

BCOS-186
Personal Selling and Salesmanship

BLOCK

1

Personal Selling and Sales Management

UNIT 1

Introduction to Personal Selling

UNIT 2

Salesmanship

UNIT 3

Sales Management

UNIT 4

Sales Force Management

BLOCK 1 PERSONAL SELLING AND SALES MANAGEMENT

This Personal Selling and Sales Management Course is designed to help you learn basic concepts and practices of personal selling and sales management in a practical way. This first block introduces you to the concept of personal selling, the importance and role of salesmanship, sales management and sales force. This block consists of four units.

Unit 1 discusses the concept of personal selling, nature and importance of personal selling, diversity of personal selling situations, types of personal selling situations, challenges of personal selling and changing roles of salesperson.

Unit 2 explains meaning, importance and role of salesmanship, attributes of a good salesman and types of sales person.

Unit 3 introduces you the concept of sales management, salesmanship and sales management, difference between personal selling, sales management and salesmanship, and trends in sales management

Unit 4 discusses about various aspects of sales force management : organising the sales effort, recruitment and selection , training and development, and compensation.

PROGRAMME DESIGN COMMITTEE B.COM (CBCS)

Prof. Madhu Tyagi
Former Director, SOMS,
IGNOU

Prof. D.P.S. Verma (Retd.)
Department of Commerce
University of Delhi, Delhi

Prof. R. K. Grover (Retd.)
School of Management Studies
IGNOU

Prof. R.P. Hooda
Former Vice-Chancellor
MD University, Rohtak

Prof. K.V. Bhanumurthy (Retd.)
Department of Commerce
University of Delhi, Delhi

Faculty Members
SOMS, IGNOU
Prof. N V Narasimham

Prof. B. R. Ananthan
Former Vice-Chancellor
Rani Chennamma University
Belgaon, Karnataka

Prof. Kavita Sharma
Department of Commerce
University of Delhi, Delhi

Prof. Nawal Kishor
Prof. M.S.S. Raju
Prof. Sunil Kumar
Dr. Subodh Kesharwani

Prof. I. V. Trivedi
Former Vice-Chancellor
M. L. Sukhadia University,
Udaipur

Prof. Khurshid Ahmad Batt
Dean, Faculty of Commerce &
Management
University of Kashmir, Srinagar

Dr. Rashmi Bansal
Dr. Madhulika P Sarkar
Dr. Anupriya Pandey

Prof. Purushotham Rao (Retd.)
Department of Commerce
Osmania University, Hyderabad

Prof. Debabrata Mitra
Department of Commerce
University of North Bengal,
Darjeeling

COURSE DESIGN COMMITTEE AND DEVELOPMENT TEAM

Course Design Committee

Prof. B.B.Khanna, SOMS,
IGNOU, New Delhi-

Prof. Ajay Pandit, Professor
(Retired) Faculty of
management Studies (FMS),
Delhi University, Delhi

4. Prof. O.P. Wali , Professor,
Indian Institute of Foreign
Trade, Qutub Institutional Area,
New Delhi

5. Prof. K.V. Bhanumurthy,
Professor (Retired), University
of Delhi, Delhi

6. Dr. Ruchi Kakkad, Shaheed
Bhagat Singh college,
University of Delhi, Delhi

7. Dr. Indrajeet Singh Dagar,
Principal, College of Vocational
Studies, University of Delhi,
Delhi

Course Development Team

Block 1: Unit 1 Anupama
Vohra, FMS, Delhi University,
New Delhi.

Block 1: Unit 2 Neha Bhardwaj
IIM, Indore
Block 1: Unit 3 and 4 Dr.
Vaishali Trivedi

Block 2: Unit 5, 6, and 7
Prof. H.K. Dangi

Block 3: Unit 8,9 and 10 Dr.
Meenakshi Sharma, BIT
Block 3: Unit

Block 4: Unit 11 Dr. Arun
Mittal, BIT Mesra
Block 4: Unit 12 Dr. Ankur
Buddhiraja
Block 4: Unit 13 and 14 Ms.
Nazia Hasan, Motilal Nehru
College, Delhi University

Course Coordinator & Editor

Prof. Nawal Kishor and
Dr. Anupriya Pandey
SOMS, IGNOU, New Delhi

IGNOU Faculty Members

Prof. N.V. Narsimham
Prof. Nawal Kishor
Prof. Madhu Tyagi
Prof. M.S.S. Raju
Prof. Sunil Gupta
Prof. subodh Kesharwani
Dr. Rashmi Bansal
Dr. Madhulika P. Sarkar
Dr. Anupriya Pandey

MATERIAL PRODUCTION

Mr. Y.N. Sharma
Assistant Registrar (Publication)
MPDD, IGNOU, New Delhi
January, 2021

© Indira Gandhi National Open University, 2019

ISBN:

All rights reserved. No part of this work may be reproduced in any form, by mimeograph or any other means, without permission in writing from the Indira Gandhi National Open University.

Further information on the Indira Gandhi National Open University courses may be obtained from the University's office at Maidan Garhi, New Delhi-110 068.

Printed and published on behalf of the Indira Gandhi National Open University, New Delhi, by the Registrar, MPDD, IGNOU.

Laser typeset by Tessa Media & Computers, C-206, A.F.E-II, Jamia Nagar, New Delhi-110025

UNIT 1: INTRODUCTION TO PERSONAL SELLING

Structure

1.0 Objectives

1.1 Introduction

1.2 Personal Selling

1.3 Characteristics of Personal Selling

1.4 Types of Selling Situations

1.5 When to Use Personal Selling

1.6 Different Roles of Personal Selling

1.7 Advantages and Disadvantages of Personal Selling

1.8 Objectives of Personal Selling

1.9 Diversity of Personal-Selling Situations

1.10 Process of Personal Selling

1.11 Let Us Sum Up

1.12 Key words

1.13 Answers to Check Your Progress

1.13 Terminal Questions

1.0 OBJECTIVES

After studying this unit, you should be able to:

- describe personal selling, its characteristics and types;
- explain advantages and disadvantages of personal selling; and
- discuss objectives and process of personal selling.

1.1 INTRODUCTION

You have read about 4Ps of the marketing mix and one of them is Promotion. The ultimate purpose of promotion is to communicate with consumers to persuade them to buy and hence contribute to company's sales. It is also referred as **promotion mix or communication mix**.

Various tools of promotion mix are: Advertising, Personal selling, Sales Promotion and Public relations. Out of these, the major elements of communication are: Advertising and Personal selling.

Advertising is non-personal way to communicate with large number of consumers through mass media like TV, newspaper, hoardings, radio, digital media etc. to sell the product.

Personal selling is personal communication to sell the product. It is a process wherein salesperson attempts to sell the products to the customer by interacting with consumers either face-to face or contacting them through online medium like email, videoconference etc. It involves direct and personal communication with one or few prospective customers to influence them to purchase goods and services. To summarize, Personal selling is a part of promotion mix, which involves person-to-person, two-way communication for the purpose of creating awareness and selling the product and services. In this unit, you will learn

1.2 PERSONAL SELLING

According to American Marketing Association, “Personal selling is **the oral presentation in a conversation with one or more prospective purchasers for the purpose of making sale**; it is the ability to persuade the people to buy goods and services at a profit to the seller and benefit to the buyer”.

Philip Kotler defines “*Personal selling is a face-to-face interaction with one or more prospective purchasers for the purpose of making presentations, answering questions and procuring orders.*”

Nature of Personal Selling

Personal Selling is a two-way communication, in which the salesperson educates the customer about the features, benefits, price, delivery etc. of the product and apply persuasive skills to sell the product while handling queries and objections of buyers. The salesperson can customize the communication according to the requirement of every buyer. Salespeople stimulate consumers to purchase by matching product benefits with their needs, convincing them about product benefits and reducing people's inherent reluctance to make purchase decision.

1. Personal selling fulfils the objectives of (i) selling the product and (ii) developing long-term relationships with customers.
2. B2B and B2C selling: Personal selling is generally used as major element of promotion mix in B2B selling situations. Whereas advertising is used as major element in B2C selling situations. Personal selling may be used as minor element in B2C selling and advertising may be used as minor element in B2B selling.
3. Art and Science: Personal selling is both art and science. It is considered as an art because salesperson applies the creative abilities in making final sales presentation before each customer in a unique way. It is considered as a science because salesperson applies the principles of consumer behavior and stages of selling process as a basis of sales presentation to persuade buyers for purchase.

4. Salespeople may be called as: sales representatives, salespersons, account executives, sales consultants, sales engineers, field representatives, agents, service representatives, marketing representatives etc.
5. Offline methods: Salespeople can reach the prospective customers through offline methods such as face to face meeting or through a telephonic call.
6. Online methods: connecting with customers through emails, social media and other digital platforms. It may be comparatively difficult to keep the customer engaged and interested through online methods.
7. Selling and Non-Selling activities: Personal selling may include both selling and non-selling activities. Activities like finding potential customers, contacting them, making presentation, and taking sales orders from them are selling activities. Activities like maintaining records, writing reports, attending meetings, training dealers' salespeople, building relationships with customers, providing after-sale services etc. are non-selling activities.

Growing importance of personal selling

The technological advancements have allowed the interactive contact between buyer and seller to be made through video conferencing, email etc. Now, it is possible for the companies to apply personal selling to the customers spread across the globe.

With increase in use of technical aspect in the new products being launched, role of personal selling is increasing for educating the customers about such new technicalities of the products. For example, use of micro chips, artificial intelligence, online services etc.

1.3 CHARACTERISTICS OF PERSONAL SELLING

Let us know about the key characteristics of personal selling and how are these different from advertising.

1. Buyer-seller interaction: In advertising, communication is one-sided, from seller to consumers whereas, in personal selling, it is two-way communication between salesperson and

the prospective buyer.

The interaction is not just limited to geographical boundaries as the technological advances have made it possible to interact through video conferencing, email etc.

2. Direct communication: In advertising the message is conveyed in non-personal manner through mass media like TV, newspaper, hoardings, radio, digital media etc. but in personal selling, salespersons convey the messages personally to the consumers.

3. Push strategy: In personal selling, salespeople present the product and information about it and persuade consumers to buy it. It is referred as 'push strategy' as the product is pushed towards consumers. In advertising, consumers get drawn towards the product through ads which capture their attention, get them interested and persuade them to buy the product. It is referred as 'pull strategy' as consumers get drawn towards product.

4. Customization and personalization: In advertising, message sare standardized i.e., same message is conveyed to all the consumers through ads wherein the salesperson can modify the message to make it suitable to each of the prospective buyer.

5. Human element: Person engaging in personal selling serves as the personal connection between a company and its customers. So, along with verbal communication, it also includes use of non-verbal communication of body language, tone, appearance etc. in conveying messages to the buyer.

6. More engaging: The real time sales presentation and demonstration makes it more engaging and experience for buyers.

7. Quick response: Direct communication in the case of personal selling, allows the seller to gauge the response and purchase intention of prospective buyers. It helps seller to keep adapting the sales talk accordingly, which may positively influence buyer's purchase intention.

8. Customer feedback: Two-way communication makes it possible for the buyers to express the feedback about product, price, its comparison with competing products, etc. This information

from prospective and existing customers can be useful for the company for making improvements in the marketing strategy.

9. Cultivating relationships: It is possible for the seller to use personal interactions with buyers for developing and strengthening relationships and building goodwill for the company.

Check Your Progress A

1. State whether the following statements are **True** or **False**.

- i. Personal selling is one of the promotion tools in the promotion mix.
- ii. In personal selling, meeting with prospects can be face to face or through online media.
- iii. Personal selling function may involve non-selling activities also.
- iv. Personal selling can be used for both B2B and B2C markets.

2. Fill in the blanks.

- i. Personal selling is astrategy.
- ii. Personal communication includes verbal andcommunication.
- iii. Flexibility of personal selling makes it possible tosales presentations.

1.4 TYPES OF SELLING SITUATIONS

Salespeople work in variety of selling situations, which can be classified broadly as follows:

1. **Based on type of consumers:**

Existing customers and New customers

Selling to acquire new customers who have not been using the product or have been using competitor's product. It is called developmental selling situation. It is a more

challenging job as compared to selling to existing customers.

Existing customers are targeted for repeat orders from existing customers of the company. It may also involve maintaining relationships with old customers to continue selling them. It costs lesser money and efforts to sell to existing customers. It is also called service selling situation.

2. Based on type of market:

Business to Consumer (B2C) and Business to Business(B2B)

In B2C, salesperson sells the product to consumers for their personal use and in B2B, salesman sells to other companies, which will be using the product for use in manufacturing of goods or carry out their business operations (such as office supplies), or for resale to other consumers, such as wholesalers or retailers. In B2B, salesperson tries to meet rational buying criteria of the customer, wherein B2C, selling can be done on emotional or mix of emotional and rational buying criteria.

3. Based on type of product:

Consumer products and industrial products

Personal selling plays major role in the communication mix for selling of industrial products to other companies. It may involve frequent visits of salesperson, negotiations, greater emphasis on developing relationships with customer companies. In the case of consumer non-durables like shampoo, bread, salesperson hands over the product required by the customer and there is not much scope for use of persuasion for such products.

Comparatively, role of salesperson is more in selling of consumer non-durables like TV, Laptop, car to customers. Salesperson makes presentation, demonstrates product, answers queries, persuades customer for closing the sale.

1.5 WHEN TO USE PERSONAL SELLING

Personal selling is not an appropriate tool for every product or service, and its use also depends on marketing strategy/business model of the company. In general, use of personal selling is more

in B2B market and use of advertising is more in B2C market. when their products or services are highly technical, specialized, or costly—such as complex software systems, business consulting services, homes, and automobiles.

In addition, there are certain conditions that favor personal selling:

1. **Product situation:** Personal selling is relatively more effective when a product is of a high unit value (expensive office equipment-digital Xerox machine), highly technical product (complex software), when a product is in the introductory stage of its life cycle and requires consumers to be educated (robotic machinery), when it requires personal attention for consumer needs (real estate), or when it requires product demonstration or after-sales services (manufacturing machinery).
2. **Market situation:** Personal selling is appropriate when a firm has small number of large-size buyers (selling machinery to textile manufacturing companies only) or when selling is small/local market only (selling tiffin box facility to nearby customers only). Also, it can be used for selling to middlemen when a company is using an indirect channel of distribution for selling the products to consumers (PepsiCo selling its products through wholesalers and retailers)
3. **Company situation:** Personal selling is best utilized when a firm cannot afford to have a large and regular advertising budget.
4. **Consumer behavior situation:** It is suitable to use personal selling when it is a valuable and infrequently bought product by the customer. For example, customers like to interact personally at car showroom before buying a car. Personal selling is also appropriate to use when consumers require more persuasion like in selling of interior design services.

Check Your Progress B

1. State whether the following statements are **True** or **False**.
 - i. Personal selling is used more in selling of industrial products.

- ii. Role of personal selling is more in selling of consumer non-durables in comparison to consumer durables.
- iii. Acquiring new customers is called service selling.

2. Fill in the blanks.

- i. Personal selling is more suitable for selling ofpriced products.
- ii. Personal selling is more suitable for selling to sized customers.
- iii. Personal selling is more suitable for selling ofproducts to the customers.

1.6 DIFFERENT ROLES OF PERSONAL SELLING

Wide variety of selling situations call for different selling strategies and changing role of salespersons. These are broadly grouped as:

1. **Communication strategies:** Role of salesperson mainly involves with information about product, its price, delivery, service strategies to help prospective customer take the purchase decision.
2. **Persuasion strategies:** In salesperson's role, there is more emphasis on convincing the prospective customer by matching the product benefits with need and satisfaction of the customer for persuading the customer to buy.
3. **Negotiation strategies:** In some situations of selling to other companies, negotiating the product specifications to be provided and other terms like prices, after sale-service etc. become more important. For example, if a manufacturing ingredient is to be supplied regularly to a company over a longer period, the negotiations between buyer and seller

become more important as it will be influencing costs for buyer and profits for seller over extended period of time.

4. **Client-profit planning strategy:** In industrial selling of high priced, technical products, there is sharing of information by the buyer company with the salespersons about its different areas of operations, future plans, R&D, finance, logistics etc. Then, the salespeople along with higher authorities suggest and develop products within suitable price, which can help increase the profits of the client.

1.7 ADVANTAGES AND DISADVANTAGES OF PERSONAL SELLING

1.7.1 Advantages: The advantages of the personal selling are as follows:

1. **Two-Way communication:** In personal selling, it is possible to have communication from seller to buyer and from buyer to seller. Salesperson can provide information to the prospective customer, ask questions from the customers and customer can also raise the queries and get them clarified.
2. **Flexibility in communication:** The significant advantage of personal selling is its flexibility to customize sales presentations for different customers and different situations. Salesperson can tailor their presentation to fit the needs, motives, and behavior of individual customers. A salesperson can also go on assessing the customer's reaction while making sales presentation and immediately adjust the message to facilitate better connection between the message and the needs of the customer. Thus, it helps in increasing the probability of getting the sales order.
3. **Sharp focus on target customers:** Through personal selling, effort to sell is focused on potential customers only. Thus, it minimizes wasted effort whereas it is not possible in advertising. Ads reach much larger number of audiences which may include many people outside the target market of the product. A lot of time and money gets wasted in advertising that reaches many people outside the target market (who are not likely to buy). In personal selling, the salesperson identifies the potential customers who have the need, ability and desire to buy the product and focuses selling effort on them only.
4. **Personal attention and detailed presentation:** Needful information is gathered about every prospect to plan and make sales presentation. Every customer is given personal

attention and it is possible to give detailed demonstration about the product, answer customer queries. For example, salesperson gathers data about size of the company, priority of needs, purchase department policies, type of customers of the company etc. to develop right presentation for the company.

5. **Instant feedback:** Salesperson gets instant feedback from customers about their intention to buy or not to buy and may also know the reason for not buying.
6. **Measuring effectiveness:** Another advantage of personal selling is that it is easier to assess the results of time and money spent in personal selling efforts. Results can be measured in terms of number of sales calls made, number and size of sales orders, expenses incurred, and profits earned. So, measuring sales effectiveness and determining ROI are easier for personal selling than for other promotion tools.
7. **Getting customer's attention:** The one-on-one interaction of personal selling makes it easier to get customer's attention, to respond to questions and to motivate the customer to buy. However, all the people getting exposed to an ad (watching TV, reading newspaper etc.) may not pay attention to the ad or may forget it or may not get persuaded enough to buy.
8. **Performing additional tasks:** Through personal selling, it is possible for the salesperson to perform multiple tasks. For example, in addition to selling, a salesperson can perform non-selling tasks like: provide after-sales service, collect payments, and collect customer feedback for the company.

1.7.2 Disadvantages of Personal Selling: The disadvantages of personal selling are as follow:

1. **Higher costs:** One of the disadvantages of personal selling is high cost due to hiring, training, compensation costs of salespeople, selling expenses of travel and lodging of salespeople. Though many companies try to control costs by paying salespeople through sales commissions alone, thereby paying them only if they generate sales. However, commission-only salespeople may indulge in persuading customers aggressively to get the sale without paying much attention to their need satisfaction. It may result into bad word of mouth and loss of repeat sale for the company. Another way to reduce costs is that companies can use telemarketing, direct mail, and online communication with

qualified prospects to reduce the costs of personal selling but their effect in getting customers' attention and persuading them for sale can be much lesser.

2. **High turnover:** Another disadvantage of personal selling is the issue of high turnover rate among salespeople due to its problems of travelling, no fixed hours, stress of obtaining sales, problem of handling difficult customers etc. As a result, it increases the cost of hiring and training new salespeople. Also, companies face the difficulty of finding suitable good quality salespeople.
3. **Lack of standardisation in communication:** Another weakness of personal selling is that salespeople of a company may differ from each other in their communication with customers. As customers differ from each other, salespeople vary in their final communications made to them. Even the same salesperson may differ in handling of similar customers each time due to differences in circumstances. As a result, there may be variations in results, and it may also influence the coordination of selling efforts with rest of the marketing mix.
4. **Salespeople may vary in their abilities and motivation:** Members of sales team may vary in their levels of motivation leading to variations in their selling efforts. For example, salespeople may vary in their ability to make the desired number of sales calls each day or in their willingness to put enough efforts to prepare for presentations etc. Sales manager needs to put in extra efforts in managing each member of the sales team to get the best from them.

Check Your Progress C

1. State whether the following statements are True or False.
 - i. It is not possible to measure the results of selling efforts of salespeople.
 - ii. In personal selling, effort to sell can be focused on potential customers only.
 - iii. There is standardization in communication in personal selling.
 - iv. Members of a sales team may vary in their abilities and motivation.

1.8 OBJECTIVES AND FUNCTIONS OF PERSONAL SELLING

There is wide variety of functions that are performed by salespeople across different types of products, type of customers, types of selling strategy. For example, a salesperson selling large machinery or a salesperson selling small stationary items of companies will be different in their specific selling functions. Travel Company selling tickets to individual walk-in customers or selling to big companies will differ in its selling functions. These functions contribute to achieving of personal selling objectives of the company.

Ultimate objectives of all the functions/activities of sales department is getting sales, growth in sales and to contribute to profits of the company. At specific level, these objectives can be divided into two categories: quantitative and qualitative. whereas qualitative objectives are long-term.

The qualitative personal-selling objectives are set for the long term and contribute to achieving long term company objectives. These objectives are related to selling strategy of the company and thus carried over from one promotional program to the next one. Quantitative objectives are set for the short-term and are adjusted from one promotional program to the next one. Let us learn them in detail.

1.8.1 Qualitative Objectives

The qualitative objectives are as follow.

1. **To search out prospects:** For any company to grow in its sales and market share, it is required to keep adding new customers. Thus, it is important objective of personal selling to keep finding new prospects for putting selling efforts to convert them into new customers.
2. **Stimulating demand:** Salespeople interact with them to perform activities such as: informing and educating them about the product. They answer their questions and

convincing them about how the product matches with their need and how its benefits will satisfy their needs in order to stimulate demand for the product.

3. **Informing, educating and guiding:** Salespeople may be assigned with objectives to perform the task of helping prospects identify their needs, providing information to create awareness about the new products and services, educating the potential buyers with respect to using the product, guiding them about benefits of products. It may also include other services like installation, repairs and maintenance that can be made available to buyers.
4. **To serve the existing customers:** The objective of personal selling effort of salespeople can be to keep in touch with existing customers to serve them in different ways. It can be: for after-sale services, training of company's employees about using new software, to provide technical assistance, to check on their need satisfaction by company's product etc. Meeting them regularly and to continue serving them helps to increase customer loyalty. It costs less to serve the existing customers to get the sales as compared to acquiring new customers for getting the sale.
5. **To do the entire selling job:** When personal selling is the only tool being used in the promotion strategy of the company, its salespeople may be assigned with objective of performing all the sales related functions from locating prospects to selling the product, serving existing customers, providing after-sale service and follow-up. They may also be assigned with other non-selling tasks like for after sale service, meeting regularly to maintain relationships with customers, collecting payment etc.
6. **Developing long-term relationships with customers:** Salespeople may also be assigned with the objective of putting the required effort for developing and maintaining long-term relationships with customers. Activities like meeting and communicating regularly with existing customers, to arrange for any after-sale support required by them etc. can help to retaining the customers for long. It is important for getting repeat orders from the customers. Serving existing customers costs less to the company as compared to acquiring new customers. Thus, developing long-term relationship with customers is more profitable for the company. For example, getting repeat sales for office stationery from existing corporate customers or renewing of maintenance contracts from existing customers.

7. **To collect and report market information:** Salespeople work in the field and are in direct contact with the customers. Hence, salespeople may also be assigned with the objective of gathering information about customers' feedback regarding company's products and competitors' products to help the company make improvements in its marketing strategy.
8. **Strengthening brand image, building company goodwill:** Salespeople through their interactions with customers can help with the objective of building and improving brand image. For example, Sales people may emphasize it as a prestige product, and may link it with certain lifestyle of customers. Salespeople can also contribute to building company's goodwill through their efforts like company's policies to care for customer satisfaction.
9. **Help in launching new products in the market:** In certain situations, instead of using advertising for informing prospects about the new product, salespeople may be assigned with the objective of introducing new product to the prospective customers. For example, salespeople may be given the objective to inform farmers about new brand of fertilizer and educate them about its benefits. He/she may compare it with competing products to show it as a better solution. Customers may buy it through retailers.
10. **Help in establishing market positioning:** salespeople through their interactions with customers can communicate about the brand positioning of the product to prospective customers. For example, salespersons can stress in their communication about better taste of water from their brand of RO water filter system as compared to other brands. Thus, personal selling may help with the objective of communicating its positioning on better taste of water.
11. **Provide support to middlemen of the company:** Large number of companies sell their products through indirect distribution channel involving middlemen like wholesalers, retailers, agents etc. Such companies often employ salespeople to serve these middlemen. Salespeople are assigned with various objectives of performing functions aimed at middlemen to help increase company's sales. Company's salespeople may be assigned with objectives to perform functions like:

(i) To maintain enough stocks of the product, providing enough shelf space for the product, desired display of the product, advertising and sales promotional materials like point of purchase display material and guidelines on how to use it, collecting payments etc.

(ii) To keep customers informed of changes in the product line like addition or deletion of product item or modification of a product in the product line.

(iii) To guide customers in selling optimum mix of products from the company's product line.

(iv) To provide technical assistance and training to middlemen for selling the products if company products are technical in nature.

(v) To provide assistance to middlemen by guiding them on 'how to sell' its products.

1.8.2 Quantitative Objectives

In addition to the qualitative objectives mentioned above, certain quantitative objectives are also assigned, which are short-term objectives, to personal selling. These objectives are as follow:

1. To obtain a specified sales volume.
2. To obtain sales volume in specified numbers of different products for selling proper mix of products to contribute to profit objectives.
3. To keep the personal selling expenses within specified limits.
4. To secure and retain a specified share of the market.
5. To obtain some number of new customers of given categories.

1.9 Diversity of Personal-Selling Situations

Consumers buy wide variety of products and services leading to different kinds of selling situations and selling jobs. Each kind of selling situation requires different kind of selling style involving different selling activities. These are namely:

1. **Delivery salespersons:** Primary job of salespeople is delivering the products to customers to make the sales. For example, vegetable vendor, person going to residential areas to sell bread, milk, delivering Pepsi to retail shops etc. Such salespeople need to be regular in visiting customers and be courteous to them. They do not have much scope of using selling skills to influence the customers.
2. **Inside order-taker:** Retail salespeople behind the counter are inside order-takers. Customers visit retail stores with an intention to buy certain products and salespeople need to serve customers with their requests. Customers are free to choose any product. Salespeople have little scope of using their selling skills in influencing their purchase decisions by suggesting other products and brands to them.
3. **Outside order-taker:** salespersons visiting wholesalers and retailers to take sales orders and support them in their selling activities. Salespeople call on retailers to motivate them to keep and sell their products. Their primary role is to take requests for stocks. In addition, salespeople can educate middlemen about new products and use some selling skills to persuade them to keep it in their stores. Salespeople may also need to inform middlemen of any changes in products, prices etc. For example, asking the retailer to keep and sell new brand of chips or taking order for supplying of soft-drink or chips, which are already being sold by the retailer. The Salesperson will keep on updating them about the new products as well as existing products.
4. **Missionary salespeople:** Salesperson's role is to inform and educate those individuals about benefits of the products, who influence buyers in their purchase decision for the product. Missionary salespeople do not take purchase orders and do not call on ultimate customers. Goal of missionary sellers is not to complete a transaction and get the sales volume. This is a form of indirect selling as they do not make a direct sale to consumers. For example, a pharmaceutical representative might call on a physician to provide the doctor with clinical information about a medication's effectiveness. The salesperson hopes the doctor will prescribe the drug. Patients, not doctors, actually purchase the

medication. Or salespeople of book publisher do not sell books directly to students instead work with educators to inform them about the books.

5. **Support salespeople:** These can be: **Technical salespeople, Merchandisers, Customer service salespeople.**

Technical salespeople: when a product is highly technical and negotiations are complex, salesperson need to be technical specialist to provide detailed information to the client, help in installation, provide training in using the product. For example, sales engineers.

Merchandisers provide with assistance retailers on shelf display, implementing promotion schemes, ensuring stock levels etc.

Customer-Service salespeople: such people look after maintenance of products and solve customers' problems if any, after the purchase of the product.

6. Creative salespeople or order-getters: such salespeople create demand for the product by using their creative skills. They sell a new product to the customers who do not know about it or who have no interest in it. They use creative skills for making the customers aware of their needs and show how the product can solve the problem or how new product can solve their problem better than from the products they are using and make sell the product. They get new customers for the company by getting them interested in the product, making them desire for it and helping them decide to buy it.

There is lot of scope for use of selling skills in persuading the prospects. Such salespeople may be involved in selling tangibles like vacuum cleaners, digital cameras, paintings or intangibles like consulting services, insurance policies. This is a form of direct selling as they make a direct sale to consumers. Such Salespersons require to have detailed knowledge about the product as well as robust selling and negotiation skills.

Based on above type of Salespersons, different selling styles can be:

- i. **Door-to-door selling:** The Salespersons visit customers at their place to interact with them and sell the products.
 - ii. **Trade selling:** They perform sales and other related functions for customers like retailers, wholesalers, agents.
 - iii. **Missionary selling:** Salespersons educate an individual with the power to influence buying decision of others to buy a product.
 - iv. **Technical selling:** They provide technical advice and look after the technical problems of the customers.
 - v. **New business selling:** They make effort to find and persuade new customers to sell the products.
-

1.10 PROCESS OF PERSONAL SELLING

A sales process is a set of steps that a sales team takes to convert a prospect into a customer. Having a standardized sales process adds structure and accountability to sales activities, leading to a higher rate of successful sales.

It consists of sequence of steps that a salesperson goes through to sell a product or service. It is:

7-step sales process. These steps are as follow.

- Prospecting.
- Preparation.
- Approach.
- Presentation.
- Handling objections.
- Closing.
- Follow-up.

Now, Let us learn them in detail.

1. **Prospecting:** Prospect or a potential customer is a person or organization who has a need, ability, desire to buy a product. Prospecting is the process of searching for prospects. Objective of prospecting is to find sales leads for making sales call and trying to convert them into customers. List of prospective customers is generated through various sources

like references, publicly available data, company records etc. The Salespersons have to make sincere efforts to find out the leads. They must interact with the leads and enquire about their requirement of products or services. They must try to develop good impression about himself/herself.

2. **Preparing:** It involves customer research and planning for presentation. It is collecting all the relevant information about the prospect like size and location of the clients, their needs, financial resources, purchase policies etc. It helps developing suitable presentation for each of the client by focusing on needs important to the client and communicating relevant benefits to the client. The presentation must be very impressive so that the prospects may get provoked to think about the products or services.
3. **Approach:** It is the first contact with the prospective client or opening lines at the beginning of the meeting for about first two minutes. First impression is important to get the customer interested in listening to the presentation. Salesperson may start by showing the product or mentioning the most important problem of the client that match the product. He may inform about special schemes, discounts, offers, etc. for the customers.
4. **Presentation:** A well prepared sales presentation can keep the client engaged in listening carefully. It involves talking/showing about features and benefits of the product, how it meets the need, demonstrating the product. Contents of presentation should be clear and credible. The Presentation should focus on the detailed features of the product for which customers may be interested to know. He/she has to arouse the interest of the customers about the products.
5. **Handling objections:** These are questions raised by the prospect which can indicate barriers to purchase or an unwillingness to buy. It is listening to the concerns of the customer and answering them and providing solutions wherever possible. The objections of customers can include objections to prices, products, services etc. For example, the concern can be competing product being offered at a lesser price, which can be answered by showing the difference in quality or features of the company's product. Another objection can be inability to pay for it, which can be solved by offering installment plan.
6. **Closing the sale:** It refers to the stage of getting the order from the customer. Salesperson can first go for trial close in different ways like: by asking for choice in payment method, selection of model or size or after-sale service plan etc. Answers to such questions can

indicate if the customer is ready to close the sale. If not, salesperson can ask questions to know the reasons for it and again try to close the sale.

7. **Follow-up:** After closing the sale, it is important to keep in touch with customers to know about their satisfaction with the product or to solve the problem if there is any. It also helps in building relationship with customers and get repeat sales from them.

You will learn about the Sales Process in detail in Block 3, unit 8,9 and 10.

As with any other marketing communication method, personal selling must be: compared with other promotion tools and evaluated for its appropriateness in achieving promotion objectives and its profitability as a component of promotion mix. It also must be evaluated for its contribution to the overall marketing mix.

Once the decision to use it and its selling strategy gets decided, it must be well coordinated with other elements of promotion mix for maximizing effectiveness of communication strategy of the company.

Check Your Progress D

1. Fill in the blanks.

- i. Potential customer is a buyer who has.....
- ii. Gathering information about the client is done in.....step of sales process.
- iii. Missionary salespeople educate the people who can influence others to.....
- iv. Trade selling is aimed at.....as customers.
- v. Keeping selling expenses in limits is..... objective

- vi. To provide selling support to retailers isobjective.
- vii. Salespeople can help build.....with customers.
- viii. Personal selling objectives can be divided in categories namely

1.11 Let Us Sum Up

This unit discusses the concept of personal selling element of the promotion mix. It highlights that personal selling is a process wherein salesperson attempts to sell the products to the customer after interacting with them personally either face-to face or contacting them through online medium. There is direct two-way communication between buyer and seller. Along with verbal communication, it also uses non-verbal communication of body language, tone, appearance etc. It is referred as 'push strategy' as the product is pushed towards consumers. It has characteristics of: flexibility of customizing presentation according to the customer, more engaging, allows for developing relationships with customers, quick response and feedback from customer.

Salespeople work in variety of selling situations which can be classified broadly as three types of selling situations based on type of markets, types of consumers, types of products. It is more appropriate to use personal selling in situations like: B2B selling, high priced product, technical product, new kind of product requiring educating the customers about it, large and few customers, for serving middlemen as customers, when company cannot afford to have large advertising budgets, for high value and infrequently bought products by consumers.

Different roles performed by personal selling for different situations can be: communication, persuasion, negotiation, client-profit planning strategy. Like other communication tools, personal selling also has certain advantages and disadvantages. Its advantages include-two-way communication, flexibility in communication, sharp focus on target customers, personal attention and detailed presentation, instant feedback, measuring effectiveness, getting customer's

attention, performing additional non-selling tasks. Its disadvantages include- higher costs, high turnover, lack of standardisation in communication, salespeople may vary in their abilities and motivation.

Personal selling is used to fulfill qualitative objectives like-to search for prospects, stimulating demand, to serve the existing customers, developing long-term relationships with customers, to collect and report market information, to serve middlemen, building relationships with customers, providing support to the middlemen of the company, strengthening brand image, and building company goodwill. Along with such qualitative objectives certain quantitative objectives are also assigned to personal selling, which are short-term objectives. These can be: to obtain a specified sales volume, sales volume in specified numbers of different products for selling proper mix of products to contribute to profit objectives, to keep the personal selling expenses within specified limits, to secure and retain a specified share of the market, to obtain some number of new customers of given categories. There is vast diversity in personal selling situations resulting in different selling functions which are: Delivery salespersons, inside- order-taker, outside- order-taker, Missionary salespeople, support salespeople like technical salespeople, merchandisers, customer service salespeople, creative salespeople or order-getters.

Process of personal selling consists of sequence of steps that a salesperson goes through to sell a product or service. These are: prospecting, preparation, approach, presentation, handling objections, closing the sale, follow-up.

Personal selling must be evaluated based on its contribution to the overall marketing mix. In addition, it can be very effective when personal selling is well integrated with other elements of communication strategy,

1.12 KEY WORDS

Promotion mix: Mix of different communication tools, which are advertising, personal selling, sales promotion and public relations

B2B: Selling industrial products and services to other businesses in facilitating manufacturing their products and services

B2C: Selling products to customers for their final consumption

Prospect: Potential customer having need, ability to pay and desire for the product

Push Strategy: Salespeople present the product or information about it and persuade consumers to buy it.

Door to door selling: Visiting customers at their place to interact with them and sell the products.

Inside-order taker: Salesperson behind the retail counter taking customers' orders

Outside-order taker: Salespersons visiting wholesalers and retailers to take sales orders and support them in their selling activities.

Missionary selling: Educating people who influence buying decision of others. Like medical representatives persuade doctors to prescribe and influence the customers to purchase the product.

Technical selling Providing technical advice and assistance as part of sales job.

New business selling: To seek out and persuade new customers for

selling the product

1.13 ANSWERS TO CHECK YOUR PROGRESS

A.1. i. True ii. True iii. True iv. True 2. i. Push ii. non-verbal iii. Customize

B.1. i. True ii. False iii. False 2. i. High ii. Large iii. Small

C.1. i. False ii. True iii. False iv. True

D.1. i. Quantitative ii. Qualitative iii. Relationships iv. Quantitative and Qualitative v. Need, ability to pay and desire vi. Preparation vii. Buy viii. Wholesalers and Retailers

1.14 TERMINAL QUESTIONS

1. What do you understand by the term Personal Selling and how is it different from advertising?
2. What are the advantages and disadvantages in using personal selling as a promotion tool?
3. Explain the various qualitative and quantitative objectives of personal selling.
4. Can the same selling style be used in all the selling situations? Explain the diversity of selling situations.
5. Do you think it is important to use selling process steps in personal selling? Discuss the various steps of selling process.
6. Suggest why would the use of personal selling be more appropriate for selling the following products:

- (i) Ultrasound machines
- (ii) Customized business software

7. (i) What is the type of personal selling used by pharmaceutical companies for selling their medicines?
- (ii) What is the type of personal selling used by companies selling their products through retailers?

SOME USEFUL BOOKS

Thomas N. Ingram, Raymond W., LaForge, Ramon A Avila, Charles H. Schwepker, Michael R. Williams.(2018).*SELL: Trust-Based Professional Selling*, (5th ed.).Cengage Learning India Pvt. Ltd.

Krishnamoorthy, R. (2015). *Personal selling and sales management*, (1st ed.).Himalaya Publishing House

Tracy, B. (2006). *The Psychology of Selling: Increase Your Sales Faster and Easier Than You Ever Thought Possible*. HarperCollins Leadership (20 June 2006)

Gupta, C.B. (2017). *Advertising and Personal Selling*. Sultan Chand & Sons

UNIT 2: SALESMANSHIP

STRUCTURE

2.0 Objectives

2.1 Introduction

2.2 What is Salesmanship

2.3 Scope of Salesmanship

2.4 Type of Salesmanship

2.5 Significance of Salesmanship

2.6 Role of a Salesman

2.7 Qualities of a Salesman

2.8 Functions and Duties of a Salesman

2.9 Creative Salesmanship

2.9.1 Characteristics of Creative Selling

2.9.2 Creative Salesmanship Vs. Competitive Salesmanship

2.9.3 Creative Selling Process

2.10 Let Us Sum Up

2.11 Keywords

2.12 Answers to Check Your Progress

2.13 Terminal Questions

2.0 Objectives

After studying this unit, you should be able to:

- Explain the meaning of salesmanship
- Describe the roles and duties of a salesman
- State the scope of salesmanship
- Analyse the different types of salesmanship
- Appreciate the significance of salesmanship
- Discuss an understanding on the functions and duties of a salesman
- Explain the meaning of creative salesmanship
- Differentiate between creative and competitive salesmanship

- Outline the process of creative selling
-

2.1 Introduction

Traditionally referred to as a “door to door” profession, salesmanship refers to the ability of an individual to sell a product/service to another individual. In the complex and competitive world that we live in today, the importance of salesmanship has been consistently increasing. A salesman today, is one of the key figure in the manufacturing and distribution world. Accepted as an essential component of the sales and marketing, the importance of salesmanship ranges from producers to society to consumers. As the famous saying in marketing goes “consumer is always right”, it is the salesman who helps the consumer in being right - by assisting in the decision making process and selection of products. In this unit, you will learn scope, type, significance, role, qualities and functions of salesman.

2.2 What is Salesmanship?

“Salesmanship is a marketing strategy by which a salesman can sell his goods or services to a person”. W. G Carter defined salesmanship as “an attempt to induce people to buy goods”. Acting as a bridge between buyers and customers, the main goal of salesmanship is profit maximization. However, salesmanship is not merely about selling goods. As described by W. Major Scot, the job of salesman is also to create demand “by demonstrating that the need does exist, although before his visit there was no consciousness of that need”. G. Blake added to the above by identifying salesmanship as “winning the buyer’s confidence for the seller’s house and goods thereby winning regular and permanent customers”.

Salesmanship also represents the seller-initiated efforts offered to prospective customers. These efforts are complimented with product information and motivate customers to make favourable buying decisions. A salesman must possess the ability to interact with customers utilizing different mediums and methods. In this sense, it may also be right to describe a salesman as a psychologist with a knack for marketing. Salesman is nothing but an advisor with one customer, a friend to some other customer and a store of all information to others. Donning these multiple hats, salespersons must therefore be able to adjust their personalities to suit every type and mood of customer.

Salesmanship is a dynamic element of economic strategy where selling plays a vital role in industrial profits. As a profession, salesmanship is a glamorous constituent of a capitalistic economy.

Salesmanship as an Art

It may be apt to describe salesmanship is an art, as it relates to selling a product or delivering consumer satisfaction. It is an art because:

- a) Salesmanship requires the necessary skill set to appeal to the customer.
- b) The knack of persuasion possessed by a salesman encourages the buyer to make the purchase decision.
- c) It requires the salesman to possess the art of communication to structure its interactions with the customer.
- d) The salesman must be able to influence the buyer towards the directed product / service.

Duties of a Salesman

- a) Make sales of assigned products or services
- b) Perform the assigned duties (including travelling to distant locations for the purpose)
- c) Collection of bills related to sales
- d) Customer complaint resolution
- e) Customer relationship management
- f) Develop and maintain firm goodwill
- g) Contribute to inventory management
- h) Ensure proper reporting – sales made, calls made, services offered, lost customers, and any other important matters related to either the competition or firm

2.3 Scope of Salesmanship

Salesmanship is not confined to merely making sales, but also includes its ancillary activities such as repairing, teaching, legal, medicine and so on. At the higher-level, salesmanship also refers to product knowledge, customer knowledge, training and control, management of sales department etc. The scope of salesmanship has also been increasing consistently for a firm,

with the advent of new technologies. With more transactions taking place on the internet today, its scope has been expanding. Persuasive skills are still an important requisite to salesmanship, as customer interactions go virtual. With sales meetings going online, it is only the platform that has changed but the approach to salesmanship remains the same.

Salesmanship may be described as a collection of different functionalities at different points of time. These include,

1. Collection of more information regarding the market.
2. Increasing economic power in various standardized sectors.
3. Growth of technological progress.
4. Enrichment of managerial efficiency.
5. Extension effect on the economy.

Thus, it may be appropriate to say that salesmanship is a specialized craft that does not include merely sale of products and services. It covers a wide range of activities and there is still scope of more development in this sphere.

Check your Progress A

Fill in the blanks:

- i. The knack of _____ possessed by a salesman encourages the buyer to make the purchase decision.
- ii. _____ is an attempt to induce people to buy goods.
- iii. With sales meetings going online, it is only the _____ that has changed but the approach to salesmanship remains the same.
- iv. Salesmanship also involves collection of _____ regarding the market.

State whether the following statements are True or False:

- i. The salesman must be able to influence the buyer towards the directed product / service.
- ii. Salesmanship represents the seller-initiated efforts offered to prospective customers.
- iii. A salesman does not contribute to inventory management

- iv. The advent of new technologies have had no impact on salesmanship.

2.4 Types of Salesmanship

Depending on the varied roles performed, salesmanship may be divided into the following categories:

a) Wholesaler's Salesman

The wholesaler's salesman is concerned only with the wholesaler. The purpose of this type of salesmanship is to market the product only to the wholesaler. The role includes: taking orders from wholesalers, guiding wholesalers to offer credit to retailers, assisting wholesalers in improving their sales, collect bills and to keep track of important marketing information.

b) Manufacturer's Salesman

The manufacturer's salesman may be sub-divided into following sub-categories:

- Missionary Salesperson – These salesperson interact with wholesalers, retailers and consumers to offer and guide them regarding the product / service.
- Technical Salesperson – These salespersons are hired to sell technical products, such as machines and equipment. These salespersons possess professional training on the product and are able to guide and help the customer both before and after sales.
- Merchandising Salesman – These salespersons not only sell products but also guide retailers in terms of in-store product display and arrangement. These type of salesmen are usually found promoting products, such as, grocery, drugs, apparels, fashion etc.
- Sale Promotion Salesmen – The main job of this type of salesmen is to convince customers to buy their products. They provide product demonstrations, and also offer samples to prospective customers.

c) Retailer Salesman

Retail salesman works with the final consumer directly. They can be subdivided into following categories:

- Indoor Salesman – Indoor salesman works inside a store. These are hired by store owners to help shoppers make buying decisions.

- **Outdoor Salesman** – Outdoor salesman work for the retailer by visiting customers and taking orders. They also facilitate with lead generation for the retailer. Impressions, interactions with the customers may facilitate generation of lead as well as may evoke customers to take decision for buying the product.

d) Specialty Salesman

Specialty salesman sells products such as expensive durable goods, furniture, books, house furnishings, washing machines, automobiles, refrigerators etc. Salespeople of this kind must master the art of salesmanship. They are representatives of manufacturers who produce special items.

2.5 Significance of Salesmanship

A salesman is a friend and guide to its customers while a support to its producer. The significance of salesmanship can be described based on the following factors:

- Flexible Tool:** Salesmen present their ideas tailored to customer needs and desires. Based on a judgment of consumer reaction, a salesman can adapt its sales approach and make adjustments to sales presentations in real-time. This offers producers a flexible tool in hand to reach to prospective customers.
- Minimum Wasted Efforts:** The efforts of a salesman are directed only towards prospects. It does not waste its time on those who it does not find suitable to sell the product. Therefore, salesmanship is an activity characterized by minimum wasted efforts.
- Results in Actual Sales:** Salesmanship is a tool used by organizations to complement their other promotional activities. However, while advertising and promotions can only lead to demand creation, it is salesman who converts the demand into actual sales. By clarifying consumer doubts, resolving their issues and making product presentations, it is the sales person who convinces the customer to make the purchase.
- Offers Feedback:** A salesman is a medium for companies to engage in two-way communication with the customer. A salesman not only offers product information to the customer, but also provides knowledge to the company about tastes, habits and attitudes of prospective buyers. The company may also decipher the strength of its marketing program based on the feedback received from the salesman.

- e) **Advantageous to Consumers:** Salesman is of great help to customer as well. The salesman is the primary source of information to the customer regarding new products in the market as also for existing products. Further, salesman also helps customers in complaint resolution, identifying products suited to their needs and clarifying any doubts.

2.6 Role of a Salesman

Selling forms an important component of the marketing function in organizations.

A salesman performs the following roles:

a) Sales Lead Conversion

Salespersons act as a bridge between consumer needs and products. In this sense, salespersons close deals by introducing consumers with additional product information helping the customers form a connect between their needs and the product. Direct interactions with customers offers salespersons the advantage of tailoring their sales pitch and offerings to suit customer need. This forms the most attractive aspect of a salesperson to the consumer, as they view salespersons as product experts, building credibility and also converting leads or prospects into customers. Sales persons should possess detailed knowledge of the products and impressive presentation style for facilitating decision making of customers for buying the product.

For example, at a car showroom, the salesperson asks questions to its customers regarding their personal life including size of family, typical daily routine, etc. This helps the salesperson gain knowledge on what type of car would be suitable for the customer. It can then offer information to the customer about various cars available and convert the prospect into customer.

b) Business Growth

Salespersons play a critical role in building loyalty and trust between customers and businesses. During sales interactions, it is the salesperson who plays a crucial role towards converting a prospect into customer. Also, it is based on salesperson's interactions that the

customer recommends the firm to friends and family, thereby aiding in business growth. The sales person must have sound convincing skills to persuade the customers to buy the product. Sales persons should make their best efforts to satisfy the customers. The satisfied customers may recommend other persons to buy the product. Such customers will play significant role in the growth of business.

c) Customer Retention

Customer retention is a very challenging task. Selling is a personal interaction. Excellent salespersons are not those who make sales, but those who also make a long-lasting impact on their customers. Long term customer relationships further lead to repeat customers increasing the brand reputation and WOM.

Sales follow-ups are an important tool of customer retention utilized by the salesperson. This gives the salesperson an opportunity to get customer feedback and engaging in resolution of customer issues in a timely and professional manner. For this purpose, the sales persons have to interact with the customers after the completion of the sale. If there is any grievance, sales person must make sincere effort to resolve it so that the customer feels good about the product. Once the customer is satisfied, he/she may be loyal towards the product and brand.

2.7 Qualities of a Salesman

Mayer & Greenberg (2006) in their article published in the Harvard Business Review identified for a good salesman to be possessing the following qualities:

- **Ability to Feel:** Empathy was identified as a crucial quality towards becoming a good salesman. A salesman cannot sell without the ability to gain feedback from customer through empathy. A salesman must be able to sense the reactions of customers and should be able to adjust its responses based on those responses.
- **Need to Conquer:** The drive to get the sale through is another important quality of a good salesperson. Closing the sale must act a drive to enhance a salesperson's ego. Also, failures must act as triggers to greater efforts that bring success.
- **Need for Balance:** This calls for several combinations of empathy and ego drive. In this sense, a salesman must possess qualities that display its ego towards closing the sale yet also contain empathy towards customers' needs and perceptions.

Other qualities that describe a good salesman are:

- a) Good Listener: Good salespersons treat customers to be equally responsible for the talk. While the salesperson possesses the capability to communicate, it must also provide time for customers to respond.
- b) Resilience: A good salesperson should be able to accept failures without despair. Rejections should not act as lows but as motivators for future.
- c) Confidence: A good salesman is confident, in control of its surroundings and informative. Confidence reflects in the manner one presents itself and their views.
- d) A good salesperson must possess the ability to analyse customer motivation and behaviour.
- e) A good salesperson must possess complete information on the product, and should also be able to demonstrate the product to prospects.

Check your Progress B

1. Fill in the Blanks:
 - i. _____ interact with wholesalers, retailers and consumers to offer and guide them regarding the product / service
 - ii. _____ salesman sells products such as expensive durable goods, furniture, books, house furnishings etc.
 - iii. Salespersons act as a bridge between _____ and products
 - iv. Salesmanship is a tool used by organizations to complement their other _____.
2. State whether the following statements are True or False:
 - i. Sales promotion salesmen convince customers to buy their products.
 - ii. Retail salesman has an indirect interface with the customer.
 - iii. Selling is a personal interaction.
 - iv. The efforts of a salesman are directed only towards prospects.

2.8 Functions and Duties of a Salesman

The following are functions and duties of a Salesman:

1. Selling: To meet prospects, demonstrate products and to induce prospects to buy.
2. Guiding the buyers: To guide buyers towards products suiting their needs and requirements
3. Attending to complaints: To attend to customer complaints and engage in grievance redressal
4. Collection of bills: To collect outstanding bills for sales made
5. Collection of credit information: To collect information on credit-worthiness of customers
6. Reporting: To send daily, weekly or monthly reports to its firm regarding calls made, sales impact and services rendered.
7. Organizing: To organize tour programs.
8. Attending sales meeting: To attend sales meeting to discuss marketing problems, sales promotion activities, sales policies etc.
9. Touring: To undertake regular travel to meet prospects and customers in the assigned territories.
10. Arranging for packing and delivery: To arrange for packing and delivery of the goods sold
11. Window & counter displays: To arrange for attractive window and counter displays so as to induce the prospects to buy
12. Promotion of goodwill: To promote goodwill of the firm in the market
13. Recruitment and training: To recruit new salespersons and give them training.
14. Working with middlemen: To establish direct relations with the middlemen such as wholesalers and retailers, while collecting marketing information and passing it on to them.

2.9 Creative Salesmanship

A good salesman creates in customer's minds the desire to possess the product / service it is selling. This act of educating the public leading to a desire to possess the goods and services, while also resulting in an enhanced civilized society is known as creative salesmanship. Salesmanship applied to good ends is creative salesmanship. With the salesman always looking for new ideas to reach its prospects minds, the modern salesmanship may also be termed as creative salesmanship.

Creative salesmanship may also be described as a means to explore new markets for existing products, to sell new products to customers who do not have interest in or are not aware of it. The salesman here is required to play an intelligent role by awakening customer interests, creating desire, answering objections and helping the prospect make up its mind in favour of the product.

2.9.1 Characteristics of Creative Selling

- a) Creation of market for old and new products. Salesman is assigned the task to create new market for old or existing products.
- b) Salesman present facts in an interesting manner so as to generate consumer interest.
- c) Sales may take place immediately or after some delay, but time is not a consideration.
- d) Emphasis lies on service and utility of the product and incentives like discounts, credit facilities and home delivery.
- e) Focus lies not on the price, but the satisfaction that the product may deliver.

2.9.2 Creative Salesmanship Vs. Competitive Salesmanship

Competitive salesmanship refers to the routine work whereby existing or traditional tactics are employed. These could also include lowering quality, lowering of prices, and offering incentives such as credit on liberal terms, extra discount and other concessions possible.

The differences between creative and competitive salesmanship are summarized below:

	Creative Salesmanship	Competitive Salesmanship
Sales Objective	To create new sales by breaking new ideas.	To increase sales under existing conditions.
Approach to Sales	Use of unique and latest ideas.	Usual or regular sales tactics employed.
Results	Lays a strong foundation for present and future sales.	Aim at quick sales.
Option of the	Focus on creating desire.	Focus on increasing and

start		maintaining turnover.
Coverage	More comprehensive and encapsulate competitive salesmanship as well.	All competitive salesmanship is not creative.
Relationship Building	Builds long term relationships with customer with trust as the building block.	Competitive forces may not lead to long term relationships.

2.9.3 Creative Selling Process



Figure1: Creative Selling Process Steps

The following are the steps to creative selling process:

Step 1: Prospecting: The process of finding and qualifying potential customers is known as prospecting. This is the foundational step in a sales process. The activities involved here, include:

- Generating Sales Leads – the likely prospects

- Identifying Prospects – a prospect who indicates need or desire for the products
- Qualifying Prospects – Prospects who possess the authority to decide and have money to buy the product

Step 2: Preparing: This step entails preparation for the sales call. The steps here include:

- Creating prospect file: names of key people, role in decision making process
- How to approach the prospect: exploring options of first contact
- Establishing objectives: the flow of communication during sales call is based on these
- Preparing presentation: based on objectives of the sales call

Step 3: Approaching: This is the step where a salesperson can make a lasting impression.

Three elements guide first impressions:

- Appropriate appearance
- Salesperson attitude and behaviour
- Salesperson's opening lines

The prospects may be approached using one of the following means:

- Premium method: Offering the prospect a gift to begin the interaction
- Question method: Posing questions on topics of interest
- Product method: Offering a sample or a free trial of the product for review

Step 4: Making the presentation: A presentation may take many forms, but its purpose remains the same: to communicate the product message in such a manner that it convinces the prospect to buy. Two methods of presentation are generally utilized:

- Canned approach: a memorized presentation
- Need satisfaction approach: identify customer needs and create a presentation to specifically address their needs

Step 5: Handling Objections: The prospect may raise various doubts and objections during the presentation. Salespersons must view these objections as a prospect's interest in the product, and as an opportunity to garner more interest.

Step 6: Closing: This is the step that involves persuading the prospect to make the purchase. There are several closing techniques employed by salespersons. These include:

- Alternative Proposal Close – Assuming that the prospect has already decided to buy.
- Silent Close – Finish presentation and sit quietly, waiting for the customer to respond.
- Direct Close – Asking for the order directly.
- Extra Inducement Close – Offering the prospect something extra so as to close the deal.
- Standing Room Only Close: Create an urgent demand of the product to close the deal quick.

Step 7: Follow Up: Following up on existing sales is an effective means to generate repeat sales. Before the follow – up a salesperson must ensure that the product has been properly delivered and the customer is satisfied. An unhappy customer must also be followed up using appropriate techniques to resolve complaints. The following tactics may be employed at this step:

- Handle complaints promptly and in a pleasant manner
- Maintain regular contact with customers
- Be appreciative

Check your Progress C

1. Fill in the Blanks:

- A salesman promotes _____ of firm in the market
- This act of educating the public leading to a desire to possess the goods and services, while also resulting in an enhanced civilized society is known as _____.
- In creative selling, focus lies not on the price, but the _____ that the product may deliver.
- _____ focuses on increasing and maintaining turnover

2. State whether the following statements are True or False:

- The salesman may arrange for attractive window and counter displays so as to induce the prospects to buy.

- ii. Creative salesmanship may also be described as a means to explore new markets for existing products
- iii. Time is a constraint to creative selling.
- iv. The process of finding and qualifying potential customers is known as prospecting

2.10 Keywords

Salesmanship: the ability of an individual to sell a product/service to another individual

Wholesaler's salesman: concerned only with the wholesaler. The purpose of this type of salesmanship is to market the product only to the wholesaler

Missionary Salesperson: These salesperson interact with wholesalers, retailers and consumers to offer and guide them regarding the product / service.

Technical Salesperson: These salespersons are hired to sell technical products, such as machines and equipment.

Merchandising Salesman: These salespersons not only sell products but also guide retailers in terms of in-store product display and arrangement.

Sale Promotion Salesmen: They provide product demonstrations, and also offer samples to prospective customers.

Retail salesman: works with the final consumer directly

Specialty salesman: sells specialty products such as expensive durable goods, furniture, books, house furnishings, washing machines, automobiles, refrigerators etc.

Creative Salesmanship: The act of educating the public leading to a desire to possess the goods and services, while also resulting in an enhanced civilized society.

Competitive salesmanship: the routine work whereby existing or traditional tactics are employed.

2.12 Answers to Check your Progress

Check your Progress A

Fill in the blanks:

i) Persuasion ii) Salesmanship iii) Platform iv) Information

True or False:

i) True ii) True iii) False iv) False

Check your Progress B

Fill in the blanks:

i) Missionary Salesperson ii) Specialty iii) Consumer Needs iv) Promotional activities

True or False:

i) True ii) False iii) True iv) True

Check your Progress C

Fill in the blanks:

i) Goodwill ii) Creative Salesmanship iii) Satisfaction iv) Competitive Salesmanship

True or False:

i) True ii) True iii) False iv) True

2.13 Terminal Questions

- 1.) What is Salesmanship? Is it an art?
- 2.) What are the duties of a salesman?
- 3.) What does salesmanship encompass? Discuss its scope.
- 4.) Differentiate between the various types of salesmanship?
- 5.) How would you describe a good salesman? What qualities must it possess?
- 6.) What is creative salesmanship?
- 7.) Differentiate between creative and competitive salesmanship?
- 8.) Highlight the creative selling process in detail.

Some Useful Books

Whitehead, Harold. 2010. *Principles of Salesmanship*, Kessinger Publishing

Russel, Frederic A. 2016. *Textbook of Salesmanship*, McGrawHill.

Cates, M. F. 2015. *Seven Steps to Success for Sales Managers*, Pearson FT Press.



UNIT 3 SALES MANAGEMENT

Structure

- 3.0 Objectives
- 3.1 Introduction
- 3.2 Evolution
- 3.3 Meaning
- 3.4. Importance of Sales Management
- 3.5 Scope of Sales Management
- 3.6 Types of Salespersons
- 3.7 Difference between Selling & Marketing
- 3.8 Sales Management Process
- 3.9 Trends in Sales Management
- 3.10 Let Us Sum Up
- 3.11 Key Words
- 3.12 Answers to check your progress
- 3.13 Terminal Questions

3.0 OBJECTIVES

After studying this unit, you should be able to:

- describe the evolution, meaning and importance of sales management;
- discuss the scope of sales management;
- explain the role of sales managers;
- distinguish between selling and marketing; and
- discuss the Sales management process.

3.1 INTRODUCTION

This unit introduces you with the fundamentals of sales management -evolution, meaning and importance in the business context. You must note that sales is the only function of marketing that brings in revenue to the organization and hence assumes a key role in the entire scheme of things. The sales managers use scientific processes to design and implement sales management program for their organizations. The salespeople act as the linking pin between

the organization and its customers. They are the face of the companies. Thus, it is very important to organize and direct their efforts both within and outside the companies.

The sales managers create the formal and informal structures for the effective communication within the sales department. While outside the organizations, the sales managers build and maintain effective distribution networks for their brands. In this unit, you will learn about the evolution, definition, scope and importance of sales management. You will also learn about the different types of salespersons and sales management process.

3.2 EVOLUTION OF SALES MANAGEMENT

Pre industrial revolution era - Prior to industrial revolution, the economic scenario was well dominated by the small-scale industries whose focus always remained catering to the needs of the local customers. Manufacturing and selling functions in such a setup were taken care of by the single person. The prime challenge that small scale businesses faced was to produce enough to meet the customer demands. Thus, the focus was more on manufacturing issues and selling was not a problem at all as all the orders were received well in advance of the production taking place.

Post industrial Revolution - Industrial Revolution that took place in England in the year 1760 brought about some significant changes in the marketing scene for the businesses. There started mass production of goods in factories with the help of modern machines which in turn led businesses to hunt for newer markets to sell their produce. The demand in local markets was not large enough to absorb the huge quantities produced by the factories. Thus emerged the need for sales to ensure the surplus produce to be absorbed. The other operational issues which dominated the business scene were that of recruitment of workers in large numbers and acquisition of fixed assets like building, machinery etc. for which large funds were required to be raised. Thus, forcing many firms to adopt the corporate form of organization. Since the magnitude of the operations increased multifold, separate functional departments came into being like the financial department, manufacturing department, personnel department, sales department.

The establishment of sales department helped the firms with the problems related to expansion of their markets. The goods were sold to the small retailers who then sold in small quantities to the end users. Subsequently wholesalers came into being who purchased in large

quantities to sell in smaller quantities to the retailers who finally sold to the end users. The emergence of so many intermediaries created the challenge of communicating with end customers for the businesses.

On the other hand, the marketing function started receiving more importance in the firms with advertising and sales promotions becoming more complex. The need to separate marketing from sales function was increasingly being felt. Thus, new departments like Marketing Research, Advertising, Merchandising etc. came into existence. In spite of emergence of separate marketing functions, sales department continue to hold important position for the businesses as it is the only function that brings in revenue. It is aptly termed as “Income Centre” of the business organization. Now let us try to understand the meaning of sales management.

3.3 DEFINITION

Sales Management was originally said to be the function of directing the efforts of the salesforce of the business. However, in the modern times the broader view of sales function is found to be more popular with the businesses. Accordingly, the Sales Management is concerned with development of the sales staff, managing sales related operations and implementation of sales techniques such that sales targets of the business are accomplished effectively.

American Marketing Association defines sales management as follows: *“Sales Management is the planning, direction and control of selling of business unit including recruiting, selecting, training, equipping, assigning, routing, supervising, paying and motivating as these tasks apply to the personnel of the sales force”.*

The definition of AMA focuses on two broad aspects of sales management. First you have to plan, direct and control selling activities. Second, you have to recruit, select, train, equip, assign, route, supervise, pay and motivate the sales force. The definition equates sales management to the management of sales staff however contemporary sales managers have a broad spectrum of responsibilities to perform. In addition to managing the sales staff they are also responsible for developing the company's long-term sales plan, chalking out sales

strategies to be implemented in target markets, implementing sales budgets. They are responsible for managing omni channels of the company. They scan the marketing environment continuously to frame the responsive sales strategies.

The sales management function primarily seeks to accomplish three basic functions namely sales volume, profit maximization and growth. The authority to achieve these three goals is delegated by the top-level management to the sales management through marketing management.

3.4. IMPORTANCE OF SALES MANAGEMENT

The significance of sales management as a function is evident from the huge budgets allocated for the same across the companies. This is because it helps the firm deal with competition and is thus considered an inevitable part of the business organization. Importance of the sales management as a function can be summarized in the following points:

1. **Attains organizational goals:** Sales management helps in achieving predetermined organizational goals by transforming the marketing plans into actions to generate profits, meeting customer demands effectively and capturing the market share.
2. **Aids in better planning:** One of the fundamental tasks of sales management is to formulate the sales plans, sales budgets and drawing sales strategies so that the efforts of the salesforce can be well directed towards achieving the common organizational goals.
3. **Maximises the sales:** By supporting the establishment of SMART sales plans, the sales management aids in maximizing the sales and thereby revenue for the organizations.
4. **Fosters strong customer relationships:** Sales management urges the salesforce to attach highest importance to building strong customer ties. The strong ties with the customers facilitates the brand develop a loyal customer base and increased profitability.

5. **Optimum utilization of distribution channels:** Channels of distribution can be more optimally utilized by the organization when the sales management is able to identify appropriate distribution channel. They must take adequate step to resolve the distribution issues and enhance the smooth operations of the distribution channel.
6. **Develops result driven salesforce:** Sales management is concerned with not only recruiting but also training, motivating and compensating the sales staff. The continuous training, development and motivation drive them to contribute effectively towards the profits of the firm.

3.5 SCOPE OF SALES MANAGEMENT

Sales is the management function responsible for ensuring that an organization has sustainable cash flow. For this, sales department undertakes a variety of functions. Look at Figure 3.1 which shows scope of sales management.



Fig 3.1: Scope of Sales Management

The scope of the sales management has been discussed below:

1. **Sales Forecasting and Budgeting:** The sales managers are expected to chalk out well-structured sales plans well in advance. She/he should estimate the expenses that will be incurred as a result of various sales activities.

2. **Sales Team Structure:** The sales team is expected to perform variety of sales related activities. The sales manager is responsible for determining and organizing the functions to be performed by his sales team.
3. **Manpower Planning and Hiring:** The sales manager is required to estimate the requirement of sales personnel in the organization. As per requirement of the organization, She/he should plan recruitment and selection activities.
4. **Sales Training:** To drive effective performance from the salespeople, it is important to impart them with the right skill sets. The sales managers are responsible for providing training and orientation to newly hired sales candidates so as to establish a suitable match between the know-how and job position.
5. **Sales Areas:** The sales manager is responsible for establishing sales goals for the team, for this purpose she/he determines the sales quotas and identifies the sales territories. She/he further determines the region where the company wants to sell its products depending on the profitability of the organization.
6. **Salesforce Management:** The sales manager is entrusted with the responsibility of motivating the sales personnel, appraising their performance, ascertaining their remuneration and rewards for the targets achieved. Therefore, she/he should manage the sales force in such a way that they are driven towards the achievement of the goal.

Check your progress A

1. Fill in the blanks.
 - i. The is responsible for determining and organizing functions to be performed by his sales team.
 - ii. is the management function responsible for ensuring that the organization has sustainable cash flow.
 - iii. Industrial revolution took place in England in the year brought about some significant changes in the marketing scene.

- iv. The sales management functions primarily seeking to accomplish three basic functions namely sales volume, and growth.
2. State whether the following statements are **True** or **False**.
- i. Sales management is the function of directing the efforts of the sales force of the business.
 - ii. The sales management does not use scientific processes to design and implement sales management program.
 - iii. Sales Management seeks to accomplish only sales volume.
 - iv. Sales Training comes under the scope of sales management.

3.6 TYPES OF SALESPERSONS

The existence of varied buying situations has led to the emergence of various selling functions. Selling tasks determine the nature of the sales process for any situation. Figure 3.2 shows various types of salespersons classified on the basis of various selling situations:

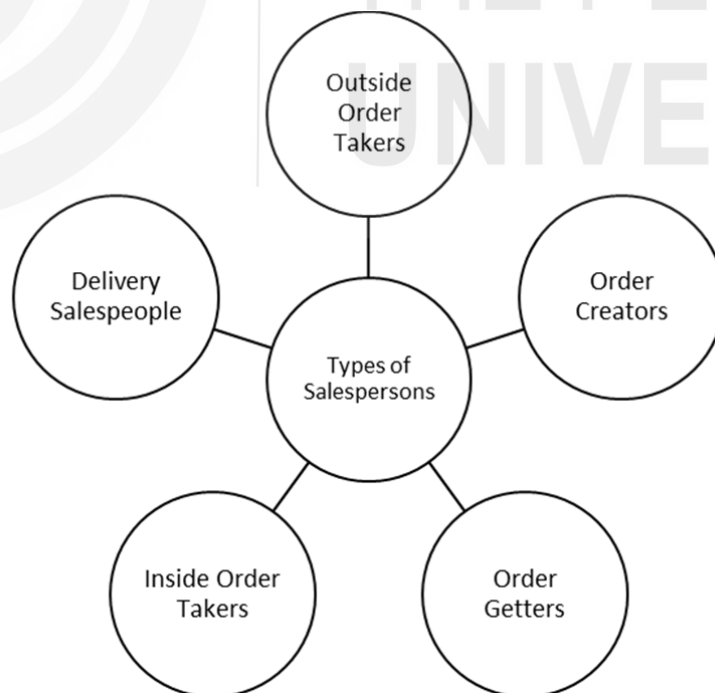


Figure 3.2: Types of Salespersons

1. **Order takers:** Order takers are not anticipated to steer clients to buy the organization's merchandise or increase their quantity of purchase. They are required to take the orders from the customers and share the information with the relevant people within the business enterprise. They are also expected to have an up-to-date information of the date and time of delivery of orders that have been booked by them to the customers. They need to respond to the queries regarding the delivery date to the customers.
2. **Inside order takers:** Retail sales assistants may guide the customers inside the retail store. The customers freely select the products from the retail outlet without the presence or impact of a salesman. He is responsible for taking the payments and delivering the goods.
3. **Delivery Salespeople:** Timely delivery of the product is the primary responsibility of delivery salespeople. They do not try to persuade the customers to increase the order size. Reliability of product delivery determines the probability of getting or losing the order from the customers. Therefore, the delivery has to be made on time.
4. **Outside Order Takers:** They are primarily concerned with responding to the customer calls. They secure the orders from the customers on the basis of sales calls.
5. **Order Creators:** In certain industries, the job of a salesperson is not to close the sale but to convince the customer to promote the seller's brand. Such salespersons are termed as Missionary Salespeople. For example, medical representatives contact doctors not for the direct sale but convince them to prescribe their brand's medicines.
6. **Order Getters:** The main aim of order getters is to convince customers to shop for the company's merchandise. The salesman must be able to comprehend client needs and persuade him that his company's products best serve his needs. The order getters must have complete knowledge of the products so that she/he may convince the people by highlighting the functions and features of the product.

3.7 DIFFERENCE BETWEEN SELLING & MARKETING

In our day to day lives, the term marketing and selling are used synonymously. Both marketing and selling functions are directed towards revenue generation. Being so closely interwoven, it becomes difficult for many to differentiate between the two. However, there exists a big difference between the two functions.

Selling is the part of Marketing. It is concerned with delivering the goods/ services to the customers in exchange for price. For example, one goes to a shop to buy a pair of shoes and the shopkeeper sells the shoes in exchange for the price paid to him for the same.

Marketing is much broader in scope. It is a function that begins with determining the needs and wants of the customers and ends with the customer satisfaction and feedback. In between various activities like production, pricing, promotion and distribution take place and at last the selling happens. The customer always remains the focal point of marketing. For example, when one buys a car and gets after sales service which is also a part of marketing. Let us learn the difference between marketing and selling.

Point of Difference	Marketing	Selling
Definition	Marketing is concerned with creating value for the customers by delivering them goods and services according to their needs and making a profit.	Sales are the process of persuading the customers to buy the products to increase the sales.
Scope	It is wider in scope.	It is narrow in scope.
Business viewpoint	It views the business as a process of satisfying the customer.	It views business as a process of manufacturing goods.
Orientation	Profit orientation.	Sales orientation.
Price	Price is determined by the consumer.	Price is determined by the cost.

Customer orientation	It views the customers as the starting point of any business.	Customers are viewed as the last link in any business in selling.
Profits	It focusses on earning profits through customer satisfaction.	It focusses on earning profits through aggressive promotions
Emphasis	Emphasis on adoption of latest technology for product innovation to provide enhanced value to the customers.	Emphasis on cost reduction by staying with the same technology.
Views of seller's needs	It stresses on the needs of the customers.	It stresses on the needs of the sellers.

3.8 SALES MANAGEMENT PROCESS

Sales management process is concerned with accomplishing salesforce objectives and targets effectively and in an efficient manner by implementing the management processes of planning,organizing,staffing,training, leading and controlling. The sales management is a three-step process. Look at figure 3.3 which shows three steps of sales management process.



Figure 3.3: Sales Management Process

Let us learn the sales management process in detail.

Devising Strategic Sales Management Programme

A well-planned sales management programme begins with an extensive environment scanning by the sales planner. The trends prevailing in the contemporary political, economical, social, technological, ecological and legal environment must be thoroughly examined to identify the upcoming opportunities and threats for the business. The competitors' moves and the demands of the potential customers must also be ascertained.

An appraisal of firm's internal environmental factors i.e., organizations' strategic intent (Vision, mission, objectives), human capital, financial resources, firm's current level of capacity utilization, manufacturing processes, research and development activities must also be undertaken by the sales planners to determine firm's ability to carry out certain strategies.

The sales manager is expected to take following five important decisions at this stage:

1. Determining firm's personal selling strategy.
2. Determining firm's account management policies.
3. Organization of firm's salesforce.
4. Decisions regarding the sales forecasts, establishing sales quotas and sales budgets.
5. Designing the sales territories and allocation of the territories to the salespersons.

Administration of Strategic Sales Management Programme

Administering the sales management programme involves channelizing the efforts of the salespeople towards attainment of organizational goals. Various factors play an important role in determining the job behavior of the salespeople. A sales manager must have the knowledge of these factors which are stated below:

1. **Environment:** The macro environmental variables which affect the ability of the salespeople to achieve their sales goals are economical, political, social, technological, ecological and legal conditions prevailing in the market. The micro environmental variables include demand supply related market conditions, competitor's strategy etc. Various components of marketing mix like brand image,

product quality, pricing policies, channel design and promotional efforts of the firm also have a significant bearing on the performance of the salespeople towards attainment of the sales targets. Therefore, they should analyze the whole range of marketing mix carefully.

2. **The clarity of job description:** The roles and responsibilities of the salespeople should be clearly laid down in the job description so as to clarify the role expectations and to avoid any confusions. They must be equipped with the know-how of handling various sales situations which they would face on a day-to-day basis. The proper analysis of Job and the roles of salesperson may facilitate them to perform sales activities effectively.
3. **Personal factors:** Various personal traits possessed by the salesperson like personality, analytical and critical thinking abilities, education level, sales aptitude, selling skills, motivation and commitment level etc determine the performance levels of the salesperson. These traits are very much helpful in performing the sales job.
4. **HR Policies:** The HR processes of recruitment and selection criteria for the salesman must be carefully designed. An ongoing training program is a must to upgrade the know-how of salesforce regarding various aspects of market and the product. To keep the salespeople going, it is very important for the sales manager to reward the superior performances suitably. Both financial and non-financial rewards go a long way in motivating the salesforce towards a consistent superior performance.

Assessment and Control of Strategic Sales Management Programme

To ensure that the sales management programme generates the desired outcome, it's important for the sales manager to monitor its implementation in a way stated out in the strategic plan. The sales manager should keep a close watch on the environmental changes in the light of which sales plans may need some adjustments from time to time.

Various performance parameters need to be measured to make accurate decisions. Three basic analysis conducted by the firms in this regard are as follows:

1. **Sales Analysis:** It is a practice to break down the total sales territory wise, product wise and customer wise a comparison between the quotas and forecasted sales in the said areas. If there is any discrepancy, the proactive steps should be taken to bridge the discrepancy. The breaking up of these activities provides good opportunity to make.
2. **Cost Analysis:** The sales managers work out various costs pertaining to each salesperson, product line, sales territory and customer type. This data then is combined to the sales analysis data to ascertain customer profitability and the profitability on each segment. In case the cost of a particular unit is more or less, necessary corrective measures should be taken.
3. **Behavioral Analysis:** Here, the salesperson's job-related behavior is evaluated using various techniques like self-appraisal, field observations, customer feedback forms, supervisor's ratings along with his sales volume to assess his/her overall performance. The good performers should be encouraged and incentivized.

3.9 TRENDS IN SALES MANAGEMENT

Contemporary businesses operate in the VUCA world which is characterized by high levels of Volatility, Uncertainty, Complexity and Ambiguity. To survive in this highly disruptive business environment, the sales manager must continuously scan the emerging trends shown in figure 3.4

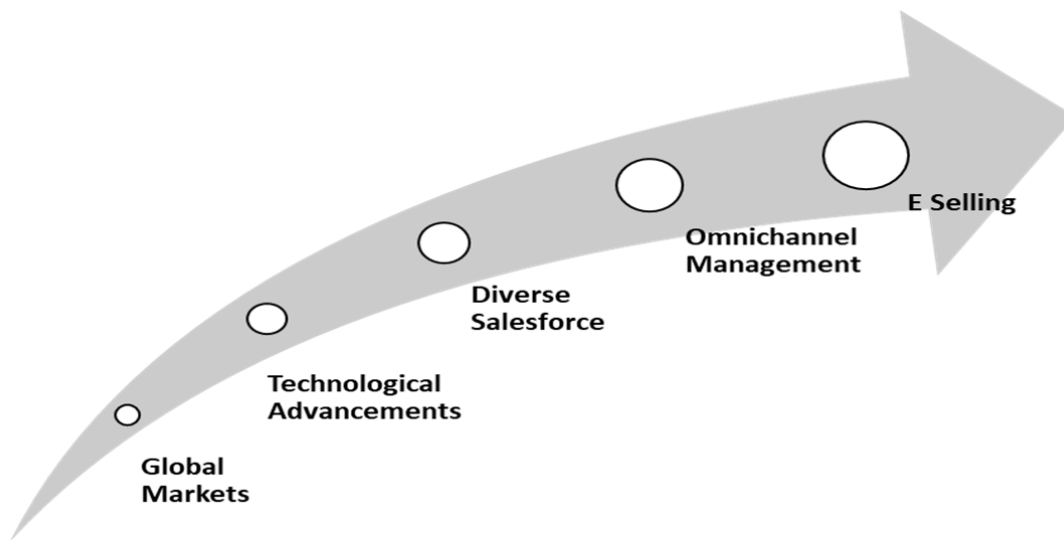


Figure 3.4 Trends in Sales Management

Global Markets: With the rise of globally connected economies, the companies have also begun expanding their operations across the national frontiers. While selling the products abroad, the sales managers may have to face many challenges related to differences in culture, laws, customer preferences, negotiation style etc. The sales managers must take into account the global competitors while devising their sales strategies to tap the business opportunities arising in the global markets.

Technological Advancements: The emerging digital technologies have made the modern-day customers more aware than ever before about the new product launches, price of various products, the strengths and weaknesses of various products. The customers can access almost every information about the brands online. The internet-based content consumption has gone up significantly amongst the consumers. Marketers are also leveraging the technology to collect the information about their customers, competitors, market trends and to develop customized products that offer superior value to their customers. The sales managers also are utilizing technology at large in the form of latest sales and CRM softwares, videoconferencing apps etc to deal with the competition effectively and in a cost-effective manner.

Diverse Salesforce: Modern day salesforce consist of individuals with diverse backgrounds, gender, age, culture, education, etc. This diversity brings in a difference in the needs and

expectations of the salesforce. A sales manager needs to understand these differences to manage them effectively.

Omni-Channel Management: Contemporary businesses are increasingly adopting multichannel route to provide superior customer experience whether they shop from online or offline. The use of omni channels offer many benefits like reduction in channel cost, better market coverage and customized selling. However, one flip side of using omni channel is that at times it leads to emergence of channel conflicts when two or more channels start competing against each other. The sales managers must utilize various conflict resolution techniques to handle such disputes.

E-Selling: With the increased internet penetration, more and more customers expect the companies to sell them online. Increased online buying makes brands focus their efforts on selling to convert passive audience into active customers. The sales managers must select shopping cart softwares and services carefully.

CHECK YOUR PROGRESS B

1. Discuss technological advancements in trends in sales management.
2. What is the clarity of job description?
3. What is the difference between selling and marketing?
4. Fill in the blanks:
 - i. is the planning, direction and control of selling of business unit including recruiting, selecting, training, equipping, assigning, routing, supervising, paying and motivating as these tasks apply to the personnel of the sales force.
 - ii. is a practice to break down the total sales territory wise, product wise and customer wise so that a comparison can be made between the quotas and forecasted sales in the said areas.
 - iii. The main aim of is to convince customers to shop for the company's merchandise.
 - iv. emphasis on adoption of latest technology for product innovation to provide enhanced value to the customers.

- v. The job of a salesperson is not to close the sale but to convince the customer to promote the seller's brand.

3.10 LET US SUM UP

Sales is the only function of marketing that brings in revenue to the organization and hence assumes a key role in the entire scheme of things. The salespeople act as the linking pin between the organization and its customers.

Sales Management was originally said to be the function of directing the efforts of the salesforce of the business. However, in the modern times the broader view of sales function is found to be more popular with the businesses. Accordingly, the Sales Management is concerned with development of the sales staff, managing sales related operations and implementation of sales techniques such that sales targets of the business are accomplished effectively.

The scope of sales activities revolves around sales forecasting and budgeting, sales team structure, manpower planning and hiring, sales training, sales areas and salesforce management.

Many times, sales and marketing are used synonymously however there exists many differences between them. Selling is the part of Marketing. It is concerned with delivering the goods/ services to the customers in exchange for price. For example, one goes to a shop to buy a pair of shoes and the shopkeeper sells the shoes in exchange for the price paid to him for the same.

Marketing is much broader in scope. It is a function that begins with determining the needs and wants of the customers and ends with the customer satisfaction and feedback.

Sales management process is concerned with accomplishing salesforce objectives and targets effectively and in an efficient manner by implementing the management processes of planning,organizing,staffing,training, leading and controlling.

To survive in this highly disruptive business environment, the sales manager must continuously scan the emerging trends like global market conditions, technological advancements, diverse workforce, omni-channel management and e-selling.

3.11 KEYWORDS

Cost Analysis: The process through which the sales managers work out various costs pertaining to each salesperson, product line, sales territory and customer type.

E selling: The process of selling the products using online platforms like websites, apps etc.

Missionary Salespeople: The salesperson who undertakes various activities like product demonstrations, presentations etc. to spread the word about the brand in order to convert prospects into customers.

Order Getters: The salesman who comprehends client needs and persuades them that his company's products best serve their needs.

Sales analysis: It is a practice to break down the total sales territory wise, product wise and customer wise so that a comparison can be made between the quotas and forecasted sales in the said areas.

Sales forecasting: It refers to the process of predicting the future sales revenue usually based on historical sales data and market trends.

Sales management: Sales Management is the planning, direction and control of selling of business unit including recruiting, selecting, training, equipping, assigning, routing, supervising, paying and motivating as these tasks apply to the personnel of the sales force.

3.12 ANSWERS TO CHECK YOUR PROGRESS

- A. 1. i. sales manager ii. sales iii. 1760 iv. profit maximization
2. i. True ii. False iii. False iv. True

B. 4. i. Sales management iii. Sales analysis iv. Order getters v. Marketing v. Missionary

3.14 TERMINAL QUESTIONS

1. What do you understand by sales management? Describe the importance of sales management in the organization.
2. Discuss the scope of sales management activities in an organization.
3. Distinguish between marketing and selling.
4. Describe the steps in the sales management process in detail.
5. Write a short note on the evolution of sales management.
6. Discuss the contemporary trends in sales management.
7. Explain the types of salespersons.

SOME USEFUL BOOKS

Cavale, K. K. H. V. M. (2006). Sales and distribution management: text and cases. Tata McGraw-Hill Education.

Panda, T.K., Sahadev, S. (2012). Sales and Distribution Management. Oxford Higher Education.

Still, R. R., Cundiff, E. W., & Norman & A, P. G. (2011). Sales and Distribution Management.

UNIT 4 SALES FORCE MANAGEMENT

Structure

4.0 Objectives

4.1 Introduction

4.2 Sales Force Recruitment Planning

4.3 Recruitment of Sales Force

4.4. Selection of Sales Force

4.5 Selection of Sales Force

4.6 Sales Force Training

4.7 Sales Force Compensation

4.8 Sales Force Motivation

4.9 Sales Force Evaluation

4.10 Let Us Sum Up

4.11 Key Words

4.12 Answers to Check Your Progress

4.13 Terminal Questions

4.0 OBJECTIVES

After studying this unit, you should be able to:

- to understand the recruitment and selection process for the sales force;
- to examine the training process for the sales force;
- to discuss various methods of compensating the sales force;
- to examine the steps for creating the sales force compensation plan;

- to explain the need for motivating the sales force and analyze the different motivational theories in the sales context; and
- to understand the sales force evaluation process.

4.1 INTRODUCTION

Sales force of any organization is the main revenue generator for the business. Thus, it is important to manage them well. It is the responsibility of the sales managers to perform the function of Sales force management. Sales force management is a specialized form of personnel management wherein the sales managers plan and execute the recruitment, selection, training, motivation, compensation and evaluation processes pertaining to the sales personnel in an organization.

The sales job is considered to be highly stressful and thus are often prone to higher attrition rates in the organizations. Thus, it becomes very important for the sales managers to nurture them carefully under his guidance and pay constant attention to them.

This unit deals with the major decisions which the sales manager is required to take while managing the sales force.

The first and the foremost decision to be taken with regards to the salespeople is the hiring decision. Hiring process typically involves three sub processes namely Recruitment planning, Recruitment and Selection of sales force.

4.2 SALES FORCE RECRUITMENT PLANNING

When undertaking recruitment planning, the sales managers are required to work out the number of salespersons to be recruited based on company's long term and short-term plans, workload analysis and turnover analysis for determining the optimum sales force size

The starting point of the recruitment planning is Strategic Position Analysis. It is the process that specifies the method of performing the job and the skills and competencies required by salesperson to perform the job effectively. This involves conducting job analysis to prepare job description and job specification Job description is a written statement of duties and responsibilities pertaining to a job. Job specification refers to the statement of minimum qualifications required by the sales person to perform the job effectively. Both Job

description and job specification aid the process of recruitment, selection, training, compensating and evaluating the sales force.

4.3 RECRUITMENT OF SALES FORCE

Effective recruitment and selection of salespeople is one of the most crucial tasks of sales management. It entails finding people who match the type of sales position required by a firm. Recruitment involves sourcing the prospective candidates and encouraging them to apply for the job. Recruitment ends with the receipt of applications. Salesmen can be recruited through a number of sources as stated below:

1. EXTERNAL SOURCES OF RECRUITMENT

- i. **Newspaper advertisements:** The vacancy may be notified via way of newspaper classified ads. The nature of tasks, the qualification expected, prior sales experience, remuneration etc. can be stated in the advertisement itself. Interested candidates can be requested to send in their resume within a stipulated time.
- ii. **Employment exchange:** The employment exchanges operated by the government may be contacted in this regard. The business establishments can also request such employment exchanges to furnish a list of eligible applicants. Job consultants and employment bureaus also offer similar services.
- iii. **Campus interviews:** The firms visit universities every year to interview the students studying degree courses therein. Those candidates who are found suitable are placed with the companies and give appointment letters without delay. These selected candidates join the firms upon the completion of their degree course.
- iv. **Competitors' sales force:** It is possible to attract competitors' salesforce by offering them better compensation packages. This form of hiring is often known as poaching. The benefit of such hiring is that the salespersons selected through this method are already well trained in that business and therefore can carry out their work with greater efficiency.
- v. **Unsolicited applicants:** HR departments of the companies receive applications received from unsolicited applicants regularly. Any candidate's resume that matches the company's requirements can be recruited as and when any vacancy arises.
- vi. **Web sources:** With the advent of the internet, companies have been increasingly relying on web sources like job portals and social media for recruiting the sales staff.

The viral nature of social media makes them a popular tool for recruiting sales professionals.

2. Internal sources of recruitment

- i. **Employee Movements:** At any given point of time, some vacancies can be filled up internally by promoting the employees from within, by transferring the employees from one territory to another, lateral moves from one department to another.
- ii. **Employee referrals:** Existing employees can recommend candidates from their circles whose credentials could match company's requirements. Existing employees are well acquainted with the work environment and expectations of the firm so are in position to recommend a suitable candidate for the organization.

4.5 SELECTION OF SALES FORCE

Selection is the process of choosing the most appropriate candidates from among the pool of candidates who applied for the posts. Selection begins as soon as recruitment ends. The typical selection process consists of the following steps:

1. Pre-Screening interview: The purpose of pre-screening interview is to screen unqualified candidates at the outset. It consists of asking the candidates a series of questions to know the candidates better prior to conducting a detailed interview. The questions in this interview relate to career goals, job profile preferences etc.

2. Formal Application Form: Once the preliminary interview is done, candidates are asked to fill out a formal application. The application form is a quick way of screening out unsuitable candidates and shortlisting suitable candidates for interview. The questions contained in the application form should enable the sales manager to check if the applicant possesses minimum qualifications, skills and experience in accordance with the job specification. The application form seeks to reveal crucial information about the candidates. Some applicants may be habitual job-hoppers; others may lack adequate educational qualifications. The application form acts as an initial screening device for unsuitable candidates. Careful designing of application form must therefore be accorded the highest priority for the HR.

3. The Interview: The personal interview is the most widely used selection tool used by companies to evaluate the candidates. It acts as a reliable source of collecting information about the candidate on the basis of face-to-face interaction. A candidate can be evaluated for his/her selling skills , confidence , personal appearance and courtesy, attitude towards selling and life in general by the interviewer during the interview.

Types of Interviews

i) Structured interview: A structured interview requires the interviewer to ask a set of predetermined questions. It implies the same questions being asked to all the candidates. Also, each candidate is allotted the same time to answer. This allows the interviewer to assess the candidates in the most objective and unbiased manner.

ii) Non-structured interview: An unstructured interview does not contain a set of predefined questions. Here the interviewer asks the questions spontaneously as a part of free-flowing conversation, thus each candidate is asked different questions. The underlying principle for this interview is that it is able to generate truthful responses and brings out the real personality of the candidate. One of the major concerns for conducting this type of interview is that it requires immense skill and expertise on the part of the interviewer to administer and interpret the candidates' responses effectively.

iii) Semi-structured interview: It is a combination of structured and unstructured interview wherein only a few predetermined questions are asked by the interviewers while the rest of the questions are not pre planned. It allows for objective comparison of candidates along with offering a more personalized and spontaneous approach that allows for better selection.

iv) Stress interview: A stress interview is an assessment tool that seeks to measure a candidate's response to stress. It generates useful insights as to how a candidate will respond while juggling high-priority tasks, how he will conduct himself while dealing with challenging clients.

Here the interviewer creates a stressful environment for the candidates while interviewing by way of criticism, asking tough questions, creating interruptions etc. This technique works well for selecting the sales force that often needs to work under stressful conditions in actual selling situations.

v) Rating scales: An interview rating scale allows the interviewer to record the score to the candidate on the basis of how well he answers the pre-planned questions. Each question in the interview rating sheet addresses a specific skill of the candidate. Candidate receives a high rating if he answers the questions as expected by the interviewer. Towards the end of the interview, the overall score is arrived at by compiling the candidate's ratings. The scores of various candidates are compared against each other to determine the most suitable candidate.

4. Selection tests: Tests act as an effective tool of selection when the organization wants to hire a relatively large number of salespersons. Various types of tests are stated as follows:

- i. **Mental intelligence tests:** These tests seek to assess candidate's intelligence quotient (IQ) and capability to learn.
- ii. **Aptitude tests:** These tests seek to assess a candidate's sales aptitude. It helps interviewer identify and hire the candidate with highest potential for sales success.
- iii. **Interest tests:** These tests are designed to compare a candidate's interests with the interests of successful salespersons in the field.
- iv. **Personality tests:** These tests assess the candidate's personality traits to ascertain their suitability for a particular sales job.
- v. **Situation tests:** These tests assess the candidate's ability to work in the real work situation. It appraises the competence of candidates to deal with different types of customers.

6. References Checks: Reference checks are done by the organizations to find out more information about an applicant pertaining to their conduct, character, ethics etc by the way of contacting their previous employer, colleagues, friends etc. Some employers do not find the information generated from reference checks reliable as they believe that references are usually hesitant to criticize their acquaintances.

7. Medical Examination: A good health is a prerequisite for good job performance. A medical examination of the candidate is done to uncover any health disorders if any existing in the candidates. Sales jobs demand a good level of physical fitness on the part of the candidates. It is also the moral responsibility of the candidate to disclose about any health condition he /she is suffering from.

8. Determination of Terms of Service: As soon as the candidate clears the above stages, terms of service relating to compensation, allowances, other perquisites, working hours etc are determined prior to issuance of appointment letter.

9. Issuance of Appointment letter: An appointment letter containing the details about the terms of service, joining date, probation period etc is issued to the selected candidate. This letter must be signed by the competent authority and if the candidate is interested in the job offer, he/she is required to join the duty before the expiry date mentioned in the appointment letter.

10. Socialization and Assimilation: As soon as the candidate joins the organization, he is enrolled for an orientation programme wherein he is being provided with all the organization and job-related information. This helps the salesperson to assimilate smoothly into the company's culture and helps them adjust to their new jobs.

Check Your Progress A

1. State whether the following statements are **True** or **False**.
 - i. Terms of service relating to compensation, allowances, other perquisites etc. are determined prior to reference check.
 - ii. Aptitude tests seek to assess a candidate's sales aptitude.
 - iii. The personal interview is the not most widely used selection tool used by companies to evaluate the candidates.
 - iv. Existing employees can recommend candidates from their circles whose credentials could match company's requirements.
 - v. Sales force of any organization is the main revenue generator for the business.

4.6 SALES FORCE TRAINING

In the fiercely competitive market, training the sales force can help organizations achieve market success. Modern day customers often assess an organizations' product offering based on the performance of the salesperson's ability to flawlessly execute the sales demo, his confidence, objection handling abilities etc. The salesman's performance in front of customers becomes extremely critical in times when the market is competitive.

Rationale For Training

Training the sales force is very important because it presents an opportunity for salespersons to improve their knowledge base and job specific skills to become more effective at their work. Despite the high training cost associated with sales force training, the return on investment is immensely high, if undertaken consistently by the organizations. Sales Force Training intends:

1. To acquaint the sales person about the fundamentals of salesmanship.
2. To provide the sales person with the information pertaining to sales territories and customers.
3. To sensitize the sales force about the company's policies, mission, vision, business strategies, challenges and prospects.
4. To help the salesperson have a better understanding of products of the company.
5. To inform the salesperson about his job-related duties and responsibilities.

Sales Training Process

Sales training is a process of imparting the sales force with job specific skill set which helps them perform their task better and to correct the deficiencies in their sales performance.

Whenever the market scenario undergoes any change, the sales force needs to be trained to meet the emerging challenges. Training equips the sales force with the necessary skill to execute their job responsibilities in an efficient manner.

Sales training process consists of following steps to achieve training goals (Figure 4.1):

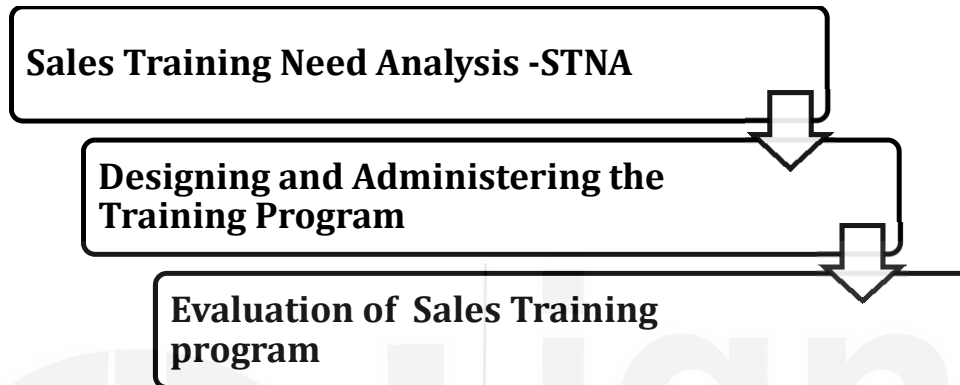


Figure 4.1: Sales Training Process

1. Sales Training Need Analysis STNA:

The starting point for designing an effective sales training programme is to identify the training needs by identifying the gap between the actual and the desired performance of the Sales Force. Training needs are identified at three levels namely:

- i. **Organizational level:** STNA at the organizational level refers to macro level analysis that aims to identify the areas where the sales force of the organization lacks necessary know-how or skills and provide need-based training.
- ii. **Task Level:** At the task level, STNA determines the type of training that needs to be imparted to sales staff to achieve a specified level of proficiency. This analysis can help identify the knowledge and skills required to perform specific jobs at the workplace.
- iii. **Individual level:** At the individual level, STNA seeks to assess the current performance of the salesperson in the given job role. The gap between the expected performance and the actual performance reveals the training needs of the salesperson.

2. Designing and Administering the Training Program

Once the training needs of the sales force have been determined, the sales manager should begin planning for designing and administering the training program.

Types of Salesmen Training: The training programme must be designed considering organizational needs so as to boost the productivity of the sales force. Different types of training can be provided to the sales force depending upon the organization's need and resource availability which are as follows:

- i. **On-the-Job Training methods:** These training methods are highly personalized in nature involving direct interaction between the trainer and the trainee. These are best suited in the situations wherein sales-force required to be trained is limited and needs individual attention.
- ii. **Field training method:** Under this method, the salesman learns by observing. The trainee accompanies the trainer who approaches the prospective customers with sales catalogues. The sales trainee observes the trainer performing various sales tasks carefully and thereby learns the selling techniques.
- iii. **Off-the-Job Training Methods:** Complicated jobs need much technical knowledge to be imparted in the classroom settings which are called off the job training methods. Class-room training offers a congenial learning environment without any fear of interruption of work.
- iv. **Lectures:** Under this method, experts deliver lectures pertaining to various aspects of sales to sensitize the salesmen about the fundamentals of selling. Towards the end of the lecture, salespersons participate in the group discussions and written tests.
- v. **Conferences and Seminars:** The sales force can be encouraged to attend conferences and seminars. Salespersons get an opportunity to discuss various sales related problems and solving techniques at such conferences. Sales force get to learn the latest techniques of solving problems by attending marketing seminars and conferences.
- vi. **Case Discussion Method:** Under this method, salespersons are presented with a hypothetical case having a sales related problem. They are expected to identify the

problem and select the specific solution from among the various alternatives available.

- vii. **Specialized Courses:** The organizations may send the salesperson to institutions of repute to take up the special courses on salesmanship. The expenses like tuition fees and other related expenses incurred for attending such courses may be borne by the organizations.

3. Evaluation of Training Programs

Training programs involve substantial investment in terms of time, efforts and money thus organizations are always very keen for measuring their effectiveness.

Kirkpatrick (1994) has suggested the following four level criterion of training effectiveness measures:

- i. **Reaction:** Reaction represents the first level of criteria which assesses the extent to which trainees found the training program engaging and relevant to their job profiles. This can be measured by conducting an after-training survey via questionnaire that requires trainees to rate their experience.
- ii. **Learning:** Level II measures the extent to which trainees acquired the skills, knowledge and aptitude from the training program. This can be done by conducting written exams or having a well-defined scoring system.
- iii. **Behavior:** Level III measures the change in the behaviors of the trainees' post attending the training program. Assessing the behavioral changes shows whether the trainees are able to apply the skills acquired during training to the actual work settings. This change can be noticed by the supervisors or by the customers too in many cases.
- iv. **Results:** This level measures whether the training program has led to any performance improvement of the salespersons or not.
- v. Results are often reflected in increased sales, customer satisfaction, reduced customer complaints, improved customer retention ratios, improved customer relations, etc. The organizations track the results after the training program.

4.7 SALES FORCE COMPENSATION

One of the key concerns of the sales management function relates to deciding on salesforce compensation as it not only impacts the sales costs but also more importantly influences the behavior, attitude and interest of the sales force towards their job role.

Sales compensation represents the payment that salesforce receive in return for their work. It is very important to design sales compensation carefully to drive the successful sales team's performance.

Types of Sales Compensation

Choosing the right compensation plan for the sales force will keep them motivated which will result in boosting the organizational sales and thereby the profits.

Organization can choose from among various sales compensation plans based on various factors like nature and size of organization, sales cycle length etc. Some of the sales compensation plans have been discussed below:

- i. **Straight Salary Sales Compensation:** Under this plan, the organization pays a fixed salary to its salespersons and no commission, no bonus, and no incentives. This sales compensation plan is popular with companies which do not allow direct sales. When the salespersons work in small groups where everyone has made an equal effort, this method of sales compensation is increasingly adopted.
- ii. **Salary plus commission:** This is one of the most popular sales compensation plans used in many industries. Under this method, the salesperson's base salary is kept low and they are paid the commission on the total sales generated by them. This sales compensation plan seeks to motivate the sales persons to put additional efforts and make more and more sales.
- iii. **Commission only:** As the name suggests, this sales compensation requires the organization to pay the salesperson only on the basis of sales generated by him, thus there is no guaranteed income to the salesperson. This plan is relatively very easy to administer as it required the organization to pay only against the sales generated.

- iv. **Profit Margin / Revenue:** This plan compensates the sales force on the basis of the organization's performance. This type of sales compensation plan is more popular with the startups that often face the liquidity crunch. This type of sales compensation plan is mostly used by start-ups because of the lack of liquidity. The organizations must adopt this plan only if the sales force is stable enough to survive well during off periods.
- v. **Territory volume:** The organizations having team-based corporate culture popularly adopt this type of sales compensation plan. This method of sales compensation requires territory volume to be calculated at the end of each term which is then divided equally among the total number of salespersons working within that territory.

Creating Sales Compensation Plan

To create a right sales-compensation plan for an organization, sales manager should take the following steps (Figure 4.2):

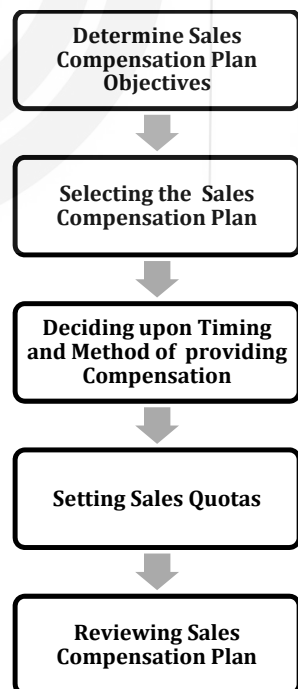


Figure 4.2: Steps for creating sales compensation plan

- i. **Determine Sales compensation plan objectives:** The starting point for working out a sound sales compensation plan is to establish the sales compensation plan priorities clearly. The organization may aim at increased revenue, reduced expenses, boosting the sales of a particular product etc.
- ii. **Selecting The Sales Compensation Plan:** Having defined the goals, the sales managers must select the type of compensation plan they prefer to have for their sales team based upon careful analysis of type and size of organization, its product line, sales cycle, size of sales team etc.
- iii. **Deciding upon Timing and Method of providing Compensation :** The sales manager must determine when the salespeople will get compensated: whether at the time of customer signing a contract or at the time when they send their first payment. Sales manager must also select their payroll software to administer a sales compensation plan.
- iv. **Setting Sales Quotas:** The sales quotas must be established so that salespersons know what they are expected to do to earn the compensation. It's important to fix these quotas reasonably yet in a manner that reflects organization's business goals.
- v. **Reviewing Sales Compensation Plan:** The sales managers must review these business plans in the light of changes taking place in the environment and in accordance with the changes in the expectations of the organization's sales force.

4.8 SALES FORCE MOTIVATION

The sales function plays a very important role in the success of the organization. The achievement of organizational goals depends on the organization's sales force thus it is necessary to keep them highly motivated throughout. Motivation refers to creating an urge in an individual to achieve a specified goal. The salespersons' motivation directly impacts his sales performance and his ability to achieve sales targets.

Sales force can be motivated using both monetary and non-monetary rewards. The monetary rewards may include bonuses, commission etc while non-monetary rewards may include vouchers, prizes, perks, gift cards etc.

Relevant Sales Force Motivation Theories

Motivation theories seek to explain why the employees behave the way they do at work. What drives their behavior at work. What makes some employees put in more effort at work as compared to others. Some motivational theories that are applied to the sales context are:

Maslow's Hierarchy of Needs Theory: This theory suggests that needs happen to an individual in a particular order. Higher order need needs become important to an individual only once the lower order needs i.e., the basic needs have been adequately fulfilled. The five need levels of Maslow's need Hierarchy are- physiological needs, safety needs, social needs, esteem needs and self-actualization needs.

Herzberg's Motivation-Hygiene Theory: This theory recognizes the factors that cause dissatisfaction at job as 'hygiene factors' which include working conditions, compensation, organization's policies and supervision etc and factors offering job satisfaction as 'motivators' which include incentives, bonuses, achievement, awards, recognition, more responsibility and growth opportunity. The theory states that the absence of hygiene factors can cause dissatisfaction among the employees at work but their presence would not lead to increased employee motivation.

Vroom's Expectancy Theory: This theory is based on three concepts named expectancy, instrumentality and valence. The theory suggests that an individual's motivation to do the effort depends upon his expectation of success. For example, if the salesperson believes that higher effort will generate higher sales (high expectancy) which in turn will generate higher incentive (high instrumentality) for him which is very important for him (higher valence) will result in higher motivation on his part. (You will learn in detail about sales force motivation in Unit 7.)

4.9 SALES FORCE EVALUATION

Sales force evaluation entails the comparison of the performance of the sales force with the objectives they were expected to achieve. It is the responsibility of every sales manager to appraise the performance of the salespersons working under him.

The objective of assessing actual performance against planned performance objectives is to identify the performance gaps so as to initiate timely action to improve the same. The evaluation also has a strong bearing on the motivation of the sales persons as it provides feedback to them as to whether their performance was good or bad.

Sales Force Performance Evaluation Process

The process of appraising sales force consists of the following steps:

- i. **Determining sales goals and objectives:** It is important to establish the long-term sales goals on the basis of outcomes expected in terms of profitability metrics, sales efforts and results. Having established long term sales goals, the sales manager must determine the short-term sales goals which may consist of more quantifiable targets like number of sales calls made, number of new accounts acquired, report preparation etc. It is always considered wise to use the combination of quantitative and qualitative performance standards
- ii. **Sales plan development:** A sales plan acts as a road map that guides the salespersons as to how the sales targets have to be achieved. The four aspects of the sales plan are: Analyzing the situation (2) Analyzing the opportunities and threats (3) action plans (4) performance appraisal system.
- iii. **Establishing performance standards for sales force:** Performance standards represent the yardsticks against which the performance of the sales force would be measured in future. Ideally, performance standards must be decided mutually by the sales force and the sales manager. Both quantitative and qualitative measures must be used to set performance standards for the salespersons considering the efforts required on the part of salespersons and the results to be achieved.
- iv. **Resource allocation through sales quotas:** Sales quota represents the sales target an individual salesperson is supposed to achieve. They play an important role in keeping your sales force accountable and motivated. Sales quotas ensure that the efforts of the organizations' sale force are aligned with the organizational overall goals. The sales

managers may set various types of sales quotas like direct quota, overlay quota, profit quota, volume quota etc.

- v. **Specify sales force performance appraisal system:** The sales force must know well in advance as to how their performance will be monitored and evaluated. Which job behaviors will be rewarded must be clearly specified and made known to the salespersons on a timely basis. Various methods of appraising the performance can be used for the said purpose like MBO, BARS, 360-degree appraisal, Critical Incidents Method etc.
- vi. **Appraisal feedback:** Having evaluated the performance of the salespersons, they must be provided with the performance feedback clearly mentioning the areas of further improvement in their performance. Special care must be taken to ensure that the appraisal should be free from any biases like halo effect, horn effect, recency bias, central tendency bias etc. The salespersons may also be referred to the sales training program to help them improve their future performance as the case may be.

Check your Progress B

1. Distinguish between On the job and Off the job training.
2. Fill in the blanks:
 - i. _____ has suggested the four-level criterion of measuring training effectiveness.
 - ii. _____ are highly personalized in nature involving direct interaction between the trainer and the trainee.
 - iii. The purpose of _____ is to screen unqualified candidates at the outset.
 - iv. Under _____ method, the trainee accompanies the trainer who approaches the prospective customers with sales catalogues.
 - v. Under _____ plan, the organization pays a fixed salary to its salespersons and no commission, no bonus, and no incentives.

4.10 LET US SUM UP

Sales force of any organization is the main revenue generator for the business. Thus, it is important to manage them well. It is the responsibility of the sales managers to perform the function of Sales force management. Sales force management is a specialized form of personnel management wherein the sales managers plan and execute the recruitment, selection, training, motivation, compensation and evaluation processes pertaining to the sales personnel in an organization.

The first and the foremost decision to be taken with regards to the salespeople is the hiring decision. Hiring process typically involves three sub processes namely Recruitment planning, Recruitment and Selection of salesforce. Recruitment involves sourcing the prospective candidates and encouraging them to apply for the job. Recruitment ends with the receipt of applications. Salesmen can be recruited through a number of sources namely – internal and external.

Selection is the way of choosing the most appropriate candidates from among the pool of candidates who applied for the posts. Selection begins as soon as recruitment ends.

In the fiercely competitive market, training the sales force can help organizations achieve market success. Modern day customers often assess an organizations' product offering based on the performance of the sales person's ability to flawlessly execute the sales demo, his confidence, objection handling abilities etc. Training the sales force is very important because it presents an opportunity for salespersons to improve their knowledge base and job specific skills to become more effective at their work. Despite the high training cost associated with sales force training, the return on investment is immensely high, if undertaken consistently by the organizations.

One of the key concerns of the sales management function relates to deciding on salesforce compensation as it not only impacts the sales costs but also more importantly influences the behavior, attitude and interest of the sales force towards their job role. Choosing the right compensation plan for the sales force will keep them motivated which will result in boosting the organizational sales and thereby the profits.

Organizations can choose from among various sales compensation plans based on various factors like nature and size of organization, sales cycle length etc.

The achievement of organizational goals depends on the organization's sales force thus it is necessary to keep them highly motivated throughout. Motivation refers to creating an urge in

an individual to achieve a specified goal. The salespersons' motivation directly impacts his sales performance and his ability to achieve sales targets. Sales force can be motivated using both monetary and non-monetary rewards.

Sales force evaluation entails the comparison of the performance of the sales force with the objectives they were expected to achieve. It is the responsibility of every sales manager to appraise the performance of the salespersons working under him. The objective of assessing actual performance against planned performance objectives is to identify the performance gaps so as to initiate timely action to improve the same. The evaluation also has a strong bearing on the motivation of the sales persons as it provides feedback to them as to whether their performance was good or bad.

4.11 KEY WORDS

Mental intelligence tests: these tests seek to assess a candidate's intelligence quotient (IQ) and capability to learn.

Personality tests: these tests assess the candidate's personality traits to ascertain their suitability for a particular sales job.

Salary plus commission: under this method, the salesperson's base salary is kept low and they are paid the commission on the total sales generated by them.

Sales Force Evaluation: Sales force evaluation entails the comparison of the performance of the sales force with the objectives they were expected to achieve.

Straight Salary Sales Compensation: Under this plan, the organization pays a fixed salary to its salespersons and no commission, no bonus, and no incentives.

Stress interview: A stress interview is an assessment tool that seeks to measure a candidate's response to stress. It generates useful insights as to how a candidate will respond while juggling high-priority tasks, how he will conduct himself while dealing with challenging clients.

Structured interview: A structured interview requires the interviewer to ask a set of predetermined questions. It implies the same questions being asked to all the candidates. Also, each candidate is allotted the same time to answer.

4.12 ANSWERS TO CHECK YOUR PROGRESS

A. 1. i. False ii. True iii. False iv. True v. True

B. 2. i. Kirkpatrick ii. On-the-Job Training methods iii. Pre-screening interview iv. Field training method v. Straight Salary Sales Compensation

4.13 TERMINAL QUESTIONS

1. Examine the sources of recruitment for the sales force of an organization.
2. Outline the selection procedure that a sales manager must follow for hiring the salespersons in his organization.
3. Describe the steps the sales manager must undertake to arrange training for the company's sales force.
4. Write short note on different types of sales compensation plans.
5. Explain in detail sales force performance evaluation process.
6. Examine various motivation theories relevant to sales context.
7. Write a detailed note on the types of interviews.

SOME USEFUL BOOKS

Cavale, K. K. H. V. M. (2006). Sales and distribution management: text and cases. Tata McGraw-Hill Education.

Panda, T.K., Sahadev, S. (2012). Sales and Distribution Management. Oxford Higher Education.

Still, R. R., Cundiff, E. W., & Norman & A, P. G. (2011). Sales and Distribution Management.

