

# Sales management

## LEARNING OBJECTIVES

By the end of this chapter you will:

- understand the role and importance of selling in the marketing programme and how it should be managed
- be familiar with the different steps in selection, training, and organization of the sales force
- appreciate the considerations in planning sales force structure and territory and journey planning
- be aware of the elements of the personal selling process
- recognize different ways of controlling and evaluating the sales force including remuneration systems
- understand the changing nature of personal selling and the developments taking place in this area of marketing

## INTRODUCTION

Selling is a universal activity; everybody sells something. In a modern market economy, selling is an important and sophisticated activity. In less advanced societies, selling is low level, often amounting to simple barter. In this chapter we examine the important role of the sales force in overall marketing activities, and the relationship between marketing and sales functions.

Selling is a process to make a sale, but personal selling is more than this. Selling can be done remotely through mail-shots or advertisements; personal selling is done face-to-face which demands interpersonal skills and training and it is a highly professional activity. We examine the key steps in managing the sales force from recruitment and training to territory design, sales call planning, and control and remuneration as well as the steps in personal selling and considerations in managing these effectively as well as examining emerging trends in selling and sales management.

## ROLE OF THE SALES FORCE

Depending on the type of organization, a sales force may consist of a few salespeople with infrequent contact with customers, or many salespeople operating in a highly organized system with regular and frequent contact. The latter would apply to companies selling consumer goods like confectionery where it is necessary to have a regular, day-to-day contact. A company that constructs bridges needs fewer salespeople as there are fewer customers and it is more appropriate to have technical salespersons to negotiate contracts and resolve problems that customers may face during the construction process.

The sales force provides a flow of information to the company which needs to know what is happening 'in the field' to keep up with changes in demand or fashion.

Personal selling is an integral part of the firm's communication mix which is made up of non-personal communication tools. Generally, personal selling is more important in organizational settings. As much as 80 per cent of the total marketing budget is spent on selling because of the necessity of a one-to-one relationship. This is because of:

- the technical complexity of products;
- the commercial complexity of sales negotiations;
- the degree of commercial interdependence and interaction between the buying and selling organizations.

These factors are not present in many consumer marketing situations. Personal selling is less critical and more of the budget is spent on non-personal communications like advertising which features strongly for products such as lager, coffee and detergents. Consumer advertising attempts to 'pull' these goods through the distribution channel. Personal, face-to-face selling, attempts to 'push' goods through the channel.

Selling is the main task of the sales force, although are other tasks include:

- obtaining information;
- maintaining and creating goodwill;
- building business for the future.

## TYPES OF SALES FORCE

A variety of different types of sales force take account of different sales situations:

*Selling consumer goods to members of the channel* where regular contact must be maintained. Personal relationships are important; typically used for FMCGs and consumer durables. Salespersons must be well organized to provide regular coverage. Selling to retailers requires a large sales force to call on customers at pre-determined intervals (termed the **sales journey cycle**). Large sales forces can be split into regions with regional sales managers, and regions are split into areas with an area manager in charge of individual representatives. Channel members (retailers and wholesalers) are business customers, so processes and considerations pertaining to organizational buyers apply as they are professional purchasers using systematic buying processes and purchase in large lots.

*Industrial goods selling* where products are often made to individual specification, so customer needs have to be satisfied on an individual basis. Products range from machinery to component parts to raw materials and services such as the provision of IT products and systems on behalf of clients. Much time is spent finding prospective customers. Often, products are sold at such infrequent intervals that when the customer is ready to re-order, specifications have been modified substantially. Salespeople tend to be well qualified and can discuss customer technical problems and offer solutions so cementing relationships with industrial buyers.

*Retail selling:* Despite the ubiquitous nature of self-service, considerable selling activity takes place in this setting. These activities are not confined to durable products or services like cars, televisions or holidays, but also relate to lower value items like shoes and clothing, and even non-durables like foodstuffs and meals. Think back to the last time you purchased shoes in a retail outlet. How helpful was the person who served you? Did they have any influence over whether you bought or not? Did they suggest a particular pair of shoes? Did they get you to spend more than you intended? Did they get you to purchase another item like shoe polish with the shoes? Will you ever return and buy again from the same retailer? Shoe retailers are aware of the importance of sales activities to customers. Staff training involves how to sell to customers including encouraging them to trade up and extend their purchasing.

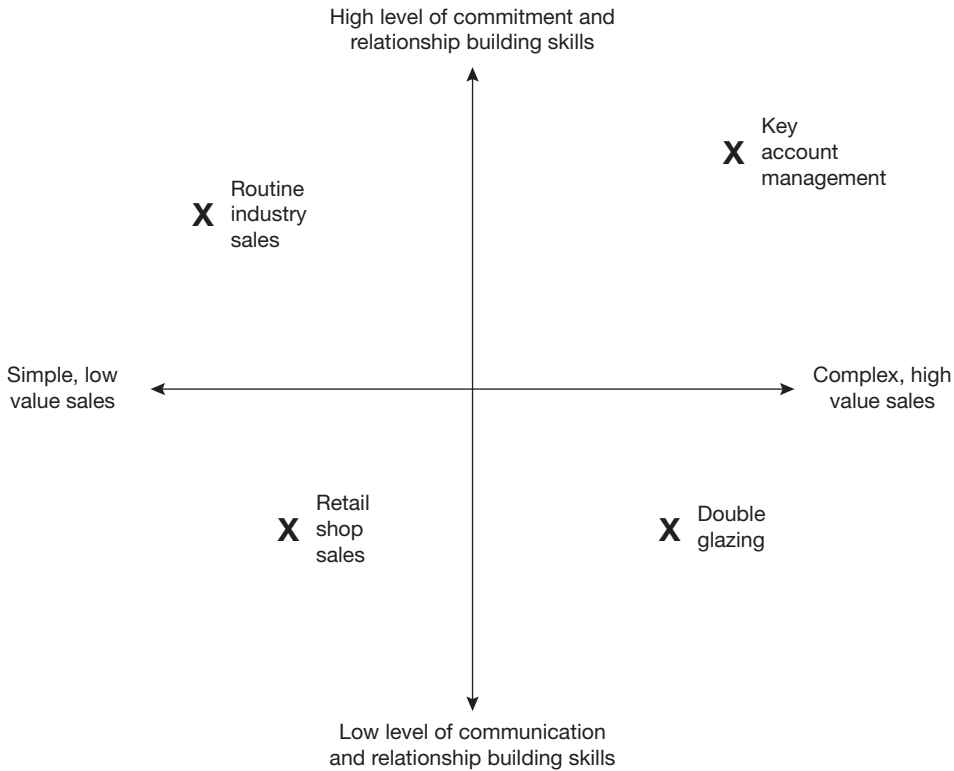
## TYPES OF SELLING JOB

A classic description of different types of salesperson was devised by McMurry:<sup>1</sup>

- 1 The salesperson's job is mainly concerned with delivery e.g. milk, beer, bread and lemonade. They possess little in the way of selling responsibilities. Increases in sales are more likely to stem from a good service and a pleasant manner.
- 2 The salesperson is predominantly an inside order taker, e.g. a sales assistant in a retail outlet. Opportunities to sell are limited as customers have often already made up their minds.
- 3 The salesperson is predominantly an order taker, but works in the field, e.g. the wholesale or retail grocery salesperson. Selling to an account like a large retail chain is usually done by senior executives at head office. The field salesperson simply records and processes customer orders and makes sure the customer is carrying sufficient stock. Good service and a pleasant personality may lead to more orders, but the salesperson has little opportunity for creative selling.
- 4 In 'missionary selling' the salesperson does not actually take orders, but builds up goodwill, educates the actual or potential user and undertakes various promotional activities, e.g. salesperson for a pharmaceutical company.
- 5 In technical selling, companies tend to use technically qualified salespeople where product and application knowledge is a central part of the sales function.
- 6 Creative selling involves both tangible and intangible products and services, e.g. vacuum cleaners, washing machines, encyclopaedias, insurance, banking and investment advice. The last three are more difficult because the product cannot easily be demonstrated.

Classification of the nature and range of selling positions is useful in that it provides clues to effective management of sales and selling activities, e.g. they help recruitment and selection procedures; different selling positions may require different training and remuneration schemes. Since McMurry's early classification scheme other schemes have been developed. Donaldson<sup>2</sup> has developed a classification of types of selling job encompassing 12 categories of selling, ranging from 'industrial direct' through to 'franchise selling'. Anderson<sup>3</sup> identifies three categories of selling encompassing 'order taking', 'order supporting' and 'order getting' categories.

A useful view of different selling jobs is proposed by Pickton and Broderick<sup>4</sup> as shown in Figure 8.1 together with examples of selling categories. Their classification system is based on two key dimensions, the degree of communication and relationship building skills required and the degree of complexity and value of the sales involved. One type of selling job in this system is '**key account management**' (KAM) where high levels of communication and relationship building skills are required and where transactions are relatively complex, involving high values. At the other extreme is the example of retail shop sales involving simple low-value sales where levels of communication and relationship-building skills are low. Relationship-building skills are cited as a key dimension and this notion is expanded in Chapter 9.



**FIGURE 8.1** Types of selling categories

Source: Adapted from Picton, D. and Broderick, A. (2004), *Integrated Marketing Communications*, Harlow, Essex: Pearson Education.

## ROLE OF SELLING WITHIN MARKETING

Selling is one of a number of tactical activities within marketing such as pricing and advertising. Co-ordinating these is essential for effective marketing. Differences in importance depend on the companies and industries involved. A successful sale depends on whether or not the product concerned fulfils the customer requirements and results in satisfied customers.

### Relationship with marketing research

Marketing research finds out what people want and why they want it. Information might result in changes in the product. Such information is fed to the sales department and can be used by them to counter competition. Cowan<sup>5</sup> argues that in the past market research has often failed to identify significant changes in markets or new innovatory products. Because of close contact with customers

and markets however, the sales force in particular can be used to provide market intelligence information that feeds into the Marketing Information System (MkIS) and helps shape marketing strategy.

## Relationship with other elements of the promotional programme

The relationship of the sales force to the other aspects of promotion should be one of mutual co-operation, e.g. the sales force can obtain agreement from customers for the company to use a retail customer's window for displaying promotional materials. The Integrated Marketing Communications (IMC), introduced in Chapter 7, suggests that all elements in an organization's communications mix have a specific part to play. Malcolm *et al.*<sup>6</sup> explain why integrated marketing communications is so important but essentially each component of the communications mix has a key role to play. Non-personal communication, in the form of advertising, public relations and sales promotions, aims to push customers who were previously unaware of the firm's products into buying them. It is the role of personal selling to capitalize on preceding communications and close the sale. Personal selling and other communications tools should contribute to an overall communications strategy. To achieve this requires sales to be managed effectively in terms of recruitment, selection, training and planning and control. This is critical and it is to this area and the elements within it that we now turn our attention.

## RECRUITMENT AND SELECTION OF SALESPEOPLE

Salespersons vary in accordance with the product/service to be sold and the nature of the selling situation. We set out four key elements in a typical sales job description:

- 1 *Responsibility* The representative is responsible directly to the sales manager.
- 2 *Objective* To achieve the annual sales target across the product range in the area for which the salesperson is responsible as economically as possible and within the limits of company policy.
- 3 *Planning* To be familiar with company policy plus the ability to plan and achieve defined objectives within the limits of that policy. To submit a periodic plan for a specific territory to higher management.
- 4 *Implementation* To act as a link between customer and head office; organize travel itinerary effectively; develop skill in selling; maintain and submit accurate records; gather market intelligence and report this to head office; assess potential of sales territory in terms of time available for visits, outlets for company products and activity of the opposition; protect and promote the company image; protect the company's business by avoiding unnecessary expense; be a good team member, and set a good example by maintaining loyalty towards superiors.

Many customers do not see representatives of companies with whom they deal other than the salesperson who calls on them, so frequent changes of representative can have an unsettling effect on customers and their ordering habits. In a sense, the salesperson is the company ambassador. It

is reassuring for the customer if the same salesperson calls regularly to build up a good working relationship, for the salesperson's role is important in upholding the company's image and for building trust. The salesperson is relied on to provide goods that are suitable and to supply them when required at a fair price.

Because of the differential performance between 'good' and 'average' sales staff, which Jobber and Lancaster<sup>7</sup> contend may be as high as 30 per cent, it is important that the right type of person is selected for the job. Their research finds that nearly 50 per cent of sales managers find recruiting good sales staff difficult. For this reason, what might normally be regarded as a human resource issue is highlighted here, because salespersons are the conduit through which revenue is generated for the company. Recruiting and selecting sales staff sales (staff recruitment) requires a systematic and ordered approach for reasons of:

- checking that all duties are covered;
- enabling selection decisions to be made;
- providing criteria against which to appraise performance and identify training needs;
- giving motivation as the salesperson knows the job's limits and opportunities;
- providing basis for the advertisement.

The job description should include information like: job title; job location; job objectives; person to whom the successful applicant will be responsible; subordinates (if any); duties of the position; evaluation of performance and remuneration. The job description needs to be drawn up on the basis of a job analysis which includes the personnel profile of the type of person required to fulfil the job

## McDonald's

As a service marketer, companies like McDonald's recognize that sales and service staff perform an 'ambassadorial' role for the company in their direct contact with customers. This role is acknowledged and reflected in the company's selection, training and motivation systems. McDonald's was one of the UK's first large employers to receive 'Investors in People' status and in 2007 they were declared 'winner of winners' in the 'Best Places to Work in Hospitality' awards. McDonald's recognize the importance of the 'people' element of their marketing mix by paying careful attention to staff selection, training and motivation. They select new staff on attitude and not just qualifications or experience. They have introduced several innovative schemes and initiatives to make staff feel more valued and enhance their qualifications whilst working with the company, For example, McDonald's have a staff website which members of staff can access for training and development advice. It even includes on-line tutors and lifestyle advice. They have experimented in allowing two family members working in the same restaurant to exchange rotas without consulting management. In an industry where staff turnover can be high, that of McDonald's is low. The company takes pride in how many of their most senior staff started by working in their restaurants.

Source: <http://www.catersearch.com/Articles>.

description, setting out qualities, skills and experience that an ideal salesperson should possess. Quantitative factors such as age, experience, qualifications, intelligence and health are easy to identify, but character traits such as willingness to work hard to achieve results; perseverance; interpersonal relationships; loyalty; self-reliance; empathy; persuasiveness; flexibility and resilience are difficult to assess on an application form, so these are best assessed in an interview setting.

Some salespeople expect to be rewarded directly by results and this type of person is best suited to a position paid on a commission basis, or part salary, part commission. Straight salary jobs suit people who feel security is more important than risk taking.

During the 1990s many financial product salespersons were remunerated on a commission-only basis. In selling products such as pensions and life insurance schemes, the inducement to sell in return for high commissions resulted in many inappropriate schemes being sold to unsuspecting customers. This is termed the 'pensions misselling era', the effects of which still impact on the financial services industry. As a result of this, new legislation was introduced and some financial services companies were removed, while others now have substantially modified remuneration schemes to replace those that were based on commission only.

Selling jobs vary in the degree of social status they confer. Door-to-door selling is perceived as ranking low, and generally selling positions do not offer much scope for the exercise of power. Jobs involving detailed specifications, like selling drugs to doctors or dealing with architects, are more suited to specific personalities. The importance of competitiveness depends on how the company views the selling task and some introduce a spirit of competitiveness by running sales contests. Desire to serve is a trait that salespeople should possess.

A personnel specification for a sales job may include factors that are difficult to appraise and assess in a candidate. Lancaster and Simintiras<sup>8</sup> conducted research from the point of view of salespeople. This indicated that the best efforts by salespeople do not always lead to performance maximization and factors like role clarity and social interaction with management can lead to greater job satisfaction, rather than simply financial reward.

As the nature of the selling job itself changes so too must our ideas about the qualities and skills we are looking for in the salesperson. In particular we must be careful to dispense with what many feel are outdated preconceptions of the effective salesperson such as for example that they should always be extroverts or have 'the gift of the gab'. Piercy and Lane<sup>9</sup> have suggested that the role of selling has changed from being based on 'conventional transactional sales activities' to one of strategic customer management.

In turn this requires new types of sales skills and activities and hence different attributes in the salespeople we are seeking to employ.

Elements of sound sales recruitment are to provide continuity of representation in individual territories and economy in generating sufficient applicants for appraisal. A source of recruitment is the company's marketing department as such people have a thorough grounding in the company's methods, products and policies, so if they have the right temperament they are likely to be successful. Another is through recommendation from friends, customers, employees or educational establishments. The obvious source is through the press and through the company's website.

'Short-listing' is an important stage of selection when potential candidates are called for interview. The interview should be structured using an interview record form. It consists of questions that explore work history and personal details. The interview should begin by informing the candidate



## Selling to the Sellers

Hewlett Packard (HP) have introduced an extensive sales training programme for their value added reseller (VAR) network. HP want to extend their sales to small businesses and realize that their VAR network is crucial to this, but many of their distributors need better training in HP products and marketing methods. They have introduced free on site training for all their small business VARs. This training includes training in how to generate and follow up sales leads, training in how to close sales and training in how to trade up customers across the HP product portfolio. Initial results from this training look promising. Many of HP's smaller distributors have moved into HP's 'elite' designation which entitles them to extra product discounts and greater levels of sales training and support.

Source: <http://www.channelinsider.com>.

of the purpose of the interview and the time it should take. A detailed explanation of the job should be given and the candidate should be allowed the opportunity to ask questions. Next, questions should be asked about the candidate's present or last job, widening out into a detailed questioning of the candidate's work history and ability to perform the job that is vacant.

Some companies favour group interviews where short-listed candidates are requested to attend at the same time. They might be asked to discuss a specific subject or topic that is sometimes controversial. Human resource and sales staff might be brought in to listen. Each senior staff member is usually assigned a particular candidate and the staff member assesses the candidate by means of a rating chart. The group interview is usually followed by a conventional interview.

## TRAINING

The saying: 'salespeople are born and not made' can lead to a neglect of training. New recruits need to undergo training as learning by observing the skilled performance of an experienced salesperson is not enough. A training programme should be devised that sets out to achieve the objectives of giving knowledge and developing selling skills. Training should not be restricted to a company's own sales force, but where appropriate should be extended to an organization's intermediaries.

### Training curricula

Knowledge goals should relate to matters like learning company history and background. At the end of training, the salesperson should have achieved defined knowledge goals such as being able to name six major benefits of a particular product and explain how these benefits are derived from relevant product features. Goals should reflect a statement in the job description like: 'The salespeople must be knowledgeable about company products and their applications' or 'The salesperson must ensure that the company's products are well displayed' where the knowledge goal would be in terms of learning merchandising techniques and in-store promotion schemes.

Skills goals spell out what the salesperson needs to do. In the first example under knowledge goals above, skill goals would be an ability to relate product features to consumer needs and find and interest new customers. In the second, the skill goals would be concerned with display building and selling merchandising ideas. The salesperson needs knowledge of the company relating to its structure, product mix and customer policy and needs to understand how the remuneration system can affect earnings. Product knowledge is important in understanding applications and related consumer benefits. Market knowledge involves continuous updating in relation to competitors' products so that the salesperson can converse with conviction to buyers. Sales interview training should be broadened beyond sales procedures, to include the salesperson's role, pre-sales preparation and after-sales service.

Good work organization usually results in more business. The salesperson should be trained in time management procedures so more time is spent with customers and less on travelling or waiting.

Reporting from the field is an essential aspect of selling and sales reports help a company to take appropriate action in areas like customer relations, competitive activity and market changes which are pertinent to the 'market intelligence' input into the marketing information system, covered in Chapter 12.

## Methods of training

Lectures, demonstrations, case studies, videos and seminars help, but the salesperson will derive greater benefit from participation in sales situations or simulations. This is more effective if feedback is provided quickly. Ideally, this should be by video where scenarios are acted out and replayed by the trainer to trainees in a constructive manner. The **SPIN model** of selling developed by the Huthwaite Research Group and described by Rackham<sup>10</sup> emphasizes the importance of questioning skills in identifying customer requirements in the selling process, and hence the overall need for strong communication skills on the part of the salesperson and indeed this company specializes in sales training.

## Field performance assessment

There should be a set of standards against which a salesperson's performance in the field can be evaluated. The job description plus related knowledge and skill requirements should provide the necessary criteria. The sales manager should sometimes accompany the salesperson on a normal day's work and should observe, but not interfere. After the period of observation, the manager and salesperson should meet to discuss the latter's performance. Evaluation can be formalized through use of an appraisal form that will include product knowledge, selling methods, work habits and organization, mental attitude, development needs and general commitments. Figure 8.2 shows a typical appraisal form. The salesperson, when being appraised, is given marks or a letter rating. There is a section for the last grade awarded to see if there has been an improvement, no change, or a decline since the last appraisal. The salesperson should be allowed to see comments and together with the manager, should sign the form. An advantage of the appraisal form is that it acts as a record of abilities. It can also be compared with the previous year's results to see whether progress has been made and act as a basis for quantifying qualitative attributes.

### APPRAISAL FORM

Grade

	A	B	C	D	E	Last grade
Product knowledge						
Selling method						
Work habits						
Organization						
Mental attitudes						

A = Excellent                      D = Below average  
 B = Very good                      E = Poor  
 C = Average

Date: .....

Signature of manager: .....

Signature of salesperson: .....

Department: .....

**FIGURE 8.2** Salesperson appraisal form

## The sales manual

The sales manual, issued to salespeople for reference, is a useful source for initial training and for established salespersons to improve performance. It contains information on methods of operation and guides salespeople in their duties covering such matters as:

- a statement on company sales policy and methods;
- background information about products;
- prices, terms and conditions of sale;
- distribution methods;
- publicity and display policies;
- regulations regarding use of company vehicles;
- rules governing expenses;
- sickness and accident rules;
- **journey planning** procedures;
- rules for granting credit and obtaining trade references;
- account collection procedures;
- order procedures;

- rules governing the issue of samples;
- methods of requisitioning stationery and supplies;
- reporting and correspondence procedures.

## Personal development and training

Continuous development through updating courses, seminars and conferences ensures that the salesperson is equipped to deal with changing marketing conditions and competitive activities. Company policies and specific sales objectives can be imparted to salespeople at these regular sessions with a specific agenda or theme.

## Sales force structure

Territory design and journey planning can be organized for the sales force in a the following ways:

- *Geographically-based sales force* where each salesperson has a specific area in which the company's products are sold. The main advantage is that as the salesperson's responsibility is clearly defined, the territory is intimately known, and in co-operation with management, its sales potential can be fully developed. The salesperson can develop business and personal ties with the locality, and if the territory is of a manageable size, expenses can be lessened.
- *Product-based sales force* is suitable if a company has large, complex and diverse product lines. The sales force is more effective because of product specialization e.g. a computer producer selling hardware and software applications to banks, education establishments, retail outlets and manufacturing companies.
- *Customer-based sales force* Customers vary according to type of industry, size and distribution channels so a sales force may be organized according to different categories of customer. A thorough understanding of customers is necessary. This approach is popular in 'key account' structured selling efforts which are discussed in Chapter 9.

## Territory management

Because of the complexity of representational arrangements, some companies employ executives whose main task is to 'build' territories, and readjust them as situations demand. These are known as **sales engineers**, even though they are not engineers in the accepted sense. The 'building' analogy is taken further by the development of territories by using '**sales bricks**' which relate to geographical area in which all known buyers are listed. The bricks are about equal in sales potential e.g. one brick may contain 10 buyers of furniture and another brick may have 15. In such an example, the brick would have been calculated on the basis that the 10 buyers are, on average, likely to make slightly larger purchases than the 15, but total purchasing capacities are about the same. As the bricks are built up, they can be transferred in units from one territory to another. Once this is done, schedules listing all customers can be prepared and linked to their buying potential.

Many pragmatic or personal factors contribute to the final design, so decisions are not necessarily clear cut; if a customer has a distinct preference for a particular salesperson then it would make sense for this person to make visits. Other practical considerations are:

- potential business;
- number of active customers;
- number of potential customers;
- location of customers;
- methods of physical distribution and storage facilities;
- the existing sales situation in terms of individual workloads;
- frequency of sales calls;
- mixture of trades which representative call on;
- salesperson boundaries and limitations.

A long-term view should be taken in relation to territory design taking into consideration prospects for future growth. A loss may even be tolerated at the beginning in the interests of higher potential later. Some companies, particularly in the food trade, use 'brokers' to sell for them because of the high total costs of employing sales representatives.

Factors that may point to the necessity of revising an existing territory include:

- change in consumer preference;
- intrusion of competition;
- diminution in the usefulness of chosen distribution channels;
- the closure of an outlet or group of stores;
- increases in cost of covering territories.

Once design of the territory i.e. size and number of customers is agreed, salespersons can play an important role in helping sales management to be more effective. This will depend on self management by the salesperson and important criteria are:

- *Know the decision maker* i.e. not to waste time contacting the 'wrong' person in a company. The 'right' people to see are key members of the decision-making unit as discussed in Chapter 2. It is not always clear who these people are, so it is advisable to find out from the company itself through people like a receptionist or a junior buyer who may be able to suggest the most suitable contact.
- *Carry out research* by investigating buyers and their companies. This creates a good impression and can be done from market intelligence sources.
- *Make appointments* as they save time are part of an organized travel plan. Ideally, a future appointment should be arranged while the salesperson is with the prospect.
- *Make manual and electronic record cards and diaries work* These are invaluable sources of information, especially if somebody else has to take over an area at short notice. Data to be recorded includes name, address and telephone number of the company; name of contacts and

position in the company; type and size of business; number of employees; best days and time to call; a record of what discussions have taken place; invoices raised and date for next call.

- *Organize the territory* which can be divided into sectors, with salespersons making regular calls in one sector at a time, thus cutting down on travelling. This is referred to as the 'sales journey cycle'.
- *Plan each interview* Once an appointment has been made the interview needs to be planned. A decision should be made beforehand as to its aim. The salesperson should have realistic expectations of how to close a sale within the allotted time. Documents and samples should be included for presentation and careful planning enables the salesperson to know what will be needed according to the aims, including:
  - to get a final decision;
  - to arrange for a demonstration to take place;
  - to obtain consent to carry out a survey;
  - to provide sales benefits;
  - to find out about competition;
  - to find the decision maker.

## Journey planning

Planning, activity controls, and better organization of sales routines help the sales force become more productive. Systematic journey planning is important and it involves:

- *Developing a call frequency* Each salesperson will have a mixture of accounts. Most buyers allocate a certain amount of time to seeing salespeople. The more time a salesperson spends with a customer, the less time will that customer be able to see a competitor. A **call frequency** is needed where some customers receive a visit as frequently as once a week, and others say once every three months, according to the sales journey cycle.
- *Establishing priorities* Customers should be given priority according to the value of business done with them. Accounts that order in small quantities might not justify a call and it might even be worthwhile either abandoning them or linking them with a wholesaler, as the cost of invoicing and administration may exceed any profits.
- *Minimizing travelling time* is a responsibility of sales management who should ensure that the salesperson is not sent out for unduly long periods dealing with matters other than selling, and territories are not too large in the geographical sense.
- *Evolving a call pattern* Having graded customers according to their value or potential, the salesperson should develop a call pattern or a sales journey cycle.
- *Assessing the workload* ensures a salesperson's effort is not wasted by too many calls of a short duration. A decision should be made as to the optimum number of visits to be made each day, allowing for achievement of quotas that sales management anticipates.
- *Combining a programme with flexibility* Occasional changes of activity may take the form of test marketing or task force selling, where a number of salespeople descend upon one territory with the aim of '**saturation selling**' so building up sales quickly. Other activities might include:

- developing a certain market segment;
- forestalling a competitive activity in a given area;
- forestalling competitive promotional activities;
- introducing a new product;
- training a new recruit;
- balancing the product mix;
- moving obsolete products from stock;
- announcing a revised price structure;
- entering a new market;
- opening new accounts.

## THE SALES SEQUENCE: THE SEVEN STEPS MODEL

Planning is essential for personal selling time to be maximized, so one must adopt a general sales sequence and a specific plan for each individual interview. The sales process or sequence is a basic framework that must be flexible and adaptable, as each individual sales situation is different and presents its own problems. The one that follows is widely used to distinguish the key steps in the sales sequence and for obvious reason is often referred to as the ‘seven steps’ model.

- 1 **Preparation** – where the salesperson should have a good general knowledge of:
  - *the company* – its systems, procedures, prices and terms;
  - *the product* – especially new products and/or uses for existing products;
  - *market knowledge*;
  - *customer knowledge* – and maintenance of a good customer records;
  - *equipment, samples and sales aids* – ensuring that the right equipment, including order books and trade directories is carried;
  - *journey planning* – an organized journey plan giving details of appointments covering existing customers and time for generating new business or prospecting;
  - *personal preparation* – i.e. personal grooming and dress.
- 2 **First impressions** – A sales meeting should start in a pleasant yet businesslike way. Time is important, but so is being polite. Likewise, good personal selling involves listening as well as asking questions. It is also about being accommodating. If a buyer sets a time limit, this should be respected, although an offer to stay longer is often necessary and can be useful. Mention should also be made at this early stage of other business to be dealt with, such as expediting invoices due for payment. Such matters should be discussed and settled at the beginning of the meeting in the knowledge that it will then be simpler to discuss the real business on hand.
- 3 **Preparation and demonstration** – Salespersons should a list major selling points relating to the products or services they are selling. The most important of these will be points that give some advantage over competitors’ products. In the presentation and demonstration the salesperson should concentrate on the **unique sales propositions (USPs)** that are appropriate to that particular customer’s needs and interests. In a sales situation involving the need for a sales

presentation or a demonstration, the salesperson should be prepared for this and secure the potential customer's active involvement. What should be avoided is running both the demonstration and presentation together, as this can be confusing. The salesperson should use terms at a degree of technical detail that the customer can understand. During the presentation the salesperson should ask questions and listen to the answers to probe the customer's interests further. Some products are impossible to demonstrate and here the salesperson should use models or audiovisual aids. A salesperson should avoid being too 'long-winded' or sales might be lost. Selling signals as simple as the buyer looking at his or her watch should be sought and attempts then made to close the sale as over-presentation often loses a sale.

- 4 **Negotiation** – The principal role for the salesperson is to know the limits of acceptance and non-acceptance. The salesperson may negotiate with the customer aspects like price, discounts, credit and selling rights. Often the final margin of **negotiation** is retained by the sales manager. The salesperson should obtain as much information as possible about the buyer's needs and level of potential business and assess its potential worth. Concessions should be held back as long as possible. If not, they cease to be concessions. Negotiation is a key element of major sales activities.
- 5 **Overcoming objections** – These might be commercial **objections** that relate to matters like price, credit or delivery. These are common and salespersons should be trained in techniques for handling them. An objection on commercial grounds could be a disguise for a real objection or even simply be a buying ploy e.g. a buyer might argue that a competitive product has a better finish, but not fully explain how the quality of finish is better. When it is a disguise, or excuse, it is up to the salesperson to discover, by shrewd questioning, the real objection. A skilled salesperson can use customer objections to close a sale by suggesting that if the objection is answered, will this result in a sale. However organizational buyers are experienced enough to recognize when salespeople are using objections as a closing technique, and will be skilled enough to be able to pose an apt reply.
- 6 **Closing the sale** – The objective of most sales interviews is to obtain a sale, although others might be to discuss matters like service provision. There are a variety of **closing techniques**, which the salesperson can use:
  - basic close: when the salesperson thinks there is a sale and starts filling in the order form;
  - alternative choice: offer a choice as a trial close, e.g. 'Do you want grey or black?'
  - summary questions: from a prepared list, ask the buyer questions like: 'Is this a problem?' Here an answer of 'no' might represent a step towards closing a sale;
  - closing on a final objection: if a final objection still exists, identify it and then offer to do something about it. The customer cannot then object any more.
- 7 **Follow-up** – is needed to avoid loss of contact or to bring about repeat business. After closing a sale it is important that the salesperson 'ties up' loose ends such as delivery times. To this end a follow-up call should be made, and if unforeseen problems occur, the salesperson can rectify them and not lose the sale or future business.

The seven steps model is probably one of the oldest paradigms in the sales discipline and it is still used widely in sales training, in sales textbooks and in selling itself. However, some have questioned its relevance in an increasingly relationship selling era (Moncrief and Marshall<sup>11</sup>).



## EFFECTIVE COMMUNICATION

Good communications require listening as well as speaking skills. Charts, models and brochures may also help in the sales process. Sales personnel can be trained to be good speakers, knowing what to say, and how and when to say it. Listening and speaking are dual parts of effective communication.

As well as developing selling skills, salespeople should develop technical expertise that can be applied during the presentation process. There are occasions when a customer might ask questions that appear simplistic. Salespeople represent a limited number of products to a variety of customers, so what is an unusual problem to one customer may seem routine to the salesperson. Each sales situation is different, so patience is required in explaining to the buyer what might seem to be a simple matter.

Showing customers you are listening is important. This can be done by non-verbal communication like eye contact, facial expressions or other forms of 'body language'. Using non-verbal cues, the salesperson is able to signal understanding of what the customer is saying without speaking and so regulate the speed of the conversation as well as the depth and detail of the customer's discussion. What we do not want are people who talk while we are speaking or show other signs of lack of interest. This is emphasized, because salespeople, by their nature, tend to be talkers rather than listeners.

When talking there is often a feeling of control where one is asserting one's beliefs, and with this there is a feeling that by so doing, one will succeed. The problem is that this ignores the needs of others. Salespeople should aim to satisfy others by offering goods and services that fit precise requirements. Such requirements can be practical or can relate to less tangible buyer behavioural needs.

## MANAGING AND CONTROLLING THE SALES FORCE

We have thus far examined elements of sales management that encompass recruitment, selection and training of sales personnel. Additionally, we have looked at the important area of organizing and structuring the sales force, specifically looking at such factors as territory design, journey planning and bases for structuring a sales force. Finally we have examined the sales sequence. We now examine the remaining elements of sales management, including setting sales quotas, evaluating and controlling sales effort and design of remuneration systems.

### Setting sales quotas

'Sales targets' and 'sales quotas' are terms that are often interchanged. The *target* which is given to a salesperson is, strictly speaking, something that should be aimed for. A *sales quota* is something that should be achieved, but the difference is semantic. Whatever term is used, the salesperson should be given a clear indication of the level of performance that is expected to be achieved.

If a salesperson's quota is fixed on a co-operative basis rather than being imposed, there is more likelihood of it being acceptable. It also raises the salesperson's level of confidence in management.

An imposed quota may result in resentment and unwillingness to co-operate with management that fails to consult its salespeople on such important matters. Salespeople, after all, are the ones expected to meet quotas that are set so there is a need for joint consultation. The individual salesperson is best placed to help in setting realistic estimates of what can be achieved. It is helpful for both parties if the area, branch or regional manager consults with the salesperson, and by the process of consulting customers more realistic estimates of sales can be ascertained for each customer. There are other means of forecasting sales that are dealt with in Chapter 11. This not only applies to fixing new quotas, but also to changes in quotas. The salesperson needs to appreciate why changes are necessary; the arbitrary raising of quotas might be seen as being unjustified to the salesperson and can lead to mistrust of sales management, and a cut in earnings resulting from arbitrary alterations is not appreciated.

Sales volume achieved in the previous period is a good starting point when setting quotas. However, other factors may influence future sales such as changes in demand, business conditions, marketing and sales policies, territory potential and competitive actions. The sales quota should be an accurate measure of market potential, tempered by workload and experience factors. Territories are differentiated by the density of the market. A rural area will involve salespersons in more travelling between calls than an urban area. The amount of physical effort and time involved, or the **workload factor**, should be considered when setting quotas.

The experience of individual salespersons and that of the company makes up what is termed the **experience factor**. Higher sales targets will be expected from experienced salespersons, and inexperienced salespersons will find sales easier if the company is well established in the market area. Sales quotas stem from the sales forecast and are used to:

- set targets of performance;
- monitor this performance;
- serve as incentives;
- serve as a basis for payment to the sales force.

## SALES PERFORMANCE

Unlike performance measurement in production, which deals with material that can be seen and easily measured, a salesperson's routine activities cannot be directly seen, so measurement is difficult, especially when sales are of a long-term nature e.g. a construction company that is seeking a contract to build a hospital. Some sales operations are simple; when selling to retailers the number of calls made, number of orders obtained and their value can be calculated reasonably accurately. Sometimes effective sales performance will require the salesperson to carry out activities that are not easily measured such as giving advice to customers about how best to display their stock in the retail outlet. In effect, this is **merchandising** where sales representatives visit retailers to take orders, and organize displays to stimulate consumer purchases. Merchandising is recognized as an essential skill in retailing and often it is the sales force who provide merchandising advice to their retail customers.

Numark markets to pharmacists who are by necessity of course experts in dispensing but often do not necessarily know the best way to lay out their merchandise. A common mistake is to pack

too much stock into one area which can lead to products slipping behind other products or facing the customer side-on, making it hard for customers to find what they are looking for. Numark maintain that gondola ends, or end of aisles, are 'hotspots' that are not used to their full potential as they are often full of inappropriate products, so pharmacists lose out on impulse purchases. Numark offers retail pharmacists data on top selling lines, collected from the individual store's **electronic point of sale (EPoS)** system. Better performing products in each category of merchandise are identified, and information is provided about which ones are moving up or down the best-sellers' list. Numark maintains that in the late 1990s hair care and baby care products were big sellers in pharmacists. Now these sectors have been lost to supermarkets, but many pharmacists still over-allocate space for their display instead of concentrating on more appropriate merchandise. They suggest that pharmacists could learn a lot from a trip to their local supermarket to see how gondola ends are designated to promotions.

Although performance standards are necessary to ensure that the sales force is operating efficiently, they need to be applied with forethought and in consultation with the salesperson from the outset. They should also be relevant to the kind of operation being conducted and these are now discussed.

## Sales analysis and performance analysis

Sales analysis begins with a detailed breakdown of the company's sales records, while performance analysis seeks exceptions or variations from planned performance. Sales analysis is the listing of facts and figures, but performance analysis is comparing pre-determined standards with results that are useful in pinpointing operating problems as well as identifying areas in which the company may be performing well or not so well.

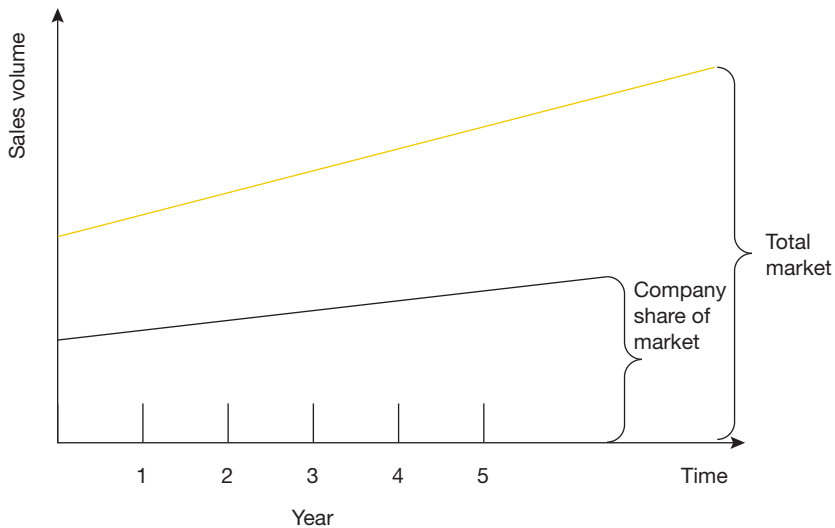
Continuous use of sales and performance analysis enables operating problems to be detected before they become serious; they cannot uncover the cause of the problem, nor can they provide the solution.

We now define what is meant by a '**sales performance index**' which is computed by dividing actual sales for an area (or salesperson or product) by the sales quota and then multiplying this figure by 100 as follows:

$$\frac{\text{Sales (for area and the salesperson)}}{\text{Sales quota}} \times 100$$

Performance indices enable sales management to compare what ought to have happened to what did happen. Analysis of sales for evaluation purposes is usually based on a geographical breakdown; other ways include analysis by product line or by customer category, e.g. industrial customers or key customers.

Analysis of sales may not be enough. Such analysis may present a favourable picture as far as sales volume versus quota is concerned. Actual sales can be equal to, or over the quota and yet the company might be losing its market position because the area that the firm is operating is expanding at a greater rate than the firm's expansion of sales, as illustrated Figure 8.3.



**FIGURE 8.3** Market share analysis

### The Devil's in the Detail

Harold Bird, sales manager of Trust Care Products, a marketer of financial advice services, was pleased with himself. He had just received the sales figures from the six territories that his sales force cover. Every one of his sales force team has exceeded their sales targets. These targets were set at the start of what everyone agreed was one of the worst economic downturns since the 1930s and most of his team felt at the time that targets were too high. Even Harold was unsure about the targets at the time, but he was under pressure from senior management to improve results. Harold wondered if he should try to negotiate better bonuses. He was still pondering this when the phone rang. It was his manager. He informed Harold that he had just received the market share figures from the company's market research team and it appeared that sales in the sector had not just held up in the recession, but had soared as more and more people turned for expert advice about how to protect their financial portfolios from the worst ravages of the global recession. As a result, Harold was congratulating himself on sales of Trust Care Products that had increased by some 10 per cent. Unfortunately, total market sales, Harold boss informed him, had grown by over 20 per cent. As a result, Trust Care's share of the market was substantially down from the last period.

### Evaluating performance – quantitative criteria

The effectiveness of the salesperson is evaluated against pre-determined performance standards. To help the sales manager determine whether or not corrective action is required the control technique deals with three elements:

- 1 information on performance;
- 2 standards;
- 3 evaluation of performance (against standards).

While types of standard used in a company vary; most are linked to the following:

- sales volume;
- profit contribution on sales/product mix;
- number of service calls made;
- number of calls for an order;
- percentage of quota achieved;
- amount of market intelligence gathered.

All these performance standards (targets against which results are measured) are quantitative measures. Such standards, when communicated to the sales force, become a basis for sales planning. Where, then, does sales management obtain information about the salesperson/s performance?

*Reports* that include the following:

- call reports, showing which customers were visited, competitive brands used, best time for calling, degree and type of sales resistance, results achieved and future account promise;
- expense reports, showing a breakdown of expenses incurred;
- new business reports, showing new accounts opened and potential new business which evaluates the extent and effectiveness of the salesperson's prospecting work;
- lost business reports, showing what business was lost and why;
- work plan reports, showing what calls the salesperson will make and the routine he or she will use for a future specified period (providing a basis for comparing plans with achievements);
- Reports on a local market condition and competitive activity. Care must be taken when interpreting and evaluating this report as the salesperson might distort the local picture if it is to be linked to sales targets.

*Observation* is where the district sales manager goes out with the salesperson and observes him or her in the real situation. This can be a meaningful input to the evaluation-control system.

### **Checklist of quantitative standards for performance evaluation**

- 1 *Sales*
  - sales volume in money terms;
  - sales volume in previous year's sales;
  - sales volume in units;
  - sales volume in quota;

- sales volume in relation to market potential;
- sales volume by customers;
- sales by outlet type;
- sales by product or product line;
- sales volume per order;
- average sales volume per call;
- amount of new account sales;
- amount of repeat sales.

## 2 *Accounts*

- percentage sold to existing accounts;
- number of new accounts;
- number of accounts lost.

## 3 *Profit*

- net profit by salesperson.

## 4 *Orders*

- number of orders delivered;
- number of orders booked;
- number of cancelled orders.

## 5 *Selling expense*

- compensation in relation to sales volume;
- salesperson's expenses in relation to sales volume or quota;
- total direct selling expenses per sales value.

## **Evaluating performance – qualitative measures**

A salesperson can be assessed qualitatively through a number of measures:

- How does the salesperson demonstrate knowledge of markets, competition, the company's lines and each customer's business and how is it applied?
- How does the salesperson break down the quota given into separate goals, customer by customer?
- How does the salesperson create effective plans of action?
- How capable is the salesperson in preparing and making sales presentations?
- How well does the salesperson deal with awkward customers?
- How well does the salesperson evaluate results and take corrective action?

These questions are at the base of qualitative evaluation, and other qualitative measures of performance are in the areas of:

- motivation;
- personality characteristics e.g. general manner, speech, appearance, tenacity, patience, temperament;
- contribution to the flow of market intelligence;
- managerial ability;
- personal development;
- self-organization (time management).

## REMUNERATION

Since profitability is important, management needs to seek ways to stimulate salespersons to sell more profitably using equitable **remuneration methods**. Thinking in terms of profitability moves away from traditional remuneration schemes geared to turnover. The three main methods are commission, salary plus commission, and salary only, although there are variations.

*Commission* is a simple method. If the salesperson works, and achieves results, he or she gets paid. The advantage of a commission-only scheme is that the employer knows exactly how much cost of sales will be, and the salesperson knows that he or she will only be paid if they work to achieve sales. This is simple, but there is a strong element of insecurity in a commission-only system. It is not wholly satisfactory in that sometimes the salesperson may not wish to work so the employer is left without any sales coverage. Much depends on the nature of the product and the way it is sold. A major disadvantage of commission-only remuneration is the potential for misselling as mentioned earlier and the reputation of the company might suffer as a result of negative publicity.

*Sales and commission* is the most common method of remuneration. Commission includes bonuses and profit sharing. It offers more security to the salesperson. The proportion of salary to commission varies depending upon the company and its products.

*Salary* Although it may appear to be lacking as a means of creating incentive, it is popular with salespeople who prefer a more straightforward arrangement. It must be considered that some situations are more suited to this type of payment. Sometimes it is not possible to establish what has been sold by individual salespeople, or total sales effort might due to background technical personnel e.g. the attainment of an IT consultancy contract. In addition, in lean manufacturing situations, the task of the sales representative concerns non-selling duties as the company they represent might be the only source of supply; a topic that is considered more in Chapter 9. In addition, in the case of capital goods like the construction of an oil refinery, the time delay between enquiry and receipt of order can be too long for a commission payment system to be an incentive.

Variations to the methods cited include:

- 1 A basic salary plus commission above a certain figure. Here the salesperson, once the target has been reached, starts to earn commission on amounts above this sum.
- 2 A basic salary plus an escalating scale commission. Here the salesperson receives a salary plus a commission e.g. ½ per cent on the first £5,000 sales, 1 per cent on the next £5,000 and 1½ per cent on amounts over this. This figure can be related to monthly sales targets.

3 A basic salary plus commission on the type of outlet to which the goods are sold. Here, the salesperson might receive a salary plus commission as follows:

- ½ per cent on wholesale orders;
- 1 per cent on multiple chain orders;
- 1 per cent on co-operative store orders;
- 1½ per cent on independent orders;
- 1¼ per cent on department store orders.

*Incentives* include group incentives, where a team of salespeople form a group, and if the group fulfils its performance, all members benefit. Some companies use incentives that benefit the salesperson's family, perhaps in the form of holidays or gifts like domestic appliances or children's presents.

It is important to ensure that the pay and benefits structure corresponds with:

- the company's market segments;
- the company's stage of development;
- the company's goals and objectives for the future.

A company can implement a marketing strategy via remunerating differently for diverse kinds of work. It can be weighted towards **missionary selling** (i.e. seeking out new customers) as this will involve more time and effort than servicing existing clients. If a company's marketing objective is not specifically that of growth, expanding the customer base through missionary selling is less important. The company may wish, for instance, to put maximum effort into account servicing to consolidate existing customers. Remuneration policy should reflect this objective although it might need to be adapted for companies selling multiple products. Salespeople working on a commission plan understandably tend to concentrate on products that offer most commission. Setting sales targets by volume is only a partial answer since salespeople will tend to concentrate on higher value items. A solution is to offer higher commission on sales of particular products or extra commissions or bonuses for sales of excess or obsolescent stocks.

Creatively designed incentive plans are useful for achieving corporate and marketing objectives other than sales volume. Straight salary may be a poor motivator for increased sales, but it may be instrumental in helping to achieve other company objectives, since the salesperson, being free of the pressure to sell, can concentrate on these other objectives such as providing exemplary service.

By using financial incentives imaginatively, the sales manager can motivate the sales force to ensure the company's objectives are carried out. A clearly defined remuneration policy helps to achieve the following objectives:

- attracts sales personnel of the right calibre;
- encourages sales personnel to achieve their job objectives;
- rewards sales personnel in accordance with the value of their contribution;
- prevents losses made through dissatisfaction with levels of pay;
- encourages good sales personnel to stay with the company;
- enables sales personnel to move up or across departmental, divisional or company boundaries.



Salespeople tend to work alone, unsupervised for long periods and visits by supervisors tend to be brief and infrequent. It is important to provide clear objectives and standards. **Management by objectives (MBO)** enables managers to lay down a clear and precisely defined sales job. Setting realistic sales targets in co-operation with the salesperson makes their achievement more likely, and the salesperson has a clearer idea of what is expected to achieve results.

## SALES FORCE SIZE

Calculating optimum sales force size is a sales management task. Account must be taken of:

- 1 the firm's financial resources;
- 2 the number of customers to be reached;
- 3 the average number of calls required per customer, per week, per month;
- 4 the average number of calls that can be made by a salesperson in a given period;
- 5 distribution policy of the firm i.e. whether the company operates a policy of exclusive, selective or mass (intensive) distribution.

## SALES OFFICE ADMINISTRATION

Its main function is sales force support which is done by a regular supply of information, following up queries and attention to matters arising from sales representatives' reports.

*Responsibilities* vary according to the nature of the company and its products, but most sales offices have the same basic managerial responsibilities and the sales office should fit the needs of the organization. The office is normally under the control of a sales office manager and responsibilities include:

- general correspondence dealing with matters like quotations, complaints, requests for information and queries about individual orders;
- maintaining records of customer accounts and correspondence;
- preparation of activity budgets in financial terms for the forthcoming period;
- sales statistics;
- planning administration of the sales office and the sales force;
- organizing day-to-day work – handling orders, correspondence, complaints, administering to needs of the sales force, control and administration of the sales force in matters such as examination of expenses and reports;
- in some companies, an estimating department to which purchase enquiries are submitted (this is sometimes the responsibility of the sales office);
- distribution arrangements and arranging for the handling and storage of goods;
- keeping records of progress and sometimes the ledger accounts of customers;
- planning, co-ordinating and communicating the sales plan.

## DEVELOPMENTS IN SELLING AND SALES MANAGEMENT

### Growth of key account management

Recent years have witnessed a growth in the use of key account management (KAM) approaches to organizing the selling process. An important factor that has led to this is the trend towards more centralized buying. Here, a shift in the balance of power, particularly in retail markets, towards the buyer has meant that such accounts must be handled carefully in terms of retaining goodwill. It makes marketing sense to identify and manage key accounts professionally.

Millman and Wilson<sup>12</sup> suggest that a key account is a customer of strategic importance to the supplier. This definition does not necessarily mean large customers or important ones in terms of share of sales, but rather customers who can affect the future of the company in some important way. All customers are important, but it is useful to assess the differences and the bases regarding the variation of this importance between them.

Key account selling requires the development of different selling and sales management skills (Ivens and Pardo<sup>13</sup>). For example, key account selling heightens the consultative and ambassadorial roles of the salesperson. In addition, the salesperson must have regular meetings and communication with key account customers, and normally the task is assigned to a senior salesperson, as key account customers require much more support than their non-key counterparts. Brehmer and Rehme<sup>14</sup> suggest that key account management is a very effective way to develop existing relationships, thereby increasing sales, but it needs a proactive approach on the part of the supplier

### Telesales

This form of direct marketing has increased dramatically in terms of usage in recent years. Starkey<sup>15</sup> states that one facet of the overall process of telemarketing is a key part of this process; that of **telesales**. This can involve dealing with calls into the company and calls out to customers. Increased use of telesales is because of potentially lower costs. However, lower costs can only be justified to the extent that teleselling actually creates sales. Like key account management, teleselling requires

#### Looking up to 'Big Blue'

Some companies are looked up to and respected in an industry. Such companies are often market leaders or have a reputation for innovation and forward thinking. Some are respected because of their 'green' credentials or because they are leading business thinkers. Suppliers to companies like this can benefit from the reputation of the company being supplied. For example, being a supplier to 'Big Blue', or IBM, to give the company name, confers a degree of business legitimacy to suppliers. IBM is known as being a very stringent and demanding customer. To supply IBM, you have to be an effective supplier with excellent products and service. Used as a form of marketing testimonial in securing other business, being an 'approved IBM supplier' carries some weight.

special skills and training. In addition there is a danger of alienating some customers when using telesales staff to contact customers at home. In this respect there are ethical and legal issues involved with this type of selling. A broader discussion on telesales is contained in Chapter 10.

## The Internet

Virtually every company uses the Internet as an aid, or sometimes exclusively, to sell products and services. B2B marketers, where, as we have noted, personal selling predominates in the communications mix were some of the first to recognize the potential for computer-based interchanges between themselves and customers through Electronic Data Exchange (EDI) systems. The often close relationships required between buyers and suppliers in B2B markets encouraged supply chain members to 'link up' electronically to exchange information. As a result, EDI systems were developed. These have now developed further into B2Be networks. In a sense, the Internet reduces the need for personal selling. The major impact of the growth in Internet marketing has meant a reduction in the size of many companies' sales forces, and can be seen by some sales persons as 'cannibalizing' their customers (Sharma and Gassenheimer<sup>16</sup>). However, these days sales personnel recognize the potential of the Internet combined with selling skills to help generate sales and customer loyalty. For example, the Internet is a powerful aid to generating sales leads. In addition, it is a powerful communication tool, especially when managing key accounts. Day and Bens<sup>17</sup> show that the Internet can be used to reduce customer service costs and build sales. Research by Samaniego *et al.*<sup>18</sup> suggests that the Internet is particularly useful in the early stage of the buying process and/or for new adopters where perceived risk is high and information low. The Internet and its uses in marketing are so important to the contemporary marketer that discussion on this topic is expanded in Chapter 10.

## RELATIONSHIP MARKETING

Several times we have mentioned the importance and the growth of relationship marketing. A detailed analysis of the reasons for this development as well as the implications for the marketer are the subject of Chapter 9. In the context of this chapter it is important to point out that one of the most important areas of marketing that relationship concepts have affected is that of personal selling and sales management.

We have highlighted the changing nature of markets and marketing and in particular increased competition and have pointed to the emergence of more co-operation and interdependence between suppliers and their customers, evidenced by the growth of strategic alliances. Discussion on this, together with developments in lean manufacturing is the subject of Chapter 9.

With greater consumer choice it is realized that customer loyalty can no longer be relied upon unless positive steps are taken by the marketer to develop and maintain such loyalty. Most marketers feel that marketing must now seek to develop customer loyalty by integrating customers into the company and trying to develop a new relationship between the company and its customers. Some believe that relationship marketing is not new and that effective marketers have always practised a relationship marketing approach (Zineldin and Phillipson<sup>19</sup>) however most are agreed that with relationship marketing there has been a fundamental shift in the role and purpose of marketing from

manipulation of the customer to genuine customer orientation Lancaster<sup>20</sup> argues that there has been a shift from a perspective that is concerned primarily with generating sales on a one-off basis to one which looks for longer-term and interactive exchanges between the company and its customers based on true partnership and sharing.

As a result of these changes there has been a realization that we must develop new approaches to customers. Today's marketing environment requires that the marketer develop a new more co-operative approach to dealing with customers and in particular close, long-term relationships. The wider consequences of relationship marketing are discussed in detail in Chapter 9, but at this stage we should note the key implications of relationship marketing with regard to the process of selling.

Relationship marketing requires a fundamentally different approach to selling than that found in transaction marketing. The following represents shifts in perspectives and emphasis in the sales process when a company moves towards relationship marketing:

- The salesperson must take a longer-term perspective than that of simply making a one-off sale when dealing with customers.
- Effective relationship selling requires more of a team effort, not only between individual members of the sales force but between the salesperson and other functions in the supplying company.
- Salespersons must be proactive with customers e.g. calling or visiting customers at times other than when they think the customer is ready to place an order.
- Salespersons must act as problem solvers rather than order takers or order winners.
- Salespersons must act as an exchanger of information between their own company and the customer, and between the customer and their own company.
- The emphasis must be more on levels of customer service than simply on low prices when attempting to generate sales.

All of this means that skills, attitudes and ideas of what constitutes an effective salesperson have changed. The relationship salesperson must be skilled at listening to customers and interpreting their problems. Job satisfaction and remuneration for the salesperson must be geared towards developing customer loyalty and trust rather than immediate sales. Relationship marketing is evolving and changing the nature of selling.

## SUMMARY

Although selling is part of the communications mix, its importance is paramount, not only within the communications mix, but within the wider context of the marketing mix. This is relevant to salespeople, as it is largely they who apply sales tactics especially in relationship marketing settings in terms of customer care. In most companies, particularly in intermediate product and service B2B providers, selling is the singular most important element of the marketing mix; indeed, in many situations it is sales management that is senior to marketing management where marketing's role is simply one of managing marketing services.

In this chapter we have discussed strategic and tactical sales management issues including sales force size and management and control of the sales force including recruitment, selection, evaluation, motivation, training and remuneration. Sales office support issues have also been considered.

Face-to-face communication will always be important in commercial transactions. Such contact directly involves human beings, with their idiosyncratic ways, and this makes the subject of selling complicated, dynamic and interesting.

Some of the more significant developments in recent years that have impacted directly on the sales function have been the growth of key account management, relationship marketing, direct marketing and more recently, the Internet. So important are these that the next two chapters are devoted to their development and implementation.

### KEY TERMS

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### CASE STUDY

#### Shakesheff Web Design

Malcolm Shakesheff is at a crossroads in the development of his business. Three years ago, he left his job as a successful sales representative to develop his own company, Shakesheff

Web Design, which has grown beyond his wildest expectations. The company was an extension of what was initially Malcolm's hobby in terms of a practical skill he possessed in designing simple Internet websites for friends and family. The company's success is

... continued

## CASE STUDY ... continued

principally down to Malcolm who has single-handedly performed the sales function. However, his wife, Penny, has been the bedrock behind the scenes as she has managed the everyday running of the business. Malcolm has received backing from the bank that means doubling the size of his business. In particular, Malcolm now needs to employ three new salespeople who will be based in London, Birmingham and Edinburgh respectively to provide countrywide coverage.

Although he has always been successful in selling and indeed his new company's growth is down to his personal selling skills coupled

with his knowledge of IT and web design, he has never before had to manage a sales force, and certainly not for his own company. Within the next three months, however, Malcolm has to decide what sort of people he needs and then recruit and select them. He must then train and manage them.

Quite simply, despite his extensive experience as a salesperson, he is concerned about where to start. He recognizes the importance of getting this right, as the whole future of his company will depend on the qualities and management of his own sales force.

## CASE STUDY QUESTION

Advise Malcolm regarding what you feel should be the key elements in recruiting, training and managing his new sales force.

## REFERENCES

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