

# Sales Force Management - Chapter 5

## Summary

### UNIQUE OPERATING ENVIRONMENT FOR SALES FIELD SALES FORCE

1. **Working Conditions:** Sales force is distributed far and wide, away from their corporate office. In view of these unique working conditions, a number of conventional concepts of management have undergone changes in the management of sales force as follows:

- Traditional type of close supervision is not possible.
- Conventional concepts of unity of command and control are difficult to exercise.
- Development of organisation culture is difficult.
- Integration and loyalty by working together under a single roof are not feasible.

2. **Work Stress:** The unique working conditions discussed above also create work stress due to reasons given below:

- They are working in hostile environment created by actions of their competitors and distributors
- Their anxiety level is further increased because their success and even their survival depend on getting orders to meet their quota against stiff competition in the field.
- Sales persons travel extensively and spend lot of their time and energy on such matters which are not directly related to sales. This causes time pressure.
- Sales force serve most of their time, in the field away from their family and social group. This also causes stress.

3. **Motivation:** Because 'of the unique working condition and stressful environment, sales force management needs careful handling. This calls for special care in formulating policies and programmes which enhance their motivation. Special emphasis is required in

- Selling styles.
- Sales force size.
- Autonomy in decision making by proper delegation of authority.
- H.R. planning like job description, job specification and job evaluation.
- Staff functions like proper recruitment, selection training, compensation and objective performance evaluation.

4. **Turn-over Rate:** This is the ratio of separation of sales persons expressed as a percentage (a)

$$\text{Where (a) = } \frac{\text{Number of Separations}}{\text{Average Total Sales Force}} \times 100$$

This rate of turn-over is a measure of quality of sales force management. Some of the controllable factors responsible for higher turnover are given below:

- Faulty recruitment and selection.
- Inadequate training and career planning.
- Inadequate incentives and compensations.
- Improper supervision (leadership) and motivation.
- Lack of performance and aptitude.

### THE SALES MANAGER'S, JOB - RESPONSIBILITY STRATEGY AND TACTICS

1. **Introduction:** Sales volume, revenue and profit are the life blood of any organisation. Sales manager has been aptly called "the person with three hats" such as the following:

- (a) Responsibility for achieving reasonable profit on sales through marketing and sales management expertise.
- (b) Responsible to the sales force for representing their interests to the management.
- (c) Responsible to the customers, for maintaining best possible customer relation.

**2. Areas of Responsibilities:** By and large sales manager has the following two broader areas of responsibilities:

(a) *Managing the Sales Functions:* This involve sales planning, policies, control of sales operations, design proper distribution network and channels, and conduct market analysis.

(b) *Managing the Sales Force:* This involve sales force planning, recruitment, selection, training, motivation, compensation, co-ordination and control.

**3. Strategy and Tactics:** There are a number of strategies (long-term) and tactics (short-term) which are applicable to management of sales force.

**4. Sales Management by Objectives (SMBO):** "A process by which the superior and subordinate managers of an organisation identify jointly its common goals, define each individual's major area of responsibility in term of results expected, and use these measures as guides for operating the unit and assessing the contribution of each of its members."

**5. Responsibility and Level of Sales Executives:** Sales force management is the concern of sales executives at all levels.

(a) *Top level managers:* Long range planning, forecasting, and policies on product mix, network selection, prices and promotion mix.

(b) *Middle level managers:* Regional Sales Managers (RSM) spend more time and energy on line responsibilities. Another set of middle level managers look after staff (functional) activities

(c) *Sales Supervisors:* Spend most of their time and energy in managing the sales force.

(d) *Sales Representative/Executive:* The field staff whose job is to contact the ultimate targets - the buyers - and convince them in buying the product, get orders and execute the sales.

#### **SALES FORCE PLANNING - JOB ANALYSIS**

**1. Job Analysis:** Planning function is very important aspect in regards to sales force management. Most important planning activity is Job Analysis which involves (1) Job description and (2) Job specification.

**2. Job Description:** Covers the following in regards to each job: (1) Job objectives (2) Relationship with other jobs (3) Duties and responsibilities and (4) Job performance criteria.

job description of a sales job consists of the following aspects:

*Sales:* (1) Make regular calls. (2) Sell, demonstrate. (3) Handle Questions and Objection. (4) Check stock etc. etc.

*Service:* (1) Install product or display. (2) Report product weakness etc. etc.

*Territory Management:* (1) Arrange route for best coverage (2) Maintain sales portfolios, samples etc.

*Sales Promotion:* (1) Develop new prospects and accounts. (2) Distribute pamphlets etc.

*Execution:* (1) Each night make plan for next day's work. (2) Organise visit plan with minimum travel time and maximum calls. (3) Attend sales meeting etc.

*Goodwill:* (1) Counsel customers on their problems (2) Maintain loyalty for company (3) Attend customer meet etc.

**3. Job Specification:** Job specification is the statement stipulating the minimum desired qualification and experience a person must possess to suit the job description. Care must be taken to ensure job specification must not infringe the legislative measures amounting to discrimination on sex, age, religion, caste and creed etc.

#### **SALES FORCE RECRUITMENT**

**1. Necessity:** Recruitment is necessary for taking care of vacancies arising out of (1) Expansion programme (2) Compensate attrition due to retirement, sickness and death (3) To take care of personnel turnover.

Sources of recruitment can be broadly divided under (1) Sources within the company and (2) Sources outside the company.

**2. Sources within the Company:** (a) Recommendations from company sales personnel (b) Recommendations from other company employees and (c) Through transfer from other department/divisions/units of the firm.

**3. Source Outside the Company:** Some such sources are (a) Direct unsolicited applications (b) Employment Agencies and Consultants (c) Trade Association and Clubs (d) Competitor's sales force (e) Educational Institutes/Colleges and (f) Retired hands.

**4. Recruitment Methods:** The methods of recruitment vary with the type of sources of recruitment.

*(a) Internal Source Search:* (1) Notice/Bulletin for internal circulation (2) Memos circulated among supervisors (3) In house magazine/handouts (4) Word of mouth (5) Review of Personnel Data Bank

*(b) External Sources Search:* (1) Direct method (2) Indirect method (3) Third Party methods which involve (i) Employment exchange (ii) Placement cells in colleges and (iii) Consultants

### **SALES FORCE SELECTION**

**1. Phase of Selection:** Following are five phases of selection: Phase-1: Objectives & Policies Phase-2: Selection Criteria, Phase-3: Selection Process, Phase-4: Decision Making and Phase-5: Communication.

#### **2. Objectives and Policies:**

- Take steps and suitably arrange presentation in such a way, so that the right candidates are motivated to opt for the vacancy.
- Selecting the right candidate whose probability of success in the organisation is high.
- Reject the wrong candidate whose probability of success is low.
- To minimise the cost of selection process.
- To minimise the cost of selection decisions.

Cost of selection decision involves the following:

- Cost of erroneous decision in rejecting the right candidate (Type-I error).
- Cost of erroneous decision in selecting the wrong candidate (Type-II error).

**3. Selection Criteria:** Criteria of selection depend on the supply and demand position in labour market namely (1) Ideal market (2) Employees market (3) Employers market (4) Stagnated market.

### **DISCREET SELECTION PROCESS OF SALES FORCE**

**1. The Process:** Discreet Selection process involves the following: Screening->Formal Applications ->Interview->Tests->References->Physical and Medical Examination->Selection ->Induction & Placement.

Candidate who fails to qualify in any step is dropped and not allowed to go through and participate in the next step. Decision making is very important in selection process. This is necessary to avoid Type-I and Type-II errors.

### **SALES FORCE TRAINING CONCEPTS AND PROCESS AND ACMEE APPROACH**

**1. The Concepts:** *(a) Education:* It is a learning process, intended the twin purpose of improving intellectual abilities and moral character.

*(b) Training:* It is a short-term learning process. This is application specific, intended for improving skill and/or knowledge

*(c) Development:* It is the process of transition of an employee from a lower level of capability of skill and knowledge to that of a higher level.

**2. ACMEE Approach:** This acronym highlights the following aspects of T&D: Aim, Contents, Methods, Execution and Evaluation.

ACMEE's approach is derived from the poem "I keep six honest serving men. Their names are WHAT and WHY and WHEN and HOW and WHERE and WHO."

**3. AIM:** Training is not for training's sake. It must have some purpose or objective. By and large, in regards to sales force; task description analysis is more relevant to the training needs of sales persons.

**4. Content:** Derived out of specific aim, is obtained by analysing the training needs of sales persons. These are determined by analysing (1) Job specification and description (2) Individual sales personnel background and experience and (3) Sales-related marketing policies.

Contents of training programme also vary with the type of training such as (a) Initial Training or (b) Continuing Training.

**5. Method:** There are a number of training methods. However, proper selection of method is essential to yield desired result. Secondly method must suit the training content selected in the previous section.

**6. Execution:** Identifying trainees is difficult in "continuing training programme" compared to "initial training" where almost all are selected.

*Initial Training:* This is carried out by Sales Executive (Line Manager) and Personnel Manager (Staff Manager).

*Continuing Training:* This is carried out by top Sales Executive (Line Function). He is in a better position to understand the performance, shortfall and deficiency of his subordinates.

Timing of training also depends on method of training. Some firms organise training at corporate headquarters whereas others do it in the field office.

**7. Evaluation:** Evaluation of sales training programme is an important step to check whether the result obtained is commensurate with efforts in terms of money and time. Such feedback assists the control mechanism to correct the deficiencies so that laid down objectives (aims) are achieved in full.

### **SALES FORCE TRAINING - ACMEE OBJECTIVES CONTENTS AND METHODS**

**1. ACMEE Approach:** As seen before, the process of training consists of Aim, Contents, Methods, Executions and Evaluation.

**2. The Objective (Purpose):** Purpose of training is grouped under two broad classifications:

(a) *Managing Sales Force:* Training serves to (1) Improve sales performance (2) Reduce sales force turn-over (3) Reduce cost of repeated recruitment and selection (4) Improve job satisfaction and (5) Better career prospects.

(b) *Managing Sales Functions:* Good salesmen are not born; they are made. Training plays a vital role of developing good sales-person. Training serves to (1) Increase sales (2) Open new accounts (3) Improve knowledge on product technology and product range (4) Know consumer/customer psychology to influence them to buy products/services (5) Guide customer on operation and maintenance of products (6) Convince customer on the benefits and advantages of own product, compared to others (7) Establish customer good will support and loyalty (8) Better techniques of sales promotion, window display and merchandising (9) Master the art and science of "salesmanship".

**3. Contents of Training:** Training content must assist sales persons to become effective. This involves improvement in (1) Knowledge (2) Skill and (3) Attitude

**4. Training Methods:** There are many methods of training as seen before. Some of the modern methods comprise of the following:

(a) *Case study Analysis:* The basis of this method is "experience is the best teacher." The effectiveness of case study analysis is enhanced because cases are presented in the form of "stories".

(b) *On-the-job Training:* This is called "coach-and-pupil" method. The training phases combined are telling, showing, practicing and evaluating. Even though the method is very effective, the trainer has less time to undertake teaching.