

(For S.Y. B.Com., Semester III, Mumbai University)

Field Sales Management - I

R. Krishnamoorthy



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Field Sales Management – I

(As per the Revised Syllabus 2017-18 of Mumbai University for
S.Y. B.Com., Semester – III)

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PREFACE

It gives me great pleasure to present the First Edition of the book on “**Field Sales Management – I**” to the students of Bachelor of Commerce. This book is written on the lines of the Revised Syllabus prescribed by the University of Mumbai.

I am grateful to M/s. Himalaya Publishing Houses Pvt. Ltd. for giving me an opportunity to write the book, based on the syllabus and the requirements of the students.

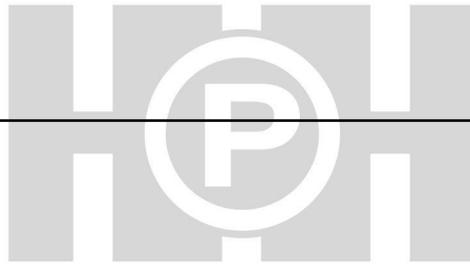
I request the teachers, students and others to provide constructive suggestions to improve further the contents and quality of this book.

Mumbai

Date: 20th July, 2017

R. Krishnamoorthy

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SYLLABUS

Field Sales Management – I

Objective

1. To understand the concept of field sales management.
2. To make learners aware about practical applications of sales management.

Modules/Units	
1	Field Sales Management <ul style="list-style-type: none">● Introduction to Sales Management – Meaning and Concept – Nature, Objectives of Salesmanship, Function of Sales Management, Sales Management as a Career Option.● Field Sales Management – Introduction, Concept of Personal Selling and Advertising, Difference between Selling and Marketing, Difference between Advertising and Personal Selling, Changing Face of Personal Selling.● Sales Manager – Qualities and Qualification of Sales Manager – Essentials for a Successful Sales Manager – Duties and Responsibilities of a Sales Manager.
2	Sales Organisation <ul style="list-style-type: none">● Meaning, Nature, Characteristics of a Sales Organization, Need and Objectives of Sales Organisation.● Structure of Sales Organisation, Types of Sales Organisations and Factors Affecting Structure of Sales Organisation.● Centralisation and Decentralisation of Sales Organisation, Merits and Demerits.
3	Sales Policies <ul style="list-style-type: none">● Product Policies – Branding, Promotional Policies – Promotional Measures.● Pricing Policies – Methods of Pricing, Factors, Strategies.● Place/Distribution Policies – Channels of Distribution – Types (Consumer and Industrial Goods), Factors Affecting Selection of Channel of Distribution.
4	Sales Force Management <ul style="list-style-type: none">● Recruitment and Selection of Salesforce – Concept, Sources of Recruitment, Steps in Selection Process, Training of Sales Force – Methods● Compensating and Motivating the Sales Team – Methods of Compensation, Monetary and Non-monetary Tools of Motivation.● Evaluating Sales Force Performance, Functions, Sales Records, Reporting, Performance Appraisal of Sales Force.

QUESTION PAPER PATTERN

FIELD SALES MANAGEMENT – I

Q. 1 Multiple Choice Questions

- (a) Select the most appropriate answer from the given below (Any ten out of twelve) 10
- (b) State whether the following statements are True or False (Any ten out of twelve) 10

Q. 2. Answer any two of the following out of three questions – Module - I 15

- (a)
- (b)
- (c)

Q. 3. Answer any two of the following out of three questions – Module - II 15

- (a)
- (b)
- (c)

Q. 4. Answer any two of the following out of three questions – Module - III 15

- (a)
- (b)
- (c)

Q. 5. Answer any two of the following out of three questions – Module - IV 15

- (a)
- (b)
- (c)

Q. 6. Write notes on any four out of six 20

CONTENTS

No.	Chapters	Page Nos.
1	Nature and Scope of Sales Management	1 – 17
2	Salesmanship	18 – 27
3	Personal Selling	28 – 35
4	Sales Organisation	36 – 50
5	Product Policies	51 – 64
6	Promotion Policies	65 – 77
7	Pricing Policies	78 – 89
8	Distribution Policies	90 – 104
9	Recruitment and Selection of Sales Force	105 – 119
10	Training of Sales Force	120 – 129
11	Compensating and Motivating the Sales Force	130 – 146
12	Performance Evaluation of Sales Force	147 – 159
	Reference Books on Field Sales Management	160

INTRODUCTION

In good old days, goods were produced based on actual demand and hardly any selling effort was required. The job of the salesperson was easy as he has to simply book orders. Remember the days when a person had to make advance payment for a car or scooter and wait in the queue for delivery! Waiting list of over two years was common for landline telephone connection. The customers had to stand in the long queues to deposit and withdraw cash and the bank employees worked on their whims and fancies. For more than a generation, life insurance was synonymous with the state owned Life Insurance Corporation of India and customer service was lacking. Air travel was restricted to the privileged group of the population and the Civil Aviation market was monopolised by Indian Airlines. The public had limited choice of consumer goods, durables and services. There was a craze for foreign goods such as wristwatches, transistors, television sets, cameras and non-resident Indians returning from foreign countries used to bring consumer durables which were in high demand in domestic market. Today, the market situation has completely changed and high quality branded goods are available in domestic market.

Our economy, based on socialist pattern of growth and development, has moved away from Licence Raj and centrally controlled system to free economy. These reforms, introduced in 1991, in the form of liberalisation, deregulation, relaxation of trade and investment controls and privatisation have led to increase in exports and foreign exchange reserves, higher competition and efficiency in the marketplace and availability of variety of goods and services. The result has been a sharp rise in income and consumption, especially among the middle class in urban and rural areas. The economic policies have resulted in major changes in the marketing environment of the country. Our country with a population of over 120 crores is one of the biggest markets in the world for a number of goods and services such consumer goods, durables, financial services, education, health care, telecommunication and the list continues.

The return of the multinationals such as Coca-Cola and IBM to India and entry of many other MNCs such as General Electric, Pepsi, Motorola, Proctor and Gamble, Nokia, LG, Ford, Hyundai, Sony, Samsung clearly proves that India has a vast market, rising income, a booming middle class, rising rural elites with adequate purchasing power, offering long-term opportunities for Indian and foreign industries.

There is a definite shift from sellers' market to buyers' market and consumer shall be centre of the entire business system. All business operations revolve around consumer satisfaction and service. Guaranteed route to profit is through customer satisfaction.

Today, the market is flooded with different brands of consumer goods. The consumer has a wide choice and he is demanding more and more for less and less. The competition is increasing in the marketplace and companies are wooing the consumers with discounts and schemes. Senior managers have tremendous pressure to show results. Some of the common statements we hear in corporate meetings are "We have to be pro-active, otherwise we will be left out. Perform or Perish, Change or we will be left out, the situation is bad and calls for dramatic transformation".

Under this dynamic business environment, sales management, an integral part of marketing management, plays a major role in meeting the business objectives of the organisation. Sales management is concerned with generating revenue for the organisation and management of sales force. Sales force is the backbone of an organisation since the ultimate aim of production is sales. The salesperson's job has expanded far beyond merely booking orders. In fact, the salesperson is the carrier of creative and innovative messages to the consumers in the society. Therefore, the success of an enterprise depends, to a large extent, on an efficient sales organisation.

MARKET AND MARKETING

For a meaningful discussion on sales management, it is necessary to touch upon a few concepts about market and marketing.

Meaning of Market

The word 'market' is derived from the Latin word "Marcatus" meaning goods or trade or a place where business is conducted. Traditionally, market refers to a physical location where buyers and sellers gather to exchange their goods. In the market, ownership and possession of products are transferred from the seller to the buyer and money acts as a medium of exchange and measure of value.

Economists describe a market as a collection of buyers and sellers who transact over a particular product or service. Marketers view sellers as the industry and the buyers as the market. Business people use the term market to refer to various grouping of customers such as Product market (**Example:** Television market), Geographic market (**Example:** African market) or Non-customer group such as Labour market.

The word market is equated with the total demand. Hence, market means a group of people having unmet wants, purchasing power and the will to spend their income to satisfy those wants. **Example:** The domestic market for biscuits was ₹ 25,000 crore (2015).

A market develops in any area, small or large, the moment there are three pre-requisites for exchange: (a) Two or more individuals have unmet wants, (b) They have products to meet the demand, and (c) They have some means of communication such as telephone, fax, correspondence, electronic mail or Internet. With the means of communication, forces of demand and supply can freely operate to determine the prices and buyers and sellers can establish close and continuous contacts to carry on the exchange of products without formal face-to-face meeting.

Therefore, the term has a wider meaning and it is not confined to a particular area or place where buyers and sellers meet to exchange goods. It is now generally used to mean any body of persons who are in intimate business relations and carry on extensive transactions in any commodity. Let us see a few definitions of market.

1. According to **Philip Kotler**, "A market consists of all the potential customers showing a particular need or want who might be willing and able to engage in exchange to satisfy the need or want."
2. According to **William J. Stanton**, "A market may be defined as a place where buyers and sellers meet, goods and services are offered for sale and transfer of ownership occurs."
3. **The American Marketing Association** defines a market as "the aggregate demand of the potential buyers for a product or service." The term market as a group of persons is also used to represent the total customer demand. In this sense, market means people with needs to satisfy, the money to spend and the will to spend money to satisfy their wants.

It is quite clear from the above definitions, that "Market" does not necessarily mean a physical place. It is an area in which forces of demand and supply operate directly or by means of any kind of communication to bring about transfer of the title of the goods.

Types of Market

1. Selling Area Covered: According to the area covered, the market may be classified as Local, Regional, National and International market.

2. Commodities Traded: The market is differentiated based on the product sold, *i.e.*, Cotton market, Tea market, Bullion market, etc.

3. Nature of Dealings: The market may be Spot/Cash market or Future/Forward market. While in spot market, goods are bought and sold immediately, in the case of future market, actual buying and selling take place at a future time as agreed by the buyer and seller.

4. Nature of Goods Sold: The market may be for consumer goods or for industrial goods. Consumer goods are meant for direct consumption/use of consumers, whereas industrial goods are generally needed by manufacturers in the process of production.

5. On the Basis of Time Interval, markets may be classified into Short-term market and Long-term market. **Example:** Money market for short-term period and capital market for long-term funds.

6. Volume of Business Transactions: The market may be a Wholesale market or Retail market according to the nature and volume of business.

7. Competition: On the basis of competition, the market may be Competitive market or Monopolistic market.

8. Functioning of the Market: The market may be an Unorganised market or an Organised market. **Example:** Regulated markets run by State Governments are organised markets for agricultural produce.

9. Dominance of the Parties: The market may be Sellers' market or Buyers' market depending upon the demand and supply of product and services.

10. Seller's Position: The market may be Primary market where farmers sell the produce to the traders or Secondary market where buying and selling take place between traders. In the case of Terminal market, the produce is assembled for export or for consumption of the local population.

Classification of Goods

There are three types of goods as shown below:

1. **Manufactured goods** may be consumer goods needed for use or consumption by consumers or industrial goods needed for use by producers in the process of production.
2. **Agricultural goods** may be in the form of raw materials for industry (cotton, sugarcane, etc.) or consumer goods for immediate consumption.
3. **Natural raw materials** are the free gifts of nature and they are the raw materials of industry such as iron ore.

Durable and Non-durable Products

As the term suggests, durable products offer tangibility and durability. Non-durable products are normally consumed fast and purchased regularly.

Consumer durables are tangible goods and are used over an extended period of time. They are purchased once in a few years. **Examples:** TV, Refrigerator, etc. The consumer spend lot of time in collecting information about various brands/models, discusses with neighbours and friends, check the prices from various outlets before making purchase decisions. The consumers are concerned about perceived risk and after-sale service. Therefore, personal selling and after-sales service play an important role in selling consumer durables.

Fast moving consumer goods usually refer to non-durable products. They are also known as Consumer Packaged Goods. Normally, consumers spend less time and effort in buying these goods. FMCG includes a variety of products such a soap, biscuit, shampoo, toothpaste, talcum powder, etc. They are relatively high volume and low value products. There are a large number of stock keeping units to meet the needs of consumers. Packaging plays a major role in attracting the attention of consumers. The capital investment in setting up a factory is low and major investment is in brand promotion and distribution. Launching a new product requires heavy investment and the marketer has to continue to focus on 4Ps to fight competition and achieve desired volumes and profits.

High Involvement and Low Involvement Products

Involvement refers to how much time, thought and energy consumers devote to the purchase process. High involvement products include car, major electronic appliances and residential flat. Many of the FMCG would come under low involvement products and consumer spends less time and energy in buying these goods.

MARKETING

Core Marketing Concepts

A marketer is someone seeking a response from another party known as prospect. If two parties are seeking to sell something to each other, we call them both marketers.

A Prospect is someone whom the marketer identifies as potentially willing and able to engage in exchange of values.

Needs describe basic human requirements like water, air, food, clothing and shelter. They also need education, entertainment and recreation. Needs are not created by marketing persons.

Needs become **wants** when they are directed to specific objects that might satisfy the need. A person needs water but wants Frooti. Wants are shaped by society. Human needs are limited, but wants are unlimited.

Demands are wants for specific products backed by ability to pay. Many people want BlackBerry, but only a few are able and willing to buy one. Therefore, marketers do not create needs and rather influence the wants.

Exchange involves obtaining a desired product from someone by offering something in return. Five conditions exist in exchange process.

- (a) Existence of at least two parties.
- (b) Each party has something that might be of value to other party.
- (c) Each party is capable of communication.
- (d) Each party is free to accept or reject the offer.
- (e) Each party would like to deal with the other party.

Exchange takes place when both the parties agree on terms and conditions. Normally, exchange is beneficial to both parties. Exchange is a process. Two parties are involved in exchange and they are trying to arrive at mutually agreeable terms. When an agreement is reached, we say that a transaction has taken place. 'A' sells an Air conditioner and 'B' pays ₹ 15,000/- and this is an example of a monetary transaction. However, a barter systems involves trading of goods or services for other goods or services. In many villages, labourers are paid in kind in the form of rice, wheat, etc., instead of wages.

In a transfer, 'A' gives to 'B', but 'A' does not receive anything tangible in return. Donations to political parties, gifts, etc. are transfers. Normally, the transferer receives thank you letters, house magazines and invitations to events.

Value and Satisfaction

According to Louis DeRose, *"Value is the satisfaction of customer requirements at the lowest possible cost of acquisition, ownership and use"*.

A product will be successful if it delivers value and satisfaction to the buyer. Value is a ratio between what the customer gets and what he gives. The customers get functional benefits and emotional benefits. The cost include monetary costs, time costs, energy costs, etc. Therefore, $\text{Value} = \text{Benefits} \div \text{Costs}$.

A marketer can increase the value of the product through raising benefits, reducing costs, raising benefits by more than the raise in costs and lower benefits by less than the reduction in costs.

Satisfaction is a function of perceived performance and expectations. If the performance falls short of expectations, the customer is dissatisfied. If the performance matches his expectations, the customer is satisfied. If the performance exceeds expectations, the customer is delighted.

Consumer/Customer

The term 'consumer' is used both for personal consumer and organisational consumer. The personal consumer buys goods and services for his personal use (tobacco products, hair cut), or for household consumption (sugar, television set), or just one member of the family (a pair of shoes for school-going child) or a birth day party to the whole family. In all cases the goods are bought for final uses i.e., end-user or ultimate use by the organisation. Any one who regularly purchases from a store or a company is termed a customer. Thus, customer is defined in terms of specific store or company.

The consumer is a riddle. He is not a simple entity. His needs vary from security needs to self-actualisation needs. He satisfies his needs by his means. When his needs are costlier, he postpones them. With the revolution in the field of mass media, the consumer is exposed to a great deal of information. He does not take all the information, but select those which suit him. When the consumer takes a buying decision, there is no rigid rule to bind him. His decision may either be spontaneous on the spot, or be made after a thorough analysis.

Meaning of Marketing

Marketing is a comprehensive term and it includes all resources and a set of activities necessary to direct and facilitate the flow of goods and services from producer to consumer. Businessman regards marketing as a management function to plan, promote and deliver products to the clients or customers. Human efforts, finance and management constitute the primary resources in marketing.

Marketing starts with identification of customer's wants and then satisfying those wants through products and services. The modern concept of marketing is customer-oriented and focuses on earning profit through customer satisfaction.

Prof. Drucker states that *the first function of marketing is to create a customer or market. Customer is the most important person in the whole marketing process. He is the cause and purpose of all marketing activities.*

According to **Philip Kotler** *"Marketing is a human activity directed at satisfying needs and wants through exchange process."* All marketing activities are basically for meeting the needs of customers and also raising social welfare. We have twin activities which are most significant in marketing: (a) Matching the product with demand, i.e., customer needs and desires or target market, (b) The transfer of ownership and possession at every stage in the flow of goods from the primary producer to the ultimate consumer.

According to **William Stanton** *"Marketing is a total system of business activities designed to plan, price, promote and distribute want-satisfying products to target markets to achieve organisational objectives."*

The American Marketing Association defines marketing as *the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organisational objectives.*

Paul Mazur defined marketing as *the creation and delivery of a standard of living to society.*" This definition catches the real spirit of the marketing process. It has consumer orientation. It duly honours the marketing concept which indicates a shift from product to customer orientation, *i.e.*, fulfilment of customer needs and desires. It emphasises the major function of marketing, *viz.*, satisfaction of customer and social demand for material goods and services.

Example: *In the case of oral care products, currently only 47 per cent of the rural population use toothpaste, 23 per cent use tooth powder and the rest neither targeting non-users in rural areas and developing awareness about oral hygiene and converting them to tooth powder/toothpaste users.*

FUNCTIONS OF MARKETING

Modern marketing involves the following functions:

1. **Product Planning:** It involves development and commercialisation of new products, the modification of existing lines and discontinuation of unprofitable products.
2. **Packaging:** The main purpose of packaging is to preserve the quality and quantity of the contents during storage and transit. Besides, it has tremendous advertisement value, and facilitates the sale of a product. **Example:** *Sachet packing has created a revolution in the shampoo industry.*
3. **Product Pricing** is an important component of marketing. Pricing decisions affect all the parties involved in production, distribution, selling, and consumption of goods. Price affects the volume of sales and profit.
4. **Advertising and Sales Promotion:** Advertising is a paid method of business communication to the prospective customers and the main objective is to promote the products. Sales promotion includes activities such as demonstrations, displays, dealer schemes that stimulate purchases by dealers/consumers. The marketing manager has to take decisions regarding the advertisement/sales promotion activities.
5. **Distribution** includes distribution channel, area coverage, channel remuneration, warehousing, inventories, banking and transportation.
6. **Marketing Research** involves systematic gathering, recording and analysing of data about problems connected with product, pricing, promotion and distribution. It deals with research on customer demand, behaviour of customers, analysis of sales data, market share, etc.
7. **Sales Management** is responsible for effective management of sales force and generating income to the organisation. Salespersons are the backbone of the organisation and success of the organisation depends upon how effectively they are able to sell goods and services to meet the changing needs of the customers. The salesperson has to educate the customers on products and services, sell the same with benefit to the customer and profit to the seller.

SALES MANAGEMENT

Origin of Sales Management

In olden days, there were only small-scale industries. They focused on production of essential goods. Since the demand was more than supply, the producers were able to get advance orders. One person looked after both production and sales. Subsequently, a large number of factories came up, leading to increase in production. Wholesalers started buying from companies and selling to dealers. One person could not look after all the activities such as production, finance, labour and selling to channel members. There was a need for a separate sales function to look after channels of distribution and salespersons. In modern organisations, sales department is working as a part of marketing department. It is one of the most important functions as it generates revenue for the organisation.

Meaning of Sales Management

Sales Management consists of Two words, i.e., 'Sales' and 'Management'. Selling is the process of persuading a prospective customer to buy a commodity or a service or to act favourably upon an idea that has commercial significance to the seller. Field sales is the activity of selling products and services outside the office environment. Here the sales person meets dealers, wholesalers, distributors and important direct consumers in their premises and persuades them to buy company's products. Management is a process. It is a process of carrying out the essential functions of planning, organising, staffing, leading and controlling.

The term Sales Management has a broader meaning and it includes the following:

1. Managing the Sales Force includes recruitment, selection, training, motivation, remuneration and controlling the sales force.

2. Organising the Sales Effort: Deals with creating appropriate organisational structure and effective co-ordination within the sales department and other departments such as HR, distribution and product management in the company. It also includes management of external customers like dealers, distributors, direct consumers and opinion leaders. Sales department provides valuable inputs like sales forecast, activities of competitors and performance of the product to other departments.

According to **William J Stanton**, "Sales management involves planning, implementing and evaluating sale force activities within the guidelines set by the company's strategic marketing planning"

As per **American Marketing Association**, "Sales management is the planning, direction and control of the personal selling activities of a business unit including recruiting, selecting, training, assigning, routing, supervising, paying and motivating, as these tasks apply to the personal sales force"

Therefore, we can say that Sales Management generally refers to the management of sales force. It deals with planning, organising, directing and controlling the personal selling function. While HR, Finance and Distribution are cost centres, Sales department generates revenue for the company and therefore it is one of the most important functions in an organisation.

Effective management of sales force requires leadership plus administrative skills in planning, organising, directing, motivating and controlling the personnel selling function of the promotion mix.

Sales management is an art and a science. It makes use of scientific principles for managing the sales force and developing the sales organisation. The person cannot learn sales management by reading books alone. He has to practice like in tennis, cricket or cycling.

ROLE OF SALES MANAGEMENT IN MARKETING

Marketing stresses the importance of satisfying customer needs and wants through a process of exchange. Marketing occurs in virtually every aspect of life. The Advertising and Marketing Magazine defines "Business is marketing." Marketing and selling are directly related to each other.

Sales Management is a vital subsystem of marketing management. It will continue as an indispensable part of marketing management as long as salespeople are required to interact with the customers, influence them and win them. In reality, marketing plans, strategies and policies are implemented through Sales Management. Hence, sales management acts as the *dynamic force* (muscle power) behind marketing management. In a modern organisation, Sales Management centres round the management of sales force and sales efforts. Modern sales manager is not only profit-oriented but also customer-oriented.

Sales Management plays an important role in marketing, especially for firms in business-to-business markets. Personal selling is the most frequently used promotional technique in business markets and management of the sales force is an important quality component of any selling effort.

OBJECTIVES OF SALES MANAGEMENT

Normally, the top management finalises the qualitative objectives for the organisation. **Examples:** Long-term growth, industry leadership, new product introduction, excellent customer service, positive image among customers and public and outstanding technical research. These objectives are translated into specific quantifiable objectives and passed on the Sales department for execution. Sales Management co-ordinates with other functions within the organisation, *i.e.*, distribution, product management, marketing research, advertising and finance and external customers like distributors, dealers and users for achievement of the sales objectives.

Major objectives of Sales Management

1. Achievement of Sales Volume/Value/Target
2. Contribution to Profits
3. Growth in Sales
4. Growth in Market Share

The Sales Manager is responsible for effective execution of sales plan through the sales executives. **Important activities that contribute towards achievement of sales target, planned profits, growth in sales and market share.**

1. Addition of new distributors and dealers in unrepresented market
2. Extending field activities to new geographical areas
3. Increase in sales from existing customers like dealers and direct consumers
4. Increase in sales of profitable products
5. Control of selling expenses
6. Receivables management
7. Improve sales forecasting accuracy and effective management of finished goods
8. Effective use of sales promotion schemes
9. Extend the use of existing products on new market segments
10. Training of sales force
11. Implementation of sales plan for the territory
12. Effective management of sales territory.

INTERFACE OF SALES WITH MANAGEMENT FUNCTIONS

Sales management is the process of carrying out the essential functions of planning, organising, staffing, directing and controlling the **personal selling function**. The basic functions of management are equally applicable to sales management

(a) Planning is a fundamental managerial function. Planning is deciding in advance what to do, how to do it, when to do it and who is to do it. Planning bridges the gap between where we are and where we want to go. Planning is concerned with setting of objectives and finalising the approach for achievement of the objectives. It is an attempt by the sales manager to anticipate the future in order to achieve the sales objectives. The demand for products and services and profitability of the operations depend upon the sales environment which comprises of political, economic, social, cultural, technological, demographic, legal and ecological factors and the sales manager has to design strategies based on the dynamic environmental conditions.

Examples: Sales forecasting, finalising sales budget, fixing sales targets for sales force and sales promotion schemes.

(b) Organising involves the grouping of activities necessary to accomplish the goals and plans, the assignment of these activities to appropriate departments and provision for authority delegation and co-ordination. It is a managerial activity which is essential for effective use of company's resources such as men (sales force), materials (Products) and money to achieve the sales objectives. It involves co-ordination of sales force activities in an orderly manner and developing channels of communication between various levels of responsibilities. **Examples:** Setting up of sales department, number of sales territories, assignment of responsibilities to salesmen/managers and delegation of authority at different levels in the sales organisation.

(c) Staffing Staffing comprises of the activities of selection and placement of competent people. Of all the "Ms" in management, i.e., money, materials, machine, market and methods, the most important "M" stands for men, the manpower working in the organisation. While the value of assets depreciates, the value of trained employees increases over time. An organisation

that is able to acquire, develop and stimulate the manpower will be successful in the long run. Sales force is the backbone of an organisation since the ultimate aim of production is sales. The success of the organisation depends upon the effectiveness with which they sell goods and services to meet the changing needs of the consumers.

(d) Directing involves instructing, guiding, counselling, motivating and leading the sales force to achieve organisational objectives. Direction consists of the process and technique in issuing instructions and making certain that the operations are carried out as planned. **Examples:** *Effective interpersonal communication, motivation of employees, on-the-job training and situational leadership.*

(e) Controlling is an important management function that ensures work is carried out as per plans. Controlling is the process of determining what is to be accomplished that is the standard; what is being accomplished, that is the performance; evaluating the performance and if necessary and applying corrective measures so that the performance takes place according to the plans, that is, in conformity with the standards.

(f) Co-ordinating is a process whereby, a manager develops an orderly pattern of group effort among his subordinates and secures unity of action in the pursuit of a common purpose. The main function of sales manager is to co-ordinate the activities of sales representatives and executives towards the achievement of sales objectives. In addition, he has to co-ordinate with other functions such as marketing, distribution, finance, HR and production within the organisation and external customers like distributors, dealers, users and opinion leaders.

(g) Advising Sale management provides specialist advice to the management for taking policy decision in key areas such as pricing policies, product performance, quality of products, new product introduction, distribution policies, advertising and sales promotion plans.

CAREERS IN PROFESSIONAL SELLING

Career

Career represents various jobs performed by a person during the course of his working life. It also means an honorable occupation which one normally takes up in youth with the hope of advancement and peruses it until retirement. **Example:** *A career in sales, banking, civil service, defence service, software industry or a career with an organisation such as Hindustan Unilever Limited.* According to **Edwin B. Flippo**, "a career is a sequence of separate but related work activities that provide continuity, order and meaning to a person's life".

A person can build his career within an organisation or within an occupation. **Example:** *A person joins an organisation as a salesman and over a period of time takes up higher responsibilities in sales/marketing in the same organisation, say as General Manager (sales) or VP (Marketing). In the second case, a person joins a company as a salesman. He moves from one company to another in the sales function. After a few change of jobs, he becomes General Manager (Sales) or VP (Sales) or even the Managing director of the company.*

An individual can view his work as a job or a career. Job oriented employee is concerned with meeting physiological, social and security needs. A career oriented employee, apart from satisfying physiological, safety and security needs, would be interested in achieving self-esteem

and self-actualisation needs such as challenging assignment, higher responsibilities, recognition, innovation, creativity etc.

Selling

In many organisations, the customer oriented marketing philosophy runs through the entire organisation to serve the customers and ensuring sustained growth of business. Selling and sales management are a part of the marketing effort of the organisation. While selling deals with 'order getting', sales management is concerned with management of sales force. The primary task of selling is to understand the needs, wants, desires and values of potential customers, offer them products and services that will give them satisfaction and profit to the organisation. The salesman has to solve the problems of the customers and build long term relationship with them. Very often the customer may not be aware of his own needs. **Example:** Life insurance. In this case, the salesman creates the need for the product in the mind of the customer. The salesman shares his expert knowledge with the prospect, helps the customer to buy the service that will meet his need and renders a real service to the customer.

OCTOBER 12, 2011



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Fig. 1.1: "Selling Pharmaceuticals"

In earlier days, selling as a function was mainly restricted to manufacturing sectors like pharmaceuticals, chemicals, textiles and consumer goods. Today there are plenty of opportunities in banking, insurance, aviation, tourism, hospitality, telecommunication, education, publishing, organised retailing, media, advertising and the list continues. In the past sales job was considered as "A man's world". Today women are taking up sales job in pharmaceuticals, consumer goods, insurance, banking and other service sectors.

Qualities Essential for Success in Selling

The person interested in taking up a career in sales should have the following qualities, apart from formal education.

1. Fluency in local language and English
2. Determination to succeed even under adverse market situations
3. Pleasing manners
4. Interest in meeting people and travelling
5. Empathy
6. Self-discipline

WHY SELLING AS A CAREER?

When we look at the statement that shows the financial results of the company, the first line starts with income from operations/net sales. It is the sales organisation that generates revenue for the company and others like human resource, finance, distribution are cost centres. Selling is an important function in the running of a business enterprise and it offers lot of benefits to the organisation, society and the individual salesperson.

A career in selling is very rewarding for the following reasons:

1. Career prospects: A salesperson joins an organisation as a Sales trainee or Sales representative/Sales executive depending on his educational qualification and experience. Consistently good performers over a period of about 5 years can become Area managers or District managers covering a larger geographical area and supervising the work of a few sales executives. Further promotion to positions like Regional manager/Zonal manager is based on performance and managerial skills of a person. A good performer can reach all India position like General Manager (sales) or even Vice-President (Sales) over a period of about 20 years.



Fig. 1.2 Hierarchy of Positions in Sales Function

Note: First line manager (Area sales manager) is responsible for managing a group of salesmen and achieve sales objectives through them. Middle level managers (Regional sales manager, Zonal manager) have responsibilities for implementation of policies and strategies set by the top management. Top management (National sales manager, General Manager (sales), Vice-President (sales)) are responsible for formulating policies and strategies and taking decisions for the long term growth of the organisation.

Many good salesmen have progressed in their career to reach senior positions in sales and marketing. Further it is seen that in many companies dealing with chemicals, consumer goods, durables and pharma products, the top positions are held by people who have sales and marketing background.

2. Financial benefits: The compensation plan for salesman consists of Straight commission, Straight salary or a combination of salary and commission plan. Nowadays, in most of the companies, the compensation plan consist of monthly salary and sales incentive for achieving agreed sales and collection targets. Components of Salary include basic salary, dearness allowance, and house rent allowance, reimbursement of telephone/medical/field kit expenses, provident fund, superannuation and gratuity. In the case of travelling salesmen, they are eligible for reimbursement of rail/bus fare, local conveyances expenses and daily allowance (Bhatta) to meet boarding and lodging expenses. Many companies have come out with two wheeler/four wheeler policy. As per the policy, the salesman may be eligible for motor cycle/car loan at concessional interest rate and reimbursement of maintenance/fuel expenses. A car is certainly an attraction for a young salesperson. The sales incentive amount could be as high as 30 per cent of the salary of the salesman.

It is seen that many salesmen earn higher income compared to other employees working in the office. Even at a young age, he may receive awards, rewards and appreciation from management for good sales performance.

3. Personal satisfaction: The job of a salesman is very challenging. It is not a routine or repetitive job since the needs, wants, desires, preferences and problems varies from customer to customer. He has to meet a variety of customers from friendly to arrogant customers, overcome sales objections and persuade them to buy company's products or services. Successful sales calls during day to day working and achievement of monthly/quarterly/yearly sales targets gives him recognition and personal satisfaction. He derives immense satisfaction that he has contributed to the growth of the organisation and the management has recognised and appreciated his efforts.

Example: "Best Salesman of the year, Member of the Director's club" etc. He spends most of the time in the field and works with minimum supervision. He can even attend to important personal work by adjusting the timings of customer calls. Of course along with freedom of action come responsibilities for time management and completing day to day activities as per work plan and to the satisfaction of the reporting manager.

4. Opportunity to see places of importance: Apart from the rewards and awards a person receives for consistently good performance, the salesman has opportunities to see places of importance while traveling. **Example:** A person selling consumer goods in Sourashtra will be able to see places of tourist importance, i.e., temples, forts and wildlife sanctuary while covering the markets. An executive engaged in sales and service of computers in plantations in Kerala can enjoy the scenic beauty of the high ranges and see wild elephants in the Periar wild life sanctuary. The salesman can enjoy fine weather while working in Himachal Pradesh during summer months. There are many such places a person can visit while covering the markets. Many companies have been conducting sales conferences in hill stations and beach resorts for motivating the sales force. The recent trend is to have such meetings in foreign countries such as Singapore, Thailand, Hong Kong etc. Such opportunities will enable a person to harmonise the demands of work with a pleasurable lifestyle, which very few careers can offer in the current business environment.

Career Path Options

There are four career path options available to a salesman.

(a) Professional salesman: The person starts his career as a sales trainee, sales representative or sales executive. He may continue to work as a representative in the same organisation or move to other organisations doing the same type of work. He may even work for company purely on commission basis.

(b) Sales management basically involves achieving the sales objectives of the organisation through a group of well trained and dedicated sales force. Over a period time, the salesman takes up higher responsibilities in sales and marketing within the organisation or outside the organisation.

(c) From Selling to marketing: After working in sales for a few years, the person moves to marketing to look after brand management, marketing research, distribution, sales promotion, advertising or sales training.

Many young graduates and postgraduates in management are reluctant to take up a sales job and prefer to working in marketing. They are comfortable to sit in an air conditioned room in front of computer and analyse the marketing environment, sales of company's products, competitors' activities and formulate marketing strategies and provide advice to sales force.

There are many reasons why a person prefers a job in marketing. A sales job, irrespective of the designation, is very demanding and the person has to be achieve quantifiable sales targets. month after month. **Example:** Let us take the case of a salesman who has achieved sales target for the year. He is very much satisfied with his own performance. He participates in the party hosted by his manager in a star hotel. The celebration goes on till late in the night. Come next working day in January, he has to start field work, once again with zeal and enthusiasm so that he can achieve the sales target for the month and the New Year. Many customers make the salesperson to wait even after fixing appointment or cancel appointment at short notice. He has to modify sales presentation based on the type of the customer he is meeting. He has to work alone, undertake long journeys moving from one market to another market and meeting various categories of customers. He may have to stay away from the family and to put up with inadequate boarding and lodging facilities.

It should be noted that even a marketing person should have good understanding of the needs, wants, desires, aspirations and problems of the customers, competition in the market place and performance of the products as perceived by the customers. Therefore, experience in selling will enable him to understand market realities. Many companies prefer candidates with field sales experience for positions in brand management, marketing research, sales promotion and advertising.

(d) General management: Nowadays, bright young sales executives with good potential are rotated over various jobs before being posted as managers in corporate office. They move from line function to staff function. There are many cases where sales people have taken up positions in Human resource management as they have rich experience in dealing with people.

STUDY QUESTIONS

1. What is sales management? Explain its objectives.
2. Explain the differences between sales management and marketing management.
3. State the important functions of sales management.
4. A career in selling is very rewarding. Why?
5. Write short notes on the following:
 - (a) Needs, wants and demand
 - (b) Value and satisfaction
 - (c) Sales planning
 - (d) Advisory role of sales management.
6. Select the right answer from the options given below:
 - (a) Sales Management is concerned with
 - (i) Management of Sales force
 - (ii) Co-ordination with other departments
 - (iii) Coordination with external customers
 - (iv) All the above

- (b) Sales Manager provides specialist advice to the management for taking policy decisions in the following areas:
 - (i) Pricing policies
 - (ii) Distribution channel decisions
 - (iii) Product performance
 - (iv) All the above
 - (c) Sales management includes managerial functions of
 - (i) Planning
 - (ii) Organising
 - (iii) Staffing
 - (iv) Controlling
 - (v) All the above
 - (d) Sales Manager is responsible for
 - (i) Achievement of sales targets
 - (ii) Marketing research
 - (iii) Newspaper advertising
 - (iv) All the above
7. State True or False:
- (a) Modern sales managers are not only sales oriented but also customer oriented.
 - (b) Sales forecasting and finalising sales targets for sales representatives are examples for sales planning function.
 - (c) Sales management includes management of sales force and organising sales efforts.
 - (d) Sales management is a vital sub-system of marketing management.
 - (e) The market may be “Buyer Market” when the supply of products and services is more compared to demand.
 - (f) Fast moving consumer goods include products such as soap, biscuit, shampoo, etc.
8. Match the following:

	Column A		Column B
(a)	Sales management	(i)	Selection and placement
(b)	Needs	(ii)	Car
(c)	Sales planning	(iii)	Basic human requirement
(d)	Staffing	(iv)	Management of Sales force
(e)	Career path	(v)	Finalising sales targets
(f)	High involvement goods	(vi)	Professional salesman

