



## MODULE 3

# ● Management of Sales Territory & Sales Quota

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## OUTLINE

- ◉ Sales territory, meaning, size, designing.
- ◉ Sales quota, procedure for sales quota. Types of sales quota, Methods of setting quota.
- ◉ Recruitment and selection of sales force, Training of sales force.



## SALES TERRITORY

### Definition:

Sales territory defined as a group of present and potential customers assigned to an individual salesperson, a group of salesperson, a branch, dealer, a distributor, or a marketing organization at a given period of time.

- Territories are defined on the basis of geographical boundaries in many organizations.
- It helps in matching the selling efforts with the sales opportunities in the market.
- It's a responsibility.

## DEFINITION

B R Cranfield

“ a sales territory is a geographical area are containing the present and potential customers who can be effectively and economically served by a single salesperson, branch, dealer, or distributor”

## ADVANTAGES

- ◉ It ensures better market coverage.
- ◉ Effective utilization of the sales force.
- ◉ Effective distribution of the workload.
- ◉ Convenient way to evaluate the performance of sales force.
- ◉ Control over direct & indirect cost.
- ◉ Optimum utilization of time by sales force.
- ◉ Enhances employee's morale and helps managers better control and monitor sales and evaluation programmes.
- ◉ Better penetration.
- ◉ Better service to the customer.
- ◉ Better understanding of the customers need and latest demand.
- ◉ Helps to evaluate the performance of sales force.

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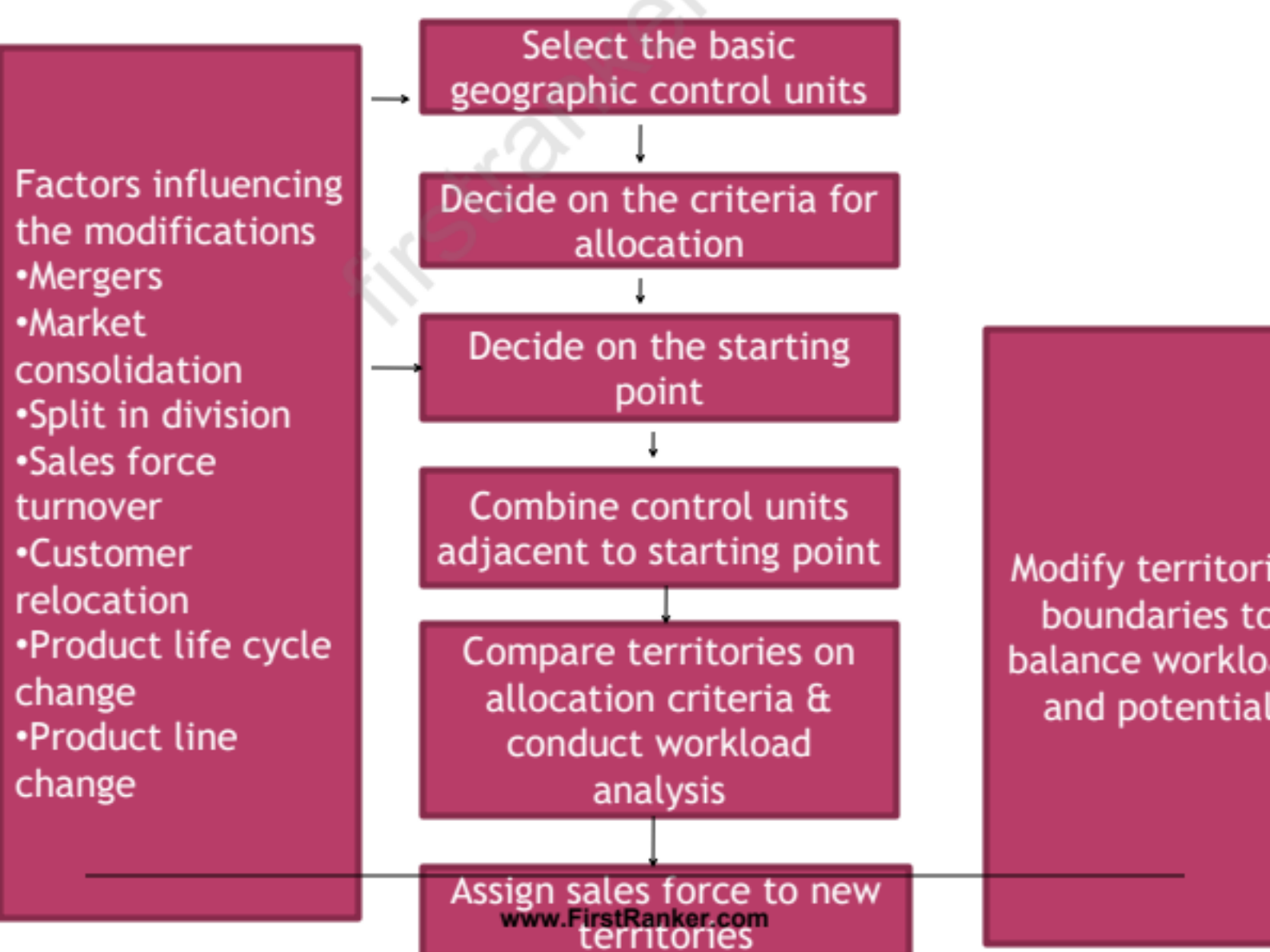
# SIZE OF SALES TERRITORIES

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## Factors influence the size

- ◉ Nature & demand of the product
- ◉ Mode of distribution(logistics)
- ◉ Selling process
- ◉ Transport & communication facility
- ◉ Density of population
- ◉ Government restrictions
- ◉ Market potential
- ◉ Growth rate
- ◉ Competition
- ◉ Ability of sales person
- ◉ Sales policy
- ◉ Economic condition
- ◉ Population

# DESIGNING A SALES TERRITORY







## SALES QUOTA

- According to Philip Kotler “ A sales quota is the sales goal set for a product line, company division, or sales representative. It is primarily a managerial device for defining and stimulating sales force”
- It is an expected performance objective.
- They are sales assignments or goals, which are to be achieved in a specific period of time.

## IMPORTANCE OF SALES QUOTA

- ◉ Motivating sales force- measurement & linking with rewards
- ◉ Lead organizations towards management by exception-Take care of highly performers and help poor performers
- ◉ Helps in giving directions to the salespeople's efforts

# PROCEDURE FOR SALES QUOTA

- ◉ Planning
- ◉ Conferencing with the salesperson
- ◉ Arriving at a summarized written quota statement



## TYPES OF SALES QUOTA

1. Sales volume quota
2. Sales budget quota(expense quota,profit quota)
3. Sales activity quota
4. Combination quota



## SALES VOLUME QUOTA

- ⦿ This quota communicates the organization's expectations in terms of what amount of sales for/in what period.
- ⦿ Ex:
- ⦿ General motors uses the number of cars and commercial.
- ⦿ If a sales person has to sell 30000 units of a product from March to August then it is called sales volume quota.



## SALES BUDGET QUOTA

- ⦿ These kinds of quotas are set for various units by the organization in order to control expenses (expenses quota), gross margins, and net profits.
- ⦿ The overall intention of setting a budget quota is to the sales people they are more of responsible centre where the job includes not only obtaining the desired sales volume but also making good profits.

## SALES ACTIVITY QUOTA

- ◉ Here the quota can be fixed on the activity a sales person has to perform, rather than the final outcome.
- ◉ In addition to sales activity, the sales person is expected to do some non selling activity and quota can be set as a mix of these activities.
- ◉ Mostly seen in insurance where they do prospecting, generate sales lead and develop new business.

## COMBINATION QUOTA

- Many organization uses the combination of these quota.
- Ex: achieving 2000 units along with developing 20 new key accounts, identifying 200 prospects and bringing back 50 sales lost customers.





## METHODS OF SETTING QUOTA

- 1) Quotas based on sales potentials
- 2) Quotas based on forecast
- 3) Based on past sales & experience
- 4) Based on executive judgment
- 5) Based on salespeople judgment
- 6) Quotas based on compensation

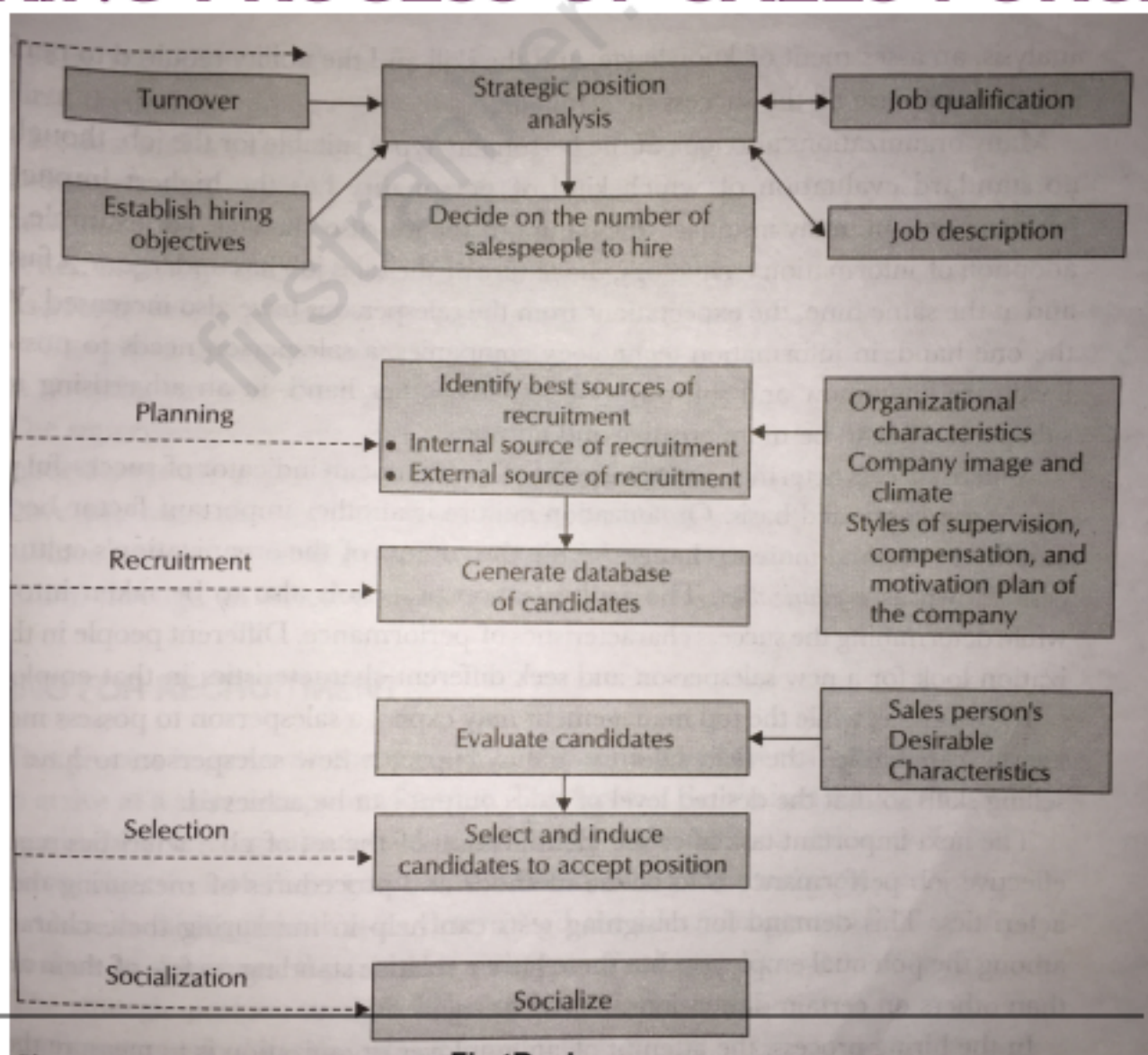
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# RECRUITMENT AND SELECTION OF THE SALES FORCE

# RECRUITMENT SOURCES

- ◉ Word of mouth
- ◉ Internal sources of recruitment
- ◉ Employee agencies
- ◉ Sales representatives of competitors
- ◉ Representatives Non competing companies
- ◉ Internal transfer
- ◉ Campus recruitment
- ◉ Placement firms
- ◉ Advertisements
- ◉ Interns
- ◉ Employee referral
- ◉ Walk ins
- ◉ Web sources

# HIRING PROCESS OF SALES FORCE





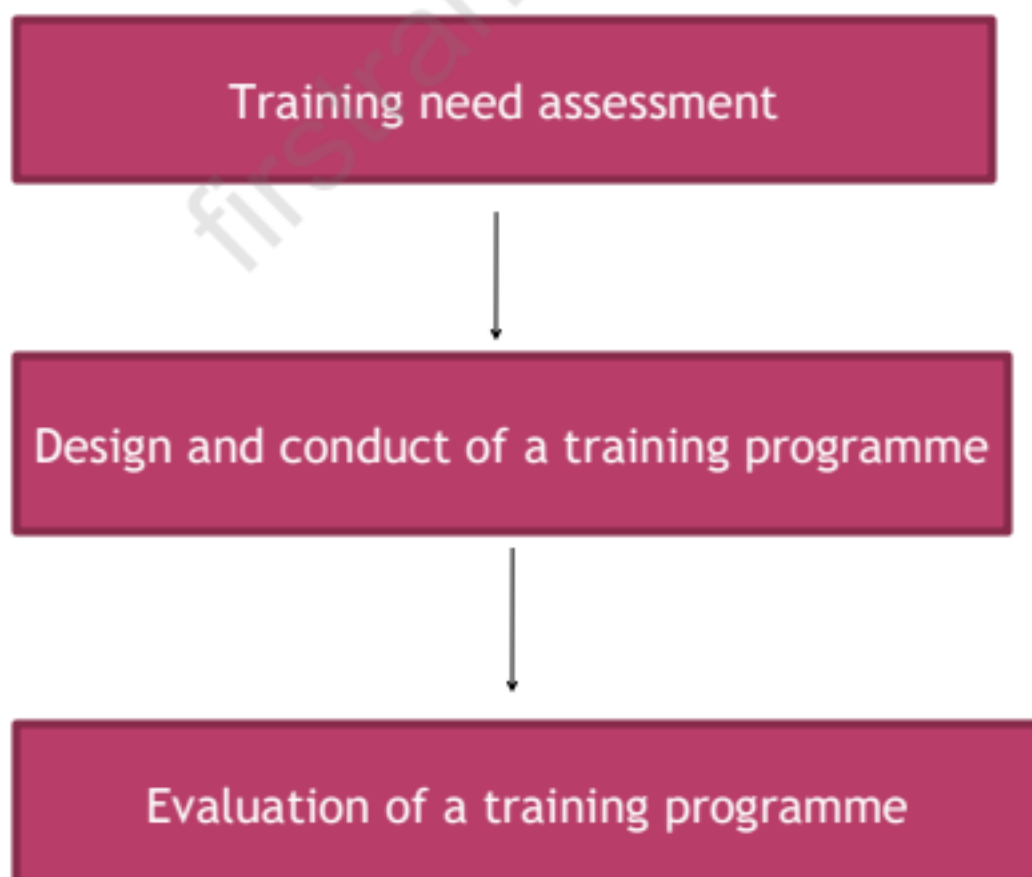
# SELECTION PROCESS

1. Reception of applicant
2. Application blank
3. Selection test
4. Interview
5. Aptitude and skill
6. Personality
7. Intelligence
8. Psychological test
9. Inspection of past career
10. Primary selection
11. Final selection
12. Medical check up
13. Determination of term of service
14. Placement( appointment)
15. Initial orientation

## TRAINING OF SALES FORCE

- Sales training is a process of providing the sales force with specific skills for performing their job.

# THE TRAINING PROCESS



# TRAINING NEED ASSESSMENT

Training need assessment

- ◉ Organizational level analysis
- ◉ Task level analysis
- ◉ Individual level analysis



## DESIGN AND CONDUCT OF A TRAINING PROGRAMME

- ◉ Location- On the job / off the job
- ◉ Job Instruction Training(JIT)- Step by step training
- ◉ Presentation option

## EVALUATION

- ⦿ Measured monetary or non monetary terms
- ⦿ Calculate the ROI
- ⦿ Collection of ratings from trainees and trainers

## TYPES OF TRAINING

- ◉ Sales skill and retraining
- ◉ Cross- functional training
- ◉ Team training
- ◉ Creativity training
- ◉ Literacy training



# METHODS OF SALES TRAINING

1. Didactic method( one on one)
2. Participative
3. Visual support
4. Conferences
5. Seminars
6. Discussions
7. Team training
8. Case study
9. Role plays
10. Simulation
11. Brainstorming
12. Fishbowl
13. Group exercises
14. Workshops
15. Sensitive training
16. Field trip
17. In-tray exercises

## TRAINING PROCESS

- ◉ Aim- training objective
- ◉ Content
- ◉ Method
- ◉ Execution- arrangements made for execution
- ◉ Evaluation

## ASSIGNMENT NO : 02

1. What is sales territory? Explain its advantages and disadvantages? (J
2. Explain the steps involved in designing a sales territory? (July-2012)
3. Write a note on sales quotas (Jan 2013)
4. Explain the different types of sales quotas? (July 2012)
5. Explain briefly Methods of setting Sales Quota? (Jan-2013)
6. Explain briefly The Recruitment process (July-2012)
7. Explain the different steps involved in selection of sales forces? (Ja
8. Explain briefly the need for training the sales force (Jan-2012, 2013)
9. Explain briefly the stages in training process? (Jan 2014, Jul 2012)
10. Explain briefly the Types of Training (Jan -2013, Jul 2013)
11. List and explain the different training methods? (Jan 2013)

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