COURSE GUIDE

MKT 306
DISTRIBUTION AND SALES MANAGEMENT

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INTRODUCTION

MKT 306: Distribution and Sales Management is a second semester course work of three credit units. It will be available to all students, taking the B.Sc. Programme in Marketing and all other related programmes in the Faculty of Management Sciences. This course material on Distribution and Sales Management, MKT 306 is made up of 21 units (course guide inclusive) and it is divided into four modules.

The course guide tells you what the course MKT 306 is all about, the materials required and how to make the best use of the materials to ensure desirable successful outcome. The course guide also tells you how to make good use of your time, the test questions in the Tutor-Marked Assignment (TMA). There will be tutorial classes for students and full details concerning the tutorial classes will be conveyed to you at the appropriate time.

WHAT YOU WILL LEARN IN THIS COURSE

The course outline is built on distribution and sales management. It analyses Distribution and Sales Management and tries to explain relevant issues in salesmanship. The course also discusses the nature of communication in Distribution and Sales Management and how it affects attitudes.

COURSE AIMS

The course aims to give you a broad knowledge of Distribution and Sales Management, and how this knowledge gained would be used in practice.

The aim will be achieved by:

- Explaining the concept Sales Force Management
- Explaining qualities of Good Salesmen and Principles of Salesmanship
- Explaining Sales Budget and Quotas
- Explaining the current status of distribution and sales management research, and
- Identifying the benefits and challenges of contemporary marketing tools

COURSE OBJECTIVES

By the end of this course, you should be able to:

- explain Salesmanship
- discuss distribution and sales management

STUDY MATERIALS

- The Course Guide
- Study Units
- Textbooks, journals and internet sources
- Self-Assessment Exercise
- Tutor Marked Assignment
- Tutorials

STUDY UNITS

There are 4 modules and 5 study units under each module and that makes 20 study units. The course guide is a study unit on its own and that brings the total study units of the course material to 21 units.

MODULE 1

Unit 1	Overview of Personal Selling
Unit 2	Sales Force Management
Unit 3	Sales Management and Market Potential-Selling Function of Salesmen
Unit 4	Search for Sales Opportunities-Information Gathering Function of Salesmen
Unit 5	Qualities of Good Salesmen and Principles of Salesmanship

MODULE 2

Unit 1	Sales Force Organization
Unit 2	Recruiting and Selecting Sales Personnel
Unit 3	Planning and Conducting Sales Training Programmes
Unit 4	Sales Techniques
Unit 5	Motivating Sales Personnel

MODULE 3

Unit 1	Sales Meetings and Sales Contests
Unit 2	Assigning Sales Personnel to Sales Territories
Unit 3	Controlling Sales Effort
Unit 4	Sales Budget
Unit 5	Sales Quotas

MODULE 4

Unit 1	Sales Analysis and Control
Unit 2	Quantitative Methods for Sales Management Decisions-Sales Forecasting
Unit 3	Ethical and Social Responsibilities of Salesmen and Sales Managers

ASSIGNMENT FILE /EXERCISES

Each unit contains Self-Assessment Exercise and Tutor Marked Assignment which you are required to answer. These exercises are designed to test your assimilation and understanding of what you have learnt.

The best 3 TMA out of 4 that students will take will constitute 30% of the student's total score per semester. You are expected to do these assignments and turn them in to be graded by the computer

FINAL EXAMINATION AND GRADING

At the end of the course, you will be required to write the final exam, which constitutes 70% of your total score for the semester.

The summation of the Tutor Marked Assignments and the final examination gives a total score of 100%.

SUMMARY

This course MKT 306 – Distribution and Sales Management highlights almost every aspect of individuals, groups, or organizations and the processes they use to select, secure, use and dispose of products, services, experiences or ideas to satisfy needs and the impacts that these processes (marketing tools, research process and new message formats) have on the consumer and society. The knowledge of consumer behavior is critical for influencing decisions almost in every sphere of life where an exchange is inevitable.

MAIN CONTENT

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MODULE 1

UNIT 1 OVERVIEW OF PERSONAL SELLING

CONTENTS

1.0 INTRODUCTION

A popular slogan in marketing says that “nothing happens until a sale is made”. This statement is supported by reason and experience. The typical firm can be seen as an input-output system. Having previously ascertained what the buyers wants are – specifications and requirements, it translates these into product concepts and finally into goods and services capable of satisfying the identified wants. It is not sufficient to produce outputs that can satisfy human wants, these must be properly priced and made available when and where they are needed. All these however will still not ensure that the exchange takes place and the buyer takes possession and ownership while the firm earns income (revenue). There is need for communication, in the process of which awareness is created, desires are aroused and prospects or customers are persuaded that a particular product being offered has the greatest potential to satisfy their consumption needs and the benefit of using the product outweigh the cost of acquiring it. Parties in exchange relations must be capable of communication for marketing to take place. Personal selling is located in the communication aspects of marketing. The other aspects of this communication or marketing promotion are advertising, sales promotion and publicity. These other aspects individually and collectively work to water the ground so to say for personal selling by informing, persuading and reminding target customers about the firm and its offerings. Personal selling is generally speaking, one of the tools of marketing promotion or what is commonly called Promotools. It is a unique Promotool in the sense that it is the marketing function with the onerous task of ultimately converting the outputs of the organization to cash. It is the point of personal selling that the organization's marketing efforts either fails or succeeds. At this point, the prospect is converted to a customer or the customer accepts to buy, continues to buy or refuses to buy.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- discuss the role and importance of sales force in an organization;
- describe the two broad categories of salesmen; and
- explain the role of personal selling within the overall Promotools of an organization.

3.0 MAIN CONTENT

3.1 Importance and Role of the Sales – Force

The whole essence of marketing has been established to be transaction, defined as the exchange of value between two parties. If exchange is at the center of marketing, then personal selling occupies a pre-eminent position in marketing. It is the marketing function or activity that identifies prospective buyers and persuades them to physically to exchange perhaps their money with the output of the firm. It is at the point of personal selling that marketing is consummated, a sale is made and revenue is realized by the firm and the consumer takes ownership and possession of the firm's output. While it can be said that marketing is the breadwinner in the firm, it is obvious that personal selling is the bread getter.

One is not in any way suggesting that personal selling is the most important of all marketing activities. It is a part of the total marketing effort, a very crucial and decisive part one can say. Personal selling brings the buyer and the seller into direct contact. The interaction that takes place at this point is the heart of marketing, representing the market transaction with its inherent issues of exchange and values.

Every organization must have one or more persons whose responsibility it is to ensure that customers and/or prospects are contacted and convinced to accept the values offered in exchange for a value desired by the organization. Such persons entrusted with task of effecting market transactions make up the sales-force of organizations. The sales-fore is indispensable in organizations. There is no amount of advertising, sales promotion or publicity that can make up for personal selling. Someone somewhere must establish contact with buyers for market transaction to take place. Indeed nothing happens in organizations until a sales-person sells something.

The core of personal selling has been identified as locating of prospective customers, converting them to buyers and ensuring the satisfaction. This however does not fully explain the role of the sales-force. The sales-force in modern marketing is not only concerned with selling function – dealing primarily with current sales but also is concerned with laying the foundation for future sales through the performance of information gathering function.

The sales-force is indeed the link between organizations and their customers. Salesmen have dual responsibilities in many respects; they pass information in the form of messages from organizations to customers and bring back reports from the customers to the organizations (i.e. feedback). Salesmen also have to ensure that organizations realize profit from sales and those customers derive adequate satisfaction from buying organization's outputs. The good salesman is the one who succeeds in discharging his responsibilities to his organization abs customers. This needs careful handling. The successful sale is that which brings profit to organizations and at the same time provides adequate satisfaction to buyers or customers.

We have used salesmen so far to refer to those engaged in personal selling. You will find different terms in other books. Perhaps, because of the increasing involvement of women in personal selling, people are arguing that the term salesman is inappropriate to describe all persons in personal selling. The distorted and tarnished image of sales men is a more convincing reason why people in personal selling are asking to be called by other names. The new terms used to describe people in personal selling are salespersons, sales representatives, field representatives, sales consultants, marketing representatives, account executives, manufacturer's representatives, agents and service representatives. Salesmen do not all face the same selling situations or tasks. The role a sales man will play depend on the selling situation or task before him. Based on this, we can describe two broad categories of salesmen.

These are order-takers and order-getters (makers).

The order taking situation obtains where the "buyer has previous experience of the product and the function of the salesman is to price the product specified, take payment and effect delivery".

In order-making situations, "the buyer has no previous experience of the product and is actively seeking information" or he "has only an ill-defined or latent demand for a product to fill a given need". In these instances, the salesman will be challenged to identify and locate the potential buyers or prospects and convert them to buyers.

We can also classify salesmen on the basis of the positions they occupy. The following
classification of sales positions was offered.

1. **Delivery salesmen:** The salesman here predominantly delivers products to buyers.
2. **Inside order-taker:** The salesman stands behind the counter and serves buyers.
3. **Field order-taker:** The salesman is predominantly an order-taker but goes outside to meet buyers.

4. **Missionary salesman:** This salesman does not do direct selling, but calls on actual or potential users, educating them and building goodwill for his organization.
5. **Technical salesman:** The salesman selling basically technical goods and offering technical services.
6. **Goods salesman:** Salesman involved in creative sale of tangible products.
7. **Service salesman:** salesman involved in creative sale of services e.g. Insurance.

4. 0 CONCLUSION

The role of sales force in organizations is very important and central in realizing their corporate objectives. The selling function is the bread winner in the organization and the associated tasks in achieving revenue realization are performed by different classes of salesmen.

5.0 SUMMARY

In this unit, the importance, role of the sales force and the different positions they occupy in the organization were discussed.

6.0 TUTOR MARKED ASSIGNMENT

1. Classify salesmen on the basis of the position they occupy.
2. Based on the selling situation or task before him, describe the two broad categories of salesmen.
3. Discuss the role of the sales force in a marketing organization,

7. 0 REFERENCES/FURTHER READINGS

Johnston, M.W. and Marshall, G.W. (2011) Churchill/Ford/Walker’s Sales Force Management, 10th Edition, McGraw-Hill International Edition.

Kerin, R.A., Hartley, S.W., Berkowitz, E.N. and Rudelius, W. (2006) Marketing, 8th Edition, Mcgraw-Hill Irwin.

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Spiro, R.L., Rich, G.A. And Stanton, W.J. (2008) Management of a Sales Force, 12th Edition, McGraw-Hill International Edition.

UNIT 2 SALES FORCE MANAGEMENT

CONTENTS

1.0 INTRODUCTION

Put simply, sales management is the management of the sales-force of an organization. We have noted that the sales-force has the responsibility for contacting buyers and making sales. So what about sales management?

2. 0 OBJECTIVES

At the end of this unit, you should be able to:

- define sales management;
- explain the interface of sales force with other organizational functions; and
- discuss the key aspects of sales management.

3.0 MAIN CONTENT

3.1 Sales Management

The need for proper management of the sales force derives from three important considerations.

1. Selling is a key marketing function. It deserves proper management if the other marketing efforts of the organization are to be meaningful. All the efforts of management in producing want satisfying products, pricing them well, ensuring their availability when and where needed and achieving reasonable promotion through the use of advertising, sales promotion and publicity will not ensure a market transaction if there is a mistake at the point of interaction between the buyer and the representative of the selling organization. This crucial function deserves proper function.
2. The sales objectives of organizations are very important in achieving the overall objectives of organizations. For a business to make profit, it must

realize total revenue in excess of its total cost. Revenue realization logically is the bottom-line of personal selling. If business profit depends crucially on total revenue, then attention should be paid to the activity whose essence is revue realization.

3. The cost of personal selling is almost very high. It is more than the costs of other Promotools added together. As a major cost center, it deserves adequate attention as any reduction in the cost achieved through effective and efficient management will improve the organization's profit position.
4. Often organizations have many people in their sales-force, selling many products and serving large markets in terms of size, geographical spread and differences in customer buying characteristics. It becomes necessary therefore for the organization to mobilize the sales-force for effective coverage of the market and to ensure that all products receive due attention. All these must be done properly if the sales objectives of the organization must be realized. This calls for good management of the sales-force.

We can therefore define sales management as the organizational efforts necessary in planning sales objectives, specifying sales efforts needed in realizing the objectives, selecting, training and motivating appropriate sales-force and controlling their operations towards ensuring full realization of sales objectives. The sales manager is that person who manages the sales-force of an organization. He effectively uses the sales-force to sell the products produced by the organization. Of course, the sales manager is a member of the organization's sales-force. We have deliberately used the word organization to highlight the fact that personal selling and salesmen are found and needed in all organizations that have to interact and persuade people to accept their offerings.

3.2 Sales Force Interface

It must be noted that the sales-force alone cannot realize the sales objective of an organization. Sales efforts must be complemented with the efforts of other organizational functions/personnel.

The sales force needs the support of the following:

1. **Top management:** The direct efforts of salesmen in realizing sales objectives are often facilitated by policies adopted by top management to support them. Organizational decisions in the areas of product quality and availability, advertising, pricing and after sales services have impact on the performance of salesmen.
2. **Technical sales personnel:** In actual face to face interaction between salesmen and customers/prospects, the former are expected to be persuasive. This requires being knowledgeable about the product, its uses, benefits and characteristics. Some of this information is technical and best provided by personnel in production, and research and development departments. The co-

operation of these technical personnel is therefore important for successful personal selling.

3. Maintenance, Installation and Allied Services Personnel: Salesmen ordinarily depend on the assistance of these specialized personnel in solving the problems of the customers and achieving successful selling.

4. **Office Staff:** Some people in the office of selling organizations do not make contact with customers, but help in meeting their orders. Examples of such people are “sales analyst, order expediters, and secretarial personnel”

3.3 Key Aspects of Sales Management

The key aspects of sales management are sales planning, sales organization, recruitment,
selection and training of salesmen, compensation of salesmen and control of salesmen involving establishment of standards, supervision, performance evaluation and corrective action. These aspects or key tasks of the sales manager are discussed briefly below.

Sales Planning: In sales planning, the sales manager working in concert with the marketing manager and top management is expected to come up with a sales forecast for a given business period. Because salesmen have the direct responsibility of realizing the sales forecast of firms, they should be involved in doing it. The sales forecast figure represents the expected sales figure for firms and forms the basis for all organizational planning. Organizational budgeting production schedule and purchasing schedule depend largely on sales forecasting. It also defines what the organization expects of the sales force.

Once the level of sales expected to be achieved by the sale-force is known, it falls on the sales manager to plan on how to achieve the target. It becomes necessary then for the sales manager to estimate the amount of selling effort needed to achieve the desired sales target. With this known, the sales manager will be able to know the number of salesmen needed for the realization of the target.

Based largely on the expected sales target, the sales manager will allocate quotas to his salesmen. The aggregate of the quotas should be at least equal to the expected sales target. The traditional method of stating objectives in terms of sales volumes for the sales force has been criticized. If salesmen concentrate primarily on sales volume, they may neglect the cost achieving such a target to the detriment of the organization’s profitability.

The better way of stating sales force objective or target is in terms of contribution to profit. If a salesman is given a profit level as the sales target, he will be better minded to consider selling cost, with a view to minimizing it while maximizing sales volume.

Whether stated in terms of profit or sales volume, sales targets for salesmen can be expressed by product (for a company selling two or more product items), by territory (for a company operating in a large block market that can be split into sales territories) and by customers (for a company selling to many customer types, for example, end user buyers, reselling buyers, industry buyers, institutional buyers and government buyers).

Sales Organization: In this, the sales manager decides on how best to mobilize the salesmen working for him, and through whom he will realize the sales objectives or the organization. The essence of sales organization is to achieve an optimum deployment of the sales-force and effective coverage of the market. Salesmen can be organized along the lines of geography, product or customer or a combination of two or more of the above.

Recruitment, Selection and Training of Salesmen: All these are discussed under the personnel function of the sales manager. They often also are the direct responsibility of the organization's personnel manager.

In the case of salesmen however, the sales manager should have a say in the type of people to be employed and how they will be trained, since they will work directly under him and salesmanship is not like other organizational jobs. In suggesting the type of people to be employed as salesmen, the sales manager should be guided by the following:

1. The kinds of customers they will deal with
2. The kinds of products they will sell
3. The possession of some characteristics common to successful salesmen.

The sales manager also has to ensure that the right people employed as salesmen are given requisite training that will prepare them for the challenges they will encounter in the field. It must be noted that both old and new salesmen need training. The initial training for the new salesmen will be to impart basic selling skills and knowledge into them. The continuous training that will be for all salesmen will be tailored towards meeting specific training needs of the sales force as the sales manager will ascertain from time to time.

Motivation of Salesmen: one of the greatest responsibilities of the sales manager is the need to motivate his salesmen to the maximum effort. As noted in student aid Notebook, the sales manager's skill in motivating his sales-force will determine the degree of success he achieves in his job. Proper motivation of the sales-force requires that the sales manager should appreciate the peculiarities of each selling job, the satisfactions derivable therefrom, and ensure that they are made available to the sales-force as much as possible. An adequately motivated sales-force will be a satisfied one willing to give the maximum effort to the glory of the organization.

4.0 CONCLUSION

The generally accepted factors that motivate salesmen and which sales manager should consider are; money, recognition, sense of belonging, opportunities for progress, authority, exemplary leadership, good conditions of work, effective communication, and security.

5. 0 SUMMARY

In this unit, you have been exposed to the following:

- Explanation of sales management;
- Discussion of sales force interface in the organization; and
- Discussion of key aspects of sales management

6.0 TUTOR-MARKED ASSIGNMENT

1. Discuss the four related processes that the problem of control reduces to in sales management.
2. List and explain the major personnel functions of sales managers.

7. 0 REFERENCES/FURTHER READINGS

Johnston, M.W. and Marshall, G.W. (2011) Churchill/Ford/Walker's Sales Force Management, 10th Edition, McGraw-Hill International Edition.

Kerin, R.A., Hartley, S.W., Berkowitz, E.N. and Rudelius, W. (2006) Marketing, 8th Edition, Mcgraw-Hill Irwin.

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UNIT 3 SALES MANAGEMENT AND MARKET POTENTIAL-SELLING FUNTION OF SALESMEN

CONTENTS

1. 0 INTRODUCTION

The functions salesmen perform are many and varied. One can only discuss the functions of salesmen in a general sense.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- discuss the selling function of salesmen; and
- list and explain the specific responsibilities of salesmen to their buyers and organizations.

3.0 MAIN CONTENT

3.1 Selling Function of Salesmen

There are some situations – specific factors that make the functions of salesmen to differ. Some of these factors are:

1. Sales positions/jobs

Based on sales positions, seven different selling situations are identified.

These are:

a. Positions where the salesman is predominantly an inside order taker.
b. Positions where the salesman is predominantly to deliver goods –delivery salesman.
c. Positions where the salesman is predominantly an inside order taker but works in the field – i.e. field order taker.

d. Positions requiring the salesman only to build goodwill or to educate the actual or potential buyer – i.e. missionary salesman.
e. Positions requiring the salesman to sell only technical products – i.e. engineering or technical salesman.
f. Positions requiring only the creative sales of tangibles – i.e. order getting goods salesman.
g. Positions which demand the creative sales of intangibles – i.e. order getting service salesman.

Based on sales jobs, four different selling situations are identified, namely:

a. Trade selling
b. Missionary selling
c. Technical selling
d. New business selling

The different sales positions/jobs require the salesman to perform somewhat different functions or degrees of the functions.

The other factors are:

1. **The buying situation faced by the customer or the organization:** The consumer faces three buying situations. These are extensive problem solving situation, Limited problem solving situation, and routinized response behavior situation. An organization will face the following buying situations; straight rebuy, modified rebuy and new task.
2. **Buyer Status:** There are first time buyers and regular buyers
3. **Purchase occasion:** There are regular and special purchase occasions.
4. **Type of buyer:** There are end user buyers and industrial buyers. Industrial buyers are of many types. These include reseller buyers, government buyers, institutional buyers' and industry buyers.
5. **Primary objectives of selling organization:** Let us simply say that there are two types of Organizations, viz; business or profit making organizations and others or non-profit making organizations.
6. **Behavioral traits of buyers:** Buyers will normally fall into any of these categories; hostile, timid, angry, indifferent, skeptical, hesitant and friendly.
7. **State of readiness of the buyer:** the different states are; unaware, aware, informed, interested, desirous, intending to buy, testing and regular buyer.
8. **Nature of the product:** Based on the use to which the product is put, it has been classified into consumer goods and industrial goods. Consumer goods have traditionally been classified as conveniences, shopping and specialty on the basis of consumer shopping effort. Five categories of industrial goods have been identified. These are raw materials, component part and materials, major capital equipment, accessory equipment, and operating supplies.

We see from the presentation above, that a number of factors ranging from the role the salesman plays in an organization, the nature and type of buyers he meets, the nature of products she sells, to the buying situations of customers; interact to define what the function or role expectations of the salesman should be.

In a general sense however, the salesman is a vital link between an organization and its markets. In this role, the salesman discharges some important responsibilities to his organization and his actual and potential buyers. The functions of salesmen will be better appreciated when viewed in terms of the dual responsibility they serve and their role as a link between organizations and markets.

The specific responsibilities of salesmen to their organizations have been identified to include:

1. Representation of his firm to its customers. In this capacity, the salesman tries to enhance the employer's name and further his business in the territory assigned to him.
2. They are expected to exploit fully the potential of present customers to the benefit of their organizations.
3. They are to identify, cultivate and secure new customers for their organizations.
4. They are expected to bring back relevant information on the products, competition, customers etc. to their organizations.

The specific responsibilities of salesmen to their buyers are:

1. Helping them to accept and define their problems.
2. Assisting them to clarify their problems and identify alternative solutions to them
3. Helping them to come to the right decision (that is, buying the product with the greatest potential to meet their needs). This the salesmen will do by providing truthful purchasing information to the buyers.
4. The salesmen also have the responsibility of ensuring the continued satisfaction of the needs of their buyers. They do this by providing after sales services and other relevant information on the installation, use and maintenance of the purchased product.

Be he an order taker or getter, a service or good, new or old, missionary or new business salesman, in whatever position or situation he finds himself, the good salesman is expected to perform a combination of some or all the under listed tasks.

1. The presentation, demonstration and sale of his company's goods; negotiation on price, quantity and delivery; explanation and presentation of company policy.
2. The continuous examination of the market and reporting on competitive methods, products and prices. Reporting on shortages, oversupply, and changes

in trading conditions. The relating to his company of any information of general commercial value.

3. The maintenance of adequate stock of his company's goods by distributors and users. Care in ensuring that customers keep the goods under suitable storage conditions.
4. The advice and instruction of dealers and their staff on the sale and display of his company's product.
5. The continuous acquisition of knowledge of his company's products and their applications, selling points, and the benefits to the user.
6. Prospecting for new outlets and new businesses and the extension of his company's influence on his territory.
7. The obtaining and maintenance of satisfactory displays for his company's goods.
8. The maintenance of good customer relations.
9. Recommendations of credit for customers, assessment of their premises, organization standing and influence in the trade and acquisition of satisfactory trade references.
10. The collection of outstanding accounts and avoidance of bad debts.
11. The handling of complaints from distributors and users.
12. Implementation of sales promotion schemes.
13. The maintenance of satisfactory records of customers' business with his company and the expeditious handling of correspondence.
14. The proper care and maintenance of any of his company's property which has been entrusted to his charge.

These tasks will reduce to the two-class categorization of the functions of salesmen. The two traditional and generally accepted functions are the selling function and the information gathering function. Each function is as important as the other. The argument that salesmen are very expensive is often advanced by sales manager who do not know how to fully utilize the labour of their salesmen. Such sales manager may be viewing the functions of salesmen narrowly; only in terms of sales they can generate immediately. Sales managers are advised to recognize that salesmen are an important source of marketing intelligence. While selling function is very important and provides immediate sales, the salesmen, if well trained and motivated, will provide management with valid and reliable information that will form the basis for management decision and guarantee future sales. Using salesmen as a source of marketing intelligence will increase their usefulness and reduce their effective cost.

3.1 The selling function

Put simply, the bottom-line of selling function (that is, personal selling in its most creative form) is identifying prospects and converting them to customers. It has been described as searching for needers, changing them to wanters and finally to buyers. The salesman who does this effectively is the one who succeeds in guiding the potential buyer through a number of mental processes, leading to acceptance, first of the idea that he has an unfulfilled need, then the idea that the proffered product will be beneficial to him then of the idea that the benefits outweigh the cost, then of the conviction that the proffered product is better than alternative ones in terms of benefits and cost, and finally to action.

Identifying potential buyers, converting them to buyers and maintaining them are not simple tasks. Successful salesmen will tell you that they perform a number of logical tasks in achieving this. Some of these necessary tasks will include:

1. Defining and locating prospects. The task here is prospecting.
2. Learning everything about the prospects. This will entail gathering essential information that will aid the salesman in defining the needs of his prospects and establishing an objective for every sales call he makes. With the needs of the prospects known and objectives set for a sales call, the salesman will feel confident in selecting the appropriate mix of presentation variables to use in attaining the objective of the call. The task of doing all these is called call planning or pre-approach.
3. The next task (approach) will be to create the right atmosphere that will draw the attention and hold the interest of the prospect before the salesman goes to the stage of discussing business with the prospect. Achieving this will require the following: the salesman should:
    a. Book appointment where possible.
    b. Be properly dressed. This dressing must be neat and suitable for the occasion.
    c. Introduce himself is he is not known.
    d. Behave and conduct him in a manner acceptable to the prospects.
    e. Be punctual.
    f. Use the language he is proficient in and that is agreeable to prospect.
4. Converting prospects into buyers (customers). This is achieved through the effective performance of the tasks of presentation trial closing, uncovering objections, handling objections and closing.
5. Maintenance of customers. It is not sufficient to convert prospects into customers; the customers must be maintained by adequate assurance of the continued satisfaction of their needs. Maintenance involves a number of related follow-up activities; conducting to the provision of after sales services, installation, repair and information on the use of the purchased product.

4.0 CONCLUSION

Salesmen perform two broad types of functions in their organizations. These are the selling function and information gathering function. In this unit, the selling function of salesmen was discussed.

5.0 SUMMARY

In this unit, you have been exposed to the following:

- The selling function of salesmen;
- Different sales positions/jobs;
- Four different selling situations;
- Specific responsibilities of salesmen to their organizations and customers; and

The core of salesmen's selling function.

6.0 TUTOR-MARKED ASSIGNMENT

1. Discuss the selling function of salesmen
2. List and explain the specific responsibilities of salesmen to their buyers and organizations.

7.0 REFERENCES/FURTHER READINGS

Johnston, M.W. and Marshall, G.W. (2011) Churchill/Ford/Walker's Sales Force Management, 10th Edition, McGraw-Hill International Edition.

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UNIT 4 SEARCH FOR SALES OPPORTUNITIES- INFORMATION GATHERING FUNCTION OF SALESMEN

CONTENTS

1. INTRODUCTION

Personal Selling is a form of communication that effectively links the company and its customers. This linkage role serves a strategic function in a bringing a company and its customers together and meeting their expectations and demands. This role is growing in importance as product markets became increasingly competitive and customers more knowledgeable and discriminatory.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- discuss the information gathering function of salesmen;
- list and explain the specific roles of information flow from consumers to producers
- within the framework of marketing management; and
- describe the types of Information Salesmen Gather.

3.0 MAIN CONTENT

3.1 Information Gathering Function of Salesmen

In this dynamic and complex marketing environment, organizations are becoming more conscious of the need to bridge the information gap between them and their customers. The quality of information available to organizations will determine the appropriateness of the decisions they take in response to the challenges posed by the interacting environmental factors, with a view to meeting the expectations and demands of their customers and achieving their corporate objectives.

Bridging the information gap that exists between organizations and their customers becomes a crucial function that marketing must perform. This information gap it must be noted has two dimensions to it. There is the information that needs to flow from customers to producers. This information is for all practical purposes central to successful marketing. If modern marketing as is asserted, starts with consumers and ends with consumers, then information flow from consumers to producers is the logical starting point in the marketing process. This information expectedly will tell the producers what goods consumers want, how they want them, where they want then and when reliably want them. This information if validly collected and interpreted will guarantee that outputs of products meet the specifications and requirements of customers and therefore likely to be accepted by them. This information will also answer the key marketing questions as to how to distribute, price and promote the outputs of producers.

Information flow from customers to producers is not limited to the situation discussed above. At various times in the life of any organization, and at any stage of the life of the product of the organization, information flow from customers is important. If the products starts experiencing declining sales, losing its market share or is increasingly being returned by buyers management is faced with a serious problem that the cause of and solution to must be found only from the customers/consumers. It is only these people that can give information on the basis of which solutions can be found for the problem.

The specific roles of information flow from consumers to producers within the framework of marketing management have been identified to include:

1. **Monitoring the environment:** The elements of marketing environment are ever changing and largely outside the control of marketers. The most marketers can do, since these elements define the opportunities and challenges in the markets is to monitor the changing environment (that is, collect information about the nature and direction of the changing environmental elements) and adapt appropriately to them.
2. **Implementation of the marketing concept:** Given that marketing concept stresses consumer satisfaction, it becomes necessary for organizations that want to implement the concept to collect information on the needs and desires of buyers, to guide their decisions on products, pricing, promotion and distribution.
3. **Formation and evaluation of market segments:** Market segmentation is a modern marketing procedure that recognizes that markets are largely heterogeneous and cannot be served efficiently with one product.it seeks to split the heterogeneous block market into seemingly, being homogeneous it is conceptually believed to be capable of being served efficiently with one product or marketing mix. The splitting of markets however should not be done arbitrarily. It requires information about consumers on variable(s) to be used for the exercise.

4. **Demand Assessment:** Estimation of current and future sales is normally based on the trend of factors that influence demand. Information on the trend of demand influencing factors needs to be obtained from consumers among other sources.
5. **Evaluation of Marketing Tactics:** Marketers use a mix of marketing decision variables to appeal to their target markets. The levels of the variables to be used, such as price and promotion will need to be set, and from time to time measured with a view to determining how they are contributing to the success of the marketing programme. This information will help management in reviewing its marketing programme when necessary.
6. **Control:** The need for control in strategic marketing is important. Control involves setting standards of performance, monitoring or supervising the performance of workers, measurement of actual performance against expected performance and taking corrective measures where and necessary. Information is needed in setting performance standards and making assessment of performance levels.

3.2 Sources of Marketing Information

There are many sources through which marketers collect all the information they need for intelligent decision making. These sources are commonly grouped into four making up a marketing information system. These are internal accounting system, marketing intelligence system, marketing research system, and marketing management-science or operations research system.
Internal accounting system is the earliest and most basic information system used by marketing executives. It reports orders, sales, inventory, levels, receivables, payables etc. while marketing intelligence system is described as "the day-to-day information concerning pertinent developments in the environment, primarily the competitive sector". This is "the way in which company executives are kept current and informed about changing conditions in the macro environment and task environment" Marketing executives can collect intelligence information on their own, from their salesmen, dealers and specialized marketing research firms.

Marketing research as a component of marketing information system provides marketing executives with pertinent information for solving marketing problems and taking advantage of market opportunities it has being formally defined as "the systematic and objective search for and analysis of information relevant to the identification and solution of marketing problems.
The fourth component of marketing information system, that is, operations research relies on the application of scientific methodology to organizational problems in the search for improved understanding, prediction and control. This system though new, has yielded useful insights and decision models in such areas as New – product development, competitive pricing, advertising budgeting and media selection, sales – call time allocation, and marketing – mix planning.

3.3 Salesmen and Marketing Information Gathering

Of the four sources of marketing information or the components of marketing information system, salesmen are credible and dependable providers of three. They are largely responsible for gathering large amount of valid and reliable marketing intelligence. As organizations' frontline soldiers, contact point between organizations and their buyers, dealers and competitors, organizations "eyes and ears to the marketplace", salesmen are in a vantage position to collect and supply marketing executives with valuable information that keeps them well informed of happenings in the marketplace, and capable of developing appropriate marketing proposals or strategies for tackling immediate problems and drawing up future marketing plans.

The information that emanates from Internal accounting system is largely based on the activities and reports of salesmen. Accounting systems report essentially sales information. The heart of the accounting system "is the order-shipping-billing cycle". Order getting being in the main, a selling function means that salesmen are largely responsible for the gathering of data with which accounting stems work and from which they produce valuable sales information.

Marketing research as a scientific process involves a number of stages including, recognition of the need for research, problem definition, statement of research objectives, research design, data collection, tabulation and analysis of data, interpretation of results, preparation and presentation of a report, and feedback. The data collection stage of a survey research almost always entails a field work. In this, some interviewers will need to make contact with respondents or interviewees, often customers of the organizations with whom salesmen have established relations. Salesmen are arguably practicing interviewers, as their selling job requires that they more or less interview their customers and/or prospects. Even if they are not professional interviewers, a little training can put salesmen in a good footing to collect any information with whatever research instrument in use from the customers/prospects turned research respondents.

Most companies I know use their salesmen in administering questionnaires on their buyers. The use of salesmen in doing this will only be inappropriate if the company is conducting a disguised survey and will not want its identity to be known.

3.4 Types of Information Salesmen Gather

We have noted that salesmen gather a wide array of marketing information that is useful to marketing management. This section of this chapter will discuss the specific areas of marketing in which salesmen make reports that contain facts and opinions which provide marketing management with background information upon which immediate and future planning decisions are made. These areas include the following.

Product Problems Report: Most products experience one form of problem or another in their life cycle. The problem may be unknown to Research and

Development, and production personnel in the organizations. Often however, the problem may not be apparent but known to these personnel in the organizations, but they will be unwilling to report it because of vested interests.

Once a product gets to the market however, its defect cannot be hidden or covered for long. If resell customers do not report such problems, consumers certainly would: salesmen as the representatives of organizations that customers know will always be the first to get such a report.

Salesmen cannot wish away or ignore such negative occurrence. It will not be in their interest to pretend that a product problem does not exist. It will affect their performance remarkably, as buyers will refuse to buy the defective product.

Product problem can be in the following areas:

a. Quality
b. Packaging
c. Performance
d. Expiration
e. Decoloration
f. Weight
g. Frequent breakdown
h. Chemical make-up, etc.

As salesmen receive reports on product problems, they are expected to render verbal and written feedback to management on the basis of which measures will be taken to solve the problem reported. Such reports will include some recommended solutions can cause a product to be substantially modified, changed or withdrawn. A.J. Steward has had to change the formulation of esteem Relaxer and Esteem Deep Conditioning Hair Crème because of reported problems of the product. Premier Breweries Plc. had to modify the quality of its Premier Larger Beer, in the 1980s on the basis of product problems reports made by its sales force and confirmed by a commissioned marketing research. Dunon Furniture Limited has had to withdraw many of its Furniture designs on the strength of reported problems and feared market rejection of the designs. Some companies have nevertheless shown to be impervious of the product problem reports. In spite of widely reported failings of its cars and J5 Bus, Peugeot Automobile Nigeria has not changes, substantially modified or withdrawn its products in the market. The same goes for the company that makes chloramphenicol, an antibiotic with reported serious side effects.

In all, product problem report is important and should be speedily and accurately made to marketing management for corrective action, which will conduce to enhance value of the product and its willing acceptance by buyers. Defective products tarnish the corporate image of organizations and undermine the satisfaction and often the health of consumers.

New Produce Report: New products are developed as replacements for withdrawn or dying ones, to support existing ones, increase an organization's revenue base, or capture new market targets. They are also often developed to counter the activities of competitors. If competitors are introducing new products, then a firm will need to introduce a new product to remain competitive. Hardly can a modern business enterprise survive for long with only a product item. New products have to be developed and commercialized with their attendant risks and costs.

As field (market operators, salesmen are in a position to know when competitors are introducing new products into the market and report accordingly to management especially if the new products will outdo their own. By observing existing products and newly introduced ones and armed with the knowledge of how buyers are reacting to them, salesmen are able to advise management on when to introduce new products and the features they should possess.

Product ideas generated by salesmen have a high chance of getting to commercialization point as they will be backed by their practical experience and knowledge of buyer's specifications and requirements.

Report on Competition: Only monopoly organizations will not have strong need for full knowledge of competition. Competition here is taken in the generic sense to include all other organizations that produce and/or sell products that can substitute for an organization's products.

Given that the price or other demand stimulating or generating decisions of competing organizations will affect the demand level for a given firm's products, the imperative for spying and reporting on competitors becomes apparent. In strategic marketing, marketing executives seek to ascertain objectively the strengths and weakness of competitors with a view to fashioning a marketing strategy (plan) that will take advantage of their weaknesses while accommodating their strengths.

The role expectation of salesmen in this respect is to be in the know of all competitors' immediate and future marketing plans, including their policies, procedures, tactics and strategies and report to management accordingly. Marketing executives need timely and accurate information on the activities of competitors for clear-sighted and decisive response- reaction that will at least protect the position of their organizations and at most enhance their market position.

This important information need can be filled if salesmen keep watch and even spy on competitors and report timely and accurately on them.

Customer Complaints: Marketers have for long realized the importance of repeat purchase. This calls for customer maintenance hinged on the continuous and deliberate effort on the part of marketers to meet customer specifications and requirements as basis for their satisfaction with organization's offering and continued patronage.

Satisfying customers on a continuing basis will require marketers to regularly ascertain their level of satisfaction and complaints. Customers can complain about organization's offering in terms of the product and its associated components, it price and credit terms, it form before, during and after purchase, its after sales service etc.

If customers do not themselves complain openly about an organization's offering, then salesmen have the responsibility to uncover or encourage buyers to express the reservations or outright complaints, real or imagined they may have. If such complaints are not voiced out or left uncovered, and therefore unattended to, it is not likely that buyers will be satisfied with the offering and continue to buy it especially if there are better substitutes they can turn to.

Uncovering customer complaints and reporting same to management for consideration and necessary actions is a sure way of removing some sources of customer dissatisfaction and guaranteeing customer repeat purchase and ultimately brand loyalty.

Customer Analysis: Organizations wishing to satisfy the needs and wants of their customers need to be sufficiently informed about the customers. They need to know who the customers are, where they are, what they want, why they buy, how they can be communicated and reached.

Salesmen who make contact with the customers are well-placed to provide the geographic, demographic, psychographic and behavioristic data that will help management in understanding customers.

Over time, reports on customers made by salesmen will aid management in following shifts in the competition and character of customers being served, and help it in responding swiftly and appropriately to such shifts.

Lost Orders Report: Salesmen also make reports on lost orders. Lost orders will arise when an old or new customer stops buying from a company he used to buy from. It can also arise when a prospect who has been seemingly persuaded to buy from a company suddenly changes his mind and buys from another company.

In any of the above situations the company is a loser. If the rate at which the company loses customers becomes greater than the rate at which it is gaining them, then the company will suffer net loss of customers, number of orders and perhaps volume of sales. A company that suffers any of the above misfortunes will progressively be losing its market share and profitability.

Marketing management in the circumstance is challenged if not to avoid losing its customers and/or orders to minimize that rate of the loss. One way of meeting this challenge is to have information that gives the reasons for the loss or why customers are turning to other companies and/or products. Salesmen can gather this information and should report same to management. Management should however be careful with information provided by salesmen on lost orders. The reason for caution is that incompetence or negligence on the part of salesmen may be responsible for lost orders, and salesmen are not likely to submit adverse reports on themselves.

Other possible reasons for lost orders as salesmen's reports may indicate will include relative performance or quality of products vis-à-vis other competing brands, perceived obsolescence of products, uncompetitive prices of products, poor after sales services etc.
If salesmen's reports identify objectively the reasons for lost orders, then management will be in a position to remedy the situation, and prevent further loss of orders or customers and possibly win back lost customers.

Visit Reports: As field workers, often a long distance removed from the office, salesmen have proved historically to be difficult to monitor or supervise. Yet these people whose performance is crucial to organization's marketing and sales objectives must be effectively supervised to ensure that at all time they are working as they should and meeting set targets.

Because sales managers or sales supervisors who have the responsibility for sales force supervision cannot readily follow them in all sales calls, they have to rely heavily on indirect supervision anchored on sales/visit reports written by salesmen, to supervise them. It is for this that salesmen are called upon to write reports, sometimes in advance, detailing the calls they have to make, the objectives set for each call, date and time of calls, presentation aids to use, reactions of customers/prospects to presentations, agreements reached with customers/prospects, promises made etc. On the basis of information contained in visit reports, the activities of salesmen are known and followed, their efforts measured and results recorded. The astute sales manager or sales supervisor from a thorough analysis of visit reports can detect selling areas where salesmen are not doing very well and offer suggestions that will guide them in enhancing their performance.

Market Prospects Report: Management is not just concerned with present sales. It is also concerned with future sales for planning and control purposes that will ensure long run survival and profitability of organizations.

As is well known in business all organizational decisions are based or derived from expected or projected future sales. Purchasing schedule, production schedule, cash flow projections and even personnel schedule are all important organizational decisions that derive from the market prospects expressed often as sales forecasts. If sales forecasting is fundamental in organizational planning process, then it needs to be done properly.

Doing it properly raises the question of the credibility and dependability of those who participate in it. Salesmen as accredited ears and eyes of companies in market – places are well-suited to tell what quantities of products, customers are likely to buy in a defined time period, and under a given market and marketing condition in their respective market territories.

Salesmen need to be involved in sales forecasting no just because of their familiarity with markets, but because they have the ultimate responsibility of realizing the projected sales figure. It must be noted however, that not being trained forecasters, and the realization that their sales targets may be based on forecast sales, salesmen cannot be wholly trusted to make perfect forecast. Those using salesmen in forecasting sales should be mindful of possible unprofessionalism and deliberate under-estimation on their part and take measure to accommodate and counter such.

The usefulness of using salesmen is getting them to make input into the forecasting process has never been in doubt. The challenge is on giving them basic training in forecasting to make their contribution more meaningful and being alert to discern when they have deliberately underestimated the sales potential of their territories.

4.0 CONCLUSION

The information gathering function of salesmen has been demonstrated to play a strategic role in sales and marketing management. The various information they collect, form the basis for organizations appreciation of the dynamics of their macro environment. This helps them to respond appropriately to threats arising from changing environment and exploit the opportunities that emerge therein.

Sales management is challenged to ensure that salesmen are adept in collection, interpretation and reporting of valid and reliable information that will promote future sales of their organizations. Relevant information to be meaningful to management has to be timely and objectively reported.

5.0 SUMMARY

In this unit, you have been exposed to the following**:**

- Information Gathering Function of Salesmen
- Sources of Marketing Information
- Salesmen and Marketing Information Gathering
- Types of Information Salesmen Gather

6.0 TUTOR-MARKED ASSIGNMENT

1. Discuss the information gathering function of salesmen.
2. List and explain the specific roles of information flow from consumers to producers within the framework of marketing management.
3. Describe the types of Information Salesmen Gather.

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UNIT 5 QUALITIES OF GOOD SALESMEN AND PRINCIPLES OF SALESMANSHIP

CONTENTS

1.0 INTRODUCTION

Successful sales managers are apt to be those, who are at heart, salesmen, willing and able to lead the sales force by precept and example. Such sales managers are always in front, and by action guide, direct the sales force in carrying out the tasks necessary in achieving sales objectives set for them.

Such sales managers, of necessity must thoroughly understand salesmanship and enjoy its practice, and be capable of training others to desired levels of efficiency. It is only a sales manager who has a depth of knowledge of salesmanship and practical experience of same that can appreciate the enormous challenges that salesmen experience out there in the field, and have the inclination and capability to be of useful assistance to then. Salesmen need the assistance of their managers in many ways. They fall back on the wealth of experience of their bosses to find answers to questions and solutions to problems they are exposed to in the ordinary performance of their duties. Such questions and problems if not satisfactorily resolved may impede the successful conclusion of orders. Inability of salesmen to conclude orders successfully is indicative of failure on their part and will cumulatively undermine the achievement of sales objectives set for the sales force, of which the sales manager is a part. Sales Managers being mindful of this, assume the responsibility of assisting their salesmen in solving any problem that may hinder their success in the field.

Though sales managers are expected to assist salesmen in selling, the point needs to be made that the level of success to be achieved by salesmen is to a very large extent dependent on their personal abilities, knowledge of the intricacies of salesmanship, business, company, product, competition and customers/prospects, technical and behavioral skills and their attitudinal disposition to selling as a profession.

Based on the experience garnered over the years in salesmanship, this unit will discuss in the remaining pages, the qualities one needs to possess to become not just a successful salesman but a super salesman.

2.0 OBJECTIVES

At the end of this unit, you will be able to:

- discuss the qualities of a good salesman
- explain the personal characteristics of successful salesmen
- discuss the professional spirit
- list and explain the principles of professional selling

3.0 MAIN CONTENT

3.1 Qualities of a Good Salesman

The sales force of organizations must be successful for the organizations to succeed and achieve their corporate objective. Personal selling being responsible for converting outputs of organizations to cash, the only direct revenue generating function, is indeed the life blood of business organizations. It is not surprising therefore that when this function sneezes, the entire organizations catches cold. The life giving and sustaining role of personal selling underscores the need for business organizations to have sales teams comprising sales representatives, each possessing requisite personal characteristics, positive attitudinal disposition, or professional spirit, selling skill and knowledge required for successful selling.

3.2 Personal Characteristics of Successful Salesmen

Although no empirical research has established conclusively the personal characteristics one must possess to become successful in personal selling, some commonly accepted qualities have been suggested as general ones likely to be found in successful salesmen. The qualities or personal characteristics to be discussed below may not be required in equal doses in salesmen operating in different selling situations and performing different selling tasks but a sufficiently large dose of each must be present in any salesman working in today's changing, complex and demanding marketing environment. The personal characteristics often discussed are, honesty, initiative/creativity, intelligence, energy/good health, enthusiasm, personality, empathy, self-confidence and patience.

Honesty: This highly desirable characteristics has been described as requiring the salesman to 'set and maintain a standard of fair play' in his dealings with his company, customers and even himself throughout the working day.

A salesman need to win the confidence and trust of his customers/prospects, and his company. Only an honest salesman can win and sustain the confidence and trust of his customers/prospects and company.

There is no doubt that human beings appreciate those who deal fairly and truthfully with them. It is therefore in the best long run interest of the salesman to be transparently honest in relating with his customers and company. This will help to build an enduring bridge of understanding, sympathy, support and cooperation guarantee that the customers and company remain positively disposed to the salesman and generally facilitate relations between them.

Initiative/Creativity: There is no amount of call planning that can take care of all unforeseen events that might come up in selling and which if poorly handled can throw a spanner into the works. A salesman therefore needs to be sufficiently creative to meet with challenges as they occur, especially challenges that will require immediate response.
A salesman lacking initiative or creativity will find himself often harassed and unresponsive in emergency situations, more so when he cannot readily fall back on his superiors for assistance.

Initiative and creativity are qualities that will stand the salesman in a good stead to manage his territory with little or no supervision and not be victimized by all unforeseen events that may occur from time to time.

A salesman can be likened to a lone soldier in the battlefield. He is often on his own and must rely on his wits for his survival.

Intelligence: This has been described as the speed and accuracy of comprehension. It is the personal quality that enables the salesman to observe and interpret accurately, opportunities as they come up in the selling presentation. Intelligence will help the salesman in reading the customer/prospect well and knowing he is passing or has passed the different mental stages buyers normally experience. In selling presentation, the salesman has to get the attention of the customer, hold his interest, arouse desire in him for the product and get him to sign the proverbial dotted line. Intelligence is needed in knowing when the customer is sufficiently aroused and ready to buy. Poor judgment on the part of the salesman in reading the customer can be costly.

Energy/Good Health: Salesmen being basically field workers who are always on the beck and call of others, often making calls on foot, working at odd hours and generally subject to working in conditions that are not always convenient, need a good dose of energy to keep all appointments for every working day. Physical fitness and good health are qualities one need to discharge all his responsibilities timely as a salesman.

Enthusiasm: Personal selling is a profession. Whoever chooses this profession should be prepared for all it has to offer. It offers opportunities and challenges; it can be difficult and frustrating at times. The challenges are often as daunting as the opportunities are enticing. Salesmen make lots of money. But they also have odd working hours, hardly settle down in a place and have one of the highest rates of labour turnover in marketing positions.

Enthusiasm suggests ones appreciation of the demands of the selling profession and acceptance of same. This likeness for selling and acceptance of it as a profession is the quality that helps in keeping the salesman going, and accepting selling challenges with equanimity.

Personality: Personal selling being a communication process in which the salesman tries to persuade the customer/prospect to see his point of view or do something the way he wants, the personality of the salesman becomes a critical factor. A person that can easily succeed in persuading another should be a likeable human being trustworthy, dependable and have an apparently friendly disposition. The person must radiate an aura that attracts others and is pleasant to them.

Patience: This is the characteristics that restrains the salesman from pushing or stampeding the customer or prospect, and disciplines him to listen and appreciate the viewpoints of the other person with a view to arriving at an arrangement that will suit the two. A patient salesman will not rush his presentation and miss some important selling points that will appeal to the customer or prospect. He will rather listen attentively to the other person, gain an insight into his thinking and slowly but progressively guide the customer or prospect to taking a decision that will serve the interest of the two parties.

Empathy: It relates to the power of understanding and imaginatively entering into another person's feelings. This characteristic is important as the sales representative needs to understand and read his customers/prospects.

Self Confidence: It usually develops from assurance and experience. A confident salesman is likely to persuade and convince a customer/prospect. A well-trained, experienced and knowledgeable sales representative will tend to have confidence. He must not however be over confident.

a. Selling skills: He must know all the processes involved in the selling function. He needs to acquire technical skills in areas of prospecting, call planning, securing interviews, opening the interview, overcoming objections, product demonstration, closing the sale etc.
b. Good communication ability. You are interacting with people and need to be persuasive. Personal selling is essentially a communication process. A good command of the language of communication is important.

Have adequate knowledge of the product, company, customers/prospects and competition

Knowledge is important because:

1. Customers/prospects expect confidence and assurance from the salesmen.
2. Customers mostly industrial buyers expect facts from the salesmen
3. Personal selling is the end result of the sales and marketing strategy. So knowledge of the company and its products and policies is to the advantage of salesmen.

3.3 Professional Spirit

The personal characteristics, technical skills, communication ability and knowledge requirements so far discussed in this chapter are arguably sufficient to make one successful in creative salesmanship. Some people however will not be contented with just being a good salesman. Most organization and specifically sales managers look beyond the good salesman to the extraordinary one. And, there are extraordinary salesmen or what is called 'winners or stars'.

This rare breed of salesmen will succeed where other salesmen fail. They can handle even the most difficult customers and can sell against seemingly superior competitors. These salesmen possess the right professional spirit, a positive attitudinal disposition to selling. This is the ultimate characteristics, the vital ingredient all super salesmen have in common.

Professional salesmen in this class of super salesmanship realize and accept the reality as suggested that:

1. The customer whether big or small, whether he comes in person, writes or telephones, is the most important person in business. Without him there would be no business.
2. The customer does not depend upon business rather business depends on the customer for survival.
3. The opportunity to serve the customer is a favour to business and salesmen.
4. It is the job of business and specifically the responsibility of salesmen to provide to the customer the goods or services he needs in a way profitable to him and of course the company.
5. The customer is not someone with whom to argue or match our wits. No one can ever win an argument with a customer.

With the above truisms in mind, the professional salesman in dealing with customers/prospects should diligently apply the following recommendations:

1. Create confidence and make the customer feel at ease in doing business with him.
2. Think about the customer's need rather than his own needs to sell.
3. Accept rejection as part of the job and not avoid difficult situations.
4. Seek to gain the customer's respect rather than seeking to be liked.

5. Be patient and persistent as distinct from aggressive and too pushing.

3.4 Principles of Professional Selling

Accepting the truism of the economic essence of the customer to business survival and the demand of managing him in the face of keen competition, we proffer the following principles to serve as a lamp to the feet and a light for the path of salesmen who want to become winners.

By paying attention to the principles, the salesman will gain understanding and add to their learning and ultimately bring prosperity to themselves and their companies.

1. **People buy to benefit:** The motivation for buying is the benefit that will accrue from the exercise. People do not buy products for their sake, but for the benefits which will result from the purchase which must satisfy a real need gap in the individual or organization.

The first issue that emerges from the above point is that salesmen do not offer products to buyers but benefit that the product will give. A good starting point in selling will therefore be a thorough proposition analysis. This will reveal all the benefits the propositions is capable of producing, some apparent, some hidden, some demonstrable, others not. It is noteworthy that a proposition is more than the physical product. It approximates what is called the total product concept, bringing together the core product, the formal product and the augmented product. In his regard, it is believed that company's sales and marketing policies, procedures and strategies can add value to product and hence are potential sources of benefit. Even the salesman can be a source of benefit to customers. The astute salesman who realizes this will not feel defeated when confronted with a competitor with seemingly superior core or even formal product. He will rather be challenged to appraise other sources of benefit in his proposition; this may be a superior service his company or himself can offer to the buyer.

The second issue to be noted is that buyers or consumers have different need gaps which they expect to be filled by the purchase they make. A proposition with many benefits should be seen as been capable of appealing to many buyers. Whosoever has a need that some of the benefits of the proposition can satisfactorily fill is a prospect, a potential buyer of the proposition or bundle of utilities on offer.

A salesman should therefore not be unduly restrained in defining his prospects. Since different people will buy on proposition for largely different reasons, the salesman should remember to stress different benefit giving aspects of the proposition to the. The dictum is, to each according to his need.

The third point to note in the principle that people buy to benefit is in line with the assertion on buyer motivators. It asserts that people buy for fear of loss and for opportunity of gain. In clearly stating the benefits of your proposition, make the customer or prospect see what he stands to gain by accepting your offer and the loss he will suffer if he fails to buy or buys an inferior proposition.

The customer or prospect should be told why he should accept a proposition, how the decision will benefit him, what the proposition can do for him, and the characteristics or features of the proposition that will guarantee the promised benefits. A salesman who delivers all these messages and also persuades the customer or prospect on what he will lose by rejecting the offer and doing nothing or accepting another offer stands a good chance of succeeding.

2. **Belief in your product and Company:** in my years of association with Salesmanship, I have come to the conclusion that that attitude of salesmen to their products and companies is vital to their success. A salesman should not only know his product inside out, he must like the product and believe in the ability of the product to deliver all the benefits claimed. The salesman who likes and believes in his product will talk about it with fondness and conviction. He is very likely to exude confidence and be persuasive in his presentation.

It is easy to know salesmen who do not believe in their products. Their staying power when it comes to defending their products is weak. They give up easily. They can hardly speak with conviction. A salesman who does not have product belief cannot sell against competition.

The same thing goes for company belief. Salesmen ought to be deeply convinced and committed to their companies. They are representatives of their companies and need to belief in what they represent.

3. **Be genuinely committed to customer satisfaction:** The professional salesman should not see his responsibility as simply generating revenue or turning the organization’s output to cash. His responsibility lies more in enabling exchange between his organization and customers to the mutual benefit of both parties. This implies that the exchange should result to customers achieving satisfaction when they consume the object of the exchange and the organization achieving it corporate objective which in business concerns will center on profitable revenue generation.

In this light the salesman has a duty to secure for buyers a better quality of life, by laying the foundation that will guarantee that they extract fair deals in exchange transactions with business. The salesman is challenged in this position to show genuine sensitivity to customer well-being. A genuine commitment to customer well-being calls for an affirmative action whose central crux is to define and identify people who have need for the product of the company, and the product has the capability to meet such need to a reasonable extent, and to proffer ample and objectively processed trustful purchasing information that will facilitate informed purchases by buyers. Professionalism in selling demands nothing less than this.

Demonstration of good faith anchored on full disclosure of all material facts to the exchange situation, even telling bad news (the weaknesses of the proposition and superior features of competing offerings is a hallmark of objectivity, trustworthiness and professionalism in selling. All this, will leave the buyer in an unfettered position and enable him make an informed (wise) purchase decision that can hardly ever regret later.

Exaggerating benefit claims and passing purchasing information that is out rightly deceitful and/or misleading are antithetical to professionalism in selling and cannot produce lasting exchange relations between organizations and their customers.

Genuine commitment to the well-being of buyers which will task organizations, perhaps at the prompting of salesmen, to produce to meet customer specifications and requirements is the only enduring basis for successful and enhanced selling. This calls for an attitude of mind, an orientation people in business and indeed the singular essence of it. Satisfying customers and satisfied customers are the oil that lubricates the wheel of selling and guarantees that the process remains self-propelling and exchange relations remain perpetually regenerative. An attitude of mind inclined to satisfying customers is like doing good, sowing good seeds in a fertile soil. The seeds must bear good fruits, many folds. Having satisfied customers guarantees that one sale will be replace by another.

4. **Shared Destiny:** A professional salesman sees his fate as being intricately linked to those of his organization and customers. This has been described as "both win or both lose". The principle is suggesting that the salesman is convinced and conduct selling presentation in a manner that convinces the customer or prospect that in a successfully concluded call that both himself and the buyer win. The both will win in the sense that the buyer will have his buying need filled, while the salesman achieves the objective of his organization and serves his own interest. In the case of the call not ending well, both the salesman and the customer or prospect will lose. Loss here is in the sense of the buyer missing the benefits the proposition would give and his need remaining unfilled, while the salesman will lose in the sense of not being able to persuade the customer or prospect and realizing the objectives of his organization and serving his own interest.

A salesman who shares this conviction that a successful or unsuccessful sales call is a win or lose situation respectively both for himself and the customer or prospect will be in a better frame of mind to take the buyer through all the mental processes of buying, leading to the acceptance that the proffered proposition has the best potential to satisfy his buying needs. This salesman has a stake in the transaction and will manage the exchange in the light of his enlightened self-interest.

A sales man who wins or loses with the buyer shares a common fate with him and will work diligently to successfully conclude the call without resorting to cutting corners and unduly pressuring the buyer. A person who accepts a proposition and later becomes dissatisfied with the purchase cannot be said to have won. He cannot make a repeat purchase and may indeed prejudice other potential buyers, therefore making the sales man a bigger loser. The winner salesman is then the one that successfully concludes a sale which guarantees the satisfaction of the buyer needs and keeps him happy ever after.

4.0 CONCLUSION

There are bad salesmen, good salesmen, successful salesmen and super salesmen or stars or winners. No sales manager can stand a bad salesman. Most sales managers can tolerate good salesman, appreciate successful salesmen and reverence super salesmen.

What marks super salesmen out is not so much their personal characteristics, knowledge of the products, company competitors and customers, selling skills and ability, but their professional spirit, a positive attitudinal disposition to selling they possess. This is the ultimate characteristics that make them to excel in all situations, against daunting odds. They appreciate the importance of customers in business and make conscious and calculated efforts to see and treat them as king.

They are firmly committed to serving the customers. They know, like and belief in their companies and products seeing that they win or lose with customers, they strive to ensure that the customers always win in exchange relations with business. They do not try to sell just anybody. They painstakingly define and identify their prospects, learning very much about them and through dialogue make available to them simple and efficiently processed trustful purchasing information that will facilitate informed purchases by them. The result is that both the buyer and the salesman win and are happy ever after.

5.0 SUMMARY

This unit has discussed the following:

- Qualities of a Good Salesman
- Personal Characteristics of Successful Salesmen
- Professional Spirit
- Principles of Professional Selling

6.0 TUTOR MARKED ASSIGNMENTS

1. Discuss the qualities of a good salesman
2. Explain the personal characteristics of successful salesmen
3. Discuss the professional spirit
4. List and explain the principles of professional selling.

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MODULE 2

UNIT 1 SALES FORCE ORGANIZATION

CONTENTS

1.0 INTRODUCTION

The basic function of management of any firm or its units are planning organizing, coordinating, motivating, and controlling, among all others. Every firm has an objective and this is identified during the planning process. The setting up of the objectives equally identifies how the goals are to be accomplished through some strategic formulations and arrangements. The results at the end of the whole activities are monitored or appraised to determine whether the results are accomplished as initially determined or deviated from the plans, the reasons established, and some corrective measures mapped out. In between the planning and controlling stages of these management activities by the firm, organizing comes in because different resources (human, finance, materials and machines) that aid in accomplishing the results have to be arranged properly for more synergistic results.

It is important here to distinguish between organizing and organization because to many people they seem the same, but they are different. Organizing, as a process or means to achieve a result, is the grouping to a manager with authority necessary to supervise it, and he provision for coordination horizontally and vertically in the enterprise structure. An organization, as an end product, is an arrangement – a working structure – of activities or functions involving a group of people with the aim of making the people involved work together better than they can individually.

Implicit in this definition is that for an organizational role to exist and become meaningful for people, it should incorporate verifiable objective with a clear concept of the major activities and duties involved and an understood area of activity so that people filling each position should know what to do to accomplish results. Organizational structures are therefore not set in firms for the fun of establishing them but because they make it possible for everyone to identify who is to do what, and when, and who is responsible for what result and how; to remove obstacles to performance caused by confusion and uncertainty of assignment; and to finish a decision making communication network reflecting and supporting enterprising objectives.

A sales force organization is therefore a grouping of individual salesmen striving jointly to reach certain goals and bearing informal and formal relations to one another through their corporation.

The organization is the vehicle by which the members (sales people) hope to achieve their personal and corporate objectives and it produces the framework within which activities of the group are carried on with the human relationship objectively established.

During the early evolution of marketing, the tasks of the business firms were centered on mass production of goods and services, product quality improvement and later hard and fast selling of these products with no emphasis on how to organize the sales unit in the establishments. These managers assumed that any product produced could be forced down on the customers who must accept them without hesitation. These sales force activities were equally not properly organized. In today's small business enterprises, with only few employees, products and geographical areas and customers to meet, the sales force not to be objectively and formally organized but usually report directly to the company's Chief Executive or Managing Director. However, the business and marketing of today is in an area of change as a result of products improvements, increase in products qualities of many firms, with new ones added, development of new products, due to the presence of technology and the widening gaps between the firms and their markets in addition to the increasing complexities of the business environment. As a result of these changes, the business enterprise and operator that wish to succeed must have to objectively and formally arrange (organize) its entire departments or units with particular emphasis on the sales force, to accomplish its desired goals.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- describe the purposes of sales force organization
- explain the procedures for setting up a sales organization
- discuss the basic types of sales force organization
- explain the forms of specialization in the sales force organization
- list and explain the factors that determine a sales force organization.

3.0 MAIN CONTENT

3.1 Purposes of Sales Force Organization

Sales force organization is emphasized in big enterprises where the company's management and its sales manager wish to determine exactly what sales activities are required to achieve the corporate and sales objectives. This is accomplished by grouping the activities into workable units through structuring roles, activities, objectives, authority – responsibility relationship and the flow of information and communication in the sales unit. The absence of proper organization of sales tasks will lead to poor sales results as tasks will be performed haphazardly.

The other purposes of sales force organization in a firm are:

i. To maximize cooperation among the sales force and other unit members.
ii. To eliminate waste and duplication of effort and minimize friction.
iii. To put the productive resources into more useful positions to accomplish the unit and corporate objectives.
iv. To permit the development of specialists.
v. To assure that all necessary actions are performed in the sales unit and entire firm.
vi. To achieve coordination and balance of the workforce
vii. To define authority and monitor the results and
viii. To economize the executive time.

Some of these points are briefly explained below:-

1. The essence of organization is to make it possible that each function of the firm is brought into proper relationship with the other into a workable unit in order to achieve the corporate objectives. To the sales force who joined the firm, the realization that the accomplishment of their individual goals depends on how they achieve the corporate and sales unit goals will persuade them to corporate to meet these diverse but unified objectives rather than working as independent entities. Corporation brings efficiency and synergistic results because two good heads are still better than one (if they co-operate).

2. In sales force organizational structure, roles are defined and persons are assigned their individual duties and positions that fit into the operation of the unit and entire enterprise. Each person knows his duties, boundaries and what to do, how and when, with the knowledge that he will be appraised based on his performance and productivity. This assignment will reduce to the barest minimum waste motion, duplication of sales effort and resources and minimize friction and conflicts unlike where all sales force are allowed to operate with no designed positions and sales force in the unit firm.
3. Sales force organization is concerned more with human resources as the most productive resources of the enterprise resources. A firm with a well-structured sales force organization will know who should do what and when and where, the number of sales force to recruit, train and assign specific sales territories and quotas and who should be compensated for what achievement or dismissed. This is because the assignment of persons to positions forms the yardstick for evaluation of the sales force performance than in a situation where they do their sales jobs in the firm with no specified duty, territory or customers to handle.
4. In sales force organization, roles are defined, positions created and people are assigned to accomplish the roles in the positions they occupy. Sales force organization in any marketing firm is aimed at putting the right person in the right position and the constant performance of a particular sales job makes the salesperson a specialist because the division of labour involved creates room for specialization and increase in efficiency and productivity. The use of specialists increases the number of new sales territories opened, the use of customers visited, the sales volume turned out and revenue made within a specified economic and cost effective time and territory.
5. Unlike in the personnel, accounts, and production departments of any organization where the subordinates are in very close contact and supervision by their superiors to accomplish the various units goals, there is a gap between the sales unit of the organization and its markets and this gap becomes wider the more the organization and its markets grow. The existence of the gaps should not prevent the firm from maintaining cordial relationships with its markets nor give the top management enough time to accomplish their tasks. It is therefore how well the sales force is organized in the firm that will determine how this gap will be bridged, moreover when it is realized that the sales force operate in the field with little or no much close supervision by their superiors.
6. By getting people to work together as a team rather than as an assortment of individuals, an organization can accomplish more collectively than its members could independently – results of marketing synergism. Sales force organization structures define authorities, responsibilities and accountability. It helps in recognizing individual differences in competence, effectiveness and results accomplishment under defined environments. As a result of these differences, each sales person is assigned a job he can accomplish with zeal through corporation rather than searching for ways to justify his own existence. This leads to co-ordination or balance of power as one’s deficiency is covered by

another's efficiency and no one can claim the achievement of any sales results simply due to the reciprocity tendencies resulting from their operations

7. Authorities in sales organizations are defined as ether line, staff or functional type with their merits and demerits. While line authority carries with it general power to require execution of orders by those lover in the organizational hierarchy, staff authority involves only the power to suggest and advise those holding line authority on the method of implementing order. The functional authority enables specialists in particular areas to enforce their directions within a specific and limited field. A firm with an objective sales organization will gain the advantage of the absence of conflict as each manager is aware of his boundary of authority and other limitations with proper defined span of control. Each individual equally knows who to obey at a particular time with the top managers having a specified number of subordinates to control at a time.
8. Among the aims of sales force organization are authority delegation by the management and assignment of responsibilities to the subordinates to make sure that all jobs are performed and coordinated effectively. The results of all these are the divorce of the routine and technical marketing jobs from the manager to the capable and well trained supervisors and other subordinates. This enables the managers to have enough executive time and concentrate on the planning of the sales activities. Economy in the use of executive time does not mean a total handover of the coordination jobs to the lower subordinates or sales force as adequate communication and coordination are still required from the executives to keep the sales job going.

3.2 Procedures for Setting up A Sales Organization

When a marketing firm is newly established and is in need of a sales unit or an existing firm wants to expand its marketing functions to accommodate a sales unit, some procedures are usually followed. It is illogical to allow the sales unit to emerge unplanned and unaided. In most cases, at least, five major steps are involved in setting up a sales organization in any business enterprise.

Step 1: Definition of Objectives

As the figure shows, the first step in sales force organization setting is the definition of objectives the firm wishes to achieve through the sales force. Any objective set should run in conformity with the marketing and corporate objectives of the enterprise and each should be a precondition or step for the success of the order.

Among the many objectives of the sales and marketing unit of an organization are survival in the competitive business environment and market, achievement of industry leadership, development of good reputation and creation of good marketing niche for the firm. Others are diversification of product line, provision of excellent services to the customers, increase in sales quotas, volume and revenue, quicker return on investment and corporate growth, and profits. These various objectives should ne quantitatively defined for easier accomplishment and measurability. The time period to achieve these objectives has to be stated to determine when a particular goal is met or not.

Step 2: Determination and Delineation of Necessary Activities

Following the definition of its objectives is the determination of the necessary activities the firm should use and follow to accomplish these stated sales objectives. These form what is called the sales strategies of the sales unit. Among these activities may include retraining the sales force, hiring more sales force, promoting the existing ones, creating new sales activities or functions, territories or establishing sales quotas and new product lines.
The accomplishment of these activities will be followed by such questions and answers on who should do what, where and when, what is the relationship of each sales executive to the other and members of the sales force and other units and the responsibilities of the personnel to fill these positions.

Step 3: Conversion of Activities into Jobs or Positions

The activities defined in step 2 are meaningless until they are properly converted into jobs or positions. This means logical allocation of different positions to different people in such a way that tasks that are related are assigned to the same position. For instance, product merchandising and pricing may belong to the same position, sales promotion and advertising to one position while sales territorial handling and transportation to another position.

In any form they com, each task should be positioned in such a way that it is challenging, interesting and involving every member of the sales unit. The nature of the firm's product, financial and human resources availabilities, the distance between the firm and its market, the size of the firm, size of the market and top management policy and interest on sales activities should be considered.

Step 4: Assignment of Personnel to Positions

There is still this unfinished motion since years on whether jobs should be created in the sales department and a search for the capable personnel to fill them begins or people with enough sales potentials and skills hired first and positions created later for them in the sales organization. The decision on each tactics depends on the firm in question and the avoidance of further conflicts is usually resolved out of compromise of the two. However, in most cases, the sales managers create sales jobs and positions first and look for and assign personnel to fill the vacancies. This approach seems more logical and useful because the recruited staff is now aware of why they are hired as their duties are spelt out in the positions they occupy.

Step 5: Provision for Coordination and Control

No marketing job is so perfectly done, that it does not require further review, amendments and improvements with time. As a result of this view, the sales objectives and other sales activities involved in the organizational process have to be reviewed as situations change. This requires the firm making logical provisions for coordination and control of its sales activities to determine whether what is set initially as its sales objectives have been accomplished as planned or not and the necessary measures for amendments and or improvements made for growth. This step is necessary because in most cases some external constraints unforeseen by the organization when the objectives were set might now weigh down the goals that meeting them becomes difficult, this therefore calls for periodic review with necessary measures for coordination and control of the sales activities.

3.3 Basic Types of Sales Force Organization

There is no stereotyped way of structuring a sales force organization in a firm. The type of structure a firm may establish is determined by the firm's customers; marketing channels chosen or to be chosen, the firm's size and financial strength and product lines dealt on. Other factors are the presence, strength and practice of competitors in the market and industry, the skills and abilities of the firm's top management and sales force, firm's policy and objective at a particular time. As a result of these factors, a firm can adopt any or a combination of the following sales force organization structures to achieve its sales, marketing and corporate objectives.

1. The line sales organization
2. The line and staff sales organization
3. The functional organization and or
4. The committee type of sales organization

When a firm expands to a medium and large size, some specializations in its (sales) organization structure can be adopted among these new structures.

1. Geographical territory
2. Product line and or
3. Type of customer or market arrangement

All these types of sales force organization are explained here

3.3.1 The Line Sales Organization

When a firm is small in size with little sales force, limited market to cover, and few products or product line that one or few sales force and management can handle effectively, the line type of sales organization seems the probable best organizational structure.

The oldest and simplest type of organizational structure, in line organization, authorities flow directly from the top sales manager to the sales force or people. The authority responsibility relationship is in such a way that all executive exercise direct authority to their respective subordinates who are only responsible to those next to them in the chain of command upwards. In most cases, authority is centralized and planning is not separate from execution particularly where and when the chief executive is acting as the production, sales finance and administration manager of the firm with no specialist to assist or advise him in these professional areas.

However, when an organization starts growing, the owner-president may decide to hire an assistant or supervisor to assist him but his daily jobs are still thoroughly monitored and supervised by the chief executive that he seems not to have an authority of his own. The assistant, while commanding the subordinates under him, strictly obeys the instructions of his immediate superior manager/president (his master). The sales territories to cover, quotas to produce and sell, prices to sell the products and when, how and what mode to adopt in selling any particular product is still the “master’s” command.
There are some advantages and disadvantages that accrue to a firm that adopts this form of sales force organization.

Advantages of line sales force structure

Like any form of line structure, the line form of sales organization has the following merits.

1. It is simple to organize because with the presence of the sales manager and few of his assistants and subordinates, an established sales organization is formed
2. It is relatively cheap to operate because only few executives and subordinates are involved in making the firm functional.
3. It ensures quick decision making and speedy action in putting policies into operation with a minimum of red tape or bureaucracy.
4. It shows a clear cut division of authority and responsibility among the organizational members and this makes performance or nonperformance of duties readily traceable to the source of action.
5. The simplicity nature of the organization makes discipline ad control easy as the subordinates are very close to the top executives who oversee their actions and behavior and each subordinate reports only to one member directly higher than him.
6. It is a highly centralized authority and each person is aware of what to do at a particular time which assumes a minimum of buck-passing or shifting or avoiding responsibilities by individuals.
7. The definition of one’s authority and responsibility gives the top executive’s time to concentrate on the firm’s policy changes, making new plans to actions with little or no delays. This does not automatically divorce the top management from daily overseeing the affairs to the unit or firm.

8. The relationship between the executives and their subordinates is usually cordial under this arrangement because each person knows the other's position in the firm and how to combat conflicts that do arise in the enterprise.

Disadvantages

The line structure of sales organization best fits the small firm because when the enterprise grows big, the above advantages seem to disappear to be replaced by some disadvantages and constraints. Among the demerits of the line structure of sales force organization is:

1. Lack of managerial specialization which results to inefficiency because each manager or supervisor is responsible for a variety of duties which he is not an expert. Even where he can conduct all these sales and other managerial activities perfectly fine, time is a constraint that will likely lead him to inactivity.
2. It is difficult to find replacement of executives in the line form of sales organization. The death, resignation, retirement or absence of an executive creates a vacuum which takes a long period to be filled. This is because so much authority has been vested on this executive that the over-dependence on him by all others creates business paralysis when he is absent.
3. The growth of the organization in terms of subordinate levels, supervisors and other sales force and the maintenance of the line structure create additional problem to the firm because communication between the different officers is usually delayed. This communication gap creates misunderstanding, conflict, and misconception among the organizational members.
4. The expansion of the firm may force the manager to rely so much on the subordinates and supervisors who may not have enough skill and knowledge to operate the affairs of the enterprise because they are already overloaded with matters outside their originally scheduled duties. Their absence also disrupts the organizational activities.

With all these limitations, it is reasonable to state that the line sales force organization is inappropriate in large enterprises that require specialization and greater efficiency to be successful. However, the line organization is now going out of fashion for many business enterprises because many top executives try as much as possible to add some staff members in their organizational structures.

3.3.2 The Line and Staff Sales Force Organization

The complexity and growth of a firm and its sales unit call for the assistance of special advisors to the Chief executive and other top managers of marketing and sales for greater efficiency. This is because growth in terms of functions, specialization, geography and corporate affairs makes it difficult for one top executive to oversee the unit or corporate affairs effectively. The introduction of specialists in their different field becomes inevitable as a firm grows from small to medium and then large.

Unlike the line officers who have relatively unlimited authority over those to whom directions are given, the staff persons have authority restricted to their functional areas. In the line and staff type of sales force organization, the chief executive or sales manager is supported in his marketing/sales activities by a group of specialists or experts in the different marketing fields such as sales training, sales promotion, product distribution, advertising, researches and sales analysis.

In this structure, authority flows from the chief marketing executive to the sales manager and then to the different sales force through their respective and immediate supervisors or other members of the line structure in the hierarchy.

The duty of the staff member is to advise the sales manager and other top executives and not to execute any of the sales tasks. A chain of command is disobeyed when the chief executive issues orders to the sales force directly without going through their respective supervisors or staff managers. All sales planning and policy formulations are now concentrated in the hands of the chief executive and sales manager while the daily routine sales tasks fall under the responsibility of the staff members who only advise the executives on their respective sales activities.

The line and staff form of sales organization is a structure of most sales organizations of today and is mostly and best applied when some conditions exist. Some of these conditions as when:

1. The sales force is large in number.
2. The market is regional or national in outlook.
3. The line of product is varied.
4. The number of customers is large and diversified, and
5. The company wants to put increased emphasis on sales planning in relation to sales operations.

There are some inherent merits and demerits a firm that adopts this structure possesses.

Advantages

1. The chief merit of the line and staff structure is that of specialization of sales personnel, division of labour and increased productivity and efficiency. This is because of the divorce of sales planning from its execution.
2. The division of labour equally allows the chief executive to concentrate more on the planning and policy making of the sales functions and other administrative duties leaving the operating functions to the staff who can now perform them better.

Disadvantages

1. There is high cost in operating the line and staff sales force organization because of the additional specialists or staff members that have to be hired to manage the different units and special sales tasks.
2. Work of these specialists has to be coordinated and such coordination is costly. There is equally a tendency of conflict and power tussle and rivalry arising among the staff members themselves in their sales duties. For instance, the sales promotion manager may have different views on sales promotions with the advertising and distribution managers if their respective functions are not properly and clearly defined.
3. Much gap between problem recognition and control is created in most cases in such firms with the line and staff organization structure. This is because of the conflicts resulting from who should do what at particular time among the line and staff officers.

A proper diagnosis of the demerits of the line and staff sales structure shows that the source of problem arising from such an arrangement manifests from the confusion on who should do what, why, when and how or take instructions from who, accountable to who and such other questions.

These conflicts can be corrected through proper job analysis and initial definition of the positions and functions of each person’s job before he joins the organization. Generally, constant conferences should be held among the enterprise member to keep them abreast on what is expected from each member at a particular time. This will help to reduce the conflict and confusion in the units.

3.3.3 Functional Type of Sales Organization

Some business enterprises may decide to organize their sales unit based on the different functions performed by the sales force and managers and supervisors, still having the chief executive of sales on top of the organization ladder. The work of the marketing or sales unit, under the functional structure, is divided according to the activities of the department and he people assigned to the respective units or jobs report to a marketing/ sales manager who in turn reports to the company’s general sales manager. Functional organization divides managerial activities so that each head, from the assistant superintendent down, has as few functions as possible to perform and is able to become a specialist in these. The workers take orders from more than one superior but only in regard to the particular function over which each had control.

In the functional sales department, the different marketing and sales tasks are assigned to different specialists who act as staff and advise the Sales Manager in charge of planning, and administration and policy matters. For instance, the sales personnel manager is in charge of Sales personnel Management (Starting from recruiting, training, motivating to retirement), Sales promotions Manager in charge of the product promotions, while Sale Training Manager tasks care of who should be trained, when, how and where.

A unique feature of this type of sales organization is that the different sales persons receive instructions from the different managers on their different functions/tasks simultaneously. This is likely to breed conflict in the system. Equally, these different sales officers even though they are specialists in their different areas, are more line in nature than pure staff members of the firm.

Advantages of the functional type of sales organization.

Among the merits to the firm adopting this structural arrangement are:

1. The specialization and division of labour among these special managers in their respective areas and functions. This brings higher productivity and efficiency in the system.
2. Men of required supervisory talents are readily found and easily trained for particular duties in the enterprise.
3. Specialized and skilled supervisory attention is given the workmen.

Disadvantages

Among the demerits of the structure are:

1. Discipline, control, and coordination of functions are difficult to attain and maintain in the firm because of the difficulty of the sales force obeying the different superior managers at the same time.
2. The spheres of authority tend to overlap and give rise to friction and conflict among the middle managers (functionaries or staff) and the line. This is because while the duty of the functional executives is to formulate plans, they do not have the authority to order the line members to carry out these plans or determine whether they are carried out or not.
3. The arrangement in such enterprise makes it difficult to determine and locate who is in charge of what at a particular time, which is responsible for what and accountable to who. This therefore results in poor performance due to buck-passing that lowers the employee morale.

These problems of adopting the functional style of sales force organization discourage many modern firms from applying it but if properly managed, the firm gains a lot from adopting the system.

3.3.4 The Committee Type of Sales Force Organization

Though not a special department or long standing unit in any enterprise, many firms adopt the use of committees to do special duties as they arise from time to time. This happens most when the task requires special talents and skills from different specialists and units and when it is found that one manager or unit alone cannot execute the job effectively. Committee is used as a method of organizing the executive group for planning and policy formulation while leaving actual operations, including implementation of plans and policies, to individual executives.

A firm may appoint such a committee as sales training committee that consists of the General Sales Managers in related duty to iron out an issue that arises in that field and the outcome of the committee's decision is handed over the Sales Training Manager to implement. These committees may be ad-hoc or standing in nature but many firms prefer the temporary type that is easily dissolved after the specific job with time frame is executed.

Committees are used because of the advantages, the enterprise gains using them. Among these merits are

1. Group deliberation and judgment of many heads which is better than very few standing managers with limited knowledge on crucial issues.
2. Fear of concentrating too much authority in a single person in the pure line or functional type of organization.
3. Representation of interest groups in the organization who will now be committed to the successful execution of the decision reached by the committee.
4. It is a good instrument for coordinating the various activities and policies of the different departments and personnel in the enterprise. They are useful for coordinating, planning and the execution of programmes in the firm.
5. It is a source of transferring and sharing ideas from the various organizational members. Issues of conflict are more easily resolved during committee deliberations than unnecessary and unhealthy power tussles and competition on the enterprise members.
6. The use of committees gives much flexibility to firms because what could not be achieved by a single person or done inefficiently at high costs is easily executed by the combined and special brains of the constituents of the committees. In most cases the committee members are picked from different units and areas of specialization which divorce them from the typical politics of a particular department or unit and yet task is done successfully.
7. Committee permit wide participation in decision making as persons who take part is planning a programme or making a decision usually feel more enthusiastic about accepting it.

This increases more if the subordinates are grouped in the committees comprising many senior officers to discuss the sales problems of these particular subordinates.

Demerits:

Among the demerits of using committees to solve the sales problems of an enterprise are:

1. The high costs involved in time and money, particularly when these committee members are senior officers of the firm whose jobs are very important, risky, demanding and challenging daily. The distances travelled by members to attend meetings are time and money consuming. The postponement of sales meetings, deliberations ending in chaos and such similar failures are costly to the enterprise.
2. It is possible, in most cases in committee meetings for the foolish majority" to force down their opinions on the few "wise minority" members of the committee even where and when the former's ideas are antagonistic, unrealistic and illogical to the issue at stake.
3. It is possible for committees to keep on adjourning their deliberations without actually executing the jobs assigned to them due to indecision on major issue or inability to form the required quorum for particular issues. This costly too.
4. There is the tendency of committees leading the firm, its members and the committee members to self – destruction. This occurs when the committee members see themselves as a group of unequal's (they ought not to be) but turn the avenue to a battle field of superiors and inferiors or warring camps that the final result reached becomes worse than the initial situation because of the few powerful minorities forcing down their decision on the many powerless members.
5. There is the possibility of not holding any person responsible for the decision and action of the committees particularly when the policy turns out to be faulty later. This is because the ease is usually referred to as "committee decision" that the chairman is even exonerated from such faulty policies.

In spite of these demerits, some firms still prefer the use of committees to solve particular urgent and not long lasting problems in the firm but avoiding their pitfalls.

3.4 Forms of Specialization in the Sales Force Organization

The structuring of a sales organization of a firm under the line, line and staff, functional and or the committee type is usually done in small firms with limited geographical areas to cover and product lines. The expansion of the firm to take care of wider geographical territories, product lines and mixes, customers and markets call for restructuring of the organization to accommodate some specializations in the sales unit.

Among these fields of specialization are:

1. Organization by territory or geography.
2. Organization by products, product lines and mixes.
3. Organization by customers or markets and
4. Combined form of sales organization.

These typologies are explained below.

1. Organization by territory or geography.

Firms can organize their sales jobs based on geographical territories within the country or regions when on international dimensions. Each sales manager is assigned a special region, territory or zone, to take care of the sales activities with other subordinates to assist him in executing the tasks. Example of firms with such type of specialization structure includes Cocacola, Nigerian Breweries, Shell Petroleum Development Company of Nigeria Limited and many Pharmaceutical firms in Nigeria. Under this arrangement, the marketing manager may be at the headquarters (Lagos in most cases) with different regional sales managers on the East, West, North and South and other commercial cities of the various regions in the country. The group is completed with other sales supervisors, assistants and sales force to make up the sales team for each region.

The territorial sales force organization is mostly used by firms dealing on related product lines like PZ and Lever Brothers that assign one particular manager to take career of a region or territory. This is because the sales manager in each territory assumes a complete authority in that geographical area which is now designated as either a profit or cost area by the top executive.

The conditions that favour the adoption of the geographical form of sales force organization are when the characteristics of the customers in that region or territory are similar that the firm can tailor its marketing variables with little or no difficulty on these customers. Others are, when capable managers are found within the organization to handle these different and respective territories, the firm has enough financial resources to spend in spreading its selling activities too wide, and there is a possibility of profits present in the region to off-set the cost involved. The general market and economic environment of such a territory will equally favour the operation of the firm’s sales business in the particular region.

Among the merits of such a sales force Organizational structures are:

1. The possibility of reaching many customers in their different regions will increase the firm’s sales turnover, revenue and profit than relying on only one particular market place.
2. It is a way of cutting the firm’s sales tasks to more manageable proportions as different regional managers are assigned the responsibility of handling each region.
3. It helps in meeting the local needs of the different customers in their regions and territories because the line of communication between them and the headquarters is shortened and bridged by the intermediate regional sales managers with the authority to act for and on behalf of the headquarters. This increases profits as the customer services are improved.

4. The relationship between the regional sales manager and their various local communities improves the social responsibility of the firm to the local people. To these local communities, the firm is ours and they have to identify with it unlike dealing with the faceless large organizations and their products whose personnel are not in constant touch with the local customers.
5. Other benefits include the improvement of the market coverage, reduction in selling expense ratio, increasing sales people's interest and morale, coordinating personal selling and advertising efforts more effectively and improving the sales force performance evaluation.

Demerits

Among the disadvantages of such a structure are:

1. It is expensive to maintain as different offices are opened and their officers paid, manufacturing plants established where they become necessary and duplication of what is existing in other regions. However, in some cases, the benefits of such division outweigh the costs involved.
2. There is a tendency of conflict resulting among the different regional managers when their different customers and/or sales force cut across their sales territories to those of others, this occurs most if the territories are not properly defined and the customers not well educated on what to do.
3. The autonomy granted the different regional managers, if not controlled or handled with care, may result into conflicts between the top management at the headquarters and those regional managers. Some of the conflicts may arise from planning of the sales activities, advertising and sales promotion, recruitment of staff, pricing of the products, distributional arrangement and expenses incurred or to be incurred or how profits should be remitted to the headquarters. Communication gaps between these two parties may equally result into conflict if not properly checked or controlled.

2. Organization by Product (Product Lines and Mixes)

When a firm's product line or mix becomes too wide for one sales manager to handle alone, economically, it is more advisable for the firm to divide the selling of the products to different sales supervisors, each specializing on the type of product he deals on.

When sales are organized by product, a selling unit must be arranged for each item, or class of items, which the firm produces. Under this arrangement, a particular sales manager may be in charge of say refrigerators, other electrical appliances, and the third, household wares if the firm is dealing on these three products simultaneously. This is the practice of such companies in Nigeria like Lever Brothers, PZ, Nestle, Food Specialists and Guinness Nigeria Plcs.

The product managers of the different products are in the same level with other sales managers such as sales promotions, Analysis and Research. When however the organization is so large and concentrated that these functions have to be integrated to the already product management of the Product Sales Managers, the firm may not hesitate to do so. This is the genesis of the conflicts that result, particularly, if such managers reduce drastically the functions of the other sectoral managers.

This form of structure is equally costly but when the benefits outweigh the costs involved, it is a good form of structuring the sales force organization for a firm. This is because each product manager can concentrate on the product he deals on, sees to its success in the market and region concerned and applies every available strategy to improve the marketing and corporate objective and goals of the enterprise.

Conflicts, if there is no initial definition of the sales tasks of the different sales offices, do result. These occur most when some managers, in an attempt to improve the salability of their products, step on the feet of others, who now fight back to protect their integrity, authority and territory. It is through careful deliberations that this conflict may be avoided or resolved.

3. Organization by Customers or Markets

A firm may equally organize in sales structure according to its different customers, markets and market-channels. This occurs most when the products are similar but used differently by different organizations, markets or the channel members. A firm dealing on such products as palm oil, cocoa or other raw materials should know such products are demanded and used by such varied customers as direct consumers, industrial users within the country, in addition to other channel members who buy them for export. It therefore becomes necessary that such recognition is made by the firm in order to treat the different customer groups differently and according to their buying and consumption habits, general marketing behaviors (in terms of product acceptance, price behavior, customer services required and point of purchase perception) and financial resources available.

A firm is especially likely to organize its sales force on a customer group patter when:

1. Each customer group has individualized needs and selling to these groups requires the specialized knowledge of the industry concerned e.g. Selling computer to financial houses, missile manufacturers, textile producers and the ordinary household users.
2. There is a reasonable geographical concentration within each customer group, and
3. Management wants to separate its channels of distribution as much as possible in order to minimize friction among them; thereby using different sales force for each major channel.

It results to specialization by the sales force as each of them knows his customers well, their needs, problems and how to handle them properly. Both the firm and the customers therefore benefit simultaneously from this arrangement.

However, some limitations ensue in using such a style. It is costly as overlapping of territorial coverage result by the different sales force attempting to reach their different customers in the respective regions and territories.

In most cases, it is worthwhile to adopt this pattern as the benefits seem to outweigh the costs involved.

4. Combined form of sales force organization

It is very difficult to see companies that organize their sales force structure solely on products, territories or markets. What many firms do is the adoption of a combined form of organization whereby the three styles are used, particularly when the firm becomes large. What is important to note is that a particular style may be much emphasized at a particular time by a particular top management which changes when it serves no longer profitable purposes.

When a firm sees that organizing its sales force on the basis of geography will benefit it more than concentrating on product or markets, it does so in order to reap the benefits present. This does not mean that it has to abandon emphasizing products or customers; the main issue is that it shifts emphasis to the former. The same goes to other styles of the necessary conditions favoring them prevail.

3.5 Factors That Determine a Sales Force Organization

Firms do not arrange their sales force organizations for the sake and fun of it but do so in order to gain some benefits.

Among the determining factors most firms consider before structuring and or reversing their sales force organizations are:

1. The volume of sales needed at a time.
2. The competitive nature of the market and industry.
3. The current trade practices in the firm/industry.
4. The type of customer for whom the goods and services are intended.
5. The nature of the product.
6. The market location.
7. The objective of the marketing and sales units and the entire enterprise.
8. Top sales executives’ policies on sales organization.
9. The resources available to the firm, and
10. The macro-environmental forces in the economy.

These factors are explained below:

1. **The volume of sales needed at a time:** The essence of sales activities in a firm is to sell the products produced by the firm at profits. At the same time, every firm wishes to increase its sales volume and revenue as much as possible from the type of sales force structure it adopts. In small enterprises with small volume of products to sell, it is possible to sell all the products by a few sales men without any proper and well-structured sales organization. But when the organization expands, markets are separated from the firm my long distances, products become many, complex and different that specialists' assistance are required to make successful sales, it becomes advisable to adopt any type of sales force organization that will assist in increasing sales per period and territory.
2. **The competitive nature of the market and industry:** usually, there exist at least three market structures; monopoly, oligopoly and perfect or pure competition and each with its degree of competition. When competition is too keen in such industries as in oligopoly, it is necessary for the firm to structure its sales force organization in such a way that the products are competitively and reasonably available in every region, market and to every customer that requires it. In cases of monopoly, where the firm does not face competition, it can afford to sell directly to the different regions and customers without much emphasis on product line organization or departmentalizing the functions because the customers will still be at a path to meet the monopoly firm in its selling place.
3. **The current trade practices in the firm:** Different firms adopt different selling practices and changes are usually difficult to make when a particular trade style is enshrined in the company's selling policy. For instance, a firm that adopts or practices the intensive selling strategy whereby the products are almost everywhere in the market irrespective of the channel chose, will find it difficult to change to wither selective or exclusive selling strategy. The practice chosen may be a function of the corporate objective of the firm, top management policy on selling, available human and financial resources and the nature of the product that a change is usually met with resistance by the enterprise members.
4. **Types of purchases and consumers for the products:** the types of purchases and consumers the firm wishes to reach profitably through sales activities determine "the how" the firm's sales force structure will be. This is because the method used by a firm in reaching its commercial customers will differ from the style it will use in meeting the institutional, government, industrial or final consumers of the products.
5. **The location of the market:** the proximity of the market to the firm and how it is concentrated in a particular geographical area or spread across the country or region is a determining factor as well. When the firm is very close to the market, it can afford to sell directly to it with few salesmen but when spread and far from it, the firm can use the services of different regional sales managers in the various territories, the costs involved not-withstanding.

6. **The objective of the marketing and sales units and the entire enterprise:** different organizations have different marketing and corporate goals which could be achieved from the activities of the sales unit of the firm. Among these marketing and corporate objectives: are increase in market share market leadership, quicker return on investment, profit maximization and continuous growth. As a result of these goals, the sales force organizations have to be structured in such ways that sales increases result, leading to profits and other objectives of the firms.
7. **Top Sales executive policies on Sales force Organization:** some Chief Executives of some firms prefer harmonizing their business activities starting from planning, coordination and organization to control, while others prefer haphazard arrangements and taking things as they are or come by. To the former, proper management of sales organization is enrooted to meeting the corporate goals while to the latter, the end justifies the means. The differences in the policies of top management on sales organizations are therefore prerequisites on whether or not and the type of structure to have.
8. **The nature of the product:** products are usually divided into convenience, shopping and specialty goods in addition to consumer and industrial products. Each of these product classes has different qualities, services, technicalities and complexities, and requires the services of others before they are finally consumed. Many industrial products such as raw materials, supplies, equipment, tools and the likes are sold with the assistance of the sales force for installation and after sales services because of their complexities and technicalities. This makes it necessary that the firms dealing on these products have to accompany them with skillful and technical sales people to assist the customers. Many consumer products do not require this technical and special assistance and could therefore be sold intensively without close and special assistance of the sales force. How convenient, special or shopping in nature a product therefore determines its sales force structure by a firm.
9. **Number of customers of a firm's product:** when the customers of a firm's product are numerous and un-concentrated, the firm in order to reach them profitably, has to employ the services of many sales people. This calls for sales organization structure based on geography and market oriented as against situations where they are few an concentrated in a special locality, that few salesmen can reach at ease.
10. **The resources available to the firm:** the success or failure of any business enterprise, everything being equal, depends so much on its available human and financial resources and capabilities. This is because the human resources make things happen in the firm while the financial resources serve s boosters and facilitates to accomplish the goals. Whether a firm adopts the product, territorial or market oriented form of sales organization is a function of its human and financial resources. This is one of the reasons why small enterprises with little resources adopt the direct sales within a specified locality while big ones can spread wider.
11. **The macro-environmental forces in the economy:** in addition to the presence of competition in the economy, which is an uncontrollable force that

determines the nature of sales force structure of a firm, the other external forces to the firm are the culture of the people, their social attitude, economic forces such as the rate of interest, inflation and consumer interest groups existing in the economy, and demography, among others. Knowledge of these forces will aid the firm to know what to do at a particular time and how to do it.

4.0 CONCLUSION

The importance of sales force organization has been emphasized in this unit. It identifies activities and functions to be performed in achieving the objectives of the organization and assigns responsibilities for their realization.

5.0 SUMMARY

This unit has discussed the following within the context of sales force organization: Purposes of Sales Force Organization:

- Procedures for Setting up A Sales Organization
- Basic Types of Sales Force Organization
- Forms of Specialization in the Sales Force Organization
- Factors That Determine a Sales Force Organization.

6.0 TUTOR-MARKED ASSIGNMENT

1. With a diagrammatical representation, describe the procedure for setting up a sales organization by any known firm in Enugu.
2. At least four basic types of sales force organization are available to any business enterprise. Name and describe these four types, explaining briefly their merits and demerits to the firms adopting them.
3. Explain at least eight determinants of a sales force organization of a manufacturing enterprise in Lagos.

7.0 REFERENCES/FURTHER READINGS

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UNIT 2 RECRUITING AND SELECTING SALES PERSONNEL

CONTENTS

1.0 INTRODUCTION

The selection of sales force is one of the most important decisions to be taken in any organization. This is because of the fact that the decision will subsequently have a far reaching effect on other decisions made in the organization.

In a typical large organization, the task of selection is handled by the personnel or human resource department, with assistance from the marketing/sales department when new salesmen are to be selected. Sometimes, most especially when the organization is new, the task may be contracted out to outside consultants. In small organizations, the function of sales force selection may be left solely in the hand of the sales/marketing manager, who may solicit help from experienced salesmen in the organizations employ. At times, the chief executive of the organization may do the selection of the sales force by himself, if he has a bias for marketing/sales. Irrespective of who handles sales force selection, adequate care must be taken to ensure that it is done systematically. Otherwise, bad blood might be injected into the organization

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- describe the sales force selection procedure; and
- list and discuss the personal qualities of a good salesman.

3.0 MAIN CONTENT

3.1 Sales Force Selection Procedure

The procedure for selecting the sales force can be divided into nine major phases or steps.

These are:

Sales Force Inventory/Forecast-this is done in order to determine the number and categories of salesmen in the company's employ and what is needed and when.
Job analysis/description/prescription-these are aimed at enabling the selection team of the organization to know the qualifications and traits the salesmen to be employed must have.
Determination of the source of recruitment-it can be internal, external or both.
Job advertisement-through this, the company can attract a large number of prospects to apply for jobs within it. From these, it hopes to get the right number and caliber of salesmen it requires.
Processing of job applications-here, the most qualified of the applicants are shortlisted for further consideration.
Testing of applicants-this is done to verify the claims and ability of the applicants and to further reduce their number to a manageable proportion.
Job interview-this will establish the qualified list from which the required number can be
selected.
Selection- this step involves choosing from the interviewed job prospects the ones that best meet the company's requirements.
Induction-this is the formal introduction of the new recruits to their jobs and some of the major personalities they will be working with or coming across in the company.
2.2 The Personal Qualities of a Good Salesman Selling is a profession. To be successful in it, one needs specific knowledge, skills and attitude which are not possessed to the same level by everyone. Because of this, not all who are engaged in selling or present themselves for sales jobs can succeed. Selection and training executives in marketing need to know the specific personal qualities which can highly favour success in the job of selling so that they can be used in job selection and training.

Prominent among these qualities are the following:

1. Empathy
2. A high level of energy
3. Abounding self confidence
4. A chronic hunger for money, status and the good things of life
5. A well-established habit of industry
6. Perseverance
7. A natural tendency to be competitive
8. A high degree of ambition and motivation
9. A high sense of initiative
10. Good dressing
11. Preference for commission instead to salary
12. Individualistic
13. A high level of interest in people
14. Love for social events

15. A high degree of enthusiasm, flexibility and integrity
16. A high sense of loyalty and self-control
17. Good communication skill
18. A high degree of creativity, originality
19. Good health and physical appearance
20. A high level of curiosity
21. High mental abilities
22. A natural tendency to be friendly
23. A high degree of persuasiveness
24. A natural tendency to be courteous
25. A high tendency to listen to others**.**

4.0 CONCLUSION

The selection of salesmen is one of the most challenging and rewarding tasks a sales manager will perform. Much of his success in achieving the sales goals of the company depends on it. Successful selection of salesmen will seriously take his time and department's funds. But the resources expended on salesmen selection will undoubtedly yield great dividends if the exercise is conducted systematically and seriously. No price is too high to pay in order to assemble an excellent sales force.

5.0 SUMMARY

In this unit, you have been exposed to the issues important in recruiting and selecting sales personnel. Specifically, the unit covered the following topics:

Sales Force Selection Procedure
The Personal Qualities of a Good Salesman

6.0 TUTOR-MARKED ASSIGNMENT

1. List and discuss the major personal qualities that should be considered in the selection of salesmen.
2. List and discuss the major phases in selecting the sales force.

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UNIT 3 PLANNING AND CONDUCTING SALES TRAINING PROGRAMMES

CONTENTS

1.0 INTRODUCTION

Many decision makers, especially those that do not have a deep insight into marketing, only pay lip service to sales training programmes. In times of dwindling revenue, when the pruning of the budget is the order of the day, they fight to ensure that expenditure on sales training is an early casualty. This arises from their lack of sound knowledge of the great importance of capacity building/training, most especially with respect to the sales force. It is common knowledge that the sales force of an organization has a great impact on the organization's success. It is to be noted that the effectiveness of the sales force largely depends on the quantity and quality of training it has received. Since sales are vital for the generation of revenue, sales training becomes an all important issue for the present and future effectiveness and survival of any organization. This unit will address the gains that can accrue to an organization through sales training.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- discuss the different attitudes to training;
- explain the approaches to training;
- discuss the approaches to training;
- describe the sales training cycle;
- explain the weaknesses of sales force; and
- describe the **c**ontent of sales training programmes.

3.0 MAIN CONTENT

3.1 Attitudes to Training

Different organizations give different emphasis to training. The orientation of organizations to training gives rise to two extremities both of which are erroneous. These are undertraining and overtraining. Between these two extremities are variant attitudes to training.

The undertraining attitude entails hiring a new career salesman and sending him to the field almost immediately without giving him any form of formal training, including orientation/induction. All he is given are basic information on the product, a pack of samples, order books and instructions as to which territory to operate in. this attitude considers training to be a luxury.

Overtraining bores down the salesman with too many training activities, to the detriment of his job. He is regularly programmed to participate in seminars, workshops, sales meetings, and correspondence courses among others. He is even loaded with cassette tapes to listen to on the way to make sales calls. All these are done in the fear that the salesman will miss some point of contact or understanding if he is not continuously instructed. There is training overkill if the salesman begins to miss many sales opportunities or feels that training is hindering him from doing the job he has been hired to do.

3.2 Approaches to Training

The over-riding task in all forms of sales training is to convert the sales person from being a mere order taker to an efficient order getter. While an order taker is a passive sales person processing routine orders and reorders, an order getter generates customer leads, provides detailed information, persuades customers and closes sales.

There are two basic approaches to training salesmen to be order getters. These are the sales oriented approach and the customer-oriented approach.in the sales-oriented approach, the sales person is trained to be an accomplished user of high pressure selling tactics. Some of the high pressure selling tactics the sales person is expected to be proficient in include the exaggeration of product benefits, playing on the ignorance of customers, criticizing competitors' products, giving some concessions in order to get the order, and offering of bribes/inducements/gratifications to purchasing managers in order to influence them, among others.

The customer-oriented approach to training aims at inculcating into salesmen the ideas and ability that will enable them to help in solving customers problems. This approach holds the assumptions that customers buy products because they have needs or problems they want to use the products to solve and that the salesman should therefore focus on how they can identify customers' needs, generate demands in customers and offer the right products to satisfy customers' needs better than other salesmen.

3.3 The Sales Training Cycle

The major issue to be considered in determining the level of training to be given to the sales force is not quantity, but quality. Quality, with respect to training is an expression of the impact the training material or programme makes on the sales force. Training quality itself is determined by the type of training goal previously set, and the manner with which it is pursued. One means of ensuring that training is goal-oriented and successfully conducted is by following the schematic steps of the training cycle given below:

1. Sales Force Audit
2. Identification of Training Needs
3. Planning the Training Programme
4. Organizing the Training Programme
5. Training
6. Application.

Underlying the sales training cycle is the principle that training is a continuous process which never ends at any time in the lives of an organization and sales force. Training is construed as an on-going process in which six distinct phases of activities are performed. These comprise an audit of the sales force, leading to the identification of its training needs, planning the training programme, organizing the training programme, actual training to meet the identified needs, and the application of gained knowledge, skills and attitude at the work place. After some time has been allowed for the application of the gained knowledge, skills and attitude, the sales force is again re-assessed or audited and the cycle continues.

3.4 Weaknesses of Sales Force

Prominent among the weaknesses of sales force are:

- Inability to obtain sufficient top level interviews
- Having too short interviews, an indication of faulty sales presentations
- Inadequate knowledge about the company and products being sold
- Making too many sales calls
- Talking too much
- Manifesting irritating mannerisms
- Displaying poor physical appearance
- Attacking competitors directly
- Lack of self-confidence and enthusiasm
- Making exaggerated claims
- Failure to provide sufficient information to enable the buyer to take a decision
- Neglecting customers for too long
- Failure to keep appointments
- Lack of knowledge of a customer’s business

- Lack of knowledge of competitors' products
- Failure to answer objections effectively
- Inability to prove that benefits of products outweigh higher prices of getting them
- Weakness in closing orders.

3.5 Content of Sales Training Programmes

The content of most sales training programmes covers the following areas:

- Product knowledge and application
- Company history and organization
- Competitors' products and applications
- Customers' business and their trends
- Company's sales policies and procedures
- Selling techniques
- Interpersonal and communication skills
- Planning and time management techniques
- Field procedure and responsibilities

4.0 CONCLUSION

Training is expected affect the sales forces knowledge, skills and attitudes. Ultimately, training is expected to make salesmen better performers. Changes in the performance level of salesmen can be observed and measured. The result of one sales training evaluation is necessary for planning the next training programme.

5.0 SUMMARY

In this unit the following topics addressing important issues in planning and conducting sales training programmes were treated:

Attitudes to Training
Approaches to Training
Approaches to Training
The Sales Training Cycle
Weaknesses of Sales Force
Content of Sales Training Programmes

6.0 TUTOR-MARKED ASSIGNMENT

- Discuss the different attitudes to training;
- Explain the approaches to training
- Discuss the approaches to training
- Describe the sales training cycle

- Explain the weaknesses of sales force
- Describe the **c**ontent of sales training programmes

7.0 REFERENCES/FURTHER READINGS

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UNIT 4 SALES TECHNIQUES

CONTENTS

1.0 INTRODUCTION

The different tasks involved in the selling function of salesmen, are generally discussed as the selling process. Different writers have discussed different selling processes. Seven steps make up the procedural process of personal selling, viz preparation, prospecting, pre approach, presentation, objection handling and post-sale, other authors see the major steps as prospecting, pre approach, approach, demonstration, handling objections, closing and follow up.

For the sake of elaborateness, this unit will bring the different views on the selling process together. This will give us a ten-step selling process. These are preparation, prospecting, pre-approach approach, presentation, trial closing; uncover objections, objection handling, closing and follow-up.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- discuss selling process;
- list and explain the methods of locating prospects; and
- list and describe approaches to selling.

3.0 MAIN CONTENT

3.1 Selling Process

Preparation: This is the starting point in the selling process. It requires getting the salesman ready for the task of identifying and locating his prospects and knowing what to do to get them to become buyers. A salesman hoping to persuade a prospect to become a buyer, must take him through the mental processes discussed earlier. Doing this successful will demand that the salesman be sufficiently knowledgeable about his company, his company's product (as would be pointed out later, the salesman should be knowledgeable about his company's proposition, which is broader than the product and represents actually what he sells), the products or propositions of competing firms, the prospects he expects to call on, and the general marketing conditions. The salesman must also have adequate selling and communication skills that will enable him to deliver his sales talk successfully.

It is the responsibility of the sales manager to ensure that his salesmen are prepared to handle all situations that may arise in the course of a call. They should also be provided with all facilities and presentation aids that will facilitate their tasks. An adequately prepared salesman is one sufficiently knowledgeable and skilled in salesmanship and provided with needed facilities and presentation aids. This is a basic requirement for successful selling.

Prospecting: Prospecting is a selling activity that identifies and locates potentials buyers of a product. It precedes all the other activities, but one, of selling. The basic step in prospecting is to define the prospects and move further to locate them.

A general definition of prospects is given by the person or organization that:

1. Has need for the product
2. Will derive benefit from purchasing the product
3. Has the ability and authority to buy the product

Note that prospects are of five general types. There are:

A. End – User or final purchaser of the product.
B. Reseller (wholesaler or retailer).
C. Industrial prospects
D. Institutional prospects
E. Government prospects

A proper identification of prospects as to the five general types is important as their buying motives may be different. The salesman will therefore need to stress different product benefits even when selling the same product to the different prospect classes.

The nature of a product is of utmost importance in defining the prospects for the product. Also important is the use to which the product will be put. Given that your product is Maylux paints, let us attempt a definition of your prospects. Generally, we can define your prospect as any person or organization that has need for pant will satisfy the need buy buying Maylux brand of paints (i.e. the characteristics of Maylux paint have the potential to offer benefits that will satisfy the paint need) and possesses the authority and money to buy Maylux paint.

The above definition, though embracive, is not specific enough as to tell us who the prospects are. For a more specific definition of prospects for Maylux Paint, we will look into the type of paint produced by the company and the uses to which the paint can be put. We can say that Maylux Company produces the type of paint used for decorating and/or protecting surfaces, especially houses, cars, ships and furniture. We will assume that Maylux paint is of the highest quality paint and must necessarily sell at a high price (it will therefore appeal to persons/organizations who are quality conscious and are willing to spend a little extra in procuring the product); and the prospects are limited to house owners as end-users, middlemen who sell house paints, house painters as industrial prospects and purchasing officers in government establishment, and private and public institutions.

House owners as end-user prospects will be required to meet the following requirements.

1. Have need for high quality paint for the decoration and protection of the surface of their houses.
2. The characteristics (features) of Maylux paint have potentials for meeting their genuine needs. Maylux paint must offer benefits to house owners who purchase it.
3. Have the authority and money to negotiate and buy high quality house paint.

The house-owner prospect will include both the owner of an unpainted house and the owner of a painted house who may wish to repaint the house. House-owners qualify as prospects because some of them personally decide and buy the type of paint used in painting their houses. Note that in some cases, it is not the house owner but the contractor building the house that decides and buys the paint to be used in painting the house. The prospect in this case will be the contractor. Your prospects will also include middlemen stocking high quality house paint.

3.2 Methods of Locating Prospects

Having properly defined who your prospects are, the next assignment is to actually locate them.

There are many ways of doing this.

1. **Endless Chain/Referral leads:** In both methods, you depend on your customers (especially satisfied customers) to generate name of other prospects. In endless chain, when a salesman finishes with a customer, he requests him to give him the names and addresses of his associates and friends who qualify as prospects. In referral leads you should obtain his authority to use his name while introducing yourself to the prospects. It is important that you obtain his consent before using his name. The new prospect may in fact phone him to be sure that he sent you.
2. **Cold call canvasing:** here, it is assumed that the salesman does not have a ‘lead’. A lead is a compilation of names of prospects. Without a lead to guide the salesman, he is left with the option of going about meeting people and

making traits. This method is wasteful as the salesman will waste valuable time making calls on people who do not qualify as prospects.

3. **Miscellaneous:** Salesmen can get leads from going through the company records and noting the names and addresses of old customers. Salesmen can also get leas from social contacts, other salesmen, and even salesmen in competing firms and other business associates.

The benefits of painstaking prospecting are many. Prospecting helps in narrowing the number of people to contact. The narrowing of potential customers reduces calling time and increases the chances of successful sales calls.

Pre-approach: Pre-approach is the stage at which the salesman makes adequate plans for his calls. Each sales call is unique and should be planned for. Thinking through a call in advance helps prepare the salesman for situations that may arise in the course of the call and enable him prepare adequate responses in such situations. Unfortunately however, many salesmen especially those who have been long in the field presume that they have mastered their territories and the art of salesmanship; do not see the need of planning for a call in advance. They believe that their long experience has sufficiently equipped them with the facility to respond to situations as they occur. These salesmen are definitely been overconfident and overly optimistic. There is no justification for a salesman to take his prospects, even old customers for granted. As social psychologists have warned, people are ever changing in attitude, personality, opinion, belief, interests and general behavioral pattern. Even individuals' moods change over time and situations. The worst a salesman can do will be to take his prospects and customers for granted, believing that he can anticipate and predict them accurately based on his past experience and intuition.

Another impediment to effective call planning is the reality of the difficulty, if not impossibility of a salesman predicting situations that may arise in sales calls. Most salesmen often retort "how do I know what trick the customer will be up to? – How can I predict an event that is not wholly under my control? The most I can do is respond to such situations as best as I can?. This is a fatalistic attitude that is not very helpful. Granted that salesmen are not in a position to predict exactly what will happen in a future sales call, they can, and indeed should appraise different scenarios (even if only mentally) likely to occur and prepare adequately for appropriate response to them. In every human interaction, there is need for one to have plans, counter plans and contingency plans. Contingency plans help people to deal appropriately with impromptu but planned for events.

In football matches, military warfare and sales calls, planning for unexpected but likely events is important. The technical adviser of a football club will normally instruct his team's captain on what to do in case of the other team trying one tactic or the other. The field commander of an army would also have imagined all possible tactics the enemy army can employ and planned for adequate counter action. a teacher going to deliver and discuss a topic in a training workshop will not simply do a write-up and deliver it. He will normally raise all possible questions the participants might ask and prepare model answers to the.

Planning for a call is a necessary foundation for successful selling. It will help the salesman to cope with and be in firm control of sales situations. This very important aspect of selling process, involves three interrelated activities. These are:

1. Establishing the call objective
2. Gathering essential information
3. Selecting appropriate tactics

Call Objective: the fact of resources being scarce imposes a responsibility on man to be mindful of how he utilizes them. It is the scarcity that perhaps underscores the goal – directed action of man and the imperative for effective and efficient utilization of whatever form of resources in the achievement of pre-determined objectives.

This inherited challenge of man applies in the selling function of salesmen. Organizations pay their salesmen for gainfully expending their selling efforts. Expending selling efforts gainfully requires that salesmen establish challenging but nonetheless realistic objective for each and every sales call. With an eye on this objective, the salesman directs his effort at achieving it. Having an objective for a sales call makes it possible for the actions of the salesman to be purposeful and directional, and provides a basis for the assessment of his performance.

While the objectives of selling function may be to convert a prospect into a customer, keep an existing customer or increase the quantity or regularity of an existing customer's orders, these need not be the objective of every sales call. It is unlikely that one call will be sufficient to convert a prospect for heavy equipment, supply of medical equipment, computer or even life policy into a customer. Some sales will require two or more calls to kill. In such situations, ultimate conversion of the prospect into a customer will be seen as the long term objective. This long-term objective can be broken into two or more segments, with the first call laying a foundation for its achievement, and subsequent calls building on the previous ones and moving progressively to the ultimate.

We can illustrate this with a salesman from Techsource Computer Company, aiming to persuade the purchasing officer of Enugu State University of Science and Technology (the Registrar) to buy a computer for E.S.U.T. Management Centre. A proposal has been made by the committee overseeing the Management Center to the University Vice Chancellor for the purchase and installation of this particular type of computer. This proposal has been accepted and the Registrar authorized to procure it. This salesman may decide that five calls will be needed to get the Registrar to place an order for the computer. The objective for the five calls can be stated as follows:

1. Getting the registrar to accept that his company's computer meets the need specifications of the management center.

2. Getting the Registrar to accept the idea that his company's computer will be beneficial to the management center.
3. Getting the Registrar to accept the idea that the benefits of using his company's computer outweigh the cost of acquiring it.
4. Getting the registrar to accept the idea that the proffered computer is better than competing ones, benefits wise and cost wise.
5. Getting the registrar to place an order for the computer.

It is not every sales situation that will require the salesman to call again and again on the prospect or customer. In some cases like the selling of mostly convenience goods, one call may be sufficient for the salesman to kill an order. In such cases, it will be unreasonable for the salesman to call repeatedly on a prospect or customer before nailing the order.

Gathering Essential Information: This activity often comes before establishing the call objective. In this activity, the salesman has the task of gathering all relevant information that will help him in knowing his prospects very well, defining their needs and establishing an appropriate long-term objective that will guide his dealings with them and objectives for every call he makes.

The type and extent of information collection will depend on the sales situation and a number of other factors. Generally, however, the range of information to be collected may be classified under two general headings – personal and business. The items of information considered useful for effective call planning are:

1. **Personal:** Name (it will not be sufficient to know just the name of the prospect. The spelling and pronunciation of the name are very important). Other items of information are: address, age, title, education, social affiliations, marital status, personal aspirations, business or professional affiliations, personal peculiarities, responsibilities, position in working place, off – the – job interests, lines of communication, basis for evaluation by superiors' length of time with company, best time to see.
2. **Business:** under business, the items of information include; Name, Address, Telephone number, Annual Volume – naira/units, ownership, management philosophy, organizational structure, key decision makers, reputation, competition, current problems, future plans, credit rating, number of employees, products/services sold, markets, key customers, purchasing policies and philosophy – budget policy – frequency of purchase – seasonal factors – key suppliers – attitude toward price and quality, Raw materials used, components made/bought, manufacturing processes, Administrative procedures, machines and equipment used, schedule of maintenance, volume potential for salesmen for given period in naira/units, previous experience with salesman's company and salesman's competition.

These items of information highlighted above are elaborate. In real situations, salesmen need not and/or cannot collect all. The range of information to be collected will depend on the need of the salesmen and the sales situation, and the resources at the disposal of the salesmen.

The adequate range of information will be that range that helps the salesman to know and understand his prospects, define their needs and set a challenging objective for the sales call.

Sales Appropriate Tactics: The appropriate tactics for a call are the mix of attention getting techniques, interest holding techniques, selling approach adopted and sales aids used by the salesman in achieving the objective established for the call. Under tactics therefore, the salesman decides on methods of getting attention and holding interest, the selling approach to be used, and the choice of sales aids to be used during presentation.

There are many approaches to attention getting. These will include the following:

1. **News:** Tell him something you know he will be interested in. the subject of discussion may be sports, politics, religion, war and so on. News approach is a good way of getting attention especially is you center it on an issue that is close to the prospect's heart. If your prospect is a born-again Christian, you will make an impact on him if you tell him how the power of God moved in a crusade organized by your fellowship recently. You should be careful not to discuss religion with a Scripture Union Christian if you are a Jehovah witness. A prospect who is a football enthusiast will be happy to share the joy of the Golden eaglets exploit at the last world cup.
2. **Compliments:** Praise makes some people feel good. You can then draw the attention of such people by admiring their clothes, hair style, physical beauty and even the magnificence of their interior decoration. You can tell them how good their cars are, their good reputation and popularity in the society and the good image of their organizations.
3. **Premium:** Most organizations make available samples of their products which the salesman can give freely to prospects and customers. If a prospect accepts a sample or any gift presented to him, he is most likely to pay attention to what the salesman has to say.
4. **Dramatic:** In this approach, you try to let the prospects see truth immediately in our product. If you are selling unbreakable glasses, you can drop it on a hard surface to show him that it does not break easily. If you are selling a Vacuum Cleaner, you can drop dirt on his rug and clean it immediately with the machine.
5. **I am here to help you:** You will draw the attention of the prospect if you let him know that a problem he is currently encountering is known to you, and that the best solution to it is with you. Your mission therefore is to help him solve his problem. His response is most likely to be questioning; how did you come to know about the problem? And how can you help me?

6. **Shock:** if you are selling life insurance policy, you can ask a prospect a question that will jolt him: - If you die suddenly, what will happen to your dependents? In asking this question, you are raising important issues that may shake the man out of his lethargy.

You are telling him that he can die suddenly – which is a fact. He is also being reminded that his dependents will be left to face uncertain future in the event of his untimely death.

There are many factors, the combination of some or all which will help the salesman in holding the interest of his prospects. Some of these factors will include:

1. **Intensity:** Personal selling is more or less a communication process. Effective communication will require that the salesman uses a language that the prospect is proficient in, and that he, the salesman, understands very well. The salesman should also study the intonation of the prospect and adopt his speech speed to that.
2. **Contrast:** using some kind of illustrative designs will help the salesman in holding the interest of the prospect, while striving to persuade him to see your point of view.
   Comparative statements highlighting profit and loses, benefits and costs, savings and cost, superior characteristics and inferior characteristics will help to prove points being argued and make the prospect see truth in what he is being told.
3. **Involvement:** From time to time, the salesman should deliberately pause to give the prospect opportunity to participate in the discussion. Involving the prospect in the discussion is a sure way of getting him interested and drawing him out. The more proficient salesman will in doing this, be able to know where the interest of the prospect lies and pay greater attention to that.
4. **Novelty:** This implies doing something new or extra ordinary. If a prospect is exposed to something he is not familiar with, his interest will be captured as curiosity will compel him to listen and understand it. Use of visualization aids and demonstration of the product will help to make the prospect see the truth in the benefits and characteristics of the product being presented and arrest his interest.

3.3 Selling Approaches

There are two general selling approaches. These are the product (characteristics) selling approach and the benefit selling approach. Theoretically, the product approach emphasizes almost entirely the characteristics or features of the product. A Mercedes Benz salesman adopting the product approach can start his presentation with the following statements:

The Mercedes Benz L1924 Truck is available in cab version with a fifth wheel coupling standard. It has a 6 – cylinder water – cooled direct injection diesel engine with ZF 6 – speed claw – type gear box. While the front suspension has leaf springs with shock absorbers, the rear suspension has leaf springs with auxiliary springs.

The benefit oriented salesman is likely to start his presentation with the following claims:

Mercedes Benz L/LK/LS 1924 offers a maximum degree of safety; safety for the driver, the vehicle, and its cargo. The driver will sit comfortably and anatomically right. The driver is also assured of an excellent clear view that will make driving easy. We promise comfort and safety in the driver's cab. The service life of the vehicle is long and its maintenance inexpensive.

While the first salesman highlighted only the characteristics of the vehicle which the average person will be hard to put to understand, the second salesman made claims that are largely unsubstantiated. In the latter, the prospect will appreciate the benefits he stands to gain if he buys, but has not been told how and why the benefit will come about.

The most suitable selling approach will be the one that tells the prospect the benefits he will enjoy if he buys the product and the characteristics or features of the product that will give rise to the benefits. This approach will combine the basic features of product and benefit selling approach. In this recommended approach, the salesman will tell the prospect the benefit he will derive if he buys and support the claim by discussing the characteristics in the product that will give rise to the benefit.

The salesman is challenged by this approach to do thorough benefit/characteristics analysis of the product with a view to knowing all benefits the product has and the product characteristics supporting the benefits. Product is here used in its broadest sense. In marketing, there is the total product concept. The total product concept, is the entire set of benefits the product provides to the consumer. The elements include quality, credit, warranty, reputation of manufacturer, physical object, after sales service, packaging, information and delivery. From this analysis, we note that benefits can come from the physical or core product, the policies and procedures of the selling company and the salesman. While some benefits are apparent, others may be hidden. The salesman needs to assist the prospect in discovering the hidden benefits, the salesman, obviously, may need the assistance of technical people in discovering all the benefits of the product and accompanying characteristics.

Sales Aids: Anything that can assist the salesman in getting the prospects or customers to are the truth or experience the benefit of the sales talk immediately can be referred to as sales aid. Sales aid will include brochures, catalogues, letters (testimonials), demonstration and visualization aids like slides and films.

The salesman, considering the two factors of availability and familiarity of the prospects with the sales aids will have to decide on the one or combination of some or all to use for a given sales call.

Approach: this step in the selling process is part of the call planning and also part of the presentation. The planning aspect of it extends to deciding on what to wear (which will depend on the time of the day, the season or general weather condition and the place of the interview) and booking appointment. The presentation aspect of it hinges on the contact that is made and the effort needed to create a conducive atmosphere for fruitful interaction with the prospect.

Often, a sale can be over before it is over, depending on the professionalism displayed by the salesman during the approach. First impression definitely matter a lot. The approach is therefore a critical step in the selling process. Before rushing into the presentation, the salesman should do well to establish a good rapport with the prospect. This does not mean getting the prospect to like or admire you. It is better to aim to get the prospect to accept you and feel that you are not around to waste his precious time. The salesman should not forget to introduce himself. This requires mentioning your name and the company you represent. Your identity card should be represented. In these days of all kinds of business fraud, people cannot be too careful about whom they deal with. Introduction should be followed with non-business discussion if you can find a topic of common interest, otherwise, slip on to the presentation.

Presentation: this is the crux of selling process. It is at this stage that the salesman takes the prospect through all the mental processes leading to the acceptance of the message he has and realization of the call objective.

Generally, the salesman has to convert the prospect into a customer by stressing the benefits of the product that will appeal to the prospect and the supporting characteristics of the product. He also has to convince the prospect that the proffered product meets his buying needs more that competing ones, that the benefits of buying needs more than competing ones, that the benefits of buying the product outweigh the cost, and that the loss he will suffer if he buys competing products or fails to buy all is enormous. In achieving this goal, the salesman needs and should use testimonials for proof, visualization aids and demonstration to convince the prospect.

Presentation normally comprises three important statements. These, are opening statement, comparison statement and closing statement.

The salesman is supposed to start his presentation with some form of opening statement. The opening statement simply tells the prospect what the product can do for him (that is the benefits) and the characteristics of the product that will make the benefit claims possible. It is just a combination of benefit(s) and characteristic(s) of the product.

During presentation, the salesman is often required to make a comparison of his product with others, perhaps in reaction to a question from the prospect. The salesman should answer the question in a way to make the prospect see his product in a better light as against the competing one and convince him that his product meets the prospect's buying needs better than the other. A good comparison statement that will achieve this should be built around the formula B.C.I.L where B is the benefit of the product that will appeal to the prospect, C, is the characteristics of the product giving rise to the claimed benefit, I is the inferior characteristic of the competing product and L is the loss that the prospect will or may experience if he buys the competing product with the inferior characteristic.

Having explained all the benefits the prospect will derive after he has obtained the product and the characteristics in the product supporting the claim he should attempt to close the sale. A strong closing statement will be helpful here. The closing statement should be an extension of the comparison statement. The formula is BCILCB. You will notice that there are two Bs' and Cs' in the formula for closing statement. Products offer more than one benefit and have more than one characteristic. You are therefore at liberty to select any two benefits and characteristics and use them in the closing statement. Care should however be taken in making the choice. Look out for the strongest of the benefit in the product that appeals to the prospect and end the statement with it, of course linking the supporting characteristics to it. Starting a closing statement with a benefit and ending it with the same benefit or another one is intended to emphasize benefits in the presentation bearing in mind the fact that people and organizations buy products for the benefits they will derive.

Trial Closing: The closing statement with its strong emphasis on benefits amounts to the salesman's ending of the presentation and a call on the prospect to respond or place an order. The closing statement does not necessarily mean that the salesman has said all he knows or should say about the product. Many salesmen, having started the presentation, are reluctant to end it because of the fear of rejection. This fear, though understandable, is inexcusable. Ending of a presentation is inescapable. Most confident salesmen who have mastered this fear of rejection often attempt to end the interview being convinced that they have marshaled sufficient argument to persuade the prospect after the closing statement. The less daring salesman will not want to take the plunge at this point but will merely conclude the presentation with a strong emphasis on the loss of not buying, and the benefits of buying and give the prospect opportunity to ask questions and be thoroughly persuaded before asking him to place an order. Trial closing is like serving a notice on the prospect. This gives him an opportunity to either decide immediately or seek more information or clarification before doing so. If the prospect has not made up his mind and requires additional information and/or clarification, then the call will slip to uncovering and handling of objections.

Uncovering Objection: Some prospects do not need prompting to raise objections. A highly knowledgeable salesman will not have much difficulty dealing with such prospects. For some prospects however, the salesman will need to draw them out before they can come up with questions or clarifications on the product being offered. The drawing out will best be achieved by putting a committal question of suggestion to the prospect such as; Do you agree with me that this product offers the best possible solution to your buying needs or do you require more information before you make up your mind? A prospect that agrees with the first part or the question is conceivably ready to buy, while the prospect who needs more information will ask questions for confirmation and/or clarification on some points.

The question may be on issues or claims, raised or made by the salesman during his presentation, or issues considered important by the prospect but not adequately addressed by the salesman. Raising objections does not mean that the prospect is hostile, difficult or uninterested, in the contrary; it shows that he is willing to buy, but wants to avoid making wrong purchase decisions.

Handling Objections: the salesman should welcome objection from prospects and see it as an opportunity to provide more information that will help the prospect to make up his mind. In handling objections, the salesman should try to reinforce his earlier claims. He should be careful not to contradict himself. The salesman should also appreciate that the prospect is central to his continued employment, and not somebody he should try to outwit. Arguing with prospects is a sure way of losing possible sales. No salesman has ever won an argument with the prospect or customer.
An objection raising prospect is one seeking for information. Provide this information as objectively and persuasively as you can. The truth of your message should be demonstrated incontrovertibly. In asking questions, prospects often compel salesmen to compare their products with competing ones. In responding to such questions, the temptation to dodge or lie out rightly should be resisted. They should be frankly admitted. The principle in comparison statement should however be adopted and used to advantage. This requires admitting the good points in competing products while placing the superior characteristics of your product alongside the inferior characteristics of the competing ones. The prospect is thereafter left to judge the two.
Discipline and professionalism anchored on honesty are the crucial factors guiding the salesman to earnestly seek, identify and satisfy genuine prospect or customer needs. Nothing short of this is expected from a modern creative salesman.

Closing: Having exhausted the objections raised by the prospect thoroughly, the stage is set for the closing.

A salesman should not beat about the bush when the opportunity to close the sale offers itself. Dilly – dallying at this point can cost the salesman a seemingly nailed down sale.

In closing the sale, the salesman may wish to capture in a nutshell the key selling point in his product, making sure that the prospect understands clearly the terms of sale. This will be followed by a request for the prospect to sign the order form after the quantity, size or colour of the product desired has been ascertained. If the prospect is still hesitating at this stage, the salesman should throw in a threat or a deal or both. A subtle threat to the effect that prices will increase in the near future or that stock will run out can push the prospect over the threshold of indecision. In a deal, the prospect can be promised quantity discount, lower price, cash discount, free deliver, free installation and other product augmenting variables if he buys now.

If after all these efforts, the prospects still is undecided, the salesman should wither book another employment with him or consider the call unsuccessfully closed.

Follow – up: A prospect who agrees to buy a product proffered by the salesman has been converted into a customer. This however should not be the end of the affair. The selling function of salesman extends to converting prospects into customers and ensuring that the customer becomes a regular buyer and possibly a brand loyalist.

The salesman is challenged in achieving this to take a series of measures aimed preventing cognitive (post purchase) dissonance many buyers often experience, and reassuring the customer about the wisdom of his purchase decision. Preventing cognitive dissonance is largely achieved by providing additional information to reinforce the purchase decision originally made. There is also need to provide new information that will facilitate the customer’s use or application, and service or maintenance of product. Proper use and maintenance of the product will ultimately ensure that he derives and continues to derive satisfaction of his needs from it. It is only a satisfied customer who can make a repeat purchase, become brand loyal, tell others about the goodness of the product and help the salesman in locating prospects even introducing him to them.

4.0 CONCLUSION

A good salesman appreciates the importance of keeping customers satisfied and shows genuine interest in ensuring their continued satisfaction. You can achieve this to eternal advantage of your company and person by keeping in touch with old and new customers and showing interest in their affairs.

It is said that marketing starts and ends with the customer. In personal selling, we venture to say that a good salesman is one who defines and locates a prospect, converts him into a customer through follow – up activities, ensuring that the product satisfies his buying needs, and through the satisfied customers, generates the list of other prospects to be converted. In this way, the wheel of personal selling is oiled and continually rolling.

5.0 SUMMARY

The major topics covered by this unit include:

- Selling Process
- Methods of Locating Prospects
- Selling Approaches

6.0 TUTOR-MARKED ASSIGNMENT

- Discuss Selling Process.
- List and explain the Methods of Locating Prospects.

- List and describe approaches to selling.

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UNIT 5 MOTIVATING SALES PERSONNEL

CONTENTS

1.0 INTRODUCTION

To get the salesmen to stay in the organization, work for it effectively and contribute their efforts to achieve the organization's goal is a function of how they are motivated. It is the duty of the sales manager to ascertain what motivates his salesmen.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- discuss the types of sales force motivation;
- explain sales force compensation;
- describe the objectives of sales force compensation;
- discuss the requirements of a good sales compensation plan; and
- explain the Basic Types of Compensation Plans.

3.0 MAIN CONTENT

3.1 Types of Sales Force Motivation

i. Some of the factors that motivate employees of organizations include; by cultural norms and values.
ii. One's inherited biological capacities – mental and physical
iii. A backlog of personal experience and learning influences, and
iv. Mobility in the physical and social environment.

To motivate the sales force therefore, the sales manager can choose any or a combination of the following variables.

1. Sound compensation plan.

2. Sound selection, training, field supervision, establishment of equitable quotas and sales territories.
3. Sales conventions and meetings.
4. Contests and
5. Honour awards.

The other variables recognized are:

6. Non-financial incentives.
7. Work – climate structure.
8. Goal setting and
9. Suggestion system

When a salesman is newly recruited into an organization, his first desire is to achieve the essential things he lacks. These are often, what Maslow in his theory of human motivation called the physiological, safety and social needs, made up of food, shelter and sex; security; and love by associates respectively. What can easily motivate new salesmen will include among others, higher pay, provision of company's car and accommodation as they will tend to reduce their personal problems and uplift them to a higher status in the society.

As the individual salesman stays longer in the organization, contributing his best to achieve the enterprise objectives, the work environment becomes more complex and challenging, he will find that financial incentives are no longer strong and motivating forces that will make him work hard and efficiently in the organization. A good leader should recognize when this salesman starts changing behavior and attitude because of poor motivation and should try to encourage him to be more productive by changing his motivational incentives. This calls for the adoption of any or a combination of the following incentives:

- **i. Sound Compensation Plan:** the type of reward offered to the sales – force for the work well done will encourage them either to work more for the firm or less. Salesmen are ordinarily rewarded using any of the available compensation plans. These are straight salary, straight commission and salary plus commission.
- **ii. Sales – force selection, training and supervision programs:** the procedure used by a firm to select its sales force is the first step that will determine how efficient and productive sales force will be. It is motivating and morally boosting when a sales man discovers that he is selected among all other applicants on his personal merit, qualification and what the organization finds that he can contribute to its goals. The merit of having a good sales man in an organization is the better work quality, improved market coverage, superior customer relations, and a lower ratio of selling expenses to sales he contributes to such an organization.

In addition to the above advantages, good selection policy makes it possible to put the right person into the right job which increases job satisfaction and reduces cost of personnel turnover. Training costs are reduced because of the possibility of the newly recruited salesmen requiring less formal training and being more capable of absorbing training easily, because of their already in-built experiences and sales skills.

The essence of training is to develop the sill and knowledge of the sales force which in turn increase their sales job efficiently and productivity. Many sales people come into the firm with little or no knowledge of what they will do, and the training received from on – the – job training seminars, workshops and lectures attended by them will automatically improve their work performance. Generally, the morale of the sales force increases as they get additional experience on how to get their job well done.

The sales force, unlike other employees of the organization, work with little or no direct supervision from superiors in the field. It is good and motivating for the sales force to be supervised by superiors and directed on what to do, particularly when the jobs are complex or complicated. However, it is more motivating if the sales force achieves the sales quotas, covers sales territories and meets other sales jobs assigned to them independent of direct supervision from superiors. These independent achievements always get management praises and supports and the more the salesmen are rewarded positively based on this, the more they feel morally high and try to improve their efficiency and productivity all for the benefit of the firm concerned.

3.2 Sales Force Compensation

What should the sales force receive as rewards for the work done is as difficult as the management of the other sales activities in an organization? This is because the rewards of the sales force receive serve as a motivating force or disincentive to do a particular sales job at a particular time and place.

3.3 Objectives of Sales Force Compensation

Whether the compensation programme is direct financial or non – financial type (that include medical insurance, life insurance, sales personnel’s expense for travel, lodging, food and entertainment or salary), the objectives of the programmes are similar. The major objectives of a firm’s compensation programme are:

1. To motivate sales personnel
2. To provide security for sales personnel
3. To attract qualified sales people
4. To reduce the turnover of the sales force
5. To obtain control over the sales force’s non-selling activities, and
6. To maintain selling costs at a desired level.

Added to these are:

i. T**o correlate efforts,** results and rewards because when a plan is made, its success is determined by how the strategies assist in meeting the goals. A good compensation plan will therefore aid the sales manager to determine whether the sales goals and rewards are commensurate with the efforts exerted to meet them. Any of the sales strategies adopted should be cost-effective; otherwise they are discouraging and disincentives.

ii. **To control and direct sales activities:** a good pay plan should act as an unseen supervisor of the sales force by enabling management to control and direct their activities. When a salesman is highly compensated, he is capable of performing with zeal his selling activities, like full-time selling, missionary work, marketing intelligence feedback, training junior sales reps or controlling selling expenses.

iii. **To ensure proper treatment:** customers treatments depend on the mood and situations of the sales persons dealing with them. When a sales person is highly compensated, he is highly motivated and this zeal is transferred to his customers who are treated properly as friends.

iii. **To attract, keep and develop competent sales people:** as stated earlier, high costs are involved when a firm loses its sales force because of the sunk costs in their training, turnover and loss of competent forces to competition.

3.4 Requirements of a Good Sales Compensation Plan

A good compensation plan should possess the following features: fairness, simplicity, economy, flexibility, goal attainment, and ability to provide a living wages for the sales-person. These requirements are briefly explained below:

1. **Fairness:** a good compensation plan should be fair to both the management and sales force of the organization. Fairness in this sense is the degree to which one is treated as others are treated having taken into consideration all the available circumstances that determine or ought to have determined their behavior.
2. **Simplicity:** simplicity is the degree to which the sales compensation plan is easily understood by both the sales force and the management. Complications and complexities should not arise when these officers and their forces are computing what they expect or should expect for doing a particular job at a particular time and place.
3. **Economical and Competitive:** it is uneconomical when the costs of computing and administering the compensation rise beyond the benefits to be derived from such a programme. Much paper works, labour, time and other costs are involved in the plan computation and administration and these should be kept to the minimum.
4. **Flexibility:** administration of the plan should provide for easy adjustments of pay to changes in performance. It is illogical for a firm to insist on adopting the same plan irrespective of changes in the environment in terms of the economy,

territories where sales are made, difficulties in selling the products in particular markets, market acceptability or not of the product and the competitive nature of the product.

5. **Goal attainment:** a good compensation plan should assist the firm and its sub-units to achieve their objectives and goals at ease. At the same time the different goals and needs of the sales force receiving these pays have to be met through these pay-programmes.
6. **Ability to provide a living wage:** the plan should equally provide a living wage for the sales force. This should come in the form of steady and guaranteed income so that one person doing the sales job should be able to meet his basic needs at least.

In addition to the above, ten factors that an effective sales compensation programme must consider include:

According to him, the plan must:

1. Compensate the sales person for all of his required activities.
2. Retain high producing sales persons.
3. Attract new sales personnel.
4. Motivate the sales person to serve the customer's best interest.
5. Distinguish between high and low profit products, services and markets.
6. Allow the sales person to attain career path objectives.
7. Remain consistent with the company's ability to pay.
8. Ensure that the sales people understand how the plan works.
9. Provide incentive for selling, and
10. Offer enough flexibility to adapt to changing market conditions.

All these factors are important and will enable the compensation plan to benefit the company, its sales force and the customers or markets.

3.5 Basic Types of Compensation Plans

Every firm is at liberty to select and adopt any sales compensation plan. Any plan chosen meet, to a reasonable degree, some of the criteria or conditions stated above for an effective compensation plan. In addition, the plan should be one that enables the firm to meet its specified (marketing, sales unit and corporate) objectives, meet the desired objectives of the sales force to a reasonable extent and meet the requirements of the customers.

The specific elements of compensation plans are salaries, commissions, bonuses, freedom to spend the firm's money, involvement in sharing the profits earned, special drawing accounts and other indirect financial benefits such as pensions, children's scholarships, vacations, housing allowances and vacations for specified periods. The major types of compensation plan are discussed below, with their advantages, disadvantages and conditions of best application.

1. **Straight – Salary Plan:** a straight salary plan means that the sales person is paid a fixed salary regardless of the volume of sales made, missionary efforts, or other measures of productivity at a particular period and environment. These salaries are usually received at the end of the selling period recognized by the firm and the sales person. Usually they are received at the end of each month but some firms may adopt end of the week or two weeks. This plan is the simplest method a firm can adopt because the sales person is paid his salary whether he makes sales or not or whether he sells beyond a certain quantity at a particular market place or not.

Advantages

Among the merits of the straight salary plan are:

1. Provision of strong financial control over sales personnel by the firm and the maximum power the management has in directing their activities along lines that are potentially the most productive.
2. It provides the sales person job security and stability in earnings because he is sure of his income at the end of the sales job, irrespective of the sales turnover made.
3. It encourages the sales people to be concerned with more than immediate sales as they feel that they are part of the firm, contributing to meeting its objectives and that the success of the firm depends on them.
4. It encourages service, technical assistance, feed – back and maintenance selling services to the customers by the sales people without extra charge because these sales people feel that these jobs are part of their terms of employment and added into their salary.
5. It is easy to budget and administer, and provides incentive for sales trainees who are still young to work effectively.

Disadvantages

1. The major demerit of the straight salary plan is its disincentive to the sales force to make any additional sales effort because whatever increase in productivity is recognized by the management but not properly and financially rewarded s in the case of the commission plan. This disincentive may reduce the morale of the sales force, who may decide to adjust their sales efforts to the salary received or reduce them beyond the productivity and profitability level.
2. It is difficult to determine performance of the sales force because the focus of every person is on what salary the sales person should receive on completing the sales job.
3. As a field cost, the firm may still be spending the same amount of money on the sales person’s selling activities irrespective of fall in sales efforts and contributions.
4. It is difficult for the firm to adjust to changing business environment that is promising or the sales person to pursue more attractive sales opportunities or

take extra risks for the firm since they are not compensated for. These discouragements in morale are passed to the customers of the firm who reciprocate by low patronage of the firm's products.

5. The possibility of paying the low productive sales force more and the high productive ones less through the straight salary structure quickens the labour turnover in the firm as these productive sales force easily leave the organization for more profitable ventures or high paying firms. The costs involved in recruiting, training and developing new sales force are more than what could have been spent in motivating and encouraging these salesmen to stay in the organization through good incentive provisions.

1. Situations of most effective application: the situations where the straight salary compensation plans are applied are:

1. Sales recruits are in training are in training or are still so new on the job that they cannot sell enough under a commission to make a decent income.
2. The company wants to enter a new geographical territory or sell a new line or products.
3. Several salesmen must work together for long periods in order to sell one account.
4. Sales involve a technical product which requires lengthy presale and post-sale service and negotiations.
5. The selling job requires extensive missionary or educational work.
6. Where feedback by sales personnel is important, maintenance selling is needed and sales take a long time to complete.

2. Straight Commission Plan: in a straight commission plan, the sales person is paid a commission on sales made but can draw against future commissions to be earned. The theory behind this concept is that sales people are paid based on their productivity which is measured by the sales volume, the higher the commission received by the sales force, and vice-versa.

To apply the commission plan type, the firm should consider the market acceptability of the product, the position of the product in its life-cycle, the complexity or not of the market, degree of competition in the environment, the general nature of the territory and categories of customers in that territory. These factors are to be evaluated before a particular commission is given to any sales person as any mishandling of the commission can create sales force demoralize.

The firm and its sales force have the option of adopting either straight commission based on gross or net rate. A firm using the gross or inclusive rate makes no defrayment of expenses by the employer, thereby allowing the sales force to make their own selling expenses wit advances made or not against earnings. In the net rate plan, the employer pays the travel expenses with or without advances against commission earnings.

Advantages

1. The maximum direct monetary incentive it offers the sales force.
2. It provides the firm's management with a means for cost and other control.
3. It is characterized by great flexibility which makes it possible to be easily adjusted to the environment, the sales force selling efforts and the resources available to the firm.
4. It gives the sales representatives more freedom to operate in the way and manner they like.
5. The plan equally provides high income, potential for the experienced sales personnel, and motivation for enhanced selling efforts on the part of salesmen generally.

Disadvantages

1. It provides little financial security for the sales people because their rewards depend on the sales volume made which attracts different degrees of commissions.
2. The more products you sell the more rewards (commission) you receive philosophy makes some sales force to go into the easy to sell products with lower margins, and territories, at the expense of the hard to sell products and at difficult sales territories.
3. It gives no incentive to provide service, technical assistance or feedback by the sales representatives because they feel that they are in the business of their own and not under the control of the firm whose products they are selling.
4. Products that are seasonal in nature are difficult to stock by these sales people because of fluctuating demand and supply.
5. Many costs are involved which en not properly controlled and coordinated become more than the benefits expected or make the entire plan more complex.

Situation of best application

1. Technical assistance, service, or feedback is not required by the firm and its markets.
2. The firm is financially weak and cannot afford the extra costs and expenses of engaging other commission sales agents whose rewards/ income are not assured.
3. Great incentives, other than the salaries given to the firm's employees on straight salaries, are needed to make higher sales and increase the salesmen's productivity and efficiency.
4. The firm is not purely interested in supervising and controlling the activities and performance of its sales force, but pays attention mostly on sales volume made.
5. The business environment can favour only commissioned sales force because salaried sales employees are hard to get or the law of the society favours the

plan, or, the requirement is that the sales force must be experienced, but could not be found easily in the territory.

6. There is the desire to fix definite cost ratios for personal selling so that accounting statements and price estimates can be made more accurate or to reduce fixed salary or other fixed selling expenses to a minimum.

3. **Combination Plans:** some firms that wish to inherit all the merits of the straight and commission plans but reject their weakness usually combine them in a number of ways.

Among these combination plans are:

a. Salary plus commission
b. Salary plus individual bonus
c. Salary plus group bonus
d. Salary plus commission plus individual or group bonus, and
e. Commission and bonus and guaranteed drawing account.

All these methods have their merits, demerits and situations of best applications.

4.0 CONCLUSION

Leadership means recognizing the things your followers need and striving hard to provide them satisfactory to those that need them. These need satisfiers will help in achieving the individual goals of the sales – force as well as the corporate goal of the enterprise. Among the sales motivating incentives is the compensation or reward given to the sales people and the more these rewards the more productive and efficient the sales force will be. Several conditions determine what motivates each person and the type of compensation a firm should adopt. The firm should not lose sight of these conditions.

5.0 SUMMARY

This unit covered the following topics within sales force motivation:

- Types of Sales Force Motivation
- Sales Force Compensation
- Objectives of Sales Force Compensation
- Requirements of a Good Sales Compensation Plan
- Basic Types of Compensation Plans.

6.0 TUTOR-MARKED ASSIGNMENT

1. Discuss the types of sales force motivation
2. Explain Sales Force Compensation
3. Describe the Objectives of Sales Force Compensation
4. Discuss the Requirements of a Good Sales Compensation Plan

5. Explain the Basic Types of Compensation Plans.

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MODULE 3

UNIT 1 SALES MEETINGS AND SALES CONTESTS

CONTENTS

1.0 INTRODUCTION

Communication between the sales force, markets, and the firm is an essential form of motivating the sales force. This is because the sales force activities and how to improve on them are made known to them through the constant and continuous meetings and conventions between the organization and its sales force.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- explain the importance of sales meetings; and
- discuss the purposes of a convention; and
- discuss the major reasons of sales contests.

3.0 MAIN CONTENT

3.1 Sales Conventions and Meetings

Sales meetings are necessary both for purposes of communication and motivation. This is because when sales personnel work on the road away from their employer's premises without the day-to-day opportunity for employer communication and supervision, periodic group meetings provide important occasions for exchanging information and ideas. These meetings provide appropriate occasions for motivating individual sales persons through the exertion of group pressures to achieve certain minimal levels of performance acceptable to the group. These sales meetings may be national, regional, local or by telephone, which help in sharing of ideas of what has been done, what is going on and what is to be done in the future – all the preconditions for productivity and efficiency improvements that motivate the sales person.

The three purposes of a convention as inspiration, training and communicating with the sales force. The purposes are broadly stated as:

i. To introduce new products or product modifications.
ii. To explain a forthcoming advertising campaign.
iii. To provide training in selling techniques.
iv. To make announcements of company policies on pricing, channels of distribution, organization, and personnel, and
v. To gain rapport between the sales force and management.
vi. All these meetings and conventions are to stimulate the sales force to work harder and do a better job in the current market situation.

Ordinarily sales persons work towards the achievement of the firm's goals because of the rewards received or expected but work harder and more efficiently if additional incentives such as contests are provided. This is a way of setting competition race among the sales – force in such a way that he who performs better gets more rewards.
A sales contest is a special selling campaign offering sales personnel incentives in the form of prices or awards above and beyond those regularly provided by the compensation plan. Among the major reasons for contests are:

1. They provide a mechanism for developing team spirit among sales – people or distributors who generally have little direct contact with each other,
2. They assist in boosting morale, counteracting the tendency of some sales – people to become apathetic, bored with their jobs, and depressed;
3. They are capable of stimulating sales – people to strive harder to better their usual performances, and
4. By pointing sales efforts toward accomplishment of important tasks, they assist in reaching predetermined sales and profit goals.

Sales contests offer a mechanism for providing sales personnel with incentives to stimulate efforts toward increasing profitable sales volume and for achieving more specific objectives. The other objectives of sales contests include assisting the sales – person to:

i. find new customers,
ii. get better territory coverage
iii. obtain greater volume per call, and
iv. Promote special items, etc.

All these objectives are aimed at motivating sales people to tap more of the untouched market potential, upgrading selling performance with present customers and motivating them to exert greater effort in pushing slow-moving items, high-margin goods, or new products.

Among the contest prizes offered to these sales people are physical cash more than what they usually/normally receive at the end of the contest for winners, merchandise awards whereby special quantities of particular products are given to the winners to sell and take the money as personal property, travel allowances to luxury resort or exotic lands at the company's expense or special honors or privileges such as letters of congratulations from the top executives, wrist watches, living in special company's quarters or car allowances, etc.

v. Recognition and Honour Awards: there is nothing as motivating as when one is recognized by his superiors for a work well done and this recognition is accompanied by public honour awards. All these are incentives that can increase one's morale and encourage him to work harder. Determining the relationship between productivity and morale (motivation), Herzberg found that recognition, achievement, challenging work, responsibility, and advancement in the organization, what he called satisfiers or growth, are what motivate one to improve his productivity and efficiency in the firm.

vi. Work-Climate Structure: among the things that make a sales – person to do a better job are the nature of the work itself, the work environment and the relationship among the staff of the organization themselves. The job enrichment and content, and possibility of one meeting the targeted object, the opportunity of one being on his own and achieving what is desired, planning his own wok and seeing the direct relationship between the efforts put and the rewards for such efforts are motivating factors.

vii. Goal setting and suggestion systems: sales goals that are reasonable and objective, obtainable and fair, and cost effective are also motivating forces for the sales force. These goals should equally be perceived as incentives to enable one realize his personal goals in the firm. The reasonability and objectivity of the sales goals are motivating if they are beneficial to both the firm and its sales force.

4.0 CONCLUSION

Communication is a very useful tool in achieving the motivation of salesmen and getting them to perform effectively and efficiently. The major tools for achieving this are sales meetings, sales convention and sales contests. All were discussed in this unit.

5.0 SUMMARY

In this unit, you have been exposed to the following:

- Importance of sales meetings
- Purposes of a convention

- Major reasons of sales contests

6.0 TUTOR-MARKED ASSIGNMENT

1. Explain the importance of sales meetings
2. Discuss the purposes of a convention
3. Discuss the major reasons of sales contests

7.0 REFERENCES/FURTHER READINGS

Johnston, M.W. and Marshall, G.W. (2011) Churchill/Ford/Walker's Sales Force Management, 10th Edition, McGraw-Hill International Edition.

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UNIT 2 ASSIGNING SALES PERSONNEL TO SALES TERRITORIES

CONTENTS

1.0 INTRODUCTION

The survival of every business organization is often anchored around the ability of the sales force to sell to the consumers or buyers what the company has for sales. Nonetheless, no salesman can sell what he has no knowledge of or what he hasn't in his organizations product kit. It is often not wholly possible to reach all the current and potential consumers without adequately splitting the market into territories. Each sales territory is then assigned a salesman.

A sales territory is the specific portion of a firm's total physical market that is assigned to a certain salesman. Therefore the creation of a sales territory is a managerial function. A sales territory can be either:

a. A geographical area in which a salesman works (e.g. In Nigeria, Eastern sales territory comprising Abia, Anambra, Ebonyi, Enugu and Imo States). OR
b. A group of buyers assigned to a salesman.

The creation of definite sales territories for individual salesmen offers a greater incentive to cultivate the territory with an eye for future business than the policy of permitting salesmen for the same firm to compete for business in the same territory. Where salesmen are competing with one another once a prospect is secured by any of the competing salesmen, the others will withdraw.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- determine the size of a sales territory;
- discuss the management of a sales territory;

- explain the need to establish sales territory;
- highlight issues in revision of sales territories; and
- describe the benefits of a well-managed sales territory.

3.0 MAIN CONTENT

3.1 Size of Territory

The size of a sales territory is often a function of (a) Number of customers and prospects (b) The frequency of the salesman's calls on old customers (c) The number of calls that he can make in a day (d) Customer classification.

a. **Number of Customers and Prospects:** it is not always easy to determine the prospects available in a particular territory. Often times, both the sales men and their managers are faced with this problem. This needs a thorough analysis in order to avoid the error of misjudgment.
   There are the possibilities that very small territories encapsulate more customers than the very large territories. Where more prospects exist in smaller territories, more sales are possible due to the reduction in time consumed in travelling from one prospect to the next.
b. **Frequency of salesman's calls:** This is only necessary when sales are being made to old customers. A typical example is the Nigerian Bottling Company NBC, which produces Coca Cola etc. As emphasis is on rate of turnover, it is necessary for the salesmen to make as many calls as possible. Many a time, orders are by phone or by mail. In case of specialized products which need personal selling efforts to create demand, the salesman must call often enough to hold the business and keep competitors from breaking in.
c. **Number of Daily calls:** every salesman needs to plan his daily routine and ensure that he minimizes drastically needless crisscrossing of territory and poorly timed calls sales managers need to establish some incentives to motivate salesmen to make enough calls. This could be in terms of setting quota of calls which when exceeded attracts some financial benefits.
d. **Customer Classification:** it is possible to classify customers according to their needs while one salesman is assigned to the hospitals, another is assigned to the department stores, and yet another to the main markets. Companies that indulge in this type of arrangement are those that have various products to sell which serve different purposes.

In addition to the above considerations for determining the size of sales territory, one also needs to give thought to:

- The basic nature of the product and its prices.
- The sales volume necessary to support a salesman
- Identity of the competitors
- Transportation facilities
- The salesman's ability, and

- Sales trends.

For the firm to cultivate the benefits derivable from properly classified sales territories there is need for the territories to be well managed.

3.2 Management of a Sales Territory

Management usually refers to process used by managers and defines that mangers do, their techniques in coordinating the activities of other people. Management therefore enhances the achievement of corporate goals through the cooperative efforts of the working group.

To manage a sales territory involves a correlative synthesis of group responsibilities which objectives are achievement of corporate success and should follow the following format:-

Firstly, formulate the structure of the sales force that will obtain when the growth plan has been affected completely. If the structure will be such that will shorten the salesman's territory, this will make him value every one of his customers. By so doing, a more persuasive, more persistent and more hardworking sales force will be bred; resulting to the generating of more sales.
Secondly, in order to ensure that every outlet is adequately covered, there is need to specify channel allocations to the salesmen; thereby shortening the scope of their individual calls. The eventual outcome of this exercise will be maximum penetration of a market and maximum exploitation of the potentials in each territory. Furthermore, increase sales by directing the sales force into different market segments.

3.3 The Need to Establish Sales Territory

Seven main reasons why most companies establish territories as follows:

1. To gain through coverage of the market. Territories permit identification of existing the prospective customers in a given area this reducing the possibility of missing business or duplicating calls which can create excessive travelling time.
2. To define the salespersons responsibilities more accurately and specifically, is possible, by account name, number and call frequency.
3. As a means of performance evaluation. This is done by relating actual performance to set targets.
4. To improve customer relations. Salesmen's closeness to their customers makes it possible for them to appreciate their problems and relay their complaints to the management. This creates a situation of mutual understanding; and reduces time wasting drastically.
5. To reduce selling expenses
6. To match selling efforts to fit customer's needs.

7. To help the salesperson. This facilitates coordination with the other functions of the business (such as accounting, production, personnel etc.) with specific marketing and publicity effort while contributing in a positive way to the morale and motivation of sales people whose job is enhanced by being the managers of a territory.

With the above points in mind, one then is better placed to appraise the fact that territories facilitate implementing the marketing concept by contributing to better identification of customer needs, and permitting more suitable actions to satisfy those needs.

3.4 Revision of Sales Territories

Situations often change efforts at territory creation. These situational differences can be in terms of:

- Changes in consumer preference
- Competition intrusion or, if present already, becomes more effective.
- Diminishing usefulness of chosen distributive channels or cost of covering territories.

It is necessary to reappraise the market potentials before revising the sales territories. In doing this, the suitability of chosen distributors should be investigated. Perhaps, the enthusiasm with which some of them accepted the firm, its product and policies might have given way to difference.

Depending on the availability of the required information about the consumer’s royalty, a limited market survey might be necessary prior to territory revision.

Also current activities of competitors have to be updated.

As the reappraisal jobs are being completed, thereby giving room for territory revision, close contact should be maintained with the workers by keeping them adequately informed about the changes being contemplated. The revision efforts should be relative to the problems to be addressed. It could take either of the following forms:

1. Larger territories to be reduced or
2. The boundaries of the smaller ones extended, whichever is the more appropriate way to increase coverage, reduce costs or increase sales.

The sales manager should ensure that he enlists the assistance of his supervisors and salesmen in revising sales territories. This will afford him the opportunity of sharing their view points and synchronizing them with his for a more congenial decision.
One basic thing to bear in mind is the empirical benefit that accrues to the organization when the staff (salesmen and supervisors alike) participates in setting

objectives. Sales targets are considered with the aim of achieving the sales budget level which in turn is based on the sales forecast. Some of these objectives are quantitative and definite, other qualitative and value – based mainly on management assessment. To achieve an optimum result, a scheme of Management by Objective (MOB) is often advocated. Hence the salesmen in charge of the territories and their supervisors will sit together to assess the performance of their territories relative to set goals, to dissect the problems, and think together for corrective actions to be taken.
When these actions are agreed upon, they become targets for the territories. They then become achievable objectives. Hence the sales manager is thereby invoking the principle of management by objective to set goals and objectives.

The problem that often confronts management is how to:

(a) Make the salespeople understand how selling activities affect other operations in the company and largely determine the failure or success of the enterprise.
(b) Get the maximum from individuals and welding them into common purpose.

This is not often given positive consideration due mainly to the fact that:-

i. The ethos or mission of the business is not shared by the employees who see work as a means to an end earning a living.
ii. Organizations split work which tends to be separatist and decisive.
iii. Jobs tend to be more specialized separating planners from doers, line from staff, and management from workers.

It is basically obvious that these lapses affect the success of the MOB scheme in territory management adversely because of the perceived differences between conceptualized goals and operating environmental dynamics.

3.5 Benefits of Well Managed Sales Territory

It is generally emphasized that proper organization of the territory can help you get the greatest number of interviews from your territory, and this can be done by the use of forms, the setting up of files, and the arrangement of data that can help give you a clear picture at a glance of the conditions that exist, and how to make the most of them so as to build your sales.

Enable you, using the prospect file manage your territory with greatest efficiency and for greatest productivity. Here you keep and maintain all the information you need regarding your specific prospect, customer, or suspect helpful to you in building your sales volume.

4.0 CONCLUSION

Sales territories need to be created, revised when necessary and adequate number of salesmen deployed in effectively covering all the segments of the product market. It ensures that no segment of the market is neglected and that all generate the revenue commensurate with their potentials.

5.0 SUMMARY

In this unit, you have been introduced to the following topics in discussing sales territories and assigning sales force to them:

- Size of Territory
- Management of a Sales Territory
- The Need to Establish Sales Territory
- Revision of Sales Territories
- Benefits of a Well Managed Sales Territory

6.0 TUTOR-MARKED ASSIGNMENT

1. How should the size of a sales territory be determined?
2. Discuss the major issues in the management of a sales territory
3. What are the imperatives for revision of sales territories?
4. List and discuss the benefits of a well-managed sales territory

7.0 REFERENCES/FURTHER READINGS

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UNIT 3 CONTROLLING SALES EFFORT

CONTENTS

1.0 INTRODUCTION

Control of the sales force seeks to ensure that the individual and collective performance of the sales-force is guided so as to ensure that sales objectives are realized.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- explain the rationale for control of salesmen;
- discuss the establishment of performance standards;
- describe supervision/monitoring;
- discuss performance evaluation; and
- explain corrective action.

3.0 MAIN CONTENT

3.1 Control of Salesmen

The problem of control reduces to four related processes. The processes are:

3.2 Establishment of Performance Standards

A performance standard specifies the level of activity which can be expressed in terms of sales volume in units/naira, or contribution to profit, expected from the sales-force over a given time period, for a particular product item/group of items, in a given territory/territories of the market or for defined customer group/groups.

3.3 Supervision/Monitoring

Once performance standards have been established, the next control task of the sales manager is to effectively guide the efforts made by the sales force in the ordinary performance of their duties to ensure from the onset that they do not miss the targets set for them. Supervision clearly involves observing the performance of the salesmen either directly, by often going to the field with them, or indirectly, through sales reports made by them, and correcting them or telling them a better way of doing their duties where and wherever they are considered deficient.

While supervision is necessary in ensuring the salesmen work as they should, the form and extent of it are very important. They are important because, while some salesmen welcome and indeed need it, some feel that they do not need it and react negatively when they perceive that they are being unduly checked.

The challenge of supervision is therefore reduced to the extent, to which it will be applied, and the way and manner it will be conducted. Another aspect of the challenge is the identification of the salesmen who need and welcome supervision, and measures to be taken to minimize or contain the negative reaction of some salesmen who object to it, but who must be effectively supervised in the overall interest of the organization.

3.4 Performance Evaluation

While supervision attempts to ensure that salesmen do their work as they should, performance evaluation seeks to measure the actual performance of the salesmen against predetermined standards. When actual performance is place against expected performance, the outcome will be one of three things. The outcome can show a variance which can be favorable, unfavorable or balanced. A favorable outcome will emerge where actual performance exceeds the expected. This will indicate wither that the salesman was exceptionally good, overshooting his target, or that the expected performance was grossly underestimated. An unfavorable outcome will emerge where actual performance is below expected performance. Two things can be responsible for this. First, the salesman may have been lousy or downrightly incompetent. Secondly, it could be that the size of the market was overestimated, and the expected performance consequently overblown.

A balanced variance outcome will emerge in a situation where the actual performance is equal to the expected performance. This is a seemingly ideal situation, indicative of proper setting of a performance standard; a challenging but nonetheless realizable target, that the salesman through maximum and efficient application of his selling efforts will be just able to achieve. There is however no way of knowing whether or not the salesman truly exerted himself to achieve the expected r\target. He may have simply achieved a cheap target and gone to bed.

3.5 Corrective Action

Whatever the outcome of performance evaluation, corrective action is almost always necessary. Even where targets or objectives are achieved a case can be made for need to improve on the performance at least in the future. In management situations, there should always be room for improvement. The mechanism for setting performance standards can always be improved upon, to achieve targets that are challenging even while being realizable. The frontiers of performance and achievement in selling situations should forever be expanding. The methods of supervision and performance evaluation should continually be reappraised with a view to changing or modifying them for enhanced operational effectiveness and efficiency.

4.0 CONCLUSION

The performance of individual salesmen needs to be managed for the ultimate purpose of ensuring that organizational objectives are achieved. This is achieved through the establishment of performance standards, supervision and monitoring of salesmen, evaluation of their performance and adoption of remedial measures as appropriate.

5.0 SUMMARY

In this unit, you have been exposed to the following:

- Rationale for control of salesmen
- Establishment of performance standards
- Supervision/monitoring
- Performance evaluation
- Corrective action.

6.0 TUTOR-MARKED ASSIGNMENT

- Explain the rationale for control of salesmen.
- Discuss the establishment of performance standards.
- Describe supervision/monitoring.
- Discuss performance evaluation.
- Explain corrective action.

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UNIT 4 SALES BUDGET

CONTENTS

1.0 INTRODUCTION

Sales' budgeting is a process that produces the sales budget. Sales budget is at the core of organizational planning and control. A typical sales budget will contain the revenue and expenditure sides. While the revenue component will be based on sales forecasting which is largely done with inputs from sales force, the expenditure component will detail all the expenditure items needed for the realization of the projected sales by the sales force.

2.0 OBJECTIVES

At the end of this unit, you will be able to:

- discuss the purposes of sales budgeting;
- list and explain the methods for determining sales budget; and
- describe the budgets for sales department activities.

3.0 MAIN CONTENT

3.1 Purposes of Sales Budgeting

The purposes of a budget are many, including planning, coordination and evaluation. In the aspect of planning, organizations formulate marketing and sales objectives to assist them in focusing their operations. Based on formulated marketing and sales objectives, a budget is drawn to guide the operations and consequently the achievement of marketing and sales objectives. The budget will specify what should be done at the level of budgets, sales territories and customers.

In the area of coordination, there is need to maintain the desired relationship between the expenditure and revenue components of sales activities, so that organizational objectives are achieved at the end. This coordination purpose will guarantee that more money is not spent in realizing a given level of revenue. It helps to keep a hold on expenditure and ensure efficient utilization of resources in the bid to realize specified revenue targets.

The establishment of revenue and expenditure targets will provide a framework for the evaluation of performance at the end of the budget period. Achievement of projected revenue and expenditure targets will give an indication of successful performance. Non achievement of the targets is also an evidence of poor performance. The rate at which revenue and expenditure targets are achieved will give an indication of the level of performance efficiency. It is not enough that targets are achieved, the efficiency level of such achievement is important.

3.2 Methods for Determining Sales Budget

The two methods for determining sales budget levels are the percentage of sales and objective and task methods.

Percentage of Sales Method: the percentage might be determined by the organization based on past experience, perception of what it should be or based on established industry averages. However they are derived, the agreed percentages are used as in determining and controlling sales and the costs of associated activities.

The expense allocations based on this method can go up or down depending on the volume of sales. As sales volume increases, the absolute amount budgeted for the activities will also increase and vice versa. So the effectiveness of this method is dependent on the accuracy of sales forecast. The good point of this method is that if management is able to keep expenses components within the percentage brackets, then final outcome of the operations will be as planned.

Objective and Task Method: using this method, the manager starts with setting sales objectives based on sales forecast. Having established the sales objectives, the manager determines the tasks that will be necessary in achieving the sales objective. He then estimates the cost of performing the tasks. These costs will be reviewed to ensure that expenditure does not exceed revenue: the expenditure level should never exceed the revenue that will be realized.

3.3 Budgets for Sales Department Activities

The sales force has the responsibility of formulating and managing three types of budget, namely, sales budget, selling expense budget and sales department administrative budget.

The sales budget covers the revenue or unit volume the organization expects to make from the sales of its products. This is the foundation of all organizational budgets. It determines and affects every other budget. Hence any error in it will affect every other organizational budget. Production, finance, personnel budgets are all dependent on the sales budget. If projected sales figure is high, then the budget figure for these other organizational functions will be high.

The selling expense budget profiles the various expenditures for personal selling activities. It covers salaries, commissions and other personal selling expenses like transport, training etc. The administrative budget covers expenses for running the sales office-secretaries, office workers, sales supervisors etc.

4.0 CONCLUSION

In sales budgeting, it is important that the sales forecast is accurately done. Thereafter, all activities needed in achieving the projected sales figure must be identified and fully costed.

5.0 SUMMARY

In this unit, you have been introduced to the following issues in sales budgeting:

- The purposes of sales budgeting
- The methods for determining sales budget
- The budgets for sales department activities

6.0 TUTOR-MARKED ASSIGNMENT

1. Discuss the purposes of sales budgeting
2. List and explain the methods for determining sales budget
3. Describe the budgets for sales department activities

7.0 REFERENCES/FURTHER READINGS

Johnston, M.W. and Marshall, G.W. (2011) Churchill/Ford/Walker's Sales Force Management, 10th Edition, McGraw-Hill International Edition.

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UNIT 5 SALES QUOTAS

CONTENTS

1.0 INTRODUCTION

The success of any firm in today's turbulent, complex and uncertain business environment depends on how scientific the marketing man of the organization approaches his marketing functions. As a result of this, it is required that the marketing/sales executive should be objective with some specified goals and missions as targets to where he is going. With a target in mind, the executive can plan his resources, integrate the marketing and non-marketing variables to reach the set out target and evaluate his performance at the end of the marketing activities. This therefore means that until a sales executive knows where he is going, any road will lead him to nowhere. It is demarketing for a sales executive to wander in the business desert with nothing in mind. Setting sales quotas is therefore as important to the sales officer as all other sales tasks. Unfortunately some sales executives see nothing good and important about planning and setting the firm's sales quotas for any particular period, particularly if much sales turnover and revenue are coming. Often executives may regard quota setting as unnecessary because of the uncertainty of the business world, lack of available data to rely on as benchmark and lack of enough time in the hands of the executives to plan for quota setting. These reasons may sound proper to a casual sales manager but they are illogical because one has to determine what one wishes to achieve in terms of sales volume and revenue at a particular time and territory than opening his territorial gate too wide to receive any inflow of revenue as a result of the sales made in the total undivided markets.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- explain what sales quotas are, their applications and
- importance in the organization and how they aid the sales unit/sales force to
- achieve the marketing and corporate goals of the organization.

- discuss the different types of quotas an organization
- can establish and the factors that determine the use of each form;
- list the different approaches a firm can use in setting
- its sales quotas; and
- describe how sales quotas are administered in a firm.

3.0 MAIN CONTENT

3.1 Sales Quotas: Meaning and Applications

A sales quota, according to Still *et al.*, (1976; 1976; 479 – 499) is a quantitative objective assigned to specific marketing units, individual sales people, for instance – for use in the management of sales efforts. In a similar view, Stanton and Buskirk (1978: 511 – 525) define a sales quota as a sales performance goal assigned to a marketing unit, a sales person, branch middleman, or customer that aids in the planning, control and evaluation of sales activities.

These goals are established in sales volume, goals margin, expenses, or other marketing activities. In the opinion of Jolson (1978: 569 – 570), quotas are motivational targets expressed in quantity or monetary values that are assigned to field units such as regions, districts, or salesman's territories that assist management in producing incentives for salesmen, in controlling salesman's efforts, and in evaluating their performance.

It is not the intention of this exercise to state among the different views which is the best description of a sales quota. However, implicit in the various opinions is that in setting a sales quota, the sales unit of organization should determine a time frame so that the results of such a decision could be easily determined within the specified period. This means that it is not enough for management to say that X or Y is our sales quota but the decision should have a time dimension such as our sales quota for the year, month or week within a sales territory, where they could be got, is X or Y.

As a means of appraising the effectiveness or otherwise of the sales force, sales quota is a planning and controlling device for management because it is used to determine the amount of human and financial resources spent or be spent at a particular territory and period, the expected returns the organization will achieve within a particular period and a device for rationing the organization's products to its customers. It is unnecessary, therefore, that an effective and workable sales quota should be backed by enough quantitative data derived from a thorough marketing research information and knowledge than to be based on mere intuition and guess work of the top management of the firm.

A successful sales quota should equally be integrated into the firm's sales planning, forecasts and budgets. It is immaterial which among these three variables comes first in their positions or hierarchy depending on the choice of the company in question. For instance, company A may decide on its sales forecast first, make the budgets and then set the quotas based on the results of these two tasks while other companies can rearrange these tasks to suit their different marketing and either business objectives and functions. The procedure should begin with a management decision on sales forecast that is reasonably achievable which serves as basis for production planning, work-force size, and financial requirements and quotas are then set on either the territories or region for a specific period. These quotas should also be greater than the forecasts as it is an incentive to drag the management and sales persons further than their best efforts.

What comes first or last notwithstanding, it should be understood that sales forecasts should be a strong integral part of the firm's marketing task with specific objectives which should be met where and when necessary.

3.2 The Purpose and Benefits of a Sales Quota to an Organization

No rational business executive does anything for the fun of it but for what he will achieve out of such a decision. This happens to sales quota setting in a sales oriented organization. As a result of this view, the major objectives why firms establish sales quotas are to facilitate and improve their sales operations, control the sales performance of the sales force and aid in a rapid growth of the firm and its sales turnovers in quantities and revenues. Managers should set up sales quotas to serve as in incentive, a measure of performance, and a basis for bonuses or commissions.

The purposes and benefits of a sales quota to an organization are summarized in an "Eight Objective Agenda". These objectives are:

1. to motivate the performance of sales operations
2. to provide quantitative performance yardsticks.
3. to determine the compensation plans for the sales force.
4. to serve as instrument for controlling and reducing sales expenditure.
5. to use in connection within sales contests.
6. to allocate other marketing expenditures
7. to determine the sales force productivity, and
8. to determine the strength of territorial development in the market place. These reasons for quota setting are briefly explained below:

1. **To motivate the performance of sales operators:** sales quotas serve as inspirational force for the sales force, middlemen and others engaged in personal selling in their sales territories. This is because it is a thing of joy and pride that one meets the quota set for him at the specified time. To be a motivational force, the quota has to be realistic and attainable within the resources, knowledge, skill and capability of the sales force. And each salesman needs to be strongly convinced, that the attainment of such a quota or more than the expected will guarantee his further recognition and promotions by the firm's management.

2. **To provide quantitative performance yardsticks:** one job of management is to give the sales force a sales task but more important is a task that is measureable. The measurability of the job will help both the management and the sales operators to know whether the sales people, middlemen or all others engaged in personal selling are performing below, exactly or above average. Quotas also help to compare the performance variations and abilities of all the sales people in the various territories, taking into considerations some peculiarities of each territory.
3. **To determine the compensation plans for the sales force:** there are many ways of compensating the sales force. Among these are the straight salaries, commissions, salaries and commissions, special drawing accounts allowed the salesman, bonuses, express allowances, profit sharing and indirect monetary benefits. Each of these plans has its merits and areas of best fit but especially they are attached to the possibility of the salesman meeting his targeted sales quota, though with an exception of the straight salary structure. Everything being equal, the salesman that meets or achieves more than his sales quota will enjoy more commissions, bonuses and other benefits from the company than his counterpart that is a none-achiever. This same achiever will be the one the firm will like to retain, promote, integrate and rely on in most of its sales decisions than his dormant counterpart.
4. **To serve as an instrument for controlling and reducing sales expenses:** some organizations attach their compensations, promotions and other incentives on the possibility of the sales force meeting a particular sales quota at very minimum costs in terms of time, finance and other organizational resources. This means that the higher the sales force is able to meet the quota at a reduced cost, when compared with other sales people in similar territories, recognizing other external conditions, the higher he is paid and recognized in the company. To use this as a measure of control and sales expenses reduction formula, management should be assured that the quotas are objectively set, and the sales force is capable enough to realize them while the environment is at his favour to achieve the target at reduced costs.
5. **To serve as instrument for sales contests promotions:** one of the ways of determining the sales force efforts and performance abilities is to expose them to sales contests and competition. Using this instrument for promotion and compensation, management may relate performance against quotas and the more sales quotas (in revenue and or quantities) the sales force is able to achieve the more he is paid for his efforts against his sales in similar sales territories. The realization of this idea is on the condition that some adjustments are made and some contingencies and unforeseen circumstances taken care of in the various and different territories and efforts of the different sales people recognized. Also the different sales people should have the equal chances of gaining in the contest as may be provided by management.
6. **To serve as marketing resources and expenditure allocator:** to ease the allocation of a firm’s marketing resources such as advertising, personal selling routing activities and other promotional jobs, the management of the firm can rely on quotas as an aid in their budgets allocation. This occurs in a situation

where the firm's management correlates these marketing activities, say advertising to increase in sales quotas achievement at a particular route, market place and time. If this assertion and method is correct, it would then mean that if Territory A gives the firm, say 10% of the total sales quota, 10% of the firm's advertising related expenses should be allocated to it. This means a system of fluctuating (increasing or decreasing) the firm's advertising and other marketing resources to the territories that provide the higher or lower sales quotas realization respectively. This is only attainable if only some conditions in the territories, organizations, environments and sales force efforts are kept constant.

7. **To serve as a determinant of sales force productivity:** in the measurement of the general productivity and effectiveness or not of a sales force, the use of a sales quota becomes a very good marketing strategy and determining instrument. This is because, having specified sales quota for the sales force, at a particular time, territory and with a favourable environment to meet the quota, the sales force compensation now depends on his output or productivity in the enabling environment.
8. **To determine the strength of territorial development in the market place:** in marketing analysis, the marketing man is concerned with the determination of what is happening in the market place, why it is happening and how to map out strategies to reduce these happenings (if negative to the organization) and strengthen them (if they contribute positively to it). One of the instruments for the marketing analysis is the sales quota position of the firm because its movement determines how fair or not the organization is going. However, it may not actually dictate what is happening to the firm at the market place because the presence and degree of competition in the market and industry, the firm's product quality, middlemen activities and general business environment may be some constraints and or opportunities to watch.

3.3 Types of Quotas

Different firms use different quotas to meet their corporate and marketing goals and objectives. The differences in applications of quota types could be attributed to the differences in the various forecasting and budgeting procedures, top management philosophies and policies, selling problems, executive judgments, resources availabilities and quota – setting procedures. However, the major types of quotas for any marketing organization are shown in the figure below:

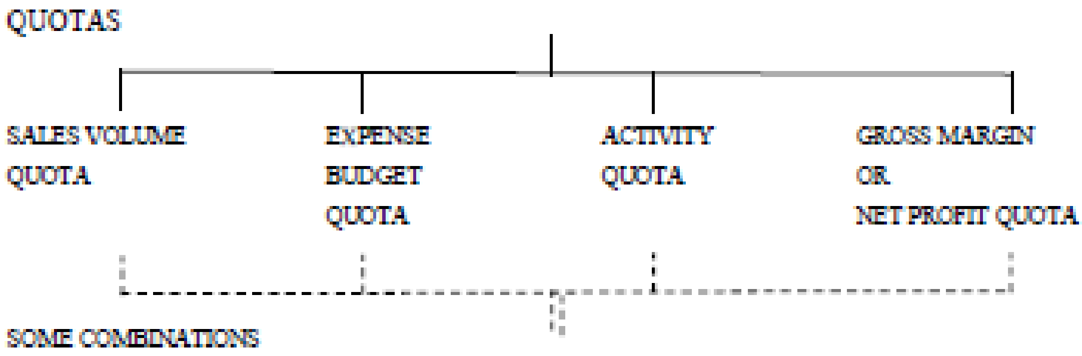

Figure: A typological representation of Quotas of a Sales/ Marketing Organization

From the figure above, it can be observed and noted that a firm is at liberty to apply any or more than one type of quota in reaching its sales goals as the use of one does not preclude the use of the other by the organization at the same time. Each of the types has its merits and conditions of best application that a firm that wishes to achieve any sales synergism is advised to combine the types, where and when necessary, than concentrating on only one type.

a. **Sales – Volume Quotas:** the sales – volume quota seems to be the oldest, most commonly and widely used off all the types of quotas a firm can use. Organizations that use this type do so purely to determine the productivity and individual performance of their sales people concerned with personal selling tasks of the firms concerned. It is a strategy of how much is sold (in terms of naira value or physical quantity) for what period and territory through what marketing channel, and to what customer. It is therefore not enough to state what is sold as a sum without breaking them into product lines, time periods customers, territories and channels. This breakdown analysis makes for easier appraisal of the sales people selling activities and make necessary corrections where and when necessary. However, the shorter the period, the better for the firm than using a very long selling period.

Like the time frame for quota setting, it is illogical for any organization to widen its territories too large. It is more advisable to properly define a particular sales territory for each sales force than assigning him to a very mass and un-segmented market. This will depend on the products sold, the product's features, the market opportunities in each territory and the top management's policy on territorial coverage. Sales volume should equally be set based on product lines because of resources management, control of sales force activities and determination of the firm's general business and marketing activities. As stated above, the two basic methods of setting sales volume for an organization are the monetary value (Naira sales revenue or volume made out of the sales) and the physical quantity or unit of products sold. The monetary value involves the total sales revenue realized from the customers under certain conditions, environments and territories. This system makes it easier to equate the performance and productivity of the sales force in terms of the financial revenue he is able to contribute to the organization's purse. Thus, the more sales volume he realizes the more productivity he is assumed to be by the firm. It equally enables the firm to relate and compare its expenses made in an effort to meet a particular sales activity with the sales revenue, and then, profits made of such a marketing task.

A firm using the unit of product sales volume method can do it under two specific conditions; when the selling prices of the products are expected to fluctuate significantly during the quota period and when the company has narrow product lines sold at prices that do not fluctuate significantly during the quota periods. In the first case, the company has a determined sales volume to achieve during the period and can reduce or increase the price of its products to meet the sales target. For instance, if a firm's product is sold to N40.00 a unit, 600 units have to be sold to get N24, 000.00 in sales but if the price falls to N30.00 a unit, 800 units should be sold to get the same sales revenue. The second condition assures the firm of its expected sales volume if all marketing efforts necessary to affect a better performance are put into proper position. In general, the unit of product sales volume is mainly used when the firm has product lines with relatively few items and high unit prices.

b. **Activity Quotas:** In an attempt to make any sales, the sales force performs some activities which range from total sales call, calls on particular class of customers, visits on prospects to opening of new accounts. The other sales jobs include missionary calls, products demonstrations, placement or erection of displays and making of collections. Some of these selling activities are more difficult to accomplish than others in terms of time, efforts, and monetary expenditures involved and the more difficult the tasks, the sales force ought to be compensated.

A firm that is adopting the activity quotas as a quota strategy should first identify these various selling activities and assign some frequencies to form a basis for quota assignment and performance evaluation and control of the force. How the salesmen spend and allocate their time and other selling efforts should equally be identified by management for easier measurability and productivity appraisal.

Activity quotas are usually used most when the salesman is performing a sales job of non – routine in nature and where he is expected to develop new contacts as in insurance and missionary selling. Others are searching for customers that purchase infrequently but in bulk that each purchase takes care of the costs involved in getting him and making him to buy.

The major problem of the activity quota method is to determine whether the assigned sales job is actually done and how effectively it is performed. This is because of the tendency of rewarding some salesmen highly for quality jobs done or otherwise. This problem could be solved by using other methods of setting quotas such as well-designed sales volume and or expense quota with adequate and close supervision of the sales men by their immediate higher authorities.

c. **Profit Quotas:** another method of establishing quotas involves setting quotas based on either gross – margin or net profit quotas. This method is used by firms that want to deemphasize more sales volume but concentrate on sales force activities contributions to profits – whether gross or net margins. The general philosophy underlying these quotas is that sales personnel will operate more efficiently if they are made to recognize that sales increases, expense reductions, or both, are important only if increased margins or profits result and they are particularly appropriate when the product line contains both high and low margin items.

This method has to be used with carefulness because of how the profits are realized, who made them and the environmental circumstances where they are made. This is because risk averting sales force may prefer selling products or low margins at non difficult sales territories or markets and still come out with high sales volume and profits. Some risk – taking salesmen may equally prefer difficult to sell products to complex markets and territories with huge financial and other resources expenditures which may not bring easier and faster sales revenue and profit to the organization as the first case. The second category of salesmen will adopt the latter strategy if only they are assured of management's support in terms of their promotion, compensation and other rewards taking into considerations the sales difficulties involves rather than rewarding them poorly for failure to make higher and quicker sales volume and profits as in the case of the risk averter.

Certain problems are involved in establishing quotas based on profits (gross-margin or net profit quotas). These problems are the increased clerical and administrative expenses involved, the possibility of friction arising between management and the sales reps because of the inability or failure of the force to understand the derivation formula for their quotas, and the goal being based on too many factors these reps have no complete control of. These problems could be resolved by the reduction of some administrative flaws involved by management, basing quotas on the conditions the force have control over by deducting the expenses from the gross margin to arrive at the net profit and setting quotas on individual products and making adjustments where and when necessary to get the expected contributions.

d. **Expense Budget Quotas:** sales people spend a lot of revenue through travelling, entertainment, food, and lodging in their efforts to sell the organization's products. Because of the financial expenditure involved in this activity, management of most institutions consider it a waste and always look for alternative cost reduction formula yet thinking of realizing as much sales revenue and profits as expected. In most cases, this is an irreconcilable position that brings conflicts between the two parties involved.

In order to achieve their sales goal at reduced costs, some firms establish a quota based on the representative's expenses and relate them to sales volume and or compensation plans thereby rewarding efforts that do not cut across the budgeted expense to get a particular target achieved while the opposite is unrewarded. This method is an attempt to create much costs and profit consciousness and awareness to the sales people unlike in other quota setting methods.

The fault of this method is that it makes the organization so conscious that good opportunities of higher expenditures are missed because of the already drawn expenditure budget. The sales force equally loses profitable and rewarding marketing areas and avoids some promotional incentives, demonstrations and offers or benefit to the organization in order to avoid punishment. Equally expenditure reduction seems t be the goal of the force and management than profit and sales increase contributions to the organization.

The avoidance of this ugly situation involves management setting objective and realizable quota with the expected expense and making provisions for contingent expenditure by the sales force. The required considerable efforts to put in analyzing differences in the various territories to determine the market and customers' buying behavior, products in question and the general business environment will be offset by the rewards to realize if properly managed. This calls for flexibility in the administrative strategy of the top management policy. It is a good guiding principle to use in quota setting because it acts as a check on the reckless behaviours of some salesmen who assume the firm's finances under their care for sales activities to be their own share of the organization's cake and therefore the opportunity to grab as much as they are able.

However, this does not suggest that sales men should stop spending on food, travelling entertainment or lodging in order to make greater sales and revenue from profitable sales territories and markets, rather they should be done with the realization of the cost benefit relationship involved.

e. **Combination Quotas:** the use of the combination quotas by a firm is to derive as much as possible the various benefits of the other quota types and avoid their inherent problems, particularly when the enterprise is not satisfied with the use of any single method in isolation. Combination quotas equally assist management to control the sales representatives' performance in their selling and other non-selling activities by finding the average of what they do and how they do them. The method tries to avoid the use of different measuring units to appraise different aspects of sales force performance such as using the monetary returns made by the force to measure sales volume or number of calls on prospects to measure attention given to developing new business or using a single unit to measure the different sales force activities. The combination quotas make use of averages of the sales force activities and percentages of quota obtained and in some cases the weight assigned to the quotas. The draw backs of the method are their complexities as much sales force may find it difficult to understand how it is used to appraise their standards. It has the problem of emphasizing one component activity more at the expense of the others. However, it is a better method of cross-checking the other methods in addition to siphoning their benefits jointly.

3.4 Approaches Used in Setting Quotas

The typologies in quotas not withstanding almost the same procedures are used in setting the sales quotas of many organizations. For illustrative purposes mainly and for the fact that the sales – volume quota is the most widely used, it is used here as an example. The general approaches used in deriving the sales volume quotas (just as other quotas) are:

1. Total Market Estimates
2. Past experience alone
3. Based on executive judgment alone
4. Relating quotas to compensation plan, and
5. Sales people setting their open quotas

These derivation procedures are briefly explained below.

1. **Total market estimates:** in situations where management finds it difficult to gather as much data as possible on territorial sales potentials or the sales force is incapable of making any reasonable and reliable estimates for quota setting, management may resort to deriving its quota from total market estimation through breakdown analysis. This it can do by either breaking down the total company sales volume, taking into consideration some relative sales opportunities in each territory with adjustments to arrive at a territorial sales volume quota or adjusting the company's sales estimates into a company – wide sales quota, recognizing the changes in the company's for marketing variables and policies and then breakdown the result (company volume quotas) after considering the relative indexes in each sales territory.

2. **Past sales experience alone:** a firm can equally derive its sales volume quota based on its past sales performance alone. This is done by analyzing its past years sales according to territories and adding an arbitrary percentage to get next period's sales volume quota or it can add the past years on moving averages and the results become those of the future periods. In any way it is derived, this method sounds crude, unscientific and unreliable because the determinants of the firm's past year's sales might change.

This method assumes that both the past and future determinants of sales are related and that the past has proved satisfactory and reliable which is a wrong assertion. It should be realized that sales volume is a function of both variable within and outside the organization, those it can control and those it cannot control such as its marketing variable in one hand and the external environments of competition, technology, changes in demand, trends, and cyclical changes. It is difficult to use this method as a performance standard particularly when the reasons for the sales force ad entire management past sales efforts and results are not fully known.

3. **Based on executive judgment alone:** like the above case, the absence of reliable statistics as yardsticks for quota derivation may bring the judgment of the firm's executives into action. This method may be equally justified on the assumption that there is no sales forecast, no practical way to determine territorial sales potentials, the product is new with market acceptance rate difficult to determine and or a new territory is opened with a new sales person assigned to it.

   This method as in the case of sales forecast based on executive opinion, is based on the view that the executives are in the best position to know, taking into cognizance their past experiences. However, this method is still rudimentary because these executives may know little or nothing may be too busy to make good quotas, may support the realization of the quotas they set for the organization whether or not these results are poor outputs of the executives' inputs and decisions.
4. **Relating quotas to compensation plans:** using it as an instrument for compensation and motivation of the sales force, a firm may determine an expected sales volume quota for each sales force within a particular territory and period with a compensation incentive either in commission or bonus or both in addition to straight salary attached. Under this arrangement, if the sales person crosses the targeted quota, he is compensated higher while less achievement attracts less reward.

Though this strategy may sound logical, reasonable and motivational, if the firm fails to recognize the external constraints in the entire market (and business) and territorial environment, the differences in skills training and efforts of the sales force, and the market opportunities of each sales territory.

4.0 CONCLUSION

Sales quotas are determined for the markets and sales territories of an organization. It gives an indication of the level of sales that a given market should generate. It also serves as the basis for the evaluation of the performance of individual or group of salesmen operating in defined market areas.

5.0 SUMMARY

In this unit, you have been introduced to the following issues in sales quotas:

- Meaning and Applications
- The Purpose and Benefits of a Sales Quota to an Organization
- Types of Quotas
- Approaches Used in Setting Quotas.

6.0 TUTOR-MARKED ASSIGNMENT

- Explain what sales quotas are, their applications and importance in the organization.
- Discuss the different types of quotas an organization can establish and the factors that determine the use of each form.
- List and discuss the different approaches a firm can use
- in setting its sales quotas.
- Describe how sales quotas are administered in a firm.

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MODULE 4

UNIT 1 SALES ANALYSIS AND CONTROL

CONTENTS

1.0 INTRODUCTION

Effective management of the sales force and the entire marketing effort of the organization demands that proper sales planning and evaluation be done from time to time. In this unit, you will be introduced to the sales evaluation process, components of performance evaluation and the bases for analyzing sales volume.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- explain the relationship between sales planning and evaluation;
- discuss the evaluation process;
- list and describe the components of performance evaluation; and
- identify the Bases for Analyzing Sales Volume.

3.0 MAIN CONTENT

3.1 Relationship between Sales Planning and Evaluation

While sales planning determine what should be done, sales evaluation reveals what really was done. The two activities are related and only useful when taken together.

During sales planning, goals are set and strategies and tactics are determined. During implementation, management will organize staff and operate selling activities. During sales evaluation, management will compare goals and results, and explain variances and take remedial measures to ensure improvement.

3.2 The Evaluation Process

This involves a three stage task:
Find out what happened-compare actual results with budgeted goals and determine possible variations.
Find out why what happened, happened-ascertain the factors responsible for the variation in performance.
Decide what to do about it-identify unsatisfactory conditions and plan to improve in the next period's activities. Sustain favourable conditions.

3.3 Components of Performance Evaluation

The components of field selling efforts can involve the following: sales volume results, related marketing expenses and the performance of individual salespeople.

A sales volume analysis is a detailed study of the naira/volume by products/product line, territories, key accounts and general classes of customers.

A marketing cost analysis is the study of the marketing expenses to determine the profitability or otherwise of the various market segments.

Performance of individual salespeople will look into sales and associated costs of each sales person. Based on this analysis, decisions can be reached as to who are the high and the low performing salespeople.

3.2 Bases for Analyzing Sales Volume

The bases for analyzing sales are total sales volume, sales by territory, sales by products, and sales by customer classification.

Total Sales Volume: this is the combined sales of all products in all territories and for all customers by the organization in a given time frame. This figure on its own is not very significant. It becomes very important when figures for more than one period are available and compared to establish a trend. Two trends are important in sales analysis- the trend of the company's sales over years and the trend of the company's share of the total industry market market-share trend.
Sales by Territories: this is done with a view to establishing the territories that are weak and the ones that are strong. After determining the weak territories, management should go on to find out why the weak territories are weak. The simple procedure for analyzing sales volume by territories involves the following steps:

1) Select a market index (retail sales) that indicates what percentage of total sales should be obtained from each sales territory.
2) Determine the company's actual total sales in naira/units during the analysis period.
3) Multiply the territorial index by the total sales figure to determine the goal in each territory.
4) Compare actual territorial sales with the regional goals to see how much variation has occurred.

Sales by Products: the 80-20 principle can be applied to products and territories. While many of the products a company is carrying can account for a small percentage of total sales volume/profit, few of the products will account for most of the volume/profit.

Several types of volume analysis by product can be helpful. First is a summary of present and past total divided into individual products or groups of products. The second is where industry figures are available. This analysis will help the organization to better appreciate the circumstances of each product in the market. For instance, a company experiencing declining sales in a particular product will be encouraged if it is established that the industry sales figure has also been declining. What will be important here is the rate of decline for the company and the industry. Third, is the study of the sales of each product in each territory? This will establish the geographical market in which the each product is strong or weak.

Sales by Customer Classification: analysis of sales by customer groups will also benefit from the 80-20 principle. It is possible that a small proportion of customers may be accounting for a large proportion of sales volume.

4.0 CONCLUSION

There is a close relationship between sales planning and evaluation in the context of sales analysis and control. The evaluation of sales must derive from the targets set at the planning stage. It is also important to note that sales analysis can be done using different bases. Whatever basis is to be used by the organization must be made known to the sales force.

5.0 SUMMARY

In this unit, you have been exposed to:

- Relationship between Sales Planning and Evaluation
- The Evaluation Process
- Components of Performance Evaluation
- Bases for Analyzing Sales Volume

6.0 TUTOR-MARKED ASSIGNMENT

1. Explain the Relationship between Sales Planning and Evaluation;
2. Discuss the Evaluation Process;
3. List and describe the Components of Performance Evaluation; and
4. Identify the Bases for Analyzing Sales Volume.

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UNIT 2 QUANTITATIVE METHODS FOR SALES MANAGEMENT DECISIONSSALES FORECASTING

CONTENTS

1.0 INTRODUCTION

A very important aspect of market analysis is to make quantitative estimates of buyers demand for the company's product and/or services. For the purpose of this unit, we shall treat sales forecast as the first and most important tool for analyzing markets. Sales forecast is an estimate of the monetary or unit sales of a product or service that an individual marketer expects in a specified time or period under a given marketing plan.

2.0 OBJECTIVES

At the end of this unit, you will be able to:

- explain the meaning and scope of sales forecast;
- discuss the importance of sales-forecast in business;
- determine the information basis for building a sales forecast;
- describe the process of using salesmen to forecast sales; and
- explain the Advantages and Disadvantages of Using Salesmen to Forecast Sales.

3.0 MAIN CONTENT

3.1 Meaning and Scope

Sales forecast can be seen as the systematic projection of likely sales given certain defined criteria and making defined assumptions. Hence we can talk of forecast within a specified time period and under a given marketing plan. Two important points to note in this definition are that the forecast has to be (1) Systematic or should follow a defined criteria and (2) made under clearly defined assumptions.

In analyzing sales potential, due consideration is given to possible sales levels under given marketing programs having in mind the existence of certain environmental conditions. The objectives and resources of the company, stability of the market, and the use of the forecast determine to a large extent the time lapse of a sales forecast. The most important point to note here is that a sales-forecast must be in time specific. Sales estimate can be short, medium or long range. Short range forecast is usually for one year or less, medium for one to five years, and long for periods longer than five years.

An accurate sales-forecast serves as useful information piece to a Marketing Manager since most company's plan and activities are influenced by estimates of market opportunities.

3.2 Importance of Sales-Forecast in Business

Using sales-forecast, a company can make long lasting and reliable decision on key matters. In fact, it is the starting point of good company management. The accuracy of the sale-forecast is of utmost importance since almost all important management decisions are based on it. A company whatever business it does, markets either goods or services.

Some of the uses and importance of sales forecast in business include:

1. Purchasing of raw materials

It is only when a company knows the estimate of what it can sell within a specified time period that it can plan effectively the raw materials to purchase, quantity, the time to purchase and how to purchase. Appropriate purchasing plan cannot be made if the quantity of the different products to be produced is not known. Therefore a good sale forecast will ensure correct raw material purchase decision.

2. Scheduling Production

Having known the estimate of the quantity of each product that can be sold; the management can now schedule production towards meeting up with the forecast.

3. Securing financial resources

Management can now estimate the financial resources it needs since it has known what to produce, and the capital at its disposal, it can now work out the additional financial resources it requires.

4. Channeling promotional activities

The sales forecast enables the company to know whether or not it is progressing. This knowledge helps the company to know the type of promotional activity to employ in other to improve on performance and to draw up its promotional budget.

5. Setting sales quotas and managing sales effort

Sales forecast enables the marketing personnel to set quotas for the salesman. It also gives them an insight on the efforts required for a particular sales territory that enables distribute the sales men to territories they are required most.

6. Hiring Personnel and Planning Inventory levels

Knowledge on the estimates of a company's product that can be sold within a specified time period will tell the company the number of personnel it requires within a fixed time period all things being equal. Sales forecast also helps the management to know the inventory level it should maintain at all times.

7. Budgeting and controlling expenses:

Since the company now knows the forecast for the particular period in question, it can now budget for expenses properly. This budget of expenses will go a long way towards reducing the unimportant expenses because control can now be made after comparing actual and budgeted expenses and measures taken to ensure a more appropriate and reduced expense.

3.3 Information Basis for Building a Sales Forecast

There are three information bases for building a forecast. These are Information based on:

1. what people say
2. What people do
3. What people have done

Each of the three bases has methods for obtaining the required information.

What people say: This involves systematic determination of the opinions of the buyers or of those close to them such as salesmen or outside experts. It consists of 3 methods:

(a) Survey of buyer intentions
(b) Composites of sales-force opinions
(c) Expert opinion.

(a) **Survey of buyer intentions**: Forecasting is essentially the art of anticipating what buyers are likely to do under a given set of conditions. This immediately suggests that a most useful source of information would be the buyers themselves. A list of potential buyer is drawn: each buyer is approached, preferably on a face-to-face basis, and asked how much of the company's products he will buy in the defined future time period under stated conditions. The buyers would also be asked to state the proportion of the total requirement they would buy from the firm in question. With this information, the firm would have an ideal basis for forecasting its sales. The value of this method would depend ultimately on the extent to which the buyers have clearly formulated intentions and then carried them out.

(b) **Composites of Sales force Opinions**: Here, members of the company's sale-force are asked to estimate the anticipated sales in their territories for a specific period of time. These territorial estimates are combined to arrive at a tentative forecast. The details of how this system works, its usefulness and importance, and conditions under which it works perfectly are discussed in details in the later part of this unit.

(c) **Expert Opinion**: This involves tapping the opinion of well-informed persons, such as distributors or outside experts. A firm may use or buy general economic forecast or special industry forecast prepared outside of the firm. Or a firm may invite a group of experts to estimate the probability of a development, such as a new technology or a change in business conditions. The judgment of these experts can be gathered in three ways:

1. **Group discussion method:** They may meet as a committee and come up with a group estimate.

2. **Pooled individual estimates method:** They may supply individual estimates and assumptions that are reviewed by the project leader, revised and followed by a second, third rounds of individual estimation.

3. **Delphi method:** This involves the questioning of experts in successive stages through the use of anonymous questionnaires to make the unique knowledge of each expert available to the entire group.

2. **What people do**: This information base has only one method namely, Market test method: This method is usually used where it is difficult to use other methods mentioned earlier. It is also mostly desirable in forecasting the sales of a new product or the likely sales of an established product in a new channel or territory.

3. **What people have done**: It involves analyzing with mathematical and statistical tools, record of past buying behavior using either (a) time series analysis, or (b) statistical demand analysis. (a) Time series analysis: the time series techniques all rely on known, quantitative measures of past sales over a series of points in time. Each technique projects sales to a future point based on past sales. The techniques vary in their statistical treatment of historical patterns of sales. They are of three kinds:

I. Trend fitting

II. Moving averages
III. Exponential Smoothing

I. Trend Fitting: This is the simplest form of time-series analysis that fits a trend line to a series of sales data. Forecasting occurs by the simple extension of the fitted line to the time period for which the sales are being estimated. For a more accurate figure, the trend fitting requires a large number of past sales figures to which the trade line will be fitted. This method is not without limitations.

II. Moving averages: A forecast is determined by averaging the actual sales figures for the most recent set of time periods on which the forecast is based. If a six year moving average is used, then sales forecast for 2015 would be the average of actual annual sales realized for 2009-2014.

III. Exponential Smoothing: It is logically sound to state that the most recent sales figure contains the most vital information about the future. This method gives a forecast that averages past sales, while giving more weight to the more recent sales level; Exponential smoothing needs only three pieces of data namely, (a) the current period's sales, (b) (QT) the current periods forecast or smoothed sales/QT and a smoothening constant (c) Statistical demand analysis: This method attempts to derive not complete but rather the most important factors in the hope that they will explain a significant amount of variations in sales. The most commonly analyzed factors are prices, income, population and promotion. A lot of problems increase the validity of this method.

3.4 Using Sales Men to Forecast Sales

This involves the use of salesmen in estimating future sales. Using this method, each sales person is asked to estimate how much sales he/she expects during the time for which the forecast is being made. This he does most often by asking his prospects and customers, the quantity of the company's product they expect to buy during the next period under specified conditions. The sales persons are usually given enough time to do the forecast so that they can arrive at a meaningful and moderately accurate sales forecast figure for each of their territories, and for each company's products. In gathering this information, the most likely question to be asked the buyer by the sales person is I've got to produce a forecast of what business will come from my territory next year. Could you give me any idea of what your requirements are likely to be between January and December?

The company should only expect to get an accurate forecast if it allows the sale men enough time to do the forecast. Where the company gives the salesmen very limited time to work, it should expect an overall guess work based on last year's sales. This of course will be of little or no use to the company.

As the salespersons submit their estimates, reviews and adjustments are being made at various levels of marketing management.

When each salesperson submits his sales forecast, it is forwarded to the manager heading that sales person's zone or territory. A combination of these forecasts got from different zones is made to arrive at a fairly tentative forecast. The zonal managers in turn after making their reviews and adjustments, send same to the headquarters where thorough comparison of the later is made with the forecast developed by the marketing staff as the headquarter. The forecast is lastly passed to the marketing vice president who does the final screening. A firm can have as many zones as possible and as many salesmen as it requires.

3.5 Advantages and Disadvantages of Using Salesmen to Forecast Sales

There are several benefits enjoyed by firms using salesmen to forecast sales. These include:

1. **Familiarity with customers**: The salesperson is closer to customers on a daily basis than other company personnel. They therefore know more about customers' future product or service needs. Moreover, they have more knowledge or better insight into developing trends than any other group.
2. **Tools for motivating salesmen:** The fact that salesmen are allowed to participate in the forecasting process boosts their ego. This motivates them to work harder towards achieving their sales quota since these quotas are often set based on the forecast made by them.
3. **Makes provision for adjustments:** This method makes provision for review and adjustments. During this period, most errors and salesmen biases are removed, thus is a relatively accurate forecast is arrived at.
4. **It is cheap relative to some of the other methods of sales forecasting:** The salesmen are already employed by the firm, no other person is needed to be employed for this job. The company doesn't also pay the salesman additional salary or allowance for doing the additional job.

This method is also time saving and convenient.

The disadvantages of using salesmen for forecast sales will include the following:

1. **Salesmen's bias:** salesmen may deliberately underestimate the sales potential of their territories so that low sales quotas will be set for them. They may also overestimate the sales potential of their territories so that their supervisors may feel that they are really working hard. This most often leads to unattainable goals which are not in the best interest of the company.
2. **False optimism and pessimism:** Salespersons may be overly optimistic when sales have been good. They tend to assume that since sale are good this period, that the trend will continue in the next period. But if sales have been bad, they tend to be overly pessimistic.
3. **Unawareness:** Salespersons are often unaware of larger economic developments and of marketing plans of their company that will influence future sales in their territory. Thus these variables supposed to be considered in

forecasting sales are ignored since the salesmen do not know about them. Moreso, since the salesmen are not trained forecasters, they tend not to have and so do not apply expertise knowledge in making their forecast.

4. **Dislike for paper job:** sales people usually dislike paper work because it consumes the time they expect that could otherwise be used in selling. Because of this dislike, they usually do not do the job appropriately especially if it is time consuming.

4.0 CONCLUSION

Companies producing fairly technical products that are subject to a changing technology will do well to employ the services of their salesmen in forecasting sales. The salesmen are very familiar with their customers and are also the ears and eyes of the company in the market place. By this, they are in a very good position to tell the companies more about the customers. This piece of information will help the company to plan and control its overall activities. Worthy of note is the fact that this method of forecasting sales is most desirable when the product is an existing one.

5.0 SUMMARY

This unit has discussed the following:

- Explain the meaning and scope of sales forecast;
- Discuss the importance of sales-forecast in business;
- Determine the Information Basis for Building a Sales Forecast;
- Describe the process of Using Salesmen to Forecast Sales; and
- Explain the Advantages and Disadvantages of Using Salesmen to Forecast Sales.

6.0 TUTOR-MARKED ASSIGNMENT

1. Explain the meaning and scope of sales forecast
2. Discuss the importance of sales-forecast in business
3. Determine the Information Basis for Building a Sales Forecast
4. Describe the process of Using Salesmen to Forecast Sales
5. Explain the Advantages and Disadvantages of Using Salesmen to Forecast Sales.

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UNIT 3 ETHICAL AND SOCIAL RESPONSIBILITIES OF SALESMEN AND SALES MANAGERS

CONTENTS

1.0 INTRODUCTION

In the eyes of many people in the society, the practice of marketing is associated with unethical practices and social responsibilities. Salesmen are seen as people who are consumed with the zeal of mere satisfaction of produces' sales revenue needs. As a result of this, salesmen and sales managers have over the years been variously branded as narrow – minded, exploiters, opportunists and profiteers who have no genuine interest in the welfare of consumers and little regard for social values. Though these views are held by many in the society today, they, nevertheless, hold more for the by-gone traditional traders and merchants and a few others who are still clinging to the views of the selling philosophy than for modern salesmen and sales managers who practice the extended marketing concept.

Our purpose in this chapter is to examine the ethical and social responsibilities of salesmen and sales managers, highlighting some unethical practices and social irresponsibility found among some salesmen and sales managers, and their consequences on the society and business. Efforts to curb these unorthodox practices and what can be done to ensure that erring salesmen and sales managers live up to expectation will also be looked into. It is our view that the more salesmen and sales managers adopt the modern marketing concept, the more ethical and socially responsible they will become.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- discuss the ethical and social responsibilities of salesmen and sales managers;

- explain the emergence of ethical and social responsibilities; and
- describe the ethical behavior of salesmen and sales managers.

3.0 MAIN CONTENT

3.1 Emergence of Ethical and Social Responsibilities

Ethical and social responsibilities are modern concepts in business. The two concepts are usually considered together because they both emerged at the same time and focus on the same issue – the moral conscience of business. The concept of ethical responsibility has to do with the issues that border on business people's loyalty to their organization on the one hand, and their customers, on the other hand. Social responsibility, as a concept, has to do with business' responsiveness to the problems and interests of the society. It is carrying the moral obligation of business to the society. In other words, while ethical responsibility has to do with business people's obligation to be true to their customers as wells as organizations, social responsibility has to do with their being good to the society as well as their customers. Both concepts therefore are appeals to the conscience of business people, to the intent that they might meet the expectations of those who are affected by their actions.

The emergence of ethical and social responsibilities as important concepts in marketing can be traced to the time when marketing people became preoccupied with adjusting to consumer behavior, the modern marketing concept, quantitative methods, and marketing management. This has been zeroed down to the early 1950s. However, according to him, significant expression of concern for social responsibility in marketing did not occur until the mid – 1960s, going by the increased number of published articles on the issue from that period onwards.

Ethical issues became serious in marketing only after salesmen and sales managers (then generally referred to as traders and merchants) had their image seriously tarnished by bad practices. With the coming of the age of affluence, rise in production, and the emergence of many competing brands in the market after the Second World War in 1945, the modern marketing concept was adopted. This led marketers to believe that their role was limited to the satisfaction of consumers and the consequent generation of profits for their organizations. Until the 1960s, environmental resources, such as air, water, energy, and paper, were considered limitless, and responsibility to the general public was rarely considered. Serious indictments and criticisms were made by the affluent and educated society against business organization for bad practices and lack of responsibility to the society in which they operate. Business launched a counter – attack and denied all the allegations against it at first. But a few executives that listened changed their minds and started preaching to their colleagues. Soon, ethical and social responsibilities were added to the ideological stockpile of capitalism.

The practical reasons for the emergence and pursuance of ethical and social responsibilities in business (and marketing) are many. But these can be summarized into four:

1. To reverse the declining public confidence in business. Bad an unorthodox practices and lack of regard for the welfare of the society has tarnished the image of business in the eyes of many people, leading to a spate of criticism of business and the pursuance of consumerism.
2. To pay the price of economic freedom and flexibility. Social problems affect both the firm and its customers, and it is in the interest of business if these problems are attended to.
3. To balance the power – responsibility equation. Marketers exert a great deal of influence on consumers and the economic policy of a nation. Lack of social responsibility on the part of marketers may lead to the erosion of their social power, since.
4. To enable the marketing department represent the company very well, and so present a good corporate image before the customers and the public at large.

3.3 Extension of the Marketing Concept

Since the early 1950s, the most popular orientation or philosophy that has pervaded thought and motivated decisions and actions among marketing people is the marketing concept. This managerial focus is of the view that the major task of business people is the identification of consumer needs and wants and the development or adaptation of products that will help to satisfy the needs effectively and efficiently. Simply put, according to this concept, the satisfaction of the consumer is the over-riding goal of business. This puts the consumer on a new pedestal – that of a king, the center – piece of all marketing activities. The marketing concept led to the adoption of the concept of sales morality in sales management. Sales morality focuses on the consumer's interests, rather than those of the salesman or organization. A sale that does not benefit the customer will end up being a "one – time business" because a customer who has once been deceived, or cheated or left dissatisfied will be more careful next time the salesman is around.

The major problem with the marketing or sales morality concept is its narrowness as a basis for organizational decision – making. Though marketing concept tries to satisfy the present needs of the consumer, it does not consider the long-run effect of this satisfaction on his (total) welfare as well as the welfare of the public at large. The promotion of the consumption of some products such as tobacco and hard drugs will satisfy some consumers and, so, is in line with the marketing concept. But the impact of these "need satisfiers" on the future health of their consumers, their families and the public being forced to inhale the smoke of the tobacco or put up with the social misbehavior of such consumers can be devastating. In the same vein, consumers may prefer imported ostentatious products to locally – manufactured ones. The satisfaction of these consumers may lead to a serious drain of the nation's scarce foreign exchange thereby constraining the importation of highly essential products such as drugs, among other consequences.

The inadequacies of the marketing orientation point to the need for marketers to broaden their views. The aim of marketing has to go beyond the satisfaction of the consumer and encompass the social costs and post – consumption effects of products. In other words, marketing has to be true and to satisfy consumers in a holistic manner as well as ensure the welfare of the society.

Where marketing fails to live up to its responsibilities to consumers and the society, the resources are consumerism and laws. Consumers entail the actions of consumers to get themselves protected against perceived injustices of marketers. Government can also formulate policies or make laws to curtail or channel the actions of business as desired in order to make it socially – responsible. These are usually not the best for business.

In order to make the marketing concept and social responsibility compatible, what is suggested is the extension of the breadth and time dimensions in the definition of the marketing concept. In extending the breadth of the marketing concept, the manufacturer of diesel electric power generator will have to see its market as not only the users of diesel electric power generators, but also any other people directly affected by the firm and its products' operations. This broader definition of the company's customers can regard the following as the customer groups that it needs to satisfy: (1) the users of diesel electric power generators, (2) the users of the air that contains the impurities given off by the diesel generators, (3) the neighbors whose right to quietness the noise of the generators will affect, (4) the users of the nation's foreign exchange that will be affected by the importation of some or all the parts of the generators, and (5) the community affected by the company's employee traffic driving from work.

In extending the time dimension of the marketing concept, the company tries to operate in such a way that it can prosper in the long-run. To achieve this, the company will have to operate in such a way that it can (1) satisfy the wants of actual and prospective consumers, (2) satisfy the societal wants affected by the firm's activities, and (3) make a satisfactory level of profit. In this way, the marketing concept and the company's social responsibility are ensured.

The extension of the marketing concept has been given different terminologies: these include:

"the human concept", "the intelligent consumption concept", and the ecological imperative concept". The societal marketing concept is a management orientation that believes that the major task of business is to determine the needs and wants of target consumers or markets and to adapt efforts towards delivering the desired satisfactions more effectively and efficiently than one's competitors in a way that preserves or enhances the consumers' and society's well – being.

The adoption of the extended marketing or societal marketing concept by salesmen and sales managers will make them to live up to the expectations of both their customers and the society at large. The marketing concept or sales morality will ensure that they are ethical in their activities while orientation to the society will ensure that they are socially responsible in their decisions and actions. In the next two sections we shall examine what really constitute ethical and social responsibilities of salesmen and sales managers.

3.4 Ethical Behavior of Salesmen and Sales Managers

Ethics is the science that deals with morals or the standards of behavior. It concerns the principles of right and wrong in human behavior. Every profession has its own ethics which constitutes the rules or codes of conduct guiding its members. Whether written or unwritten, these rules are known to the members. To be ethical is to abide by these rules in one's dealings with others, while unethical behavior is that which falls below the standard or expectations. Sanctions are usually imposed on those who err in order to bring them back in line. Over the years a number of principles of behavior have developed in order to guide salesmen and sales managers in their dealings with customers and their organizations. Then salesmen and sales managers go contrary to these principles, the consequences are usually dismal for them and one or a combination of the interested publics.

Ethical Behavior – A good salesman or sales manager is like a match maker. He seeks to enhance the interests of both his customers and employer at the same time. It is of utmost importance therefore that he strives to be honest in all his dealings. Most salesmen do not seem to have any problem in accepting that they need to be true and loyal to their firms. This is because they are constantly been watched and reminded of this and any act of dishonesty may lead to loss of job, position, commission or even incarceration. Salesmen and sales managers are not expected to raise price arbitrarily, cheat their firm, or collude with any party to do so. The codes of conduct which relate to the honesty and loyalty of salesmen and sales managers to their organizations, employers, or principals are usually contained in the employment terms or agreements entered into at the commencement of relationship.

The tenets of the marketing concept or sales morality dictate that all the efforts of the marketer should be geared towards the satisfaction of the needs of consumers more effectively and efficiently than competitors. The pursuance of the goal of consumer satisfaction will make a salesman or sales manager to seek only the best advantage of consumers at all times. This will divorce him from every dishonest practice that may injure or lead to the sub-optimal satisfaction of consumers. In order to attain this over-riding goal of consumer satisfaction, the salesman or sales manager will have to abide by those codes of behavior that will enable him to deliver the benefits that attract and retain the confidence and patronage of consumers. These codes of behavior are the assumptions and expectations which underlay every purchase made by consumers. They may or may not be enshrined in a nation's consumer protection laws. A number of them will be considered hereunder:

- A salesman or sales manager is expected to sell only safe and god quality products to his customers. This means that he should not sell defective, dangerous or adulterated products, as this may injure his customers and others. Where scraps, defective or low standard products are sold, the prospective buyers should be notified of this before purchase.
- The disadvantages or side effects (if any) of using a product should be made known to consumers before sale. Dangers or precautions associated with the product or its misuse should also be made known to prospective buyers. The shortcomings of the product should be admitted when they exist.
- Prospective buyers should not be pressurized, forced, or begged to buy any item.
- Salesmen or sales managers should not take undue advantage of the ignorance, mistakes, weakness or circumstances surrounding the consumer.
- Salesmen or sales managers should never destroy competitors or their products.
- Arbitrary or frequent price increase should not be embarked upon, even if the product is unique or scarce. Adequate notice should be given before price increase.
- Salesmen and sales managers should do their utmost to meet obligations and fulfill
- promises and guarantee arrangements entered into with customers.

Unethical behavior – Unethical behavior can be described as anything on the part of salesmen or sales managers that betrays the confidence that their employers and consumers repose on them or injures the welfare of rights of their employers and consumers. Unethical acts run counter to the objective of sales morality and give bad names to salesmen and sales managers. Generally speaking, unethical behavior is failure on the part of salesmen and sales managers to abide by the codes of conduct discussed in the last section. Unethical behavior is otherwise known as bad and unorthodox practices. It is probably the major single drawback in the development of marketing as a profession. Unethical practices come in different forms and shades. We shall discuss a few of these below.

High Pressure Selling – This characterizes the selling concept that assumes that consumers will generally resist buying a product. Based on this belief, the ideal salesman is the one who can break down any resistance, overcome any buyer, and sell anything to anybody. If necessary, the salesman could use extreme methods, by hook or by crook, to obtain orders. The end justifies the means for such a salesman. This method of selling is unethical. It does not consider the customer’s welfare. Rather, it focuses only on the need of the salesman. Customers who fall prey to such a salesman lose confidence in salesmen and build a stronger wall of resistance next time.

Exaggeration of product benefits – Some salesmen and sales managers exaggerate the benefits to be derived from buying and using their products. They make claims that have not been proved. This happens more where consumers are not well – educated and the government is relaxed. Many of the peddlers of drugs in buses, trains, markets, motor parks, and street corners in the country are guilty of this unethical practice. They often claim that a single drug or medicated soap can cure one thousand and one diseases. Many of the advertisements on products in our mass media also do the same. This pains customers when they discover the contrary. The discovery of a false claim may make them to disbelieve genuine claims, and some may even campaign against the product.

Selling of Harmful and Expired Products – Some salesmen sell harmful and expired products to customers who are ignorant. Though the Federal Ministry of Health and Human Resources has banned the sale of many medicated soaps because of the monetary substance in them, yet these products can still be seen on the shelves of many supermarkets and other stores all over the country. Some other dubious salesmen and sales managers remove or change the labels which could show that their products have expired in order to be able to sell them. Many of the government hospitals and clinics all over the country have knowingly or unknowingly received the supply or harmful and expired drugs from salesmen on different occasions. This unorthodox practice has led to the loss of many lives and is principally responsible for the refusal of many (most especially the educated ones) to patronize government hospitals in the country.

Adulteration of Products – In an attempt to make more money, some salesmen and sales managers adulterate their products. For example, it is a common knowledge that the perpetrators of the adulteration of petroleum products in the country today are mainly the tanker drivers, dealers, and attendants at the service stations. Huge loss of lives and property has been sustained as a result of this evil practice.

Commercial Bribery – Some organizational purchasing officers demand bribes, gifts or kickbacks from salesmen and sales managers before they agree to buy products. Many morally weak salesmen and sales managers consent to this in order to defeat competitors who are not willing to condescend. The gratified purchasing officer may reveal some classified information to the salesman who has “played ball” so that his tender can be successful. He can, on the other hand, if he has the power, close his eyes to others and choose the products of the salesman who has gratified him. Such a choice may end up not being in the best interest of his employer. Such an undue influence on the part of salesmen and sales managers is unethical to their profession.

Over – Invoicing – This unorthodox practice is similar to commercial bribery. Here, a purchasing officer asks a salesman or sales manager to inflate the invoice value of the products sold his (purchasing officer’s) organization. The balance between the actual and invoice value or price of the product is taken or pocketed by the purchasing officer, or shared between him and the salesman or sales manager. The extremity of this evil practice is obtaining invoice from salesmen for products not at all supplied in order to present this and claim the money from an organizational buyer. Many hotels are said to practice this with organizational personnel who makes fictitious tours and claims on their employers.

Predatory Pricing – This is a form of price cutting by the salesmen or sales managers of large organizations in order to force small competitors out of the market. The lowered price may even be less than the cost of production. Some salesmen and sales managers even go to the extent of buying and destroying the empty bottles or spare parts of their competitors in order to force them out of the market. Such a practice is immoral and goes against the welfare of the society.

Planned Obsolescence – This is a policy which accelerates the ageing of a product or makes it to get out – of – date quickly so that the consumer will have to change it or buy another one soon. The manufacturer could use cardboard instead of plastic, even though the cost differential may be negligible. Salesmen and sales managers can also make consumers to feel discontented with the products they are already using, claiming that they are out of fashion, even though they were bought only recently and are still rendering good services. This is a very common practice among automobile manufacturers and dealers on clothes, foot wears and fashion products. This practice is unethical because it encourages wastefulness of resources and engenders dissatisfaction in consumers.

3.5 Social Responsibility of Salesmen and Sales Managers

The social responsibility of salesmen, sales managers or organizations defines their activities aimed at contributing to the welfare of the society at large. These activities are either aimed at eliminating or reducing the problems created for the larger society by business activities or the consumption of its products or the improvement of the society. Social responsibility enables a firm to gain and retain the favor of the consuming public. Failure to perform social responsibility will put a firm in the disfavor of the society, and the government as an umpire may have to enact legislations to ensure that firms shoulder social responsibility in specific areas. Different lists of what constitute social responsibility have been presented by social scientists. The following is a list of activities which can actively perform in the society:

- Increasing the productivity or efficiency of the distribution system;
- Making competition more workable;
- Elimination of malpractices in the market place;
- Improving innovation and performance in marketing;
- Cooperating with government in its efforts to increase consumer well – being through
- better information, products etc.;
- Reducing the marketing problems of low – income consumers;
- Removing the discrimination against women, old people, and minority groups;
- Supporting consumer education;
- Contributing to education and the arts;
- Urban renewal;
- Reducing environmental pollution;

- Hiring and training disadvantaged people in marketing;
- Supporting the cause of social justice;
- Enhancing the quality of life;
- Extending marketing technology to low 0 income housing, new town in town – planning,
- mass transit, etc.;
- Expanding conservation and recreational facilities;
- Orienting marketing policies towards societal and survival needs;
  Discouraging the consumption of products that injure the society;
- Encouraging the use of local materials and technologies for the production of goods; and
  Economic utilization of natural resources.

Social responsibility has cost and benefits effects. It costs a lot (financially and otherwise) to be socially responsible. Some of the benefits arising from the performance of socially responsibly activities are improved consumers and public safety, as reflected in fewer and less severe accidents; longer life spans, less disease, cleaner air, more efficient use of resources growth in the economy, a better image for business, government cooperation, an attractive and safe environment, and self - satisfaction for a firm and its employees. For most organizations, in most places, and most of the time, the benefits of social responsibility far outweigh the costs.

Wherever business seriously fails to be socially responsible, public outcry, government and consumers' negative actions will force it into compliance. Hence, the increase in the quantity and quality of socially responsible actions being performed by business over the years.

3.6 Cross – Roads in Ethical and Social Responsibility

Salesmen and sales managers sometimes face difficult moral dilemmas in their day – to – day business activities. They could find it difficult to know what to do when they are faced with some moral questions in business. At such times when a major business interest seems to run counter to the welfare or right of consumers or the public, they may find it difficult making decisions. Some classic questions about the social responsibilities of marketers which a typical marketer today will still have to battle with.

Should he conduct selling in ways that intrude on the privacy of people, for example, by door – to – door selling? ... Should he use methods involving ballyhoo, chances, prices, hawking and other tactics which are at least of doubtful good taste?
Should he employ "high pressure" tactics in persuading people to buy? Should he try to hasten the obsolescence of goods by bringing out an endless succession of new methods and new styles?
Should he appeal to and attempt to strengthen the motives of materialism, invidious consumption, and "keeping up with the Joneses?

A list of fourteen ethically difficult situations that may confront a typical salesman and sales manager today:

1. You work for a cigarette company and up to now have not been convinced that cigarette causes cancer. A recent report has come across desk that clearly establishes the connection between cigarette smoking and cancer. What would you do?
2. Your R & D department has modernized one of your products. It is not really "new and improved", but you know that putting this statement on the package and in the advertising will increase sales. What would you do?
3. You are interviewing a former product manager who has just left a competitor's company. You are thinking of hiring him. He would be more than happy to tell you all the competitor's plans for the coming year. What would you do?
4. One of your dealers in an important territory has had family troubles recently and is not producing the sales he used to. He was one of the company's top producers in the past. It is not clear how long it will take before his family trouble straightens out. In the meantime many sales are being lost. There is a legal way to terminate the dealer's franchise and replace him. What would you do?
5. You have a chance to win a big account that will mean a lot to your company. The purchasing agent hinted that he would be influenced by a "gift". Your assistant recommends sending a fine color television set to his bone. What would you do?
6. You are eager to win a big contract, and during sales negotiations you learn that the buyer is looking for a better job. You have no intentions of hiring him, but if you hinted that you might, he would probably give you the order. What would you do?
7. You have heard that a competitor has a new product feature that will make a big difference in sales. He will have a hospitality suite at the annual trade show and unveil his feature at a party thrown for his dealers. You can easily send a snooper to this meeting to learn what the new feature is. What would you do?
8. You want to interview a sample of customers about their reactions to a competitive product. It has been suggested that you invent an innocuous name like the Marketing Research Institute and interview people. What would you do?
9. You produce an antidandruff shampoo that is effective with one application. Your assistant says that the product would turn over faster if the instructions on the label recommended two applications. What would you do?
10. You are interviewing a capable woman applicant for a job as sales representative. She is better qualified than the men just interviewed. At the same time, you suspect that some of your current salesmen will react negatively to her hiring, and you also know that some important customers may be ruffled. What would you do?

4.0 CONCLUSION

Ethical questions are not as easy as they might appear to be. Marketers who decide in favour of all the sales – producing actions in all the ten cases could well be described as immoral or amoral in their marketing behavior. On the other hand, those who refuse to go along with any of the actions could well be described as weak, ineffective managers, who would be constantly under moral tension. This makes it necessary for marketers to develop a set of principles or rules that will enable them to properly evaluate the moral gravity of such situations and channel the course of action.

5.0 SUMMARY

In this unit, you have been introduced to:

- Ethical and Social Responsibilities of Salesmen and Sales Managers
- Emergence of Ethical and Social Responsibilities
- Extension of the Marketing Concept
- Ethical Behavior of Salesmen and Sales Managers
- Social Responsibility of Salesmen and Sales Managers
- Cross – Roads in Ethical and Social Responsibility.

6.0 TUTOR-MARKED ASSIGNMENT

1. Discuss the ethical and social responsibilities of salesmen and sales managers.
2. Explain the emergence of ethical and social responsibilities.
3. Describe the ethical behavior of salesmen and sales managers.

7.0 REFERENCES/FURTHER READINGS.

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