

Sales Management

Meaning of Sales Management

The word sales management is a combination of two words- sales and management. Sales is the art of planning in the mind of another a motive which will induce favorable action. The committee of American Marketing Association has defined it as- “Selling is the personal or impersonal process of assisting and or persuading a prospective customer to buy a commodity or a service or to act favorably upon an idea that has commercial significance to the seller.”

On the other hand controlling is any common activity to achieve a per determined goal. Hence, “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 sales force”.

Sales management originally referred exclusively to the direction of the sales force. Later the term took on broader significance in addition to the management of personal selling.

Sales management meant all marketing activities, including advertising, sales promotion, marketing research, physical distribution, pricing and product merchandising.

Definitions of Sales Management

- According to the definition committee of the American marketing association sales management meant “The planning, direction, and control of personal selling including recruiting, selecting equipping, assigning, routing, supervising, paying, and motivating as these tasks apply to the personal sales force”.
- According to Philip Kotler, “Marketing management is the analysis, planning implementation and control of programmes designed to bring about desired exchanges with target markets for the purpose of achieving organisational objectives. It relies heavily on designing the organisations’ offering in terms of the target markets needs and desires and using effective pricing, communication and distribution to inform, motivate and service the market.”

Evolution of Sales Management

When it comes to sales management, you're likely to come across two kinds of managers. The first one notices the market declining and decides to manage that over everything else. In this scenario, the only result you can possibly expect is a decline in sales as well.

The second type of manager is the kind who decides to leverage the decline and increase the brand's market share. This is a bold manager with vision who knows how the game is played. Managers of this kind have no problems achieving results even in the most challenging scenario.

But, if you were to dig deeper, you would find that these managers follow a pattern; a pattern that is broken down into 4 stages, with the 4th one being the most evolved stage. In this blog, we are going to explore these 4 stages even further.

Stage: One

This is the stage at which most companies begin their journey and it can be best described as being chaotic or without rules. There is no structure in place and the sales team is simply commanded to go make a sale. Needless to say, such a scenario can lead to all kinds of problems and conflicts.

That's when the person running the business decides to introduce some sense of a structure by hiring a sales manager.

Stage: Two

In stage 2, we start to see a system in place or something that's close enough to an actual system. The sales manager, at this stage, functions as though he/she were conducting a survey. He/she tries to make the sales team feel valued and comfortable.

The sales team is provided with everything they need, which is fine as long as the sales team can continue contributing to the brand's growth.

However, all good things come to an end and the cracks start to appear. A common problem that plagues stage 2 is self-interest. When all their needs are met easily, salespeople, especially the

ones higher on the success ladder, tend to develop an attitude of “I’m only supposed to sell. That’s my job”.

In other words, stage 2 becomes toxic. The manager is forced to deal with complaints of unfairness and other issues such as low productivity.

This is when a stronger sales manager is called in; someone who won’t hesitate to fire salespeople who aren’t contributing and someone who can restore order. That brings us to stage 3.

Stage: Three

The stage 3 managers begin to standardize the system and show the door to non-performers. The profits go up and prices are raised. The stage 3 manager functions as a CFO cum owner. This person is invested in expanding the business and doing what’s best for it.

However, this is the trickiest stage as many companies tend to fall into a false sense of comfort assuming that there isn’t much else to do. In other words, they don’t strive for stage 4. That brings us to the question of what stage 4 looks like.

Stage: Four

Stage 4 is when the hired manager is a proper businessman capable of transforming the team. He/she can identify the non-performers and work towards motivating them. A stage 3 manager only hires and fires; a stage 4 manager transforms. They can play with the cards that they’ve been dealt.

There are 3 key changes that the stage 4 manager does. He/she establishes a do or die culture while celebrating the entire sales team, establishes a selling process, and provides the tools needed for the team to do what’s necessary.

Scope of Sales Management

- 1. Preparing the Sales Plan**
- 2. Recruiting the right people to execute the sales plan**

- 3. Training the people selected to build competency in achieving the targets set and fulfilling the organization's objectives.**
- 4. Defining the sales territories**
- 5. Specifying the sales quota to be achieved for each territory**
- 6. Defining the remuneration and reward system for the sales force**
- 7. Providing welfare and healthcare facilities to the sales force**
- 8. Devising a sales force development program**
- 9. Analyzing past performance with the current performance and making predictions on demand**
- 10. Coordinating with the marketing department and the consumers**
- 11. Sales planning and sales policies**
- 12. Pricing policy and price fixing**
- 13. Advertising and sales promotion**
- 14. Scientific salesperson ship, management and control of sales force**
- 15. Marketing research**
- 16. Planning and control of sales operations and control of sales costs**
- 17. Selection and management of channels of distribution**
- 18. Branding, packing and labeling**
- 19. After sales service, if necessary**
- 20. Integration and coordination of all functions**

Importance of Sales Management

Sales management has gained importance to meet increasing competition and the need for improved methods of distribution to reduce cost and to increase profits. Sales management today is the most important function in a commercial and business enterprise.

The following are the other factors showing importance of the sales management:

- (i)** Introduction of new products in the market.
- (ii)** Increasing the production of existing products.
- (iii)** Reducing cost of sales and distribution.
- (iv)** Export market.
- (v)** Development in the means and communication of transportation within and outside the country.
- (vi)** Rise in per capita income and demand for more goods by the consumers.