

MODULE 1

Introduction To Sales management

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Marketing Vs Sales





**The only business function that
generates revenue.**



SALES MANAGEMENT

Planning, direction and control of personnel involved in selling including recruiting, selecting, training, equipping, assigning, supervising, compensating and motivating as these tasks apply to the sales force.



Sales management

- ❑ Management of the personal selling task
- ❑ Selling is an exchange transaction. Exchange of Product or service for money
- ❑ Money is the revenue or the earnings of an enterprise often called 'turnover' or 'top line'
- ❑ Sales therefore is the only revenue generating function in an enterprise.



EVOLUTION OF SALES MANAGEMENT

YEAR	CIRCUMSTANCES	REMARKS
1945	End of Second world War. Production oriented.	Making things was more than selling them.
1955 – 1965	Marketing orientation.	Whatever is being made to customers and sold in
1963	Consumer champion started	Selling has to deal with v customers.
1965 – 1975	Marketing became professionalized.	Empathy and ego drive i considerations of selling
1970	Managing a salesforce.	Practical format.
Mid – 70s	A trade mark was started.	Research based approa
Late 70s	Recognition that different customer groups need different selling approaches.	
Last 10 years	Telephone selling Electronic revolution CRM Professional buyers	Development of call cen E – commerce started.

Evaluation of Sales Management

- A. The beginning era identified as **Simpl Era**, lasted from the **beginning of the m concept to the mid 19th century**. In this whatever products available were ha with limited offerings. Exploration and resources was the focus of the economic with products as center of attraction.

Evaluation of Sales Management

- B. In the next stage the simple trade era was replaced by the production era, continuing the great depression. In this era importance was given on engineering and production the primary objective was to only produce and sell it to the market in assumption customers have to accept it as alternative not available.

Evaluation of Sales Management

- C. The sales era lasted between 1920's and emphasized on different marketing aspects rather than product only. As consumer markets were saturated and competition was increasing day by day so it was not easy to sell a product without providing adequate information about the brand. Here price became one of the most important features to organizations to gain an edge over their rivals.

Evaluation of Sales Management

D. During the post Second World War phase featured economic boom resulted a urge of a separate department for marketing of Marketing Department Era. Here organization experienced that past sales orientation were not sufficient to motivate consumer they have more bargaining power in place. Business consolidated market activities like advertisement, sales promotion, public relation etc into a consolidated department and concentrating on positioning.

Evaluation of Sales Management

E. As the premise of the marketing concept widely accepted so the era of marketing organization emerged to take care of customer need. Now customers are the focal point employees became part of the marketing effort the classical theory of marketing evolution the last stage followed by two modified versions sub-stages.

Evaluation of Sales Management

- i) This sub-stage within marketing concept identifies **relationship marketing concept**. The goal of this organization is to build-up a long-term relationship with customers. The general focus has changed to customer value and customer loyalty. Customer relationship management and data-mining become buzzwords in recent marketing scenario.
- ii) The second sub-stage within the marketing concept is identified as **social/mobile marketing concept**. It is summed-up the knowledge and theories of its previous era but focuses on real-time connections and exchanges based on build-up relationship driven by consumers. In this concept businesses are connected to current, future and potential consumers in real time.

Evaluation of Sales Management



Concept & Definition of Sales Management

According to **American Marketing Association** sales management refers to the planning, direction and control of the selling effort, including recruiting, selecting, equipping, assigning, routing, supervising, paying and motivating as these tasks apply to the personal sales force”.

Concept & Definition of Sales Management

Efforts put forth to attain a company's sales through sales management's involvement with activities:

- (1) **Formulation of sales strategy** through development of account management policies, sales force compensation policies, sales revenue forecasts, and sales plan,
- (2) **Implementation of sales strategy** through recruitment, training, motivating, and supporting the sales force to achieve sales revenue targets, and
- (3) **Sales force management** through development of sales performance evaluation methods, and analysis of associated sales patterns and costs.

THE NATURE AND IMPORTANCE OF SALES **MANAGEMENT**

According to Robert N. McMurry in his famous article 'The Mystique of Super Salesmanship' (Harvard Business Review, March-April 1961, p.114) classified a salesperson in the organization on following ways:-

- Position where a Salesperson's job is predominantly to deliver a product;
- Positions where a salesperson is predominantly an order taker;
- Positions where a salesperson is also predominantly an order taker but works in the field;

THE NATURE AND IMPORTANCE OF SALES MANAGEMENT

- Positions where a salesperson is not experienced or is not permitted to take an order but is called only to build goodwill or to educate an actual or potential user;
- Positions where the emphasis is placed on technical knowledge;
- Positions which demand the creative sales of complex products;
- Positions requiring the creative sale of new products;

THE NATURE AND IMPORTANCE OF SALES **MANAGEMENT**

While the role of sales management professionals is multidisciplinary, their primary responsibilities are:

- (a) Setting goals and standards for a sales-force;
- (b) Planning, budgeting, and organizing sales activities to achieve pre-defined goals;
- (c) Implementing the program with proper segmentation and
- (d) Controlling the overall program and evaluating results.



Objectives of sales management

- 3 general underlying objectives:
 1. SALES VOLUME
 2. PROFITS
 3. GROWTH

$\text{Sales} - \text{cost of sales} = \text{gross margin.}$

$\text{Gross margin} - \text{expenses} = \text{net profit.}$



IMPORTANCE OF SALES MANAGER

- ☐ Achieves broad organizational objectives.
- ☐ Helps in decision making and formulating strategy.
- ☐ Helps to face competition.
- ☐ Ensures customer satisfaction.
- ☐ Promotes goodwill of the institution.
- ☐ Manages sales personnel.
- ☐ Helps in managing sales force effectively.
- ☐ Useful in promoting foreign trade.
- ☐ Creating employment opportunities.
- ☐ Helps in controlling selling expenses.



CHALLENGES IN SALES MANAGEMENT

- ☐ High pressure
- ☐ Training and development
- ☐ Longer sales cycles
- ☐ Failure in closing the sales
- ☐ Complex and demanding
- ☐ Problems in competitive differentiation



DIFFERENCES BETWEEN SALES MGT & MARKETING MANAGEMENT

BASIS	SM	MM
1) Meaning	Sales management is concerned with planning, organising, motivating and controlling the personal selling functions.	MM is concerned with analyzing plans, enforcing the programmes and satisfaction of customers.
2) Evolution	Sales mgt evolved in 4 th decade of 20 th century	MM evolved in 1 st decade of 20 th century
3) Concept	Sales management is an old concept	MM is a latest concept
4) Objectives	Maximise the sales	Increase the sales of the customers
5) Beginning of work	Production of goods.	Prior to the production of goods.



Continuation...

BASIS	SM	MM
6) Satisfaction of wants	Satisfaction of immediate wants of the customers.	Emphasises on satisfaction of customer.
7) Seller Vs Buyer orientation	Seller oriented	Buyer oriented
8) Inspection and control	Inspection is under Marketing Mgt.	Under General Mgt.
9) Profit	Short term profit	Long term profit
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Sales management: evolution

- ❑ Industrial Revolution – 1760
- ❑ Small home industries – Large scale manufacturing –marketing – sales sales support
- ❑ Concept of hunters and farmers
- ❑ The modern day sales manager is an administrator in-charge of personal selling activity and a member of the group that makes marketing decisions of all types.



The salesman

-they make more noise and more mistakes, create more cheer, correct more errors, adjust more differences, spread more gossip, hear more grievances, pacify more belligerence, waste more time under pressure, and without losing their temper, than any other class of professionals –including politicians.



The salesman

- ...they live in hotels, cabs and tents, trains, buses, eat all kinds of food, all kinds of liquids –good and bad– before, during and after business, with no sympathy from the office.
- They draw and spend more money with less effort, they come at the most inopportune time, under the slightest pretext, ask more personal questions.
- Yet they are a power in society...



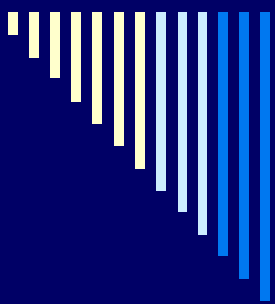
The salesman

- With all their faults, they keep the wheels of commerce turning, and the currents of human emotions running. More can be said any man. Be careful whom you call a salesman, lest you flatter him.
- Donald Benenson in Ziglar on Selling



Sales Management

**“QUALITIES THAT LEAD TO EFFECTIVE SALES MANA
ARE OFTEN OPPOSITE THE ATTRIBUTES OF A SUCCE
SALES PERSON”**



Sales organization

- With various tasks required to be performed the enterprise had to create structure to ensure that work is done (the Sears story)
- Principles of structure: authority, responsibility, performance, support, ordinate.



Sales organization

- Concept of organization: Group of individuals working jointly to achieve a defined goal bearing formal and informal relations with another. An organization is oriented towards a co-operative endeavor and a structure of human relationships.



Purpose of organization

- ☐ Eliminate waste of effort
- ☐ Minimize friction
- ☐ Maximize co-operation
- ☐ Permit development of specialists
- ☐ Ensure that all activities get done
- ☐ Achieve co-ordination/balance
- ☐ Define authority
- ☐ Fix responsibility



Types of organization structures

- **Line organization:** line managers perform sales and sales management activities.
- **Line and staff organization:** Staff managers have advisory or support responsibility. e.g. Market research manager, Training manager.
- They are not directly responsible for achieving sales targets.



Organization structures

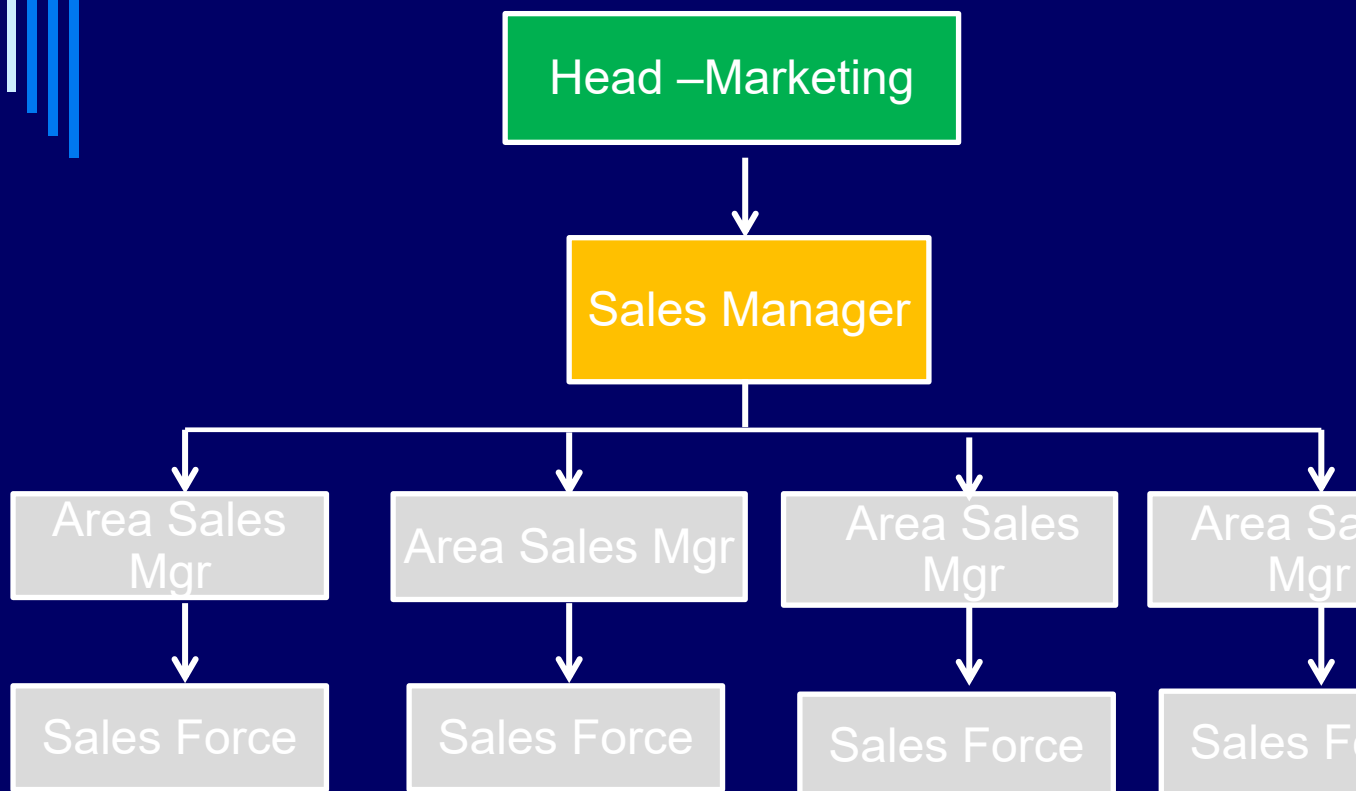
- ❑ **Functional organization:** focus is on the product specialization. Each specialist has a functional responsibility and are permitted to direct and control the salesperson through their immediate supervisor.
- ❑ **Horizontal organization:** This organization removes management levels (hierarchy) and departmental boundaries.
- ❑ The support functions like strategic planning, human resource, and finance are looked after by a staff of senior executives



Organization structure

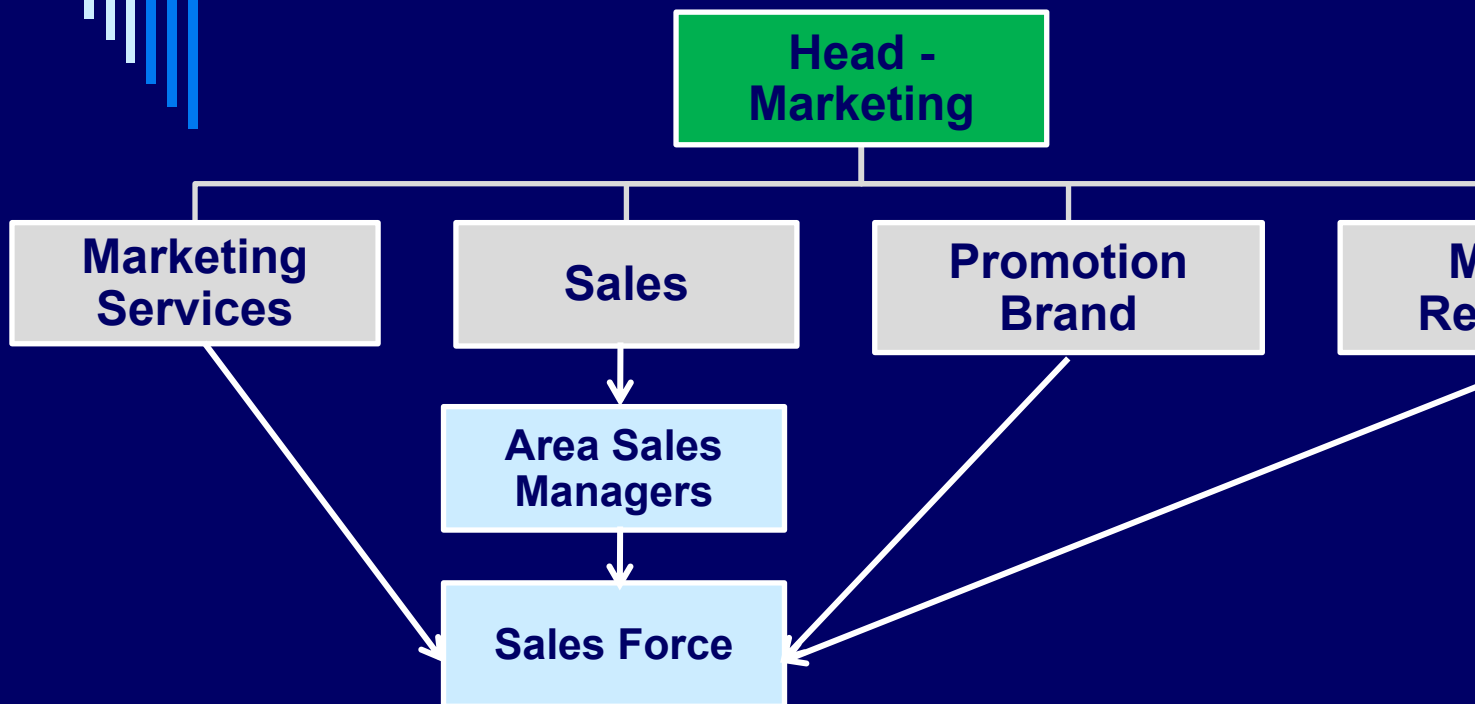
- Horizontal structure.
- Specialised structure:
 - Geographical;
 - Product;
 - Market or customer;
 - Combination of specialised struc

Line Sales Organization structure

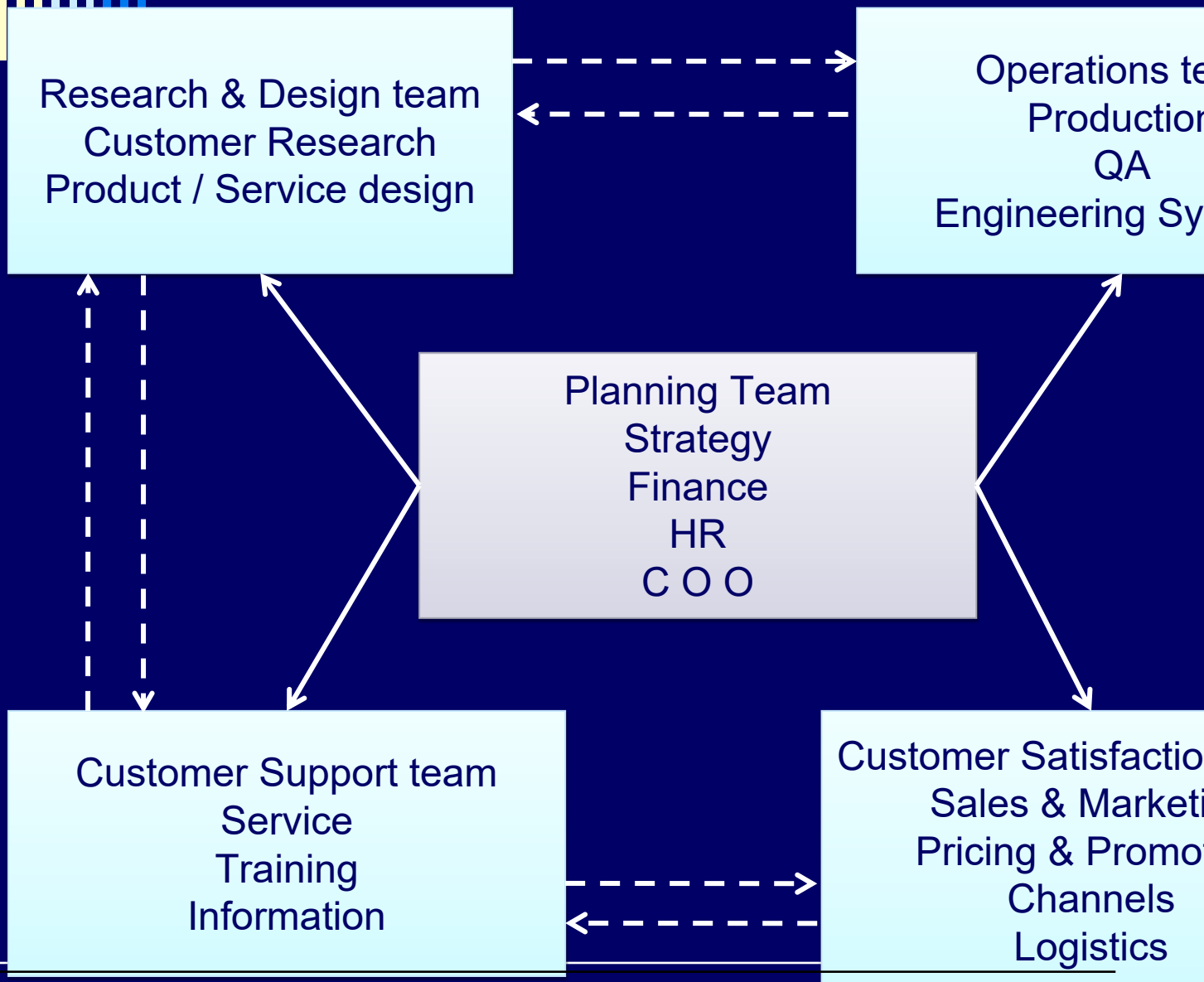
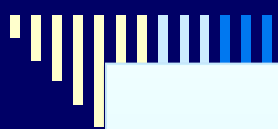


- ❖ Clear authority & Responsibility
- ❖ Quick response & Decision, Low Cost
- ❖ Sales manager controlled

Functional Sales Organization



- ❖ Administrative Simp
- ❖ Access to Specialists
- ❖ Multiple reporting
- ❖ HOD is Pressures to





Sales relation with marketing activities

- **Sales & Advertising:** both stimulate demand. They need to be blended. Salespersons can improve advertising effectiveness. Advertising needs to support sales where and when they need it most.
- **Sales & Marketing information:** critical information is needed for analysis of sales problem and for determining sales potential. Raw data is collected by sales people.



relationships

- ❑ **Sales and service:** contributes to strategy success.
- ❑ **Sales and distribution:** minimizes out situation; improves inventory control; helps sales to focus on demand generation.
- ❑ **Sales & Production:**
- ❑ **Sales and R&D**
- ❑ **Sales & Finance**

Emerging trends in Sales Management

• **Global Presence-** Being a global, it is very necessary to face sales from global companies. Due to differences in culture, language and preferences of customers it is not easy to adopt global condition. So sales managers have well equipped with improved technology, strategy and operation themselves for international level.

• **Innovative technology-** Revolution in technology helped to communicate with world-wide customers in ease way. To promote sales management on behalf of organization should adopt new innovative technologies. It is important for sales manager to aware off recent technologies using to face competitions.

• **Better Customer Relationship Management (CRM) -** Being an organization in today's competitive world it is necessary to build long-term relationship with customers. It is less costly to retain an old customer rather than acquire a new one. So building up long term relationship will help the organization to know about needs and wants of the customers as referral process is very important for organization. It is not only building the brand image but also providing a good condition to operate.

Emerging trends in Sales Management

- **Diversity among Sales-force-** There is always existence between sales-force of an organization. Sales manager accommodate himself with people of different background in sales-force.
- **Team Based Selling Approach-** In recent years it is a new approach for the organization to sell the product as a team to build long term relationship with potential customers. It is also very useful for technically complex products are in the process to sell. Generally team consists of top management, inbound and outbound sales, technical specialists etc.
- **Multi-channel Operations-** in today's competitive world multi-channel operation system is very useful to reach out to customers in different ways. It is very handy for i) lowering cost ii) customized selling techniques with broad coverage.

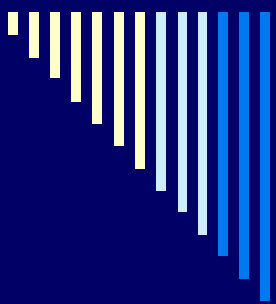
Emerging trends in Sales Management

• **Ethical and Social Issues-** In recent years it is necessary to address social and ethical issues such as legal constraints, provide services to customers' expectations and taking part in events related to social responsibilities. Sales manager has to understand the nature of the society and take necessary steps to deal with various social groups.

• **Professionalism within Sales-force-** Sales manager needs a professional attitude to process sales operation. As customers are more informed and aware about the market condition thorough knowledge is necessary to gather knowledge, skills and right attitude to meet the needs. Reliability, professionalism, integrity and thorough market knowledge are very necessary for today's competitive world.

Emerging Trends in Sales Management

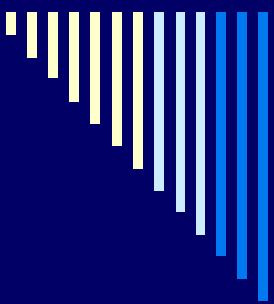




PERSONAL SELLING



**ARE PERSONAL SELLING AND
SALESMANSHIP SYNONYMOUS**



□ PERSONAL SELLING IS WHERE BUSINESSES USE PEOPLE (THE SALES FORCE) TO SELL THE PRO AFTER MEETING THEM FACE TO F



DEFINITION:

According to American Marketing Association
“ Personal selling is oral presentation in a
conversation with one or more prospective
purchasers for the purpose of making sales



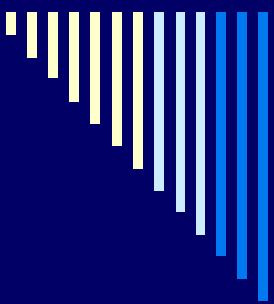
Objectives of Personal S

- ☐ To sell the products.
- ☐ To build interests.
- ☐ To spread awareness about products.
- ☐ To persuade customers for purchase.
- ☐ To fulfill orders.
- ☐ To build long term relationships.



Types of Personal Selling

- ☐ Personal selling can be broadly classified into three categories.
 - ✓ Industrial selling
 - ☐ Selling to reseller
 - ☐ Selling to business user
 - ☐ Institutional selling
 - ☐ Selling to Government
 - ✓ Retail selling
 - ✓ Service selling



- ****INDUSTRIAL SELLING:-It involves selling the capital item like equipment ,machines to the industrial users ,industrial sales personal are usually very well educated experience and train people they provide technical information and assistance.***



INDUSTRIAL SELLING

- Also termed as Business to business selling.



SELLING TO RESELLERS

- A reseller is a wholesaler or retailer, an intermediary who buys finished goods and resells them to the end users.
- Example: Hero cycle, T series etc



SELLING TO BUSINESS USERS

- That means output of one producer enters into the production process of another producer to manufacture a final good for the consumption of end user
- Example: IBM sells Intel Pentium Processors which are used by Compaq or HCL Infosystems to make computers



INSTITUTIONAL SELLING

- ❑ These institutional customers use the products in their daily operations.
- ❑ Here the product is used in providing support to the buyer business rather than producing the buyer products.
- ❑ Example: Xerox in photocopiers, Johnson and Johnson in surgical equipments.



SELLING TO GOVERNMENT

- ❑ In many countries govt is leading buyer
- ❑ The salesperson's ultimate buyers are the employees of govt.



RETAIL SELLING

- ❑ A retailer usually sells directly to the ultimate customers.
- ❑ Example : Shopper's Stop, Big Bazaar, Wal – Mart etc..



SERVICE SELLING

- ☐ Services are activities or benefits provided to consumers.
- ☐ Service such as insurance, airline and travel are intangible in nature.
- ☐ Example: education, tourism, hotel, insurance, hospital, banking.



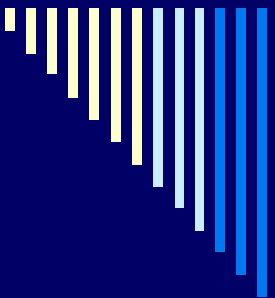
PROS AND CONS OF PERSONAL SELLING

- ☐ PROS
- ☐ High customer attention message is customized
- ☐ Interactivity
- ☐ Persuasive impact
- ☐ Potential for development for relationship
- ☐ Adaptability
- ☐ Opportunity to close the sale



CONS

- ☐ High cost
- ☐ Labor intensive
- ☐ Expensive
- ☐ Can only reach limited number of customer

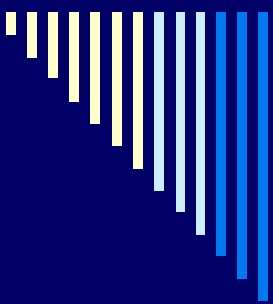


STAGES OF PERSONAL SELLING EVOLUTION

- ❑ PROVIDER :selling activity limited to order taking
- ❑ PERSUADER : attempting persuade to customer to buy
- ❑ PROSPECTOR: seeking out buyer perception to have a need
- ❑ PROBLEM SOLVER: buyers identify the problems to be met by goods.
- ❑ PROCREATER : seller determines buyer need and fulfill them



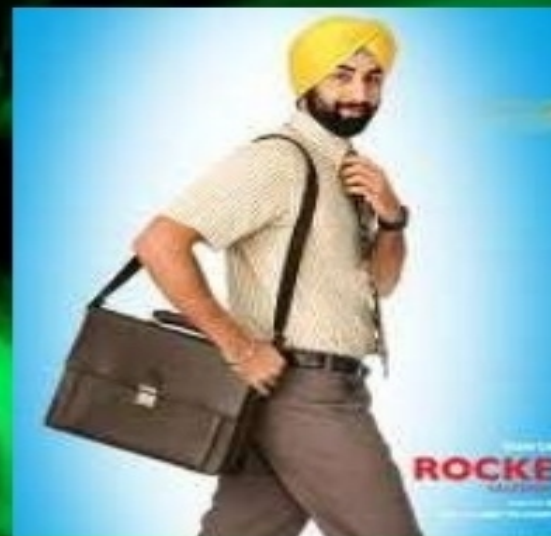
No matter what we sell, what matter is how we sell

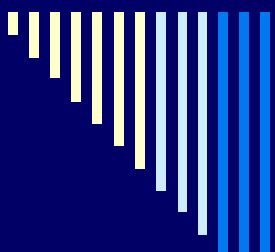


**Salesmen should be master
of all trade**



**He should be convincing
have a strategy to support
his selling approach**

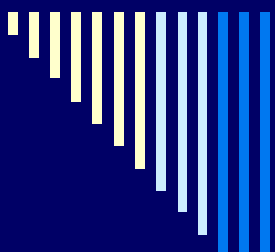




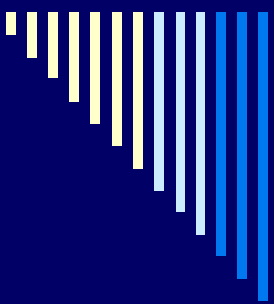
If one understands the minds of customers and they also have thought processes similar to customers, then they are likely to become good salesmen.

Get into the psychology of the customer

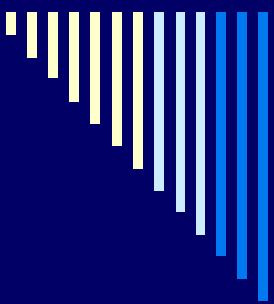




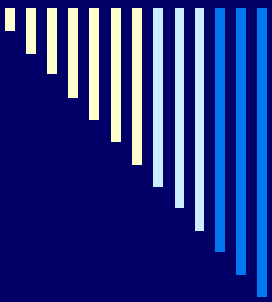
“Salesmen fail not when they open their mouths but before they open them. Their appearances convey they are not likable, not honest, not trustworthy, not even sincere”



QUALITIES AND RESPONSIBILITIES OF SAL MANAGER



WHAT MAKES A GREAT SALES MANAGER

- 
- Communication
 - Managing the performance
 - Team leader
 - Convincing
 - Pleasing personality
 - Decision making
 - Motivation
 - Resilience
 - Delegation
 - Passion
 - Positive attitude



Some more points..

- ☐ Integrity
- ☐ Loyalty
- ☐ Innovation
- ☐ Availability
- ☐ Listening
- ☐ Learning
- ☐ Confidence
- ☐ Able to coach
- ☐ strategic



Responsibilities

⌚ Sales planning and budgeting

Determining sales force objectives and goals.

❑ Finalizing sales force organization, size, territory, quota

⌚ Estimating demand and forecasting of sales.

⌚ Determination of size and structure of the sales organization.

⌚ Recruiting, selecting, and training of sales people

⌚ Allocating of salesforce and setting sales quota

⌚ Compensating, motivating and leading the salesforce

⌚ Analyzing sales volume cost and profit

⌚ Measuring and evaluating motivating salesforce performance.

⌚ Monitoring marketing environment



Roles and Responsibilities of Sales Manager

- ☐ Determining the sales force objectives and goals
- ☐ Finalizing the sales force organization, size, territory, and
- ☐ Forecasting and budgeting sales
- ☐ Selecting, recruiting and training the sales force
- ☐ Motivating and leading the sales force
- ☐ Designing compensation plan and control systems
- ☐ Designing career growth plans and building relationship strategies with key customers
- ☐ understand who can perform a particular task
- ☐ Meeting the sales targets
- ☐ A sales manager devises strategies for competitor handling
- ☐ Map potential customers and generate leads for the organization
- ☐ Brand promotion
- ☐ Maintaining and improving relationships with the client.



ASSIGNMENT NO : 01

- 1. What is Sales Management? What are its objectives? (Jan 2012)*
- 2. What is Personal Selling? What are its objectives? (Jan 2012)*
- 3. Explain briefly the Types of personal selling? (Jun-2012)*
- 4. Explain the Emerging Trends in Sales Management (Jan 2013)*
- 5. What are the Qualities and Responsibilities of Sales Manager? (Jan 2012)*
- 6. What do you mean by sales organisation? (July 2012)*
- 7. What are the challenges involved in sales Management?*
- 8. Discuss in detail different types of sales organisation structure.*
- 9. What is the importance of sales Management?*

Submission Date: 17th April, 2017