Fundamentals of Marketing

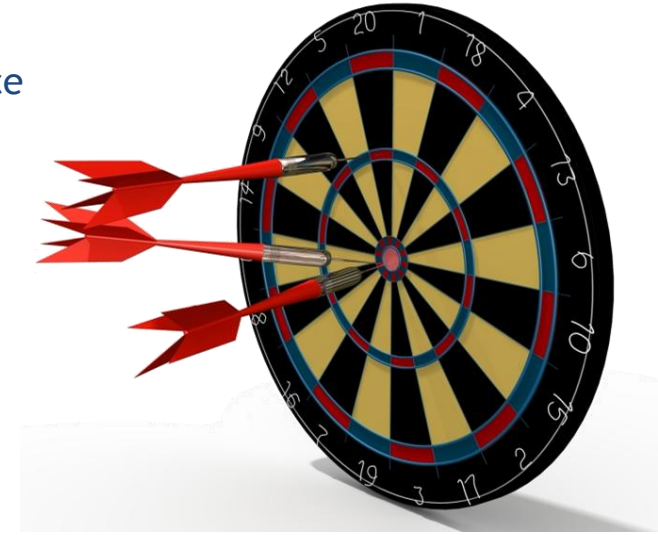
Instructor's Handouts

Chapter 9

Strategic Sales Management

Chapter Objetives

- Defining the concept of the function of sales management.
- Explaining how to organise a sales network, territory and routes.
- Taking a closer look into the areas related to the salesperson: characteristics, recruitment and selection, training as well as motivation and compensation.
- Knowledge in the control of the sales force and customer service and attention.

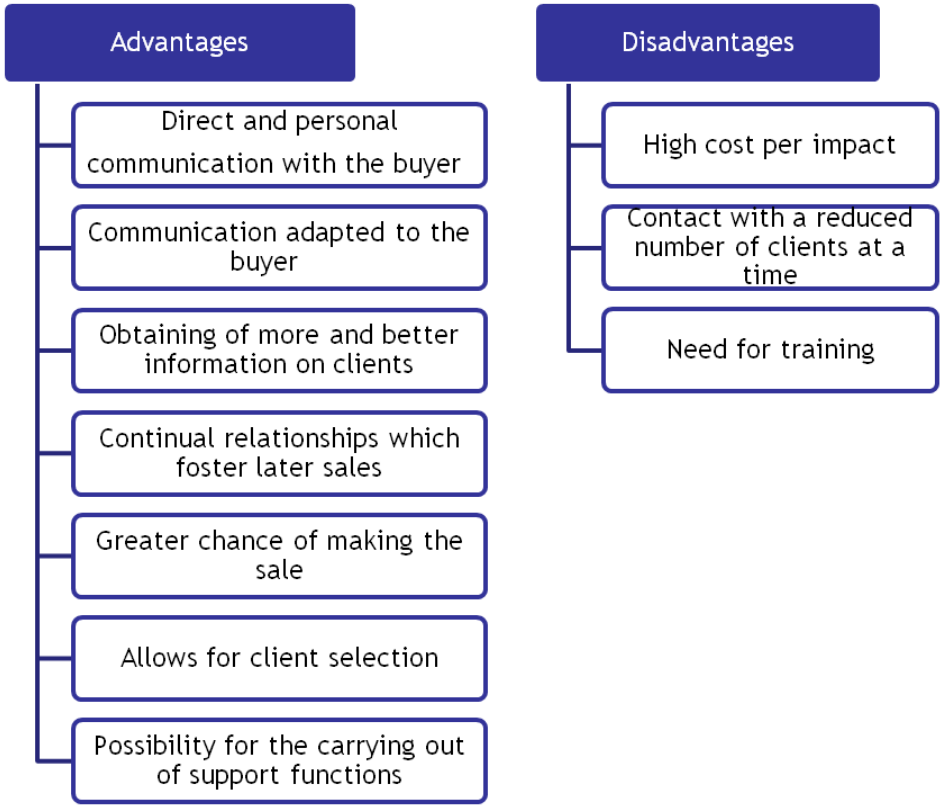


9.1 The concept of the function of Sales Management

- Personal selling is a way of **interpersonal communication** in which there is an oral two-way communication between buyer and seller. Its main functions are the following:
  - Inform.
  - Persuade.
  - Develop favourable attitudes towards the product and the organization.
  - Provide a service.
  - To see and convey to management the changes observed in the market and its environment.

9.1 The concept of the function of Sales Management

- Advantages and disadvantages of the sales function:



9.2 Organising the Sales Structure

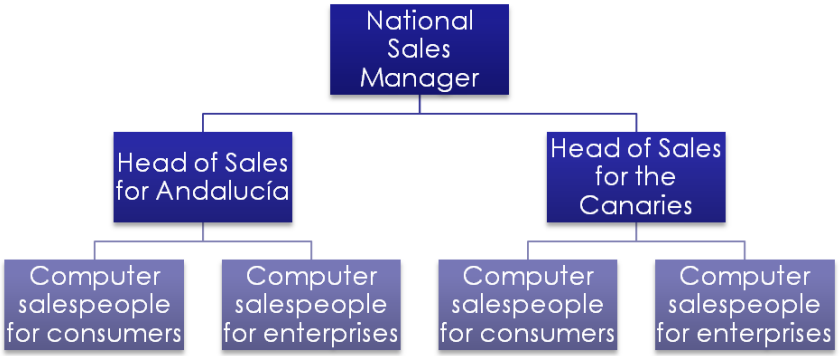
- The organization of the sales function largely affects the way things take place in this area, since a good co-ordination makes for a profitable customer service.

- Factors to consider:

  - Company size.
  - Type of product.
  - Geographical sales area.
  - Distribution channels.
  - Availability and training of personnel.
  - Economic-financial state of the enterprise.
  - Enterprise orientation.

9.2 Organising the Sales Structure

- The **horizontal organisation** is related to the type of salespeople and their functions, as well as the way the company sells. Types:
  - Geographic or area organization
  - Product organization
  - Organization by markets
  - According to functions
  - Mixed formulas



- **Vertical organization** refers to the number of hierarchical levels in the sales department as well as the size of each level. Types:
  - Flat structure
  - Tree structure

9.3 The Sales Plan

- Company planning makes reference to the whole of the decisions which will affect the company in the future. The marketing plan must be included in the company's strategic plan, and at the same time, the **sales plan** must be included in the marketing plan.

- The planning **stages** of the sales system are:

  - Specifying sales objectives.
  - Choosing the sales system and team.
  - Organizing a sales network.
  - Determining the size of the sales team.
  - Assigning sales territories.
  - Planning calls.

9.4 Organising the territory and the routes

- A **territory** refers to a set of current and potential clients, located in a defined geographical area and assigned to a salesperson.

- Once the territories have been organised, it is necessary to establish the **sales routes**. Routes are an attempt to optimise the salesperson's trips to the customer, in order to minimise the distance to be covered and the time used and maximise the number of calls made to current and potential customers.

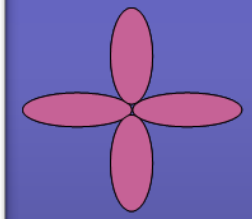
ISSUES TO BE ADDRESSED WHEN ESTABLISHING SALES TERRITORIES
How many customers we will have
Where are our customers?
How much time does a customer call require?
How many visits must be made?
How many salespeople do we need, knowing how much time a salesperson has available?
Salesperson, customers and geographical territory; are they compatible economically, socially and efficiently?

9.4 Organising the territory and the routes

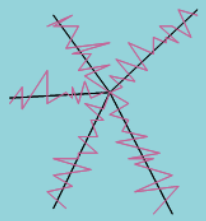
Route Patterns

Straight Line: the salesperson starts at the office and makes calls in one direction until they reach the end of the route

Circular Pattern: the salesperson starts at the office and moves in a circle with stops until they return to the office



Clover Leaf: Similar to a circular pattern but more than covering a territory, the route encloses part of the territory in a circle. The next journey is an adjacent circle and the pattern is repeated until all of the territory is covered



Spider Pattern: The salesperson starts from the farthest point from the office and makes calls as they come close to it. In the next journey the salesperson will go in another direction within the territory

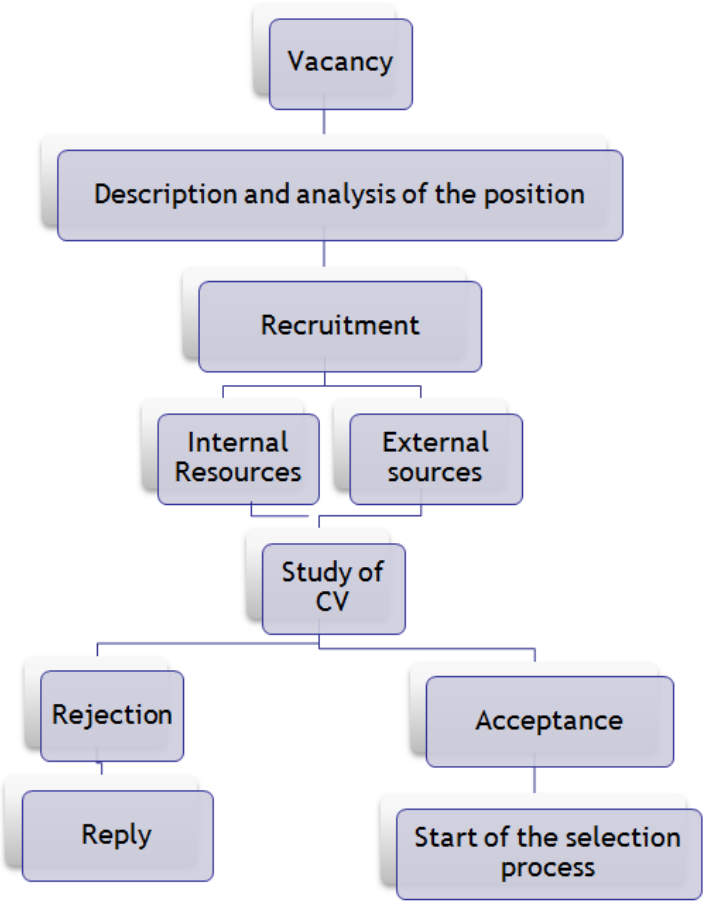
9.5 Characteristics of a Salesperson

- The **profile** of the sales team must be very carefully considered, as it is the **image** of the company and it represents it.

- **Characteristics of a salesperson:**
  - Physical features.
  - Character and personality.
  - Knowledge.

9.6 Recruitment and Selection of Salespeople

- **Recruitment** is the stage prior to selection and its main objective is to have a sufficient number of aspiring salespeople that are qualified for the position.
- In addition, this stage defines the work **conditions** and provides information on the candidates' background.
- **Selection** is a process which allows us to find the most appropriate salesperson for the position.



9.7 Training of Salespeople

- Training is the **theoretical-practical preparation** of a salesperson to correctly and effectively carry out his/her function in the company, and it is important because it lowers turnover rates, improves customer relations and lowers sales costs.

- **Sales training** mainly focuses on:
  - Finding and communicating with the customer.
  - Learning to appreciate their needs.
  - Negotiation and persuasion techniques to close the sale.
  - Loyalty and customer relationships.

USUAL SALES TRAINING TECHNIQUES
Conferences
Seminars
Long duration courses
Group dynamics
Sales demonstrations
Analysis of practical cases
Role-playing
CD's and videos
On-line courses
Computer simulators
Field sales

9.8 Motivating and Encouraging Salespeople

- **Motivation** is what makes a salesperson act, the source of the motivation is internal, but it can be stimulated externally. It can also be positive or negative. Motivation also hinges on the management styles of each company.

- Hygiene and motivation are essential in the case of salespeople:

  - **Hygiene factors** are those that when in place, are not especially motivating, but when they are not present, produce great demotivation.

  - **Motivating factors** cover personal goals and self-realization and appear when the previous hygiene factors are taken care of.

9.9 Salespeople Compensation

- In the case of sales teams, earnings must also be seen as a **motivating factor** to get the salespeople to make a greater **effort** in all sales stages.

- Types of remuneration used:
  - Fixed salary
  - Pure commission
  - Bonuses
  - Compensations
  - Mixed systems
  - Collective systems

9.10 Control of the Sales Force

- The control of the sales force may combine various **evaluation systems**:
  - On the one hand, the control of the **sales volume**, a simple and quite extended indicator, which does the measuring in regards to results.
  - **Behaviour control** and its influence on sales.; it is a system that may vary a lot, depending on the salesperson, the product, the customer…

- **Analysis of the salesperson's ability**: it makes reference to the quality and skills of the salespeople although the problem is that there may be very subjective and hard to check aspects.

9.11 Customer and Post-Sales Service

- The aim of customer service is to close the sale adequately, and afterwards keep and provide customer assistance.

- It is ideal for this stage to be as long as possible, which requires coordination with the rest of the company.

- It is essential to carry out all of the possible studies to be able to adapt to the new needs or customer requirements.

- A good service considers the customer comes before anything else, and whenever there is a need, we must try to respond as soon as possible; however one must fulfil what is promised, and if something is not going to be possible, it is best not to guarantee anything.