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Sales and Retailing Management

SEMESTER V

BACHELOR OF BUSINESS ADMINISTRATION

BLOCK - 1

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BACHELOR OF BUSINESS ADMINISTRATION

SALES AND RETAILING MANAGEMENT

DETAILED SYLLABUS

BLOCK-1

UNIT 1: Introduction to Sales Management **Page : 5-16**

Concept and Importance of Sales Management, Defining Sales Management, Objectives of sales management, Types of selling, Role of Sales Management, Relationship between Marketing and Sales Management

UNIT 2: Sales Organisation **Page : 17-26**

Concept of Sales Organisation, Setting up a Sales Organisation, Basic Types of Sales Organisational Structures, Centralised and Decentralised Sales Organisations, Constructing a sound sales organisation

UNIT 3: Designing the Sales Force **Page : *27-38***

Sales force management, Objectives of sales force, Designing a sales force, Sales planning and Policies, Sales force Structure and Size, Performance rating of sales force.

UNIT 4: Recruitment and Selection **Page : 39-49**

Sources of recruitment of sales personnel, Selection process, Sales training programme, Evaluation of sales personnel,

UNIT 5: Compensation Management **Page : *50-62***

Meaning of Compensation, Features of compensation plan for salesmen, Developing a compensation plan, Methods of Compensation, Fringe benefits and Non monetary benefits.

UNIT 6: Sales Training Programme **Page : 63-83**

Meaning of Training, Conceptualisation of Sales Training, Objectives of Sales Training Programme, Contents of Sales Training Programme, Importance of training and development

Methods of training

UNIT 7: Personal Selling **Page : 84-94**

Objectives of personal selling, Qualitative Objectives, Quantitative Objectives, Personal Selling Process, Challenges in Personal Selling

COURSE INTRODUCTION

This course “Sales and Retailing Management” of B.B.A. 5th semester will focus on the different aspects of marketing and Sales. The course is meant to create interest in business management students to focus on setting up of their own business. This course presents specific reasons for growing importance of Marketing. This course will help the learner in enhancing their knowledge in the field of sales and retailing.

This course consists of thirteen units and it is devided into two blocks. The first block consists of seven units and the second block consists of six units.

BLOCK INTRODUCTION:

This is the first block of the course “Sales and Retailing Management”. It consists of seven units. The first unit explains basic concept of sales management.

The second unit is about designing the sales organisation.

The third unit explains about designing the sales force.

The fourth unit is about recruitment and selection.

The fifith unit explains about compensation management.

The sixth unit is about sales training programme.

The last unit is about personal selling.

While going through this course, you may also notice some text boxes, which have been included to help you know some of the difficult terms and concepts. You will also read about some relevant ideas and concepts in “LET US KNOW” along with the text. We have kept “CHECK YOUR PROGRESS” questions in each unit. These have been designed to self-check your progress of study. The hints for the answers to these questions are given at the end of the unit. We strongly advise that you answer the questions immediately after you finish reading the section in which these questions occur. We have also included a few books in the “FURTHER READINGS” which will be helpful for your further consultation. The books referred to in the preparation of the units have been added at the end of the block.

UNIT 1: INTRODUCTION TO SALES MANAGEMENT

UNIT STRUCTURE

1.1 Learning Objectives

1.2 Introduction

1.3 Concept and Importance of Sales Management

1.3.1 Defining Sales Management

1.3.2 Objectives of sales management

1.3.3 Types of selling

1.4 Role of Sales Management

1.5 Relationship between Marketing and Sales Management

1.5.1 Factors affecting Sales Management

1.6 Let Us Sum Up

1.7 Further Reading

1.8 Answers To Check Your Progress

1.9 Model Questions

1.1 LEARNING OBJECTIVES

After going through this unit, you will be able to :

- define Sales Management
- explain characteristics and functions of Sales Management
- outline the difference between Sales Management and Marketing
- outline the factors affecting sales management

1.2 INTRODUCTION

This is the first unit of the course “Sales and retailing management”. This unit introduces you to the subject of sales management. Sales management means managing the sales people effectively and efficiently to increase the sales volume. Again, selling is the process to make a sale. Today’s sales executives are professionals. They plan, build and maintain effective organisations and design and utilize efficient control procedure. Top managements hold the sales executive responsible for obtaining sales volume, handling the selling operation to earn more profit

and to see that the business continue to grow. Companies spend a large amount of money for the training and development of the sales personnel.

In this unit we are going to discuss about sales management, responsibilities of sales manager, objective and functions of sales management and difference between marketing and sales management.

1.3 CONCEPT AND IMPORTANCE OF SALES MANAGEMENT

1.3.1 Defining Sales Management



Personnel —

Group of people willing to obey orders.

Sales management originally referred to the direction of sales force ***personnel***. Later it has got a broader view including the marketing activities like advertising, sales promotion, marketing research, distribution, merchandising etc.

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

The American Marketing Association’s definition has made sales management synonymous with the management of the sales force, but modern sales managers have considerably broader responsibilities. Sales managers are responsible for organizing the sales effort, both within and outside their companies. They are also responsible for participating in the preparation of information critical to the making of key marketing decisions like budgeting, setting quotas etc.

Sales management is the attainment of an organization's sales goals in an effective and efficient manner through planning, staffing, training, leading and controlling organizational resources. Revenue, sales, and sources of funds fuel organizations and the management of that process is the most important function.

The major problem in sales is the lack of effective sales management process. Through a systematic sales management process, a company can increase its sales volume.

1.3.2 Objectives of sales management

From the company's point of view, there are three general objectives of sales management, which are discussed as follows:

- **Sales volume:** Every organisation's main aim is to increase the market share. Again, sales management is responsible for the increase in sales volume. Sales manager sets the goal for the sales personnel and they try to increase the sale as per their capacity.
- **Contribution to profit:** Sales people increase the sales volume, which ultimately contributes to the profit of the company.
- **Continuing growth:** Continuous growth is most essential for any organisation to survive. With the increase in sales volumes, more profit can be generated. With more profit, growth of the organisation becomes sustainable.

1.3.3 Types of selling

The selling process varies according to the nature of the selling task. It depends on the type of product which we are selling. Generally three types of selling are involved in selling process. They are order takers, order creators and order getters. Order takers were those people who respond to already committed customers. Order creators do not directly receive orders since they talk to specifiers rather than buyers. On the other hand, order getters attempt to persuade customers to place an order directly.

Again there are three types of order takers; those are inside order takers, delivery sales people and outside order takers. These people are responsible for collecting orders. Order creators are also known as missionary sales people. They convince the

customers and creates positive attitude towards the product or services in customer's mind. Finally, order getters are either front line sales people consisting of new business, organisational or consumer salespeople, sales support sales people who can be either technical support sales people or merchandisers.

- **Order takers:** Order takers can be again divided into three groups.
    1. **Inside order takers:** Here the customer has the full freedom to choose the product without the presence of any sales people. The role of the sales people is only transactional.
    2. **Delivery sales people:** The salesperson's task is only to deliver the product. Here the customer takes the purchase decision without interference of any sales people. For example, news papers, milk etc are delivered to the door. In this case, the order is previously given by the customers and based on that order sales people delivers the product.
    3. **Outside order takers:** These sales people visit customers but their primary function is to respond to customer requests rather than actively seeking to persuade the customers.
- **Order creators:** Here the sales task is not to close the sales but to persuade the customer to specify the seller's product. For example, medical representatives can be considered as order creators, who influence doctors to prescribe the medicines to the patients. These sales people have very good knowledge about product.
- **Order getters:** Order getters are those sales people who persuade the customers to make a direct purchase. Examples of order getters are organisational salespeople, consumer sales people, technical support salespeople etc.

They have very convincing power and customers listen to them.



CHECK YOUR PROGRESS

Q1. State any two objectives of sales management.

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Q2. Give an example of :

(a) Delivery sales people

(b) Order creators

(c) Order getters

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1.4 ROLE OF SALES MANAGEMENT

Today, the process of sales management has become very challenging. The top management holds the sales executives responsible for obtaining sales volume and for, handling the selling operation so as to make him contribute to profits, and to help growth in the business.

Sales managers have broad responsibilities. They recruit, select and train sales personnel, provide them reasonable goals, and motivate them to get the result. They coordinate the personal selling operations with other marketing activities. Nowadays the sales manager is expected to play a much more strategic role in the company and is required to make a key input into the formulation of company plans.

An essential sales leadership role is to establish a sense of purpose or vision and clear direction to get there. It takes direction from the marketing strategy and is based on thorough research and a considered positioning of the company within the market place.

Following are the functions of a sales manager:

- **Sales planning and budgeting:** Sales manager performs the task of sales planning. Sales planning as a process involve predicting

demand for the product and demand on the sales assets (machines, people, or a combination of both). Failure to plan always means lost sales. Planning ensures that when a consumer wishes to purchase the product, the product is available in the market. It also ensures that opportunities for additional sales are explored and the sales assets are available to exploit these opportunities. Planning should allow for meeting the increasing customer demand for more products, services and/or customization as the business is growing, but should also react quickly when demand decreases. Sales' planning improves efficiency and decreases unfocused and uncoordinated activity within the sales process.

- **Estimating demand and forecasting sales:** The sales manager should estimate the market potential for the industry and sales potential for the company before developing a final sales forecast on which to base all operational planning and budgeting for their sales force. If the sales manager can estimate the demand properly, he will be able to assign his sales force as per the requirements.
- **Determining the size and structure of the sales organisation:** It is the responsibilities of the sales manager to decide the number of sales people for the sales organisation. The sales manager should decide the job responsibilities of sales people, sales forecast, budgets, territory assignments, supervision and sales force performance etc. Depending on the size of the business, sales manager decides the number of sales people.
- **Recruiting, selecting and training sales people:** The sales manager recruits the qualified applicants for the employment. They select the desirable candidates and provide them the necessary training for the job.
- **Allocating sales force efforts and setting sales quotas:** To effectively allocate sales force efforts, the sales manager must first design sales territories and then it should be compared on the basis of sales potential, which in turn decides the individual sales

quotas. After sales territories have been determined, management may design a formal pattern, or routing, for sales representatives to follow in calling on customers. While setting the sales quotas, managers should set the realistic quotas for the sales people depending on the situation.

- **Compensating, motivating and leading the sales force:** A sales manager tries to motivate the sales force through different compensation process. These compensations may be of financial and non financial compensation. Financial compensation should include reimbursement of sales expenses and transportation. Non financial incentive may include the use of a company car, office space, secretarial help, and special company benefits such as life insurance, a retirement plan and health care etc.

  Another major function of the sales manager is to lead the sales force in proper direction. Sales force leadership ought to be proactive and flexible. Sales managers may need to adjust their leadership style, ranging from autocratic control to free reign style depending on the situation.

- **Measuring and evaluating sales force performance:** Sales force performance must be measured and evaluated to determine commissions and bonuses for sales people and sales managers and to make promotion decisions. The overall purpose of performance evaluation is to improve organisational profitability by improving sales force efforts. The process of sales evaluation should be systematic and free from biasedness.

- **Monitoring the marketing environment:** The sales manager should closely monitor the marketing environment. They should satisfy the target customers within constrains of a continuously changing marketing environment.

  Modern sales executives are professionals. They recognise that their main assignment is to build and maintain an effective sales organisation. They must be skilled in planning, coordinating and

controlling to ensure that personal selling activities make their optimum contributions to the marketing effort.

Thus, the sales manager needs to perform the following duties and responsibilities in an organisation:

- Determination of sales force's objectives and goal.
- Forecasting the sales requirements and budgeting.
- Specifying the sales force organisation, sales force size, territory design and planning.
- Selection, recruitment and training of sales force.
- Motivating the sales force.
- Sales force evaluation and control.



ACTIVITY

1. Visit any organisation and find the role of sales personnel.

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1.5 RELATIONSHIP BETWEEN MARKETING AND SALES MANAGEMENT

Marketing is a broader concept compared to sales management. Sales management involves a specialised set of responsibilities and activities within the larger field of marketing management. Generally, marketing philosophies consist of production orientation, product orientation, sales orientation and marketing orientation.

The marketing concept holds that the key to successful and profitable business rests with identifying the needs and wants of customers and providing products and services to satisfy them.

Again, in case of sales orientation, the main issue here is not how to produce but, having products and to ensure that the products are sold.

An organisation's marketing team usually consists of two basic groups, *the field sales force* and *the head quarters marketing team*. In contrast to the sales force personnel who are out in their territories with customers, the headquarters marketing people provide support and service functions that can significantly help the sales manager in performing his or her job. These supports include advertising, sales promotion, sales aids, trade shows, product publicity, marketing research, forecasting, market development and public relation etc. Therefore, it is essential that to get optimum business, the sales and marketing functions should be integrated. Selling objectives and strategies are derived from marketing strategy decisions and it should be consistent with other elements of the marketing mix (product, price, promotion and place). Therefore by establishing friendly, cooperative relationships with the headquarters marketing managers, sales managers may obtain extra support and services to improve sales force performance.



CHECK YOUR PROGRESS

Q3. Discuss the difference between marketing and sales management.

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Q4. What are the two basic groups of the marketing team of an organisation"?

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1.5.1 Factors affecting Sales Management

There are several factors which make the sales manager's job more complex. These are discussed below:

- **Intense foreign competition:** Because of the globalization, the sales people face competition from domestic as well as foreign competition. So they need to have knowledge about their product as well as their competitor's product.
- **Rising customer expectation:** Consumers are becoming more aware about their requirements and less tolerant of product and service limitations. Even though today's customers may accept some shortcomings, they will quickly switch to better products and services when they appear. Successful sales and marketing managers are now becoming less defensive about their own company's offerings and try to look at products and services from the perspectives of their most critical customers.
- **Increasing buying expertise:** Buyers are becoming increasingly skillful at obtaining value for their money. Therefore, the seller must try to build a long term relationship of trust, respect, and understanding with the buyer.
- **Revolution in computer technology and communication:** An electronic revolution is well under way in communication and computer technology. Sales managers cannot afford to miss out on this revolution because it offers great opportunities to win competitive advantages with customers. Among the important technological innovations for sales management are portable and desktop computers, videotape presentations, videoconferencing, mobile communication equipment and electronic sales offices. With the help of these aids, sales people can dynamically perform their task.



1.6 LET US SUM UP

In this unit we have tried to discuss in detail about sales management. Sales management means managing the sales force. It

is a very challenging profession. The top management of an organisation sets goal for the sales manager and the sales manager directs the sales people to achieve that goal.

Sales managers plan, lead and control the personal selling activities of an organisation. Although sales managers' responsibilities vary widely across companies, their basic duties are to prepare sales plans and budgets, set sales force's goal and objectives, estimate the demand,forecast sales, recruit, select and train sales people, and evaluate the performance of the sales personnel. Again, Sales people are responsible for the sale of goods and services. There are different types of selling like- order takers, order creators and order getters. Growth of an organisation depends on the proper functioning of the sales management.



1.7 FURTHER READING

- Richard R. Still, Edward W. Cundiff, Norman A.P. Govoni,Sandip Puri(2017) *Sales and Distribution Management,* 6th edition Pearson Education
- Bajaj, Chetan, , Nidhi Varma, Rajneesh Tuli Arya (2004)*Retail Management*.OUP India, 1st edition
- Tyagi, C.L. and Kumar, Arun (2005), *Sales Management*, Atlantic Publisher and Distributeres.



1.8 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: (i) Increase of sales volume

(ii) Contribution to profit

Ans to Q No 2: (a) Delivery sales people = News paper hawker

(b) Order creators = Medical representative

(c) Order getter = consumer sales people

Ans to Q No 3:. Marketing is a broader concept and sales management is a part of marketing concept. Sales management is concerned with only the sales of the product.

Ans to Q No 4: The two basic groups are:

(a) The field sales force and

(b) Head quarters marketing team.



1.9 MODEL QUESTIONS

Q1. Define sales management and state two objectives of sales management.

Q2. Explain the role of a sales manager.

Q3. Write short notes on

(a) order takers

(b) order creators and

(c) Order getters.

Q4. State the relationship between marketing and sales management.

Q5. What are the factors that effects sales management?

Q6. Say whether the following statements are true or false:

(a) Motivating the sales force is a responsibility of the production manager.

(b) Order getters approach the customers for a direct purchase.

(c) Foreign competition hampers in the growth of sales volume.

(d) Compensation and motivation to the sales people are very essential for the rise in sales volume.

UNIT 2: SALES ORGANISATION

UNIT STRUCTURE

2.1 Learning Objectives

2.2 Introduction

2.3 Concept of Sales Organisation

2.4 Setting up a Sales Organisation

2.5 Basic Types of Sales Organisational Structures

2.6 Centralised and Decentralised Sales Organisations

2.7 Constructing a sound sales organisation

2.8 Let Us Sum Up

2.9 Further Reading

2.10 Answers To Check Your Progress

2.11 Model Questions

2.1 LEARNING OBJECTIVES

After going through this unit you will be able to :

- define Sales Organisation
- explain objectives of Sales Organisation
- outline different Types of Sales Organisational Structure

2.2 INTRODUCTION

In this unit we are going to discuss about sales organisation. A sales organisation is a formal set up of roles. For example, the regional sales manager controls the area managers. Area managers supervise the territory managers etc. Here authority and responsibilities are delegated as per specific direction. It is a group of individuals striving jointly to reach qualitative and quantitative objectives and bearing informal and formal relations to one another. Depending on the size and type of the organisation, different sales organisational structure exists. Again, based on the delegation of authority and responsibility we can divide the sales organisation as centralised and decentralised organisation. Here we will discuss in detail about sales organisational structure and types.

2.3 CONCEPT OF SALES ORGANISATION

The sales organisation should be adjusted to fit ideally, to anticipate changing situations. Shifts in marketing, in competition, and in other business factors call for changes in the sales organisation. The ideal sales organisation has a built in adaptability allowing it to respond appropriately in diverse marketing environments.

As a sales organisation grows and specialisation increases, it becomes increasingly important to perform all the necessary activities. For instance, a company is small; its executives are in close contact with the customers. As the company grows, the marketing channel lengthens and expands over geographical areas and the executives begin to lose their informal contacts with the customers. If these contacts are highly important, responsibility for maintaining them should be assigned to an executive specializing in customer relation. Here the sales people play the vital role.

In a sales organisation different activities are kept in proper relation to one another in order that the greatest organisational effectiveness is realised.

2.4 SETTING UP A SALES ORGANISATION

There are five major steps in setting up a sales organisation. These are as follows:

- Defining the objectives
- Determining the necessary activities
- Grouping activities into “jobs” or “ positions”.
- Assigning personnel to positions.
- Providing for coordination and control

Defining the objectives: The first step is to define the sales department’s objectives. Generally the top management defines the sales objectives based on the requirement of the company and the market demand. Then the sales management sets the qualitative and quantitative objectives for the sales department. Qualitative personal selling objectives

are indispensable for long range planning and must be kept in mind in short range planning.

Again, quantitative personal selling objectives are required as operating guidelines.Generally, quantitative objectives are for short range planning. The qualitative objectives set for the sales department form the basis for the general policies governing its long term performance. The quantitative objectives set are the foundations from which to develop day to day operating sales policies and programmes.

Determining the necessary activities: Only after determining the necessary activities and estimating their volume of performance it will be possible to find the required personnel. The necessary activities can be traced out by analysing the sales objectives. Generally, the activities to be performed are similar for most of the organisations.

Grouping activities into "jobs" or " positions": The next step calls for grouping the necessary activities. Activities are classified and grouped so that closely related tasks are assigned to the same positions. Each position should contain not only a sufficient number of tasks but sufficient variations to provide for job challenge, interest and involvement.

Asignment of personnel to positions: The next step is the asignment of personnel to different positions. This brings up the question of whether to recruit individual to fill up special positions or to modify positions to suit the personnel. Depending on the situational requirements the top management recruits different personnel.

Provision for coordination and control: Sales executives need to coordinate with their seniors and a senior sales executives also need to control the activities of his subordinate sales executives. Senior sales management should not be overburdened with their workload. They should delegate some of their work to the subordinates so that there will have proper coordination and control among them.

Coordination and control is obtainable through both formal and informal ways. Charismatic leaders can control their subordinates through informal ways. But all sales executives, whether strong leaders or not, can

improve their effectiveness through formal instruments of control.

The sales managers should be skilled in the task of planning, coordination, and control to ensure that personal selling activities make their optimum contribution to the marketing effort.

2.5 BASIC TYPES OF SALES ORGANISATIONAL STRUCTURES

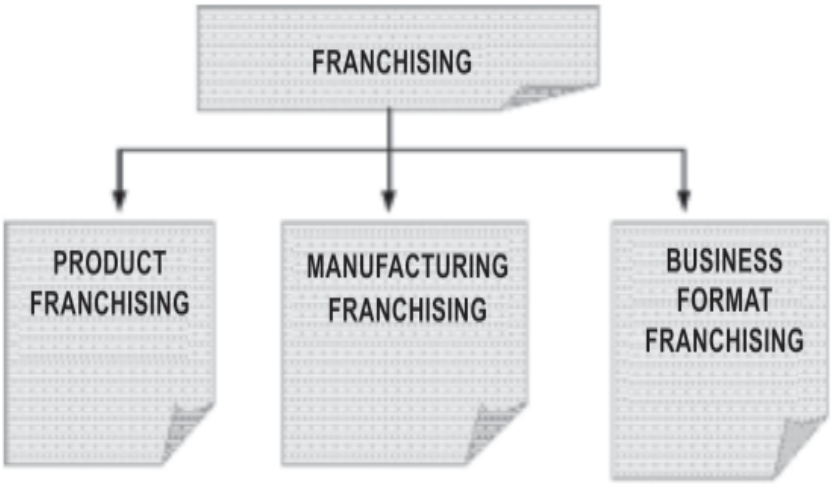
Basically four types of organisational structure are found in sales organisation. These are as follows:

1. Line Structure
2. Line and Staff Structure
3. Functional Structure and,
4. Committee

The sales department structure depends on the type of the sales organisation. Some times the structure of the sales organisation is the combination of the above four rather than only one type. This type of organisation is known as ***mixed type*** **organisation**.

Line Structure: The line organisation is the oldest and simplest type of structure. Here the chain of command flows from the top executives to the next subordinates. Responsibilities are fixed for all the employees. This kind of structure is suitable for small organisations.

The following figure shows Line Sales Department Organisation:



Line and Staff Structure: The line and staff department is often found in large and medium sized firms, employing substantial number of sales personnel and selling diversified product lines over wide geographic areas. The staff executives help the top executives and free them from excessevely detailed work. The staff sales executives do not have the authority to issue orders. Staff recommendations are submitted to the top sales executives, who if they approve, transmit necessary instructions to the line organisation.

The following figure shows Line and staff Sales Department Organisation:

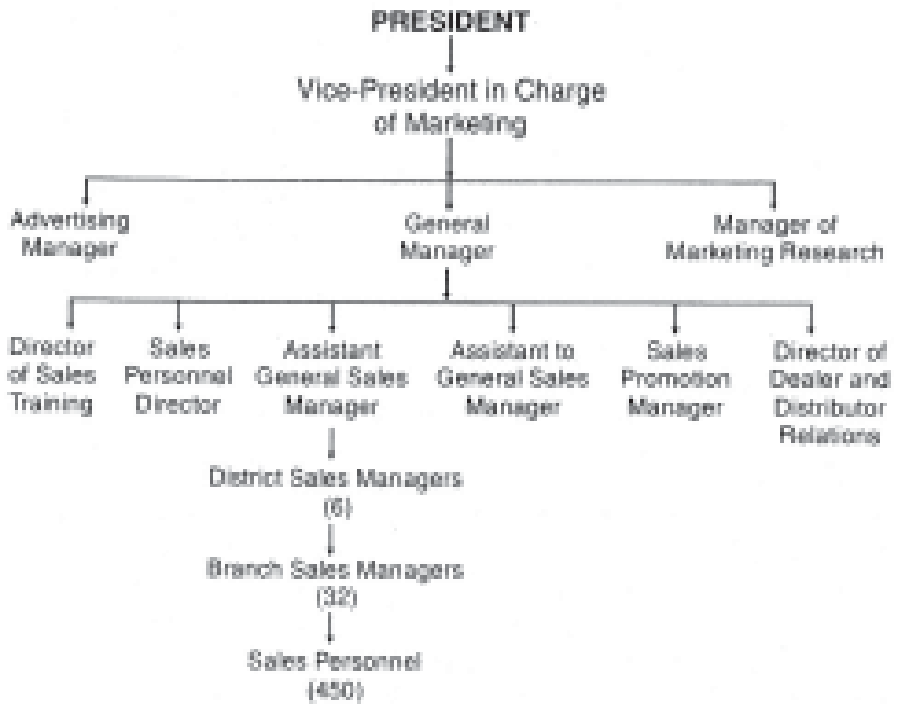


Fig.2. Line and Staff Sales Department Organisation.

Functional Sales Organisation: In functional sales organisation, duty assignment and delegation of authority are made according to function. In this type, sales people receive instructions from several executives but on different aspects of their work. Provision for coordinating the functional executives is made only at the top level and the executives at the lower level do not have coordinating responsibilities. In contrast to the line and staff organisation, all specialists in a functional organisation

have functional authority. Instructions and even policies can be put into effect with or without prior approval of the top level coordinating executives. Its main advantage is improved performance. Specialised activities are assigned to experts, whose guidence should help in increasing the effectiveness of the sales force.

The following figure shows the Functional Sales Department Organisation:

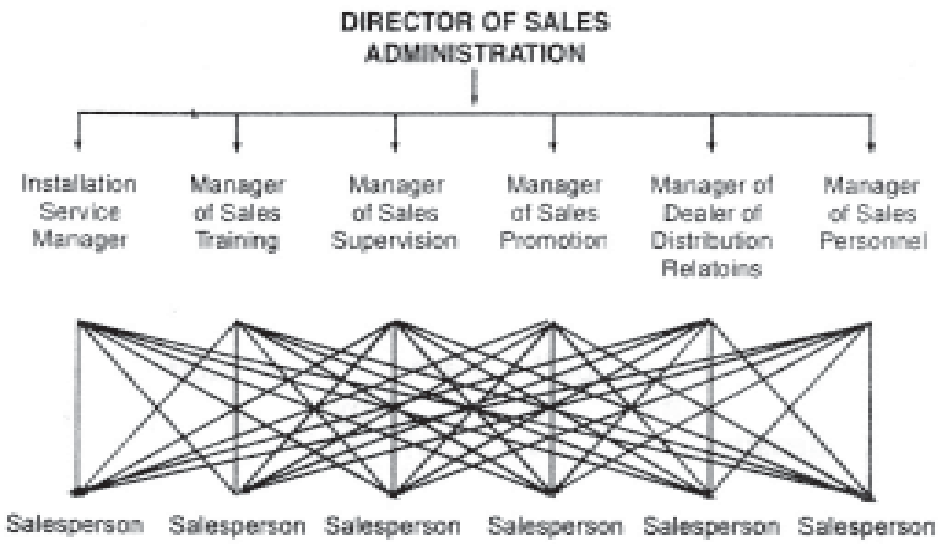


Fig.3. Functional Type of Sales Organisation

Committee Sales Organisation: The committee sales organisation is never the sole basis for organising a sales department.Rather it facilitate the functioning of a sales organisation. A committee consists of a group of executives for planning and policy formulation of some specific tasks. In a sales organisation there may be different committees like- sales training committee, customer relation committee, operations committee, personnel committee, merchandising committee, and new product committee etc. The committees are formed to carry out defined responsibilities.

2.6 CENTRALISED AND DECENTRALISED SALES ORGANISATIONS

In the centralised sales organisation all the activities of sales

management are administered from a central headquarter. The central office will have full responsibility of recruiting, selecting, training and controlling of the sales force. Centralised sales organisation is suitable for small organisations. Decision making process is very prompt in such organisation.

On the other hand, a decentralised sales organisation is one where there is decentralization in management of sales force. Authorities and responsibilities are delegated to subordinates. For example, branch offices may do the recruiting of personnel in their local places etc. Generally for small sales organisation, they go for centralised structure and for large organisation they prefer decentralised sales organisation.

There are some advantages of decentralised sales force management, which are discussed below:

- More effective control and improved supervision.
- Improved customer service stemming from more effective control of sales personnel.
- Reduced need for and costs of territorial “adjustment” time, since more sales persons are recruited from the areas to which they are assigned.
- Lower travel expenses, as sales people are dispatched from decentralised points. This enables fewer field trips by home office sales executives.

2.7 CONSTRUCTING A SOUND SALES ORGANISATION

A well planned sales organisation can achieve higher profitability and customer satisfaction. With the help of following criteria, the sales manager can construct a sound sales organisation.

i) A market oriented approach, where customer’s needs were satisfied to the maximum possible extent.

ii) An approach designed around sales activities: An organisation should be designed to accomplish major sales activities such as sales planning, development and customer services.

iii) Defined areas of authority and responsibility: Individual responsibility should be clearly communicated in writing and sufficient authority allocated to accomplish the work assigned.

iv) There should be a reasonable span of control to handle the administrative responsibilities.

v) An organisation needs to be strong and flexible enough to endure stresses.

vi) Sales manager should be able to maintain proper coordination in the organisation.



CHECK YOUR PROGRESS

Q1. State true or false for the following statements:

(i) There are three basic types of organisational structure in sales organisation.

(ii) When a company grows the marketing channel stops to expand.

(iii) In the centralised sales organisation all the activities are administered from a central headquarters.

(iv) Line organisation is the most recent type of organisational structure.

Q2. Write two advantages of decentralised sales force management.

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Q3. State different types of sales organisations.

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2.8 LET US SUM UP

In this unit our topic of discussion is sales organisation. Sales organisation is a formal structure to perform the sales tasks. There are

different types of sales organisations like line organisation, line and staff organisation, functional organisation and committee organisation structure. Generally, line organisational structure is used for small organisation, line and staff structure is used for medium to large organisation, and functional structure is used where specialised work is needed to be done. Again, organisational tasks can be done under centralised or decentralised ways. Under centralised sales force management, recruitment, selection, training and other sales activities are done from the head quarters. On the other hand, in case of decentralised sales force management, authorities and responsibilities are delegated to the lower level.



2.9 FURTHER READINGS

- Richard R. Still, Edward W. Cundiff, Norman A.P. Govoni,Sandip Puri(2017) *Sales and Distribution Management,* 6th edition Pearson Education
- Bajaj, Chetan, , Nidhi Varma, Rajneesh Tuli Arya (2004)*Retail Management*.OUP India, 1st edition
- Tyagi, C.L. and Kumar, Arun (2005), *Sales Management*, Atlantic Publisher and Distributeres.



2.10 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: (i) false, (ii) false, (iii) true, (iv) false.

Ans to Q No 2:

- More effective control and improved supervision.
- Improved customer service stemming from more effective control of sales personnel.

Ans to Q No 3: Different types of sales organisation are —

- Line Structure,
- Line and Staff Structure
- Functional Structure
- Committee Structure



2.11 MODEL QUESTIONS

Q1. Explain the concept of sales organisation.

Q2. What do you understand by quantitative objective and qualitative objective of sales organisation?

Q3. Write short notes on:

(a) Line sales organisation,

(b) line and staff structure,

(c) functional structure and

(d) Committee structure.

(e) Setting up of a sales organisation

Q4. Distinguish between centralised and decentralised sales force management.

UNIT 3: DESIGNING THE SALES FORCE

UNIT STRUCTURE

3.1 Learning Objectives

3.2 Introduction

3.3 Sales force management

3.3.1 Objectives of sales force

3.4 Designing a sales force

3.5 Sales planning and Policies

3.6 Sales force Structure and Size

3.6.1 Structure

3.6.2 Size

3.7 Performance Rating of sales force

3.8 Let Us Sum Up

3.9 Further Reading

3.10 Answers To Check Your Progress

3.11 Model Questions

3.1 LEARNING OBJECTIVES

After going through this unit you will be able to :

- state the basic objectives of the sales force
- appreciate the role of sales force
- explain the techniques of designing sales force
- describe the factors determining the quality of sales force.

3.2 INTRODUCTION

In the earlier unit, we have discussed the concept of sales management and sales organisation. In this unit we will discuss in detail about how to design sales force. The sales force may be defined as a group of sales people or sales representatives responsible for the sales of either a single product or the entire range of products of an organisation. In other words, the group of employees involved in the selling process is the sales

force. Sometimes the division of a business that is responsible for selling products or services is also known as sales force. A sales force normally reports to a sales manager.

Sales force members may be paid a fixed salary regardless of sales volume or may receive a small base salary plus commissions calculated as a percentage of revenue sold.

3.3 SALES FORCE MANAGEMENT

Sales force management implies managing the processes of recruitment, selection, training, compensating, and scheduling the field activities of sales force.

Sales management is a vital sub-system of marketing management. It acts as a dynamic force and is acknowledged as the backbone of marketing. The ultimate objective of sales management is to influence the consumers of the target market to get sales orders. Sales force serves as a company's personal link to customers.



CHECK YOUR PROGRESS

Q 1: Fill in the blanks with appropriate words:

i) The group of employees involved in the selling process is .....

ii) A sales force normally reports to a .....

iii) Sales management is a vital sub-system of .....

iv) A sales force serves as a company's personal link to .....

3.3.1 Objectives of Sales Force

There are various objectives of sales force but the role of the sales force depends on whether a company is selling directly to consumers or to other businesses. In **consumer sales,** the sales force is typically concerned simply with taking and closing orders. They are not responsible for creating demand for the product, since demand for the product has already been created by advertising

and promotion but may provide the consumer with some product information. The individuals involved in consumer sales are often not concerned with maintaining long-term customer relationships. Examples of consumer sales forces include automobile salespersons and the sales staff found in a variety of retail stores. In business-to-business sales, the sales force plays a completely different role.

Industrial sales forces may be required to perform a variety of functions. These may include prospects for new customers and qualifying leads, explaining the company is and what its products can do, negotiating prices, servicing accounts, gathering competitive and market information, and allocating products during times of shortages.

Within the business-to-business market, a distinction can be made between selling to retailers, industrial sales, and other types of businesses. The concerns and activities of the sales force tend to vary in each type of business market. However, the desires of the sales forces to establish a long-term relationship with each of its customers and to provide service in a variety of ways are common to all.

In **selling to retailers**, the sales force is not primarily concerned with creating demand. Since consumer demand is more a function of advertising and promotion, and the sales force is more concerned with obtaining shelf space in the retailer's store. The sales force relies on sophisticated marketing data to make a convincing presentation to the retailer in order to achieve its sales and marketing objectives. In recent years, the emphasis is shifting to customer satisfaction and profits. Advances in accounting systems are enabling the companies to find out channel profitability and customer profitability.

Sales objectives have to be fixed by the sales manager in respect of total sales force and for each sales-man, in terms of

volume, market share or profit for the firm. If the objectives are once decided, then the size of the sales force has to be determined and this necessitates the detailed study of Job Analysis (i.e. Duties, abilities etc needed to perform), Job Description (i.e. Name of the Job, Nature etc) and Job Specification (i.e. Education Qualification , Experience needed etc.)

Both direct and contract sales force can be used by a company. Direct sales force consists of full or part-time paid employees who work for the company whereas Contract sales force consists of independent representatives, agents and brokers who are paid commission based on the basis of their sales.

The selling methods vary depending on the situation. In a simple case, a sales person may have to meet many persons to make a sale. In more complex way, sales team has to interact with a buyer group. Conference selling is involved when many complex things are to be explained to a large number of persons in the buying organization. Therefore, the various strategies can be adopted to achieve the sales objectives.

3.4 DESIGNING A SALES FORCE

Sales forces are found throughout the business environment from the insurance industry to college recruiting. Therefore, a company must carefully consider how to design and manage its sales force in order to be successful in the marketplace since a company's survival and existence depends on the market and hence the sales force which maintains the link with the customers deserves the deepest thought in terms of setting objectives for it, strategy for it, and structuring it.

How businesses should design a sales force and how managers can effectively manage it is yet another important question. So, let us discuss the designing of sales force:

When designing a sales force, a company must thoroughly deliberate several issues like the development of sales force objectives, strategy, structure, and compensation of the sales force in order to establish an

efficient sales system. Sales force objectives are the specific goals that companies expect their sales representatives to achieve. Sales quotas or sales targets inform a salesperson about the specific objectives for a given period of time.

With respect to strategy, companies must use sales representatives strategically so that they approach customers at a time when they are most likely to buy. There are several approaches like an individual sales representative or a sales team can approach a particular individual buyer or a buyer group that can be used by salespeople depending upon which best fits the situation. As an alternative, the sales representatives can employ a technique called seminar selling, where a company team conducts an educational seminar for the customers about the company's developments. Once the company decides on a sales approach, it should maintain a market focus. This means that salespeople should know how to analyze sales data, measure market potential, gather market intelligence, and develop marketing strategies etc. and finding the right resources to accomplish these goals is necessary while designing a sales force.

Below, are the steps required to be followed in designing a Sales Force.

Steps in Designing and managing a sales force:

1. Objective setting
2. Sales planning and policies.
3. Designing Sales Force sructure and size
4. Deciding Sales Force Compensation
5. Recruiting and Selecting Sales Force
6. Performance Rating Of Sales Force.

We have allready discussed the objectives of sales force in section 2.3.1. Now we will discuss the next steps in designing a sales force, i.e. sales planning and policies.

3.5 SALES PLANNING AND POLICIES

Sales management acts as the dynamic force behind marketing management. In a modern organization sales management centres round the management of sales force and sales efforts.

A well managed sales force in a marketing organization carries a lot of economies in operation as well as profitability. The two utmost important economies are Sales Planning and sales policy which are discussed below:

Sales Planning:

Planning is a managerial function chosen from the alternative courses of action. Sales planning are a part of marketing planning, covering sales forecasting and sales programmes to achieve sales goals and making a sales budget. Sales planning are deciding in advance a future course of action regarding the marketing or selling of the product- what is to be sold, how, when and by whom it is to be sold.

Sales planning adopt the technique of planning as usual and finds out ways and means to achieve the sales goals economically, efficiently, and at the right time.

A sound recruitment policy and procedure are essential for a great selling efficiency (The importance of recruitment is discussed in later pages) .And a selected salesman must have all the qualities through which a firm can attain all fortune, more turnovers, and more profit and then the firm makes progress.

The various ways and means for achieving the sales goals are:

1. Market research.
2. Product research.
3. Branding packaging etc.
4. Recruitment and training of sales personnel.
5. Allocation of sales territories and sales quotas.
6. Choice of channels of distribution.
7. Plan for advertising and sales promotion.
8. Provisions for warehousing and transport.
9. Provision for after-sales service.
10. Arranging of sales contests.
11. Pricing and all other activities of the sales organization.

Sales Policy :

Sales policy works as the basic guide to the thinking and action taken by the executives within the sales organisation under a given set of

circumstances. A sound sales policy covers the following important items:

- Products or services to be sold: type, number, variety and quality.
- Customers of the products:Types of customers, Size and location of customers.
- Branding and packaging policies.
- Selection of channel of distribution.
- Advertising and sales promotion.
- Prices of products-sale price.

The backbone of successful sales policies is consumer satisfaction and consumer goodwill, based on reputation for reliability and fair trade practices.

Finally, Sound sales policies, reliable quality of goods and fair trade practices are the three pillars of firm's credibility and goodwill.

Sales force organizations refer to the type and the size of sales force. The type determines the degree of controllability while the size has profit implications. If the sales force is large the organization has to decide about the kind of specialization and co-ordination in use. The structure and size are discussed below:

3.6 SALES FORCE STRUCTURE AND DESIGN

3.6.1 Sales force Structure

There are no such structure and size of sales force but sales forces are regularly assigned particular sales territories. Various factors are taken into account when deciding the sales force for a particular territory. These include the physical size of the force for a particular territory, transportation links within a territory, purchasing power of consumers and their living standards. Therefore, a sales force is deployed according to the geographical features of the territory and product or consumer requirements.

Strategy determines structure. An appropriate strategy for the organization is arrived and then necessary changes required for the existing structure are carried out so that the structure is capable of

executing the strategy. If the company sells one product line to one end using industry with customers in many locations, the company would use a territorial sales force structure. If the company is selling many products to many types of customers, a market specialized sales force structure may be more appropriate. The structure needs to be changed by established companies as they expand and economic conditions change.

3.6.2 Sales Force Size

After formulating the objectives and the structure of the sales force, a manager needs to determine the number of people needed in each sales team. Increasing the size of sales force is a crucial decision. If the manager hires more people than the costs would go up and the profit would come down. On the other hand, if fewer people are hired then the work load on each person would increase making it difficult for them to meet the deadlines. Therefore, an optimum number of sales people should be hired to carry out the selling activities of the firm. Basically there are two methods employed by the sales manager to determine the **size of the sales force,** *equalized workload method* and *incremental productivity method.*

Sales managers rarely rely on one method to determine sales force size. Instead, they combine their own opinions on other issues such as economic factors, industry trends, growth of the market, and the needs of customers with these formula methods to come up with the optimal size.

Let us discuss the two methods below:

i) Equalized Workload Approach ;

The **workload approach** is based on the total time required to cover the territory divided by the selling time available to one salesperson. Here is the formula for using the workload approach:

For example, assume that a firm has 4,000 total customers (3,000 current customers and an estimated 1,000 potential

customers). Sales analysis has revealed that sales calls average 1.5 hours and that each customer should be seen seven times a year. Further examination of records has revealed that each salesperson has 2,000 hours of selling time available per year. The computation for this problem is: (3000+1000) x 7x15= 42000\2000 = 21

If the company now has 18 people in its sales force, 3 new people should be hired. The major advantage of the workload approach is its simplicity. Successful application of the technique depends on the sales manager's ability to estimate the ideal frequency of calls and the number of potential customers. However, the workload approach fails to consider either the cost of increasing the work force or the costs and profits associated with each sales call.

ii) Incremental Productivity Approach:

The second method of determining the size of the sales force is by incremental productivity. According to the **incremental productivity approach,** a manager should increase the number of salespeople as long as the additional sales increase is greater than the additional increase in selling cost. Companies with good records know the cost of training a salesperson. This cost, plus field expenses and the salary of a new person, can be compared with the revenue generated by sales activities. Unfortunately, many companies do not have these cost data available.

The fourth and fifth steps of designing a sales force are discussed in the next unit. Now we will discuss the last step of designing a sales force i.e. performace rating of sales force.

3.7 PERFORMANCE RATING OF SALES FORCE

The quality of sales force can be measured effectively by proper evaluation of sales performance.

Sound evaluation assures superior performance. There are *three* reasons to appraise the performance of sales people.

To measure performance against planned sales and marketing objectives.

To guide the development of sales force.

To distribute rewards for performance.

Targets are compared with actual accomplishment. Sales quotas, expense control are the usual targets for the purpose of evaluation. Moreover, all the evaluation should be forward-looking and aim at future and improved performance. Performance evaluation should be done periodically and promotion, pay rise, rewards should be offered to the deserving salespeople.

Effective measures:

Salesman's performance can be measured by a number of factors, such as ability to sell a satisfactory volume, ability to sell at a profit, ability to sell at a low cost, knowledge of products, policies, and competition ability to attract and hold customers etc. Performance evaluation can be better explained through the chart drawn below:

PERFORMANCE EVALUATION

1) Qualitative Bases:

- Salesman's knowledge of the product.
- Relation with the channel members
- Personality and attitudes, e.g. cooperativeness etc.
- Personal appearance and health.

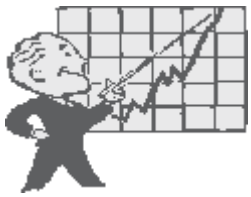
2) Quantitative bases:

A) Output Factors:

- Sales quotas achieved
- Orders generated and executed
- Expenses like traveling cost, sampling cost, Selling cost etc.

B) Input factors:

- Calls per day.
- Direct selling expenses as a percentage of sales volume.
- Non-selling Activities viz. Display, meeting with dealers.



CHECK YOUR PROGRESS

Q 2: Fill in the blanks with appropriate words:

i) The quality of sales force can be measured effectively by ..... of sales performance.

ii) Performance evaluation can be done through ..... and ..... bases.

Q 3: What are the two methods for determining the Sales force Size?

.....

.....



3.9 LET US SUM UP

In this unit, we have studied about the various aspects of sales force management. The sales force objectives are based on sales objectives and sales budget. The structure governing the sales assignment deals with the number of salespersons. Again, sales force may be organized on the basis of allocation of territories and the development. The process involves recruitment which requires proper selection, induction and training of sales force. Adequate training assures best performance. So, coaching and counseling assures sound development. Similarly, effective direction is done through two-way communication and co-ordination and both financial and non-financial incentives are necessary to accomplish best performance. And finally, proper process of evaluation and control will assure achievements of entire objectives.



3.10 FURTHER READINGS

- Philip Kotler, Kevin Lane Keller, Abraham Koshy, and Mithileshwar Jha (2007), *"Marketing Management"*, Pearson Education
- Bajaj, Chetan, , Nidhi Varma, Rajneesh Tuli Arya (2004)*Retail Management*.OUP India, 1st edition
- Jobber, David, Lancaster, Geoff (2018), *Selling and Sales Management*, Pearson Education.



3.11 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: (i) Sales force, (ii) Sales Manager, (iii) Marketing Management., (v) Customer.

Ans to Q No 2: (i) Proper evaluation, (ii) Quantitative and Qualitative.

Ans to Q No 3: The Two methods for determining the sales force are: Equalized workload method and Incremental productivity method.



3.12 MODEL QUESTIONS

Q 1: Define sales force management.

Q 2: How can a Sales force be designed in a most effective way?

Q 3: Describe the size and structure of a sales force.

Q 4: Narrate the essentials steps involved in managing a sales force.

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UNIT 4: RECRUITMENT AND SELECTION

UNIT STRUCTURE

4.1 Learning Objectives

4.2 Introduction

4.3 Sources of recruitment of sales personnel

4.4 Selection process

4.5 Sales training programme

4.6 Evaluation of sales personnel

4.7 Let Us Sum Up

4.8 Further Reading

4.9 Answers To Check Your Progress

4.10 Model Questions

4.1 LEARNING OBJECTIVES

After going through this unit, you will be able to :

- explain the sources of recruitment of sales personnel
- discuss the selection process
- explain sales training programme
- discuss the evaluation of sales personnel

4.2 INTRODUCTION

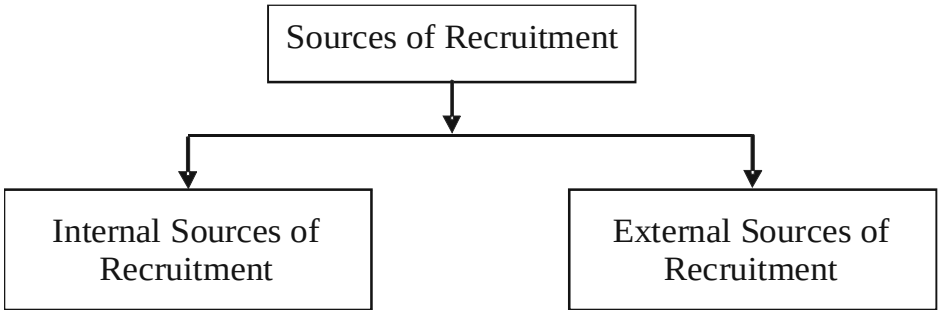
In this unit we are going to discuss on the concept of the recruitment and selection of Sales personnel. In order to recruit good quality sales personnel, we should be aware of the sources .After being clear of their desired qualities, we can decide about recruitment. Well recruited sales personnel also need training.

In this unit we will discuss briefly the process of recruitment and selection.

4.3 SOURCES OF RECRUITMENT OF SALES PERSONNEL

Recruitment is a process of finding out new people to join an organization or a company. The candidates apply for a position and go through the process of recruitment before they are appointed.

The following are the sources of recruitment:



A. Internal Sources of Recruitment: The following are some of the sources of recruitment which are availed within an organization:

i. **Present employees:** Here, the recruitment is done from the present employees only. The recruitment is done from the inside staff working in different departments.

ii. **Recommendation from present worker:** Salesmen can be recruited on the basis of recommendation from the present sales force.

iii. **Promotions:** Sometimes, it may also happen that the organization employs the salesmen from within by promoting the salesman from a lower level to a higher level.

iv. **Re-employment of former employees:** Again, one other source of internal source of recruitment is the re-employment of former employees. The ex-salesmen whose past working record is clean and good may be called back

B. External Sources of Recruitment – External sources of recruitment have to be solicited from outside the organization. It involves lot of time and money .The external sources of recruitment includes the following:

i. **Employment at factory gate–** This a source of external recruitment in which the applications for vacancies are presented on bulletin boards outside the factory or at the gate. This kind of recruitment is applicable

generally where factory workers are to be appointed. There are people who keep on soliciting jobs from one place to another. These applicants are called as unsolicited applicants. These types of workers apply on their own for their job. For this kind of recruitment workers have a tendency to shift from one factory to another and therefore they are called as "badli" workers.

ii. **Advertisement –** It is an external source which has got an important place in recruitment procedure. The biggest advantage of advertisement is that it covers a wide area of market and scattered applicants can get information from advertisements. The medium which are normally used are: newspapers and Television.

iii. **Employment Exchanges –** There are certain Employment exchanges which are run by government. Most of the government undertakings and concerns employ people through such exchanges. Now-a-days recruitment in government agencies has become compulsory through employment exchanges.

iv. **Employment Agencies –** There are certain professional organizations which look towards recruitment and employment of people, i.e. these private agencies run by private individuals supply required manpower to needy concerns.

v. **Educational Institutions –** There are certain professional Institutions which serve as an external source for recruiting fresh graduates from these institutes. This kind of recruitment done through such educational institutions is called as Campus Recruitment.

vi. **Recommendations –** There are certain people who have experience in a particular area. They enjoy goodwill and a stand in the company. There are certain vacancies which are filled by recommendations of such people. The biggest drawback of this source is that the company has to rely totally on such people which can later on prove to be inefficient.

vii. **Labour Contractors –** These are the specialist people who supply manpower to the factory or manufacturing plants. Through these contractors, workers are appointed on contract basis, i.e. for a particular time period. Under conditions when these contractors leave

the organization, such people who are appointed have to also leave the concern.



CHECK YOUR PROGRESS

Q 1: State True or False:

a. Recruitment is a process of finding out new people. (T/F)

b. Employment agencies is an internal source of recruitment. (T/F)

c. Employment exchanges which are run by government. (T/F)

d. The medium which are normally used for advertisements of recruitments are newspapers and Television. (T/F)

Q 2: What are the internal sources of recruitment?

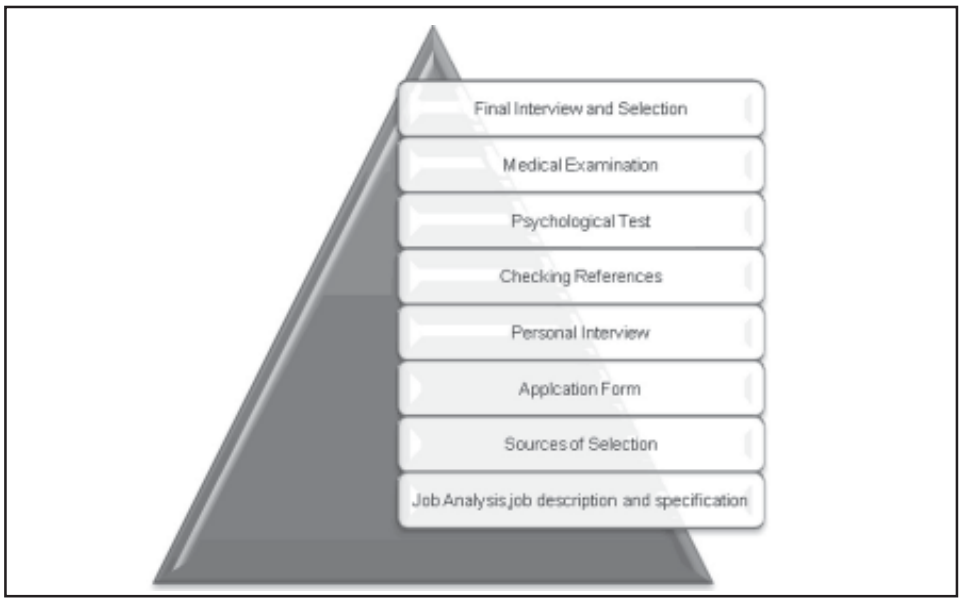
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4.4 SELECTION PROCESS

For different organization, selection process for the salesmen is also different. The differences may occur due to a number of factors, like the nature of the product, size of sales organization, marketing environment, competition, promotional programmes, size of the market etc. A good selection process leads to an effective sales force and, consequently, there will be better sales and better customer relations.

In general an ideal selection process includes the following:



Now, let's discuss the above steps in selection process. They are:

1. **Job Analysis, Job Description and Specification:** By *job analysis* we mean the process of critically examining the components of a job. It helps in the evaluation, supervision, training and compensation payable to the salesman. *Job description* is the description of the responsibilities associated with a given job and by *job specification* we mean the details of qualities and qualifications which are required in the salesperson. So, job analysis is an important step in the selection process because job analysis helps in determining for which job what kind of qualified personnel are needed.
2. **Sources of Selection:** In the above section i.e. in Sec 3.3 we have already discussed the different sources. Among the different sources of recruitment, the most common source may be "advertisement". The advertisement should clearly state the nature of the job and the qualities and qualification needed for the job. In general, the advertisements for any post are given in leading newspapers like Times of India, Hindustan Times or the local newspapers like The sentinel or The Assam Tribune. Advertisement is chosen by most of the companies in order to attract as many suitable applicants as possible.
3. **Application Form:** An application form is a printed form that is issued by the employer. This application form consists of the list of questions

like the applicant's personal information, their qualification, their qualities, experience, references and the other pieces of information which are considered essential by the employer for the job.

4. **Personal Interview:** Generally, interview means "a formal meeting in person, especially one arranged for the assessment of the qualifications, intelligence, capability etc of an applicant". Interview is conducted to determine the applicant's fitness for the job. The following are some of the types of personal interview:
   - ***a.*** *Structured interview:* The aim of this approach is to ensure that each interview is presented with exactly the same questions in the same order. This ensures that answers can be reliably aggregated and that comparisons can be made with confidence between sample subgroups or between different survey periods.
   - ***b.*** *Unstructured interview*: This is method of interview where questions can be changed or adapted to meet the interviewee's intelligence, understanding or belief.
   - ***c.*** *Depth interviews:* Depth interviews are one-to-one encounters in which the interviewer makes use of an unstructured or semi-structured set of issues/topics to guide the discussion. The object of the exercises is to explore and uncover deep-seated emotions, motivations and attitudes.
   - ***d.*** *Telephone Interview:* When it is not possible for the candidate and the interviewer to meet at a common place for some reasons like shortage of time, works in different place etc., in such cases telephonic interview can be conducted.
5. **Checking References:** Contacting previous employer of a job applicant to determine his or her job history. Reference check may also include checking with school(s) or college(s) attended by the applicant to verify educational qualification.
6. **Psychological Test:** After all the above steps of selection, the salesmen then have to appear for a psychological test. The psychological test helps in measuring the ability, skill, emotional attitudes and behaviour patterns of the applicant. Psychological test may be of many types

such as personality test, aptitude test, ability test etc.

7. **Medical Examination:** The candidates who are successful in the above psychological test then have to go through a medical examination. The medical examination is done to see whether the selected candidate is fit for the job or not.
8. **Final Interview and Selection:** After the successful completion of the above steps of selection process, the candidates get a chance to appear for the final interview. In this step the applicant is finally asked questions concerning his liabilities before deciding on his employment finally. After the final interview and selection of the candidate he is then offered with an appointment letter where the specific date, time and place of joining are specified.



CHECK YOUR PROGRESS

Q 3: Fill in the blanks :

a. Job description is the description of the responsibilities associated with a given .....

b. Job specification is the details of ..... which are required in the salesperson.

c. Job analysis is the process of examining the ..... of a job.

d. ..... is the most common source of recruitment to attract as many suitable applicants as possible.

4.5 SALES TRAINING PROGRAMME

Training is very important for newly appointed salesmen. According to Edwin B. Flippo, “Training is the act of increasing the knowledge and skill of an employee for doing a particular job”.

And according to George R. Collins, “Sales training is an organized activity involving fact finding, planning, coaching, practice, criticism and accommodation in a purposive attempt to develop selling skills and to add these skills to selected native ability, casually acquired knowledge and experience.”

So, by the above two definitions we can say that, “Training is a method

that increases the skills and knowledge of a salesmen so that he may be in position to solve problems related to sales and increases the volume of sales of the enterprise".

Training comes after the selection process of salesmen. A salesman is not born but can be made effective by proper training.

An organization should figure out a programme for sales training. According to the nature of the job and the product a training programme is developed. The followings are the components of a systematically designed program.



LET US KNOW

ACMEE approval to training

This approval can also be considered as ACMEE approval to training where A stands for Aim, C stands for Content, M for Methods E for Execution and E stands for Evaluation.

1. **Aim of Training:** First, we need to know the objectives and the aim of training. Some of the aims of training could be :
   a. To acquire the techniques of salesmanship, selling process canvassing, mapping etc.
   b. To increase the efficiency of the salesmen
   c. To improve the relationship with the customers
2. **Content of Training:** The content of training relates to subject matter of training. For different organizations different training programmes are developed because each organization has different policies and there are differences in product, markets etc. The following are some of the contents of a good training programme:
   a. Knowledge about the job
   b. Knowledge about the company
   c. Knowledge about the product
   d. Knowledge about the market and the consumers
   e. The competitors

3. **Method of training:** There are many methods of training. Based on the forces of training they can be classified as followed:
   a. Group Training and
   b. Individual Training

   We will discuss the above training methods in the next section
4. **Execution of Training:** A training programme needs to be executed in terms of session planning, organizing faculty, tea, lunch, reading materials etc.
5. **Evaluation of Training:** Evaluation of Training is done in order to know the usefulness of the training programme. Evaluation is made on the basis of the performance in terms of sales volume, enhancement in profitability etc before and after the training periods.



CHECK YOUR PROGRESS

Q 5: What is ACMEE approval?

.....

.....

. .....

.....

.....

There are different training methods available for different types of salesmen, which we have allready discussed in the course Human Resourse Management.

Now we are going to discuss the evaluation process of salesperson.

4.6 EVALUATION OF SALESPERSON

After being trained by the experts and the senior supervisors, the salesmen are subjected to evaluation and the marketing manger evaluates the performance of the salesmen.

The following are some of the objectives to evaluate the performance of

sales activities of salesmen:

a. To measure the performance of the salesmen against sales target.

b. To analyze the reasons for deviation

c. To take corrective actions and provide proper guidance whenever needed

Performance evaluation should be done periodically i.e. for a period of 6 months or for a year. And after performance evaluation rewards, promotion, pay rise should be given to the deserving sales force. The following are some of the factors by which performance evaluation can be measured:

1. Ability to sell a satisfactory volume
2. Ability to sell at profit
3. Knowledge of policies and products
4. Knowledge of customers and competition



4.7 LET US SUM UP

In this unit we have discussed the basic concepts related to the sales force recruitment, training and compensation. Recruitment of salesmen is very important. The number and kind of sales force will ultimately determine the effectiveness of an enterprise. From this perspective, training is also very important. A good training programme requires framing objectives, preparing contents, choosing methods, execution and evaluation. So, in this unit we have discussed the following:

- Recruitment is process of finding out the candidates, who are encouraged to apply.
- The different sources of recruitment are :
  a. Internal Source of Recruitment
  b. External Recruitment
- We have also discussed the light steps of selection process.

  AT the end of the unit, we have discussed about sales training programme and evaluation of sales personnel.



4.8 FURTHER READING

- K. Aswathappa (2017),*Human Resource Management, Text and Cases,* Tata Mcgrew Hill, 8th edition
- C.B. Mamoria and S.V. Gankar (2011), *Personnel Management*



4.9 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: a. True b. False c. True d. True

Ans to Q No 2: The internal sources of recruitment are re-employment of former employees, Recommendation from present worker, Promotions and Present employees.

Ans to Q No 3: a. Job b. Qualities and qualification
c. Components d. Advertisements

Ans to Q No 4: Job analysis, Job description and specification.

Ans to Q No 5: A stands for Aim, C stands for Content, M for Methods E for Execution and E stands for Evaluation.



4.10 MODEL QUESTIONS

Q 1: What do you mean by recruitment?

Q 2: What are the internal and external sources of recruitment?

Q 3: Elaborately discuss the selection process with a diagram.

Q 4: Discuss the ACMEE approach to Sales training

Q 5: Why do we need to carry out evaluation exercise of a sales training programme?

*** ***** ***

UNIT 5: COMPENSATION MANAGEMENT

UNIT STRUCTURE

5.1 Learning Objectives

5.2 Introduction

5.3 Meaning of Compensation

5.4 Features of compensation plan for salesmen

5.5 Developing a compensation plan

5.6 Meaning of Compensation

5.7 Methods of Compensation

5.8 Fringe benefits and Non monetary benefits

5.9 Let Us Sum Up

5.10 Further Reading

5.11 Answers To Check Your Progress

5.12 Model Questions

5.1 LEARNING OBJECTIVES

After going through this unit you will be able to :

- explain the meaning of compensation
- discuss the features of compensation plan
- outline the development of compensation plan
- know the meaning of Compensation
- describe the methods of compensation .

5.2 INTRODUCTION

In the previous unit we have discussed the topic Recruitment and selection. Now in this unit, we are going to learn about compensation and compensation of Salesmen. Generally, by compensation we mean the act of paying for goods, services or to ***recompense*** for losses. In simple words compensation is the money that is paid regularly to the workmen for their work. Here, in this unit we are going to discuss compensation of salesmen. We will also discuss the meaning and features of compensation besides learning how a good compensation plan can be developed.

And at the end of this unit you will get a fair idea on the meaning, methods and types of compensation.

5.3 MEANING OF COMPENSATION

Compensation is the payment or amount received for services or employment. This includes the base salary and any bonuses or other economic benefits that an employee or executive receives during employment. According to Investopedia, “The term compensation often refers to the total amount received by an executive, which includes not only the base salary but options, bonuses, expense accounts and other forms of compensation.

Compensation is the pay that one receives for a service. In terms of a standard job, compensation is typically the wage or salary, but it also includes tips or bonuses.

Basic compensation is the employee's salary or wage, which may be computed in several different ways. The employee may receive an hourly wage and gets paid specifically for hours worked. Other employees get a salary or set amount of pay per month, twice monthly, weekly or per year, no matter how many hours they work. Many sales employees work on a commission basis and may only make money if they sell products and/or services. Others have a base salary they draw, in addition to added commission based on their sales.

5.4 FEATURES OF COMPENSATION PLAN FOR SALESMEN

A good compensation plan is one which meets the expectations of the sales force on one hand and the objectives of the industry or the management on the other hand. The following are some of the features of a good compensation plan:

i. **Simple:** A compensation plan should be simple and should be easy to understand.

ii. **Based on merits:** The compensation plan should be based on individual merit, performance and efficiency of the salesman.

iii. **Time:** A good incentive plan should maintain the time for payment of the compensation. The payment should be made within the expected time to the sales force.

iv. **Incentive oriented:** A compensation plan should be incentive oriented. In order to motivate the sales personnel, the incentives are paid to inspire sincerity and willingness to work hard on the part of the salesmen.

v. **Competitive:** The compensation plan should be made in such a way that the salesman whose performance is superior, he should be paid more compensation. This develops a spirit of competition amongst the salesman.

vi. **Increasing sales:** If any salesman is paid a regular compensation, he will be motivated and there will be an increase in sales volume.

vii. **Fair:** Compensation should be fair considering his volume of job.



CHECK YOUR PROGRESS

Q1. Define compensation.

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Q2. Write two features of compensation plan

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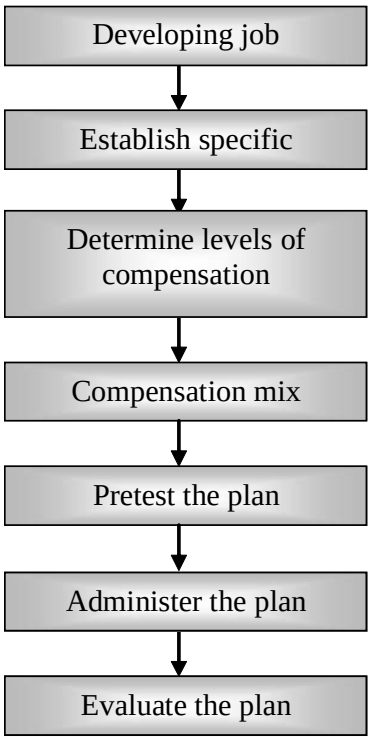
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5.5 DEVELOPING COMPENSATION PLAN

The following are the seven steps in the process of the development of a good remuneration:



Now we are going to discuss the above steps one by one:

1. **Developing job description:** We know that job description means a list of the general tasks, functions, responsibilities of a position. It is the specifications of the job such as the qualification needed by the person in the job, salary range for the position etc.

   So, meaningful job description is needed so that a good compensation plan can be developed. There are different positions of sales like sales trainee, sales representatives, missionary salesmen, regular salesmen etc. Each position needs separate job description for the assignment of minimum starting salary and the maximum salary.

2. **Establish Specific Objectives:** In this step, the compensation plans are designed to achieve certain organizational objectives like increasing profit margins, improving market share, introducing new accounts etc.

3. **Determining levels of compensation:** There are many factors that determine the level of compensation for a salesman. They are
   - **a.** Education to do the job
   - **b.** Skills and experience to do the job
   - **c.** Level of income of the comparable position in the organization and in the industry

   It is important for an organization to retain and attract the best and the competent salesmen. So the level of compensation should be sufficiently competitive.

4. **Compensation mix:** Compensation mix means a mix of basic salary, commission, incentive pay, bonus etc. Most of the sales organizations have experienced that a good compensation mix is more effective in achieving the organizational goals and objectives

5. **Pretest the plan :** Before the implementation of the compensation plan, pretest should be done .Pretesting of the proposed compensation can be carried out in two or more salesmen for a long period of time to evaluate the effectiveness of the salesperson on achieving the organizational objectives. And if the pretest is successful, then the compensation plan can be implemented to the whole sales force.

6. **Administer the plan:** After the pretest of the compensation plan, the next step is the administration of the compensation plan. A compensation plan should be easy to understand, easy to calculate, and should be flexible. In administering the plan, many salespeople feel that peer pay should be disclosed to the sales force, some the pay experts feel that the disclosure of the pay package would increase friction and jealousy among the sales employees. So, most of the organizations limit their information regarding salary hike, incentives etc in certain job categories. But, limitation of disclosure of compensation plan

may have a negative effect on the employee's performance because pay secrecy may prevent the employees from judging their progress.

7. **Evaluation of the plan:** The last step in the development of compensation plan is the evaluation of the plan. Once the compensation plan is established, the review and evaluation should be done in quarterly, half-yearly or yearly basis to determine effectiveness.

5.6 MEANING OF COMPENSATION

Compensation is the compensation received by an employee in return for his/her contribution to the organization. It is an organized practice that involves balancing the work-employee relation by providing monetary and non-monetary benefits to employees. Compensation is an integral part of human resource management which helps in motivating the employees and improving organizational effectiveness. Compensation helps in satisfying the needs of the employees which ultimately helps retaining employees.



5.7 METHODS OF COMPENSATION

The following are some of the methods of compensation:

1. **Straight Salary Method:** This method is the most common method of compensation plan and is based on the basis of time. Under this method, regardless of his sales volume he is

paid with a fixed amount of salary at the end of each month. The amount of the salary is fixed and doest not vary. There is annual increment for continued service. Generally, in a straight salary method of compensation, the amount consists of the basic salary, dearness allowance and other allowances.

2. **Straight Commission Method:** This method is based on result. The compensation that is fixed for the salesperson is based on the volume of sales made by him. The commission is calculated as a percentage on the total value of sales. The rate of commission may be flat or differential. The aim of differential rate is that the salesmen with standard performance are paid lower commission and the salesmen with above standard performance are paid a higher rate of commission.

3. **Combination of salary and commission method:** This method is the combination of the above two methods i.e. straight salary method and straight commission method. Under this method, there are fixed and variable components. In this method, the salesman gets a salary i.e. the fixed component and the commission i.e. the variable component. This method works in the following two ways:

   a. *Salary plus commission on total sales:* in this method the salesman gets a salary and commission on the total sales made by him.

   b. *Salary plus commission on quota:* under this method, the salesman gets a pre-determined salary and a commission which is calculated on the basis of the target set by the employer to him i.e. over and above the sales quota. In case the salesperson is unable to achieve the targeted sales quota, then he is not entitled for the commission and gets only the salary.

The following is the illustration of combination of salary and commission method. Both the types of patterns are illustrated.



EXERCISE: 1

A salesman is appointed on a monthly salary of Rs. 5000 plus a commission is entitled at:

a. 2.5% on total sales

b. 6% commission over the sales of Rs. 30,000

Total Sales made by him was Rs. 60,000

Solution 1:

Particulars	Amount
a. Salary Plus Commission on total Sales:	
Salary	5000
Commission @ 2.5 on Rs 60,000	1500
Total	6500
b. Salary plus commission over quota:	
Salary	5000
Commission @ 6% upto Rs. 30,000	NIL
Commission above Rs. 30,000 i.e. 6% on 30,000	1800
Total	6800

Based on the past experience the companies decide on the method of salary and compensation.

4. **Salary plus share in profit Method:** Under this method, along with the monthly salary the salesmen are given some percentage in the profits. The share is given in the overall profits of the organization. This method has one special feature that the salesmen share in profits only and not in loss.

5. **Drawing Account and Commission Method:** Under this method of compensation the salesmen is paid a fixed amount

of money weekly or monthly and the same is transferred to his drawing account. After a definite period of time, say half- yearly or yearly the amount of drawings standing in his name is adjusted by commission which they have earned on sales made by them.

6. **Salary plus Bonus Method:** In this method, the salesmen get a bonus along besides the regular salary. Bonus is the financial incentive to the salesmen. Bonus is paid to the salesmen after achieving a predetermined sales target. For e.g. A salesman is given a target to sell products of Rs. 20, 0000 to earn his bonus and if he fails to achieve the set target then he will not be able to earn the bonus. Bonus is given to motivate the salesmen and to increase the sales.

5.8 FRINGE BENEFITS AND NON MONETARY BENEFITS

A. FRINGE BENEFITS:

Fringe benefits are compensations made to an employee beyond the regular benefit of being paid for their work. The monetary benefits include basic salary, house rent allowance, conveyance, leave travel allowance, medical reimbursements, special allowances, bonus, Pf/Gratuity, etc. They are given at a regular interval at a definite time in addition to basic salary.

i. **Basic Salary**: Salary is the money that is paid regularly for doing work by the employee for the work done by him/her for a certain period say a day, a week, a month, etc.

ii. **House Rent Allowance**: Organizations provide accommodations to its employees who are from different place or they provide house rent allowances to its employees. This is done to motivate them to work.

iii. **Conveyance**: Organizations provide for rent car facilities to their employees. Some organizations also provide vehicles and petrol

allowances to their employees to motivate them.

iv. **Leave Travel Allowance:** The employees are given allowances to visit any place they wish with their families. The allowances are scaled as per the position of the employee in the organization.

v. **Medical Reimbursement:** Organizations also look after the health conditions of their employees. The employees are provided with medi-claims for them and their family members. These medi-claims include health-insurances and treatment bills reimbursements.

vi. **Bonus:** It is an additional payment to employees as a means of increasing the output. It may be paid to the employees during festive seasons to motivate them and to provide them with the social security. The bonus amount usually equal to one month's salary of the employee.

vii. **Special Allowance:** Special allowance such as overtime, mobile allowances, meals, commissions, travel expenses, reduced interest loans; insurance, club memberships, etc are provided to employees to provide them with social security and to motivate them in order to improve the organizational productivity.

B. NON MONETARY BENEFITS:

Non-monetary benefits offered and provided to employees in lieu of the services provided by them to the organization. They include Overtime Policy, Car policy, Hospitalization, Insurance, Retirement Benefits, Holiday Homes.

i. **Overtime Policy**: Employees should be provided with the adequate allowances and facilities during their overtime, if they happen to do so, such as transport facilities, overtime pay, etc.

ii. **Hospitalization:** The employees should be provided allowances to get their regular check-ups, say at an interval of one year. Even their dependents should be eligible for the medi-claims that provide them emotional and social security

iii. **Insurance:** Organizations also provide for accident insurance and

life insurance for employees. This gives them the emotional security and they feel themselves valued in the organization.

iv. **Flexible Timings**: Organizations provide for flexible timings to the employees who cannot come to work during normal shifts due to their personal problems and valid reasons.



CHECK YOUR PROGRESS

Q1. State true or false for the following statements

(a) Under straight salary method, compensation is paid based on the sales volume. (T/F)

(b) Under drawing account and commission method: Under this method, compensation is paid as a fixed amount of money weekly or monthly and the same is transferred to the salesmen's drawing account. (T/F)

(c) Medical reimbursement is a non monetary benefit. (T/F)

(d) Flexible timings to employees is a monetary benefit. (T/F)



5.9 LET US SUM UP

In this unit, we have discussed on the following:

- Compensation is the money that is paid regularly to the workman for doing work.
- The following are the seven steps in the process of development of a good remuneration:
  - Developing job description
  - Establishing Specific Objectives
  - Determining levels of compensation
  - Compensation Mix

- Pretest the plan
- Administering the plan
- Evaluation of the plan

- Compensation is the compensation received by an employee in return for his/her contribution to the organization.
- The following are some of the methods of compensation:
  - Straight Salary Method
  - Straight Commission Method
  - Combination of salary and commission method
  - Salary plus share in profit Method
  - Drawing Account and Commission Method
  - Salary plus Bonus Method

The fringe benefits include basic salary, house rent allowance, conveyance, leave travel allowance, medical reimbursements, special allowances, bonus, Pf/Gratuity, etc .

The non monetary benefits include Overtime Policy, flexible timing etc..



5.10 FURTHER READINGS

- K. Aswathappa (2017),*Human Resource Management, Text and Cases,* Tata Mcgrew Hill, 8th edition
- C.B. Mamoria and S.V. Gankar (2011), *Personnel Management*



5.11 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1:. Compensation is the pay that one receives for a service. In terms of a standard job, compensation is typically the wage or salary, but it also includes tips or bonuses.

Ans to Q No 2:. The features of a good compensation plan:

a) It should be simple and

b) Based on merit

Ans to Q No 3: (a) False, (b) True, (c) False, (d) False



5.12 MODEL QUESTIONS

Q1. Explain the features of a compensation plan.

Q2. Explain the steps involved in developing a compensation plan.

Q3. Write short notes on

(a) Straight commission method

(b) Combination of salary and commission method

(c) Salary plus bonus method

(d) Fringe benefit

(e) Non monetary benefit

UNIT 6: SALES TRAINING PROGRAMME

UNIT STRUCTURE

6.1 Learning Objectives

6.2 Introduction

- 6.2.1 Meaning of Training
- 6.2.2 Conceptualisation of Sales Training
- 6.2.3 Objectives of Sales Training Programme
- 6.2.4 Contents of Sales Training Programme

6.3 Importance of Training and Development

6.4 Methods of Training

6.5 Let Us Sum Up

6.6 Further Reading

6.7 Answer to Check Your Progress

6.8 Model Questions

6.1 LEARNING OBJECTIVES

After going through this unit, we will be able to:

- explain meaning and objectives of sales training programme
- discuss the contents of sales training programme
- discuss the importance of training and development in an organization
- explain methods of training
- discuss the need of aligning employees growth with organizational growth
- describe Career development.

6.2 INTRODUCTION

In this unit we have discussed the importance of training and development in an organization. Here we will also discuss various aspects related for training and development. Only proper training and development can generate competent people who are essential/valuable to keep an organization ahead of the others that means they can better ensure the

survival of an organization. Thus training and development are started to be considered as an important function of human resource management.

It has become necessary to get the commitment of employees along with the growth in quality movement (concepts of human resource management) in order to achieve the organizational goals successfully. Therefore it has become the duty of the management team of an organization to try hard to make the training programme effective. Training encompasses a multitude of courses through which the skills of employees are tried to be developed. Moreover it is also an important tool to control the attrition rate as it helps in motivating employees, achieving their professional and personal goals, increasing the level of job satisfaction etc.

6.3.1 Meaning of Training

Training is a learning process that encompasses the development of skilled behaviour in the individual. Through this process of training a person is able to acquire knowledge, sharpen his/ her skill, concepts and rules etc along with brining changes in his/her attitude and behaviour in order to enhance the performance.

Training is a device to reflect an employee's present position besides comparing this with his future after some point of time. It builds up the confidence of employees about their ability to handle the responsibilities competently.

In general, training helps the employees in following ways:-

- It makes them aware about the ways to reach their destiny.
- It accustoms them the procedures of achieving their desired goals.
- It gives them the knowledge essential to execute their job responsibilities.
- It enables them to develop their skills.
- It helps them to develop the right type of attitudes.

However, to be utmost effective, the training program should be always motivational and engaging in nature.

Conceptualisation of Sales Training

Let us discuss training with regard to sales personnel. You are aware that the commercial organizations generally have a sales department which is primarily responsible for maintaining contacts with the existing customers and to create new customers for the products or services of the organisation. This department is the main revenue generating department of an organization. Therefore, all other activities like, purchase of raw- materials, production, maintaining a particular level of stock etc. depend on the ability of the sales department to sale the product or the service. This indicates the importance of the sales department in the organization and the responsibility of the sales professionals. Now, the question comes to our mind is- how to augment the people of this department so that they can face the market challenge and position the product/ service in the market.

The job of sales professional is peculiar. To get an idea about the nature of job of the sales people, let us first go through the definition of marketing- "Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large." (AMA, 2013)

Going by the above definition, the sales person, as a part of the company's overall marketing strategy, has to fulfill the objectives of the company and on the other hand, the sales person has to maintain a trustworthy relationship with the customer to deliver what customers really value. These responsibilities need varied qualities so that he/ she can connect the company's products with the needs and demands of the customers.

Therefore, when we talk about sales training, it becomes essential both on the part of the company to provide and the sales professions to undergo training programmes. A sales training programme may be defined as the training programme through which the trainees acquire and develop the skill, attitude, understanding

and behaviour to influence the prospective customers. The training programme must be able to guide the interaction between the sales person and the prospective customers, and must result in-

- positive buying decision on the part of the customer; and
- a relationship between the company and the customer.

OBJECTIVES OF SALES TRAINING PROGRAMME

In planning a sales training programme, the first task is to define the objectives desired to be achieved by the company through the sales training programme. The objectives may vary depending upon the nature of the company's business, background of the trainees, specific requirement of the company etc. and accordingly a training programme is designed. In general, the basic objective of the sales training programmes is to increase the productivity of the sales people. Let us focus on the varied objectives of sales training programmes-

- **Increase Sales Productivity:** The ultimate aim of a business firm is to increase the sales volume and to gain maximum market share. This becomes possible if the sales team is highly efficient. How to make them efficient? It is through well designed training programmes which can meet the training needs of the sales persons and prepare them to face market challenge.
- **Increase Knowledge:** The sales people must have proper knowledge about the company, its brand its product and services, their price, distribution network, customer base and target customers
- **Reduce Turnover of Sales People:** For companies, employee turnover is really a challenge. It increases cost in terms of recruitment, interview, training of new persons besides affecting the team spirit and company's culture. Low morale, lack of self- confidence, lack of opportunities for career development, lack of faith in leadership etc. are some of the

causes for which some companies face high rate of employee turnover. These issues can be addressed through effective sales training programmes.

- **Improve Communication:** Communication plays an important role in marketing and it plays greater role in personal sales. The essential requirement of sales people is that they must be able to communicate and influence the prospective customers. They need to have effective soft skill to win over the customers.
- **Improve Customer Relations:** In this competitive world, 'sale' cannot be considered only as revenue earning activity or only one time approach. 'Sale' is about relations; the relations that need to be maintained with the customers for a longer period. The sales people as a face of the company must maintain a warm relations with the customers and they must be adequately trained through sales training on the techniques to maintain customer relations.
- **Improve Morale:** Positive employee morale can take the company to a better position. A motivated sales staff is an asset for the company. The sales people must feel that they are a part of the company. The company needs to invest on training programmes which focus on motivation of sales people and improve their morale.

CONTENT OF SALES TRAINING PROGRAMME

Every sales training programme is unique in its nature and objectives. Training programmes also vary depending on the company' nature of business. The background of the trainees (sales persons), their level, experience etc. have to be considered in preparing a sales training programme. However, every sales training programme is generally framed on the principle of A-C-M-E-E. It stands for-

A: Aim

C: Content

M: Method

E: Execution

E: Evaluation

The content for a sales training programme that aims at providing training to the newly recruited salesmen, may be discussed as under-

- **Product Information:** Product information is essential in a sales training programme, specially when the trainees are new recruits. They have little knowledge about the product to be marketed, its uses, its technicalities etc. In case of products with high degree of technical specifications, the trainees must be given proper knowledge and understanding. At the same time, the sales persons must also know competitors' product portfolio, their strengths and weaknesses. It will help the salesperson to establish the product of own company at the market.
- **Sales Technique:** For newly recruited sales people, training on 'how to sale?' is important. The training programme must impart knowledge about the basic principles of salesmanship. The sales people must get exposure on the different techniques of sales. They must be trained in sales techniques so that they can influence the buyers.
- **Customer Information:** The aim of every company is to create new customers and to retain the existing customers. The sales persons are the interface between the company and the customer. Therefore, they must be trained on techniques of satisfying customers' needs. They must be able to listen the customer's problems and must try how to solve these problems with the product. This will also help the company in preparing a unique sales proposition. The training programme must enable the sales persons in understanding the buying habits of customers, their attitude, spending habits, the different stages of buying process, the factors that influence buying, customer relationship management etc.

- **Market Information:** The salesmen must adequately know the market. They must be able to analyse the trends in the market, the demand for the product or competitors' product etc. They must know the behaviour of the industry and how the different firms behave within the industry.
- **Company Information:** The trainees must be well aware about the company- its marketing policy, human resource policy, policy regarding after- sales service, credit policy, incentive system etc. Knowledge about these aspects creates confidence in sales persons to answer customers' queries.
- **Matters relating to day- to- day work:** The newly recruited sales persons must also be accustomed with the stages of order processing. To effectively close a sales process, the sales persons must know all the stages of order processing right from demonstration of the product, taking order, preparation of invoice, delivery of product, receiving payments etc. The sales persons must also be able to prepare his/ her sales report, correspondence with superiors etc.

6.3.2 Training objectives

The first and foremost step needed for making a training programme successful is to set the training objectives effectively. It is possible to develop the clear guidelines for an effective training programme only when training objectives are based on needs. Training objectives specify the expected result of the training programme and have the great significance to a number of stakeholders, these are:

(i) Trainer

(ii) Trainee

(iii) Designer

(iv) Evaluator

(i) Trainer:- Training objectives are valuable for the trainer as because these are the basis to measure the progress of

trainees and make the required adjustments accordingly. Besides it, the trainer is also able to correlate these objectives with the particular segments of training.

(ii) **Trainee:-** Training objectives sketch an image of the training programme in the mind of trainees that helps in reducing their anxiety to some extent along with increasing their attention for it. It can be commented that training objectives increase the chance/probability of successful completion of the training programme.

(iii) **Designer:-** Training objectives specify why and how the training programme has to be designed and what is to be achieved in the end of it. The training designer then look for the training methods, training equipment and training content to achieve those objectives and accordingly execute the training.

(iv) **Evaluator:-** It is known to us that training objectives clear out the expected performances of trainees which in turn help an evaluator to measure the progress and judge the performance of trainees in due course of time.

6.3.3 Importance of training and development

The importance of training can be understood with the help of following points:

- **Development of human resources:-** It provides the opportunity for developing both the technical and behavioural skills in the employees of an organization.
- **Development of skills of employee:-** Besides enhancing the job knowledge and skills of employees at each level, training and development again helps the development of overall personality of employees.
- **Productivity:-** Productivity of employee can be increased by improving the effectiveness of employees with efficient usage of resources.
- **Team spirit:-** Training and development builds up the sense

of team work, team spirit and inter-team collaborations among the employees.

- **Organization culture:-** Training and development tries to create a learning environment that facilitates the development and improvement of the organizational health and culture.
- **Organization climate:-** It brings up such a climate in the organization that develops the positive perception and feeling about the organization among the employees. These feelings may be passed to the employees from their leaders, subordinates or peers etc.
- **Quality:-** It is the continuous effort of training and development programme to improve upon the quality of work and work-life.
- **Healthy work-environment:-** Training and development always tries to build up a healthy working environment in the organization where there is a good employee-work relationship. In such an environment it becomes easy to align both the individual and organizational goals effectively.
- **Health and safety:-** Training and development tries to prevent the accident and other situations that may affect the health of employees through their awareness about the health and safety measures adopted by the organization.
- **Morale:-** Morale of the work force can be improved through the process of training and development.
- **Image:-** A better corporate image can be portrayed through the process of training and development.
- **Profitability:-** Training and development tries to build up the positive attitudes of employees towards the profit objective of the organization.

6.3.4 Career development

The ultimate goal of an employee's growth is his career development. Career of an employee of an organization refers to the specific job that he performs along with the associated

responsibilities and activities with the job.

Career planning specifies the guide-line for career development. Thus it is important to have the proper career planning in an organization in order to design an effective career development process for it. Generally career planning is a process whereby an individual sets career goals and identifies the means to achieve them and when the organization intervenes in this planning, it is known as organizational career planning. It means the designing of planned succession of jobs by a firm in order to develop its employees in the right way.

6.4 METHODS OF TRAINING

Basically there are two methods of training:-

(A) Cognitive method, and

(B) Behavioral method.

The aim of both the methods is same, that is, to bring the changes in the attitudes of trainees. It is important for the trainers to understand the pros and cons of each method along with its impact on trainees so that they can design the proper training method for them by considering their background and skills in mind. Besides the two methods there is also another method known as "Management development". The method is more future oriented and more concerned with the education of employees.

(A) COGNITIVE METHOD:- The basic concept of the method is to give theoretical training to the trainees. Through the various methods of cognitive approach, it is tried to present the rules of doing something, written or verbal information and demonstration correlating the different concepts, etc in front of trainees. The methods under cognitive approach intend to bring the changes in knowledge and attitude of trainees by stimulating learning. The various methods that come under Cognitive approach are as follows:

1. LECTURES
2. DEMONSTRATIONS

3. DISCUSSIONS
4. COMPUTER BASED TRAINING (CBT)

1. LECTURES:- Lecture is one of the oldest methods of training and it means telling someone about something. In fact training is incomplete without a lecture session. This method is used with the intention to create understanding about a topic or to influence the behavior and attitudes of trainees.

Main Features of Lecture Method

Some of the main features of lecture method are:

- The lecture method is unable to identify and correct the misunderstandings of trainees
- Less expensive
- A large number of people can be addressed at the same time by using this lecture method
- Knowledge building exercise
- Less effective because lectures keep/make the trainee inactive for long periods of time.

2. DEMONSTRATIONS:- It is a method of visual display that explains/ shows how something works or how to do something. Here the trainer shows the trainees the methods of performing or doing the tasks of a job. To make it more effective, the demonstration method should always be accompanied with a session of discussion or lecture.

3. DISCUSSIONS:- The method basically focuses the interactions both among the trainees and between the trainer and trainees though it includes a session of lecturer to provide the learners a rough idea about training programme. In one sense, we can say that this method is an improved version of lecture method as it facilitates the interaction and communication among the participants.

4. COMPUTER BASED TRAINING (CBT):- The demand of knowledgeable and skilled employees is increasing day by day due to world-wide expansion of companies and changing technologies that in turn has put the pressure on HR department to provide training at lower costs. In view of that many organizations have implemented

CBT as an alternative to classroom based training.

Some of the benefits of Computer-Based Training are shown in the diagram:



Though internet is not a method of training, yet a recent survey has revealed that most of the organizations are delivering training to the employees through either internet or intranet. CBT is a gift of advanced electronic technology that does not entail the face-to-face interaction between the trainer and trainees.

(B) BEHAVIORAL METHODS:- The Behavioral approach emphasizes more on giving practical training to the trainees and accordingly the methods under it are designed to give the trainee a chance to behave as they do in the job itself. These methods are best to develop the skills of employees.

The methods that come under Behavioral approach are as follows:

(a) GAMES AND SIMULATIONS

1. BEHAVIOR-MODELING
2. BUSINESS GAMES
3. CASE STUDIES
4. EQUIPMENT STIMULATORS
5. IN-BASKET TECHNIQUE
6. ROLE PLAYS

[A] GAMES AND SIMULATIONS:

Games and simulations are the training methods designed with an intention to reproduce or simulate events, circumstances, processes that

may actually take place in the job situation of trainee.

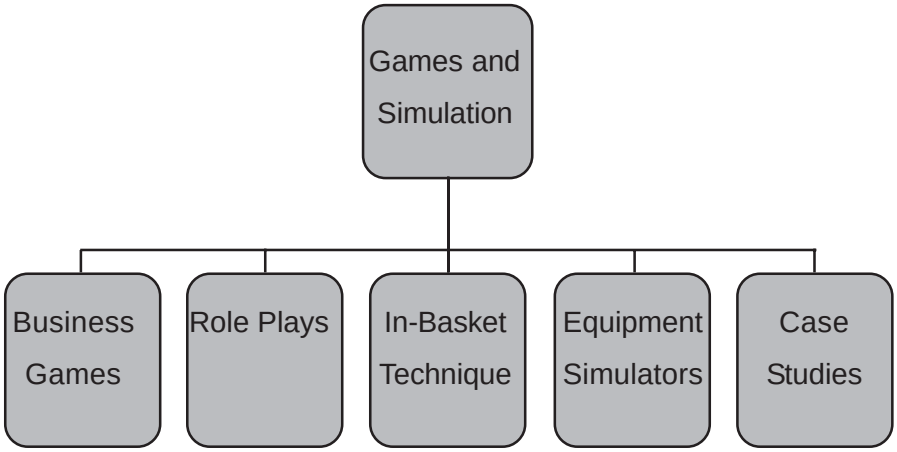
A training Game is a spirited activity or exercise that involves the active participation of trainees through which they compete with each other according to the defined set of rules.

Simulation means the imitation or idea or the opinion about an event that might occur in a real situation. It can entail intricate numerical modeling, role playing without the support of technology or combinations.

Training games and simulations are emerging as an effective tool for training because of its following key components that are quite essential for learning:

- Challenge
- Rules
- Interactivity

Some of the examples of this technique are:



Therefore it is possible to develop knowledge, skills, and attitudes of employees or to find out the concepts that may be useful in improving their performance through the methods of Games and Simulations because these methods give the trainees an experience of the events, processes or games in a controlled setting.

Procedure of Behavior Modeling Technique

In this method, trainees are shown the videotape of some processes or behaviors that are incorporated along with the games and simulation section because once the trainees see the videotape, they practice the behavior through role plays or other kind of simulation techniques. Behavior

modeling that focuses mainly the development of behavioral and interpersonal skills can be used successfully in

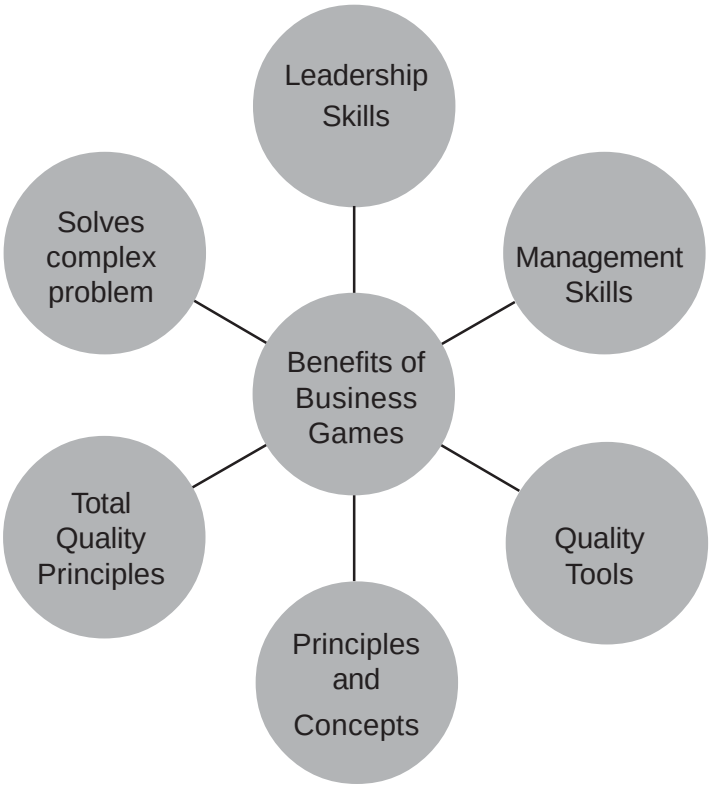
- Sales training
- Interviewee training
- Interviewer training
- Safety training
- Interpersonal skills training

2. **Business games:** The business game method also tries to present the way of functioning of an industry, company, organization, consultancy, or subunit of a company in front of the trainees. Here in this method, trainees are first provided with some information about a particular situation and then they are asked to make decisions that they feel best in the favour of the company. A feedback is then provided to the trainees explaining the impact of their decisions. The same process is repeated again and again until some meaningful results came out.

Some of the benefits of the business games are:

- Development of leadership skills
- Improved application of total quality principles
- It develops skills in using quality tools
- Strengthening of management skills
- Proper demonstration of principles and concepts
- Effective exploration and solution of complex problem

The diagram given in the next page shows the different benefits of business games.



3. Case studies: It is a method that tries to simulate and reflect the decision-making situation in the classroom that the trainees may find in reality being the managers, staff, HR or CEO at their work place. The aim of case study method is to acquaint the trainees with a particular problem rather than finding out the solution for it. Understanding of advantages and disadvantages of such problems is more important than finding out their solutions. Thus it has become the objective of case study method to make the trainees capable of applying known concepts and ideologies and ascertain new ones at the time of handling the work related problems.

Case Study method focuses on:

- Building up of decision making skills
- Assessing and developing Knowledge, Skills and Attitudes (KSAs)
- Development of communication, interpersonal and management skills
- Development of procedural and strategic knowledge

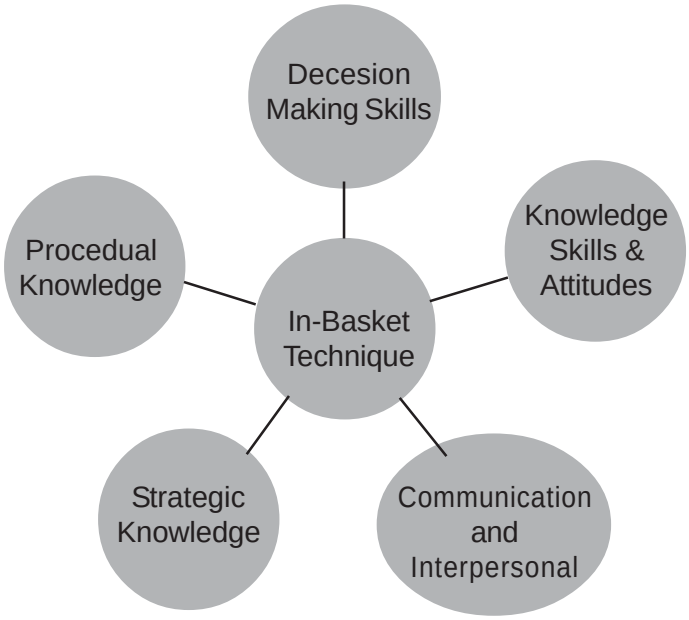
4. Equipment simulation:- Here in this method, some mechanical devices are used that are known as equipment simulators.

Equipment simulators can be used in giving training to:

- Air Traffic Controllers
- Taxi Drivers
- Telephone Operators
- Ship Navigators
- Maintenance Workers
- Product Development Engineers
- Airline Pilots
- Military Officers

5. **In-basket technique:** In this method, trainees are provided with a log of written text or information and requests, such as memos, messages, and reports etc to handle so that it helps them in the following ways: -

- Builds up decision making skills
- Assess and develops Knowledge, Skills and Attitudes (KSAs)
- Develops communication and interpersonal skills
- Develops procedural and strategic knowledge



6. **Role play training method:** In this method of Role play training, each participant is given a role to play that acts as a simulation for him or her. Before playing the role the trainees are provided with some information about it for example description of the role and the concerns, objectives, responsibilities, emotions etc associated with

the role. Being familiar with their role, next the participants act out their roles respectively by interacting with each other. Role Playing method is important for

- Improving interpersonal and communication skills
- Resolution of conflict
- Taking decision in group
- Developing insight into one's own behavior and its impact on others



There are various types of role plays, such as:

[i] Multiple Role Play

[ii] Single Role.

[iii] Role Rotation

[iv] Spontaneous Role Play



CHECK YOUR PROGRESS

Q 1: What is training ?

.....

.....

Q 2: What are the two methods of training?

.....

.....

Q 3: State any two points indicating importance of training and developments.

.....

.....

MANAGEMENT DEVELOPMENT METHOD- Besides the cognitive and behavioural method, there is another method which is known as management development method. The method emphasizes more on making the employees a better performer by educating them through the process of training.

Management development method is further divided into two parts:

(a) On the job training: The method is based on the fact that it is possible to develop the abilities of an employee in its job place itself. The four techniques for on-the job development are:

1. COACHING
2. MENTORING
3. JOB ROTATION
4. JOB INSTRUCTION TECHNIQUE (JIT)

1. Coaching: In this method gives the employee an opportunity to receive feedback from an expert that helps in identifying their weaknesses and accordingly the way to rectify these.

2. Mentoring: In contrast of Coaching, Mentoring means an ongoing informal relationship that usually develops between a senior and junior employee. That means here the senior performs the role of a guide to his junior employees.

3. Job rotation: Job rotation means the intentional changing of job position of employees within a department, division or organization etc.

4. Job instruction technique (jit): Job Instruction Technique (JIT) uses a strategy with a focus on the development of knowledge (factual and procedural), skills and attitudes of trainees.

(b) OFF THE JOB TRAINING : There are many management development techniques that an employee can take in off the job.

The few popular methods are:

1. SENSITIVITY TRAINING
2. TRANSACTIONAL ANALYSIS
3. LECTURES
4. SIMULATION EXERCISES

1. Sensitivity training: In this method it is tried to develop the social sensitivity and behavioral flexibility in the people so that in return they are able to understand themselves and others reasonably.

2. Transactional analysis: Transactional Analysis provides trainees with a realistic and useful method for analyzing and understanding the behavior of others. Learning from psychology are used in this method by trained experts in order to help the trainees to understand themselves better.

3. Lectures: In this method, the trainer speaks to a group of people about a topic without involving any kind of interaction between him and the trainees.



CHECK YOUR PROGRESS

Q 4: Match the following contents of left side with the right options given in the opposite side.

1. Sensitivity training
2. Lectures
3. Job instruction technique (jit)
4. Mentoring
5. Simulation exercises
6. Coaching
7. Job rotation
8. Transactional analysis

(a) off the job training

(b) on the job training



6.5 LET US SUM UP

In this unit we have discussed training and development of human resources. Training objectives provides the clear guidelines for developing/ designing an effective training programme in the organization as because these objectives are based on needs.

Training and development perform the various functions in an organization like optimum utilization of human resources, increase productivity, build up team spirit and organizational culture etc. There are a number of training methods available. Each one of them has their own advantage and disadvantage.

Alignment of employee's personal goals with the organizational goals and strategies is a must to create a win-win situation. The absence of alignment and congruence of both the two factors results a haphazard situation that leads to the loss of productivity. Career development is the ultimate goal of growth of an employee which is associated with career and career planning.



6.6 FURTHER READING

1) K. Aswathappa (2017),*Human Resource Management, Text and Cases,* Tata Mcgrew Hill, 8th edition

2) C.B. Mamoria and S.V. Gankar (2011), *Personnel Management*

www.ama.org accessed on 6th /03/2019



6.7 ANSWER TO CHECK YOUR PROGRESS

Ans to Q No 1: Training is a process that helps in improving behaviour.

Ans to Q No 2: Cognitive method and hehavioural method.

Ans to Q No 3: Improvement in quality and productivity.

Ans to Q No 4: (a) off the job training -

1. sensitivity training
8. transactional analysis
2. straight lectures/ lectures
5. simulation exercises

(b) on the job training -

6. coaching
4. mentoring
7. job rotation
3. job instruction technique (jit)



6.8 MODEL QUESTIONS

Q 1: Define the term training and development. Bring out the importance of training and development in an organization.

Q 2: Explain the various methods of training.

Q 3: Define the term career, career planning and career development.

Q 4: Write short notes on

(a) Job rotation, (b) Lecture method of training, (c) On the job training.

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UNIT 7: PERSONAL SELLING

UNIT STRUCTURE

7.1 Learning Objectives

7.2 Introduction

7.3 Objectives of personal selling

- 7.3.1 Qualitative Objectives
- 7.3.2 Quantitative Objectives

7.4 Personal Selling Process

7.5 Challenges in Personal Selling

7.6 Let Us Sum Up

7.7 Further Reading

7.8 Answers To Check Your Progress

7.9 Model Questions

7.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- define the concept of personal selling.
- explain the objectives of personal selling
- discuss the process of personal selling
- outline the challenges in personal selling

7.2 INTRODUCTION

In this unit we are going to discuss about personal selling. Personal Selling is an important aspect of marketing and is a broader concept than salesmanship. Personal Selling is an overall activity and salesmanship is one aspect of personal selling. In fact salesmanship is one of the skills used in personal selling. Personal Selling together with other marketing elements such as pricing, advertising, product development, marketing channels and physical distribution is a means for implementing marketing programmes. However, personal selling efforts are largely obtained through

salesmanship of various sales forces. J Shapiro defines personal selling as "it is the area to successfully persuade prospective customers to buy products or services from which they can derive certain benefits and thereby increasing their total satisfaction." Hence, personal selling is the primary relationship between the buyer and the seller and their interaction only results in sale.

7.3 OBJECTIVES OF PERSONAL SELLING

Personal selling objectives are influenced by promotional mix strategies followed by the company. These objectives of personal selling could be quantitative or qualitative.

7.3.1 Quantitative objectives

The quantitative objectives assigned to personal selling are short term and are adjusted from one promotional period to another. Usually, the sales volume objective is the main quantitative objective that sets the target for the promotional policies. All other quantitative personal selling objectives are related to the sales volume objectives. Some of the quantitative objectives are given below:

a. To capture and retain a certain percentage of market share. For instance maintain 10 percent market share or increase sales by 2 per cent every year.

b. To obtain sales volume in ways that contributes to profitability. For instance profit before tax should not be less than Rs 500 million.

7.3.2 Qualitative objectives

Qualitative objectives aim to achieve the firm's objectives over a longer period of time. These objectives are carried over from one period's promotional programme to the next. Depending upon the company's objectives and promotional mix, personal selling are generally assigned with the following types of objectives:

a) To do the entire selling job, when personal selling is the only promotional element in the promotional mix.

b) To serve existing accounts or customers in terms of order booking, stock position, requirements, schedule of supply and collection of payments.

c) To generate new enquiries and new prospects.

d) To convert new prospects into long -term customers.

e) To keep customers informed on changes in the product line and other aspects of marketing strategy.

f) To provide advice and assistance to members of distribution channels so as to increase sales and market share.

g) To collect information from markets, customers, distribution channels for use by the management.

h) To assist with the training of distribution channels' sales personnel.

i) To provide assistance in training of sales personal of distributors and other intermediaries.



CHECK YOUR PROGRESS

Q 1: What do you mean by Personal Selling?

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Q 2: Fill in the blanks:

a. Qualitative objectives of personal selling are based on …….. objectives.

b. One aspect of personal selling is ……..

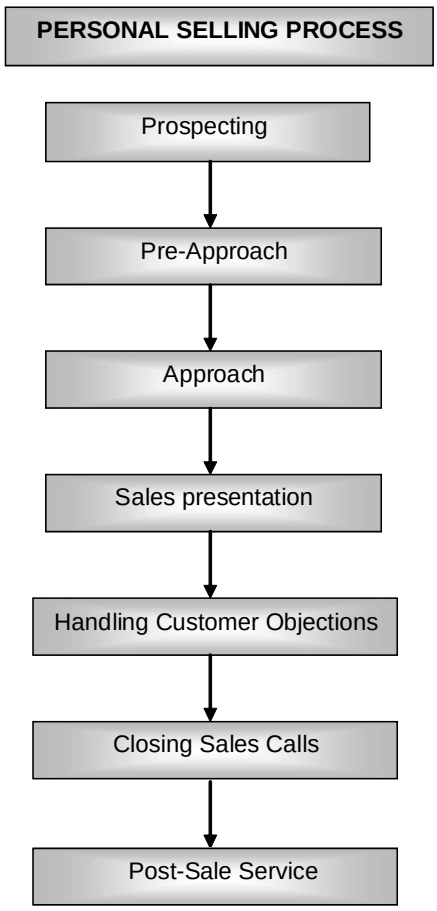
c. Quantitative objective sets the target for the …….. policies.

d. ……..provide assistance in training of sales personal of distributors

7.4 PERSONAL SELLING PROCESS

You may have observed the process adopted by successful salespersons from insurance companies or companies selling consumer

durables or non-durables. In order to make sales happen, they carefully handle the customer. They lead the customer through a process so that sale takes place. The elements of the Personal selling process are:



Now, we will discuss the above elements of selling process in more detail:

a. **Prospecting:** Prospecting refers to locating prospective buyers. Good salesmen do not entirely rely on existing customers, but seek out new ones. They constantly search for 'prospects' or potential customers and rope in as many of them as possible. Prospecting is the step in the selling process whenever new customers are sought. Prospecting can be carried out with in the following ways:

i. *Identifying prospects and gathering leads:* Although the company may supply some leads, the salesman must have the skill to develop their own leads. They can develop leads from many sources such as:

- Current customers
- Dealers

- Suppliers, non-competing salesman, banks, credit agencies and club/similar organizations.
- Published data sources like directories, telephone yellow pages etc.

ii. *Qualifying the prospects and analyzing their purchases:* Salesmen have to screen the leads, throw out the poor ones and pick the better ones for further probing/making sales call. He could call up or write to the prospects before deciding whether to make a sales call. Prospects should be qualified by evaluating their financial ability, likely volume of purchase, specifications adopted, likelihood of continuous business, etc. The leads can also be categorized into hot leads, warm leads, and cool leads, depending on their potential to become customers.

iii. *Using Websites:* Websites can be used for acquiring and qualifying leads. Salesmen can use websites of companies/social network sites for acquiring leads and qualifying the prospects. A lot of details about the prospects can be collected by perusing the sites. Websites analysis is a valuable tool and can help select exactly those who warrant a personal sales call.

b. Pre-Approach: Pre-approach consists of planning and preparation. The salesmen have to meticulously plan the sales presentation. They must go through customer characteristics and the sales context as part of the preparation. The sales person should know how to greet the buyer to get the relationship off to a good start. The sales presentation has to be detailed with the exact needs of the customer. Securing appointments/sales interviews from the customer is also a part of the preparation.

c. Approach: Approach refers to the preliminaries and the initial part of the interaction in sales interviews before the substantive sales presentation commences. In particular, it includes the opening remarks in the presentation and the opening style adopted by the salesman in selling to the given customer. In general, a consultative style of selling is superior to a totally controlled one. The approach should facilitate this requirement.

d. Sales Presentation: The sales person has now to tell a product story to the buyer. The salesman has to make the actual delivery of the sales story/message/demonstration. The sales person should try to gain attention, hold interest, arouse desire, obtain action and endure satisfaction. In short this method is called AIDAS. Listening, probing, use of questions, persuasive interceptions are integral elements in the process. Handling and overcoming objections is also a part of it. The salesman must involve the customer in the presentation.

Companies generally develop three different styles of sales presentation. The first one is called as canned approach, which is a memorized sales talk covering the main points. It is based on stimulus - response thinking, that is, the buyer is passive and can be moved to purchase by the use of the right stimulus words, pictures terms and actions. The second approach is the formulated approach which is based on stimulus-response thinking but first identifies the buyer's needs and buying style and then uses this approach to the buyer. The third can be named as need satisfaction approach which starts with a search for the customer's real needs by encouraging the customer to do more of the talking.

Sales presentation can be improved with demonstration aids such as booklets, flipcharts, slides, movies, product samples and computer based simulations. Visual aids can show how a product performs and provide other information about it. Product features and benefits can be explained better by the use of visual aids.

e. Handling Customer Objections: Consumers always pose objections during the presentations or at the time ordering for the product. Psychological resistance includes resistance to interference, preference for established supply sources or brands, reluctance to new idea, dislike of making independent decisions and so on. Logical resistance might consist of objections to the price, delivery schedule or certain product or company characteristics. To handle these objections, the salesperson needs to maintain a positive approach .He should allow the buyer to clarify objections. Handling overcoming

objections is a part of the broader skills of negotiation.

f. Closing Sales Calls: The salesperson now attempts to close the sale. Some salespeople do not get this stage. They lack confidence or feel uncomfortable about asking for the order. Many a time they fail to recognize the right psychological movement to close the sale. Salespersons need to know how to recognize closing signs from the buyer, including physical actions, statements or comments and questions. Salespersons can use one of the several closing techniques.

g. Post Sale service: Post-sale service to the customers is another important element. Salesmen must promptly respond to service requests from the customers and follow them up with concerned individuals/departments of the company. In his article titled, 'After the sale is over', Professor Levitt says that salesmen have to go beyond the immediate goal of the sale. He emphasizes the need for developing professional partnerships between the seller and the buyer. Only when this is achieved can the buyer-seller relationship bring profits to the company. It is not enough for a salesman to create a satisfied customer. There is a need to retain a satisfied customer through-post sale service.



CHECK YOUR PROGRESS

Q 3: What are the elements of personal selling process?

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.....

7.5 CHALLENGES IN PERSONAL SELLING

Personal selling is the dominant mode of communication in industrial markets. In consumer markets as well, personal selling is used when the unit price of the product is high, there is high perceived risk of purchase and the customer's knowledge level is low. Though it is the most expensive

method of communication, it undeniably gives a superior opportunity to interact with the customer. However, personal selling as a function is having some challenges as outlined below:

- The face-to-face interaction between a seller and a buyer is very flexible but the flexibility comes at a cost.
- A sale on an average takes six visits but good salespersons visit their clients even when they know that the client is not going to buy in the near future.
- The nature of the personal selling function is changing. Companies are reducing the size of their sales force due to greater buyer concentration, moving towards centralized buying and high costs of field sales team.
- More and more companies are collecting purchase requests from their departments and divisions and are buying from central locations. Concentration of buying power into fewer hands has increased the importance of relationship management through key account sales teams who service the accounts of major buyers in case of industrial markets.
- Few salespeople sell products that are clearly superior to the competitors on most criteria. Salespeople need to capitalize on what advantages their products have over similar competitive offerings. It becomes challenging when competitors product are also good.
- Industrial buyers are experts in their area of operations and are very clear about what they are looking for in the product. Their choice criteria are clear and precise. Customers in the consumer market are also developing clarity and precision in their choice criteria.



CHECK YOUR PROGRESS

Q 4: Eliminating calls on non-buyers can also be defined as:

a. Suspecting b. Pre-approach

c. Customising d. Prospecting

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.....

Q 2: What is AIDAS?

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.....



7.6 LET US SUM UP

In this unit we have discussed in detail the topic personal selling. Personal selling doesnot happen automatically. It has to be executed through a process customers needs are o be understood. The products need to be related with the customers decision making process, customers satisfaction needs to be fulfilled and this is a challenging task. So, in this unit we have discussed the following:

- Personal selling is the primary relationship between the buyer and the seller and their interaction only results in sale.
- The objectives of personal selling could be quantitative or qualitative.
- Elements of personal selling process is a follows:
  a. Prospecting
  b. Pre-Approach
  c. Approach
  d. Sales Presentation
  e. Handling Customer Objections
  f. Closing Sales Calls
  g. Post Sale service
- we have also discussed the challenges in personal selling.



7.7 FURTHER READING

- Bajaj Chetan, , Nidhi Varma, Rajneesh Tuli Arya (2004)*Retail Management*.OUP India, 1st edition
- Jobber, David, Lancaster, Geoff (2018), *Selling and Sales Management*, Pearson Education.
- Manning, Gerald L., Reece, Barry L.(1997), *Selling Today : Building Quality Partnerships*, Pearson Education.



7.8 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: Personal selling is the primary relationship between the buyer and the seller and their interaction only results in sale.

Ans to Q No 2: a. long term b. Salesmanship c. promotional d. qualification

Ans to Q No 3: Elements of personal selling process is a follows:

a. Prospecting
b. Pre-Approach
c. Approach
d. Sales Presentation
e. Handling Customer Objections
f. Closing Sales Calls
g. Post Sale service

Ans to Q No 4: d. Prospecting

Ans to Q No 5: Attention, Interest, Desire, Action and Satisfaction (AIDAS)



7.9 MODEL QUESTIONS

Q 1: What do you mean by personal selling?

Q 2: Distinguish between qualitative objectives and quantitative objectives.

Q 3: Discuss challenges in personal selling.

*** ***** ***