make payroll easier to administer and assist managers in determining the best sales commission structure.

Sales per Rep: Sales per rep is a metric for gauging the effectiveness of each of your agents.

Customer Retention Rates Improvement

Any business aims to increase the lifetime value of its customers because acquiring a new customer costs as much as keeping an existing one. Sales analytics can really come in handy here.

Sales Analytics Software

CRM data is reported by sales analytics software to provide sales insights and forecast future performance. Sales analytics are used by management and sales teams to comprehend sales activity. Determine whether sellers, goods, or communications are performing well or poorly, and forecast future sales. Sales analytics insights can be utilised to develop more predictable sales models and enhance sales strategies. Although some operate as both CRM record keeping systems and analytics tools, sales analytics systems are often built on top of sales automation or other CRM systems to utilise existing data to provide insights.

The primary function of the Sales Analytics product, which exclusively accesses data from sales tools, is the analysis of sales data. Instead, some businesses choose for self-service business intelligence tools and business intelligence platforms. This enables companies.

Key Benefits of Sales Analytics Software

- View Sales Data in Various Formats
- Enhance Sales Forecasting and Accurately Measure Sales Performance
- Identify Problems Sales Teams Face Manage and Solve Issues Before They Occur

List of 152 Sales Analytics Softwares is given on Site https://www.g2.com/categories/sales-analytics

Out of that some of the major Sales Analytics Software is given below:

a. HubSpot Sales Hub
b. Salesforce Sales Cloud
c. Gong
d. Clari
e. Groove
f. Active Campaign for Marketing
g. Chorus.ai
h. Sharp Spring
i. Salesken
j. People.ai

Source:https://www.g2.com/categories/sales-analytics

It should come as no surprise that the entire sales team benefits greatly from sales analytics software. Sales reps and sales teams utilize sales analytics tools to predict sales results, effectively rank simple and challenging sales projects, and assess the likelihood of winning a deal.

Sales representatives frequently use their own sales analytics, but the sales team depends on the sales representatives to filter and comprehend the efficacy of particular data sets and, if necessary, it helps to convey the project's success. The sales team wants to free up sales representatives to concentrate on closing deals. As a result, depending on the level of experience, operations teams often rely on tools for project management and training.

Sales managers may quickly identify the most productive team members and the overall effectiveness of the team by monitoring the development and performance of each member of the sales team.

7.8 Unit End Questions

A. Descriptive Question

Short Questions

1. Why should a company use CRM?
2. Write down the benefits of CRM.
3. What are trending issues in CRM?
4. What are different components of CRM?
5. Define Sales Analytics. What are different sales analytics software?
6. Write down various features of CRM.

Long Questions

1. What is cannibalization rate?
2. Explain Lead Conversion rate?
3. What is Pipeline velocity?
4. Explain the benefits of Sales Analytics
5. Who uses Sales Analytics software? On what parameters one should select Sales Analytical tools?

B. Multiple Choice Questions

1. Which of these are types of CRM Solutions?

a. Operational

b. Analytical

c. Collaborative CRM

d. All the above

2. Which of these are components of CRM?

   a. Analytics
   b. Business Report
   c. Customer services
   d. All the Above

3. Which of these is not Customer Life Cycle stages

   a. Customer acquisition
   b. Customer retention
   c. Conversion
   d. Combination

4. Which of these is CRM Software?
   a. hobo
   b. Zoho
   c. pipelines
   d. All

5. SFA stands for
   a. Sales Force Ammunition
   b. Sales force Awareness
   c. Sales force Automation
   d. Sales force Audit

Answer

1.d, 2.d, 3.d, 4.d, 5.d

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