



TRAINING BOOK

**MBA
SALES™**



INTERNATIONAL
MBA
INSTITUTE™

© COPYRIGHT INTERNATIONAL MBA INSTITUTE™
WWW.MBA-INSTITUTE.ORG

MBA SALES™

DEGREE

TRAINING BOOK

SECOND EDITION

BY INTERNATIONAL MBA INSTITUTE™

WWW.MBA-INSTITUTE.ORG

© COPYRIGHT INTERNATIONAL MBA INSTITUTE™

Dedication

To all of the International MBA Institute™ students, thank you for inspiring us, keeping us focused, and making sure we do our best to help you grow in your career with your skills and knowhow. Without you, your engagement and your loyal support, International MBA Institute™ could not come where it is today.

TABLE OF CONTENTS

CLICKABLE

WELCOME	5
ABOUT INTERNATIONAL MBA INSTITUTE™	6
INTRODUCTION TO SALES	7
TYPES OF SALESPERSONS	10
SELLING PROCESS.....	14
IMPROVING SALES PERFORMANCE.....	25
SALES FORCE MANAGEMENT	29
DESIGNING THE SALES FORCE	31
DETERMINING THE SALES FORCE SIZE	33
RECRUITING AND SELECTING SALESPEOPLE.....	35
EVALUATING THE SALES FORCE.....	44
THANK YOU.....	46

WELCOME

Hi! I'm Yeliz.

I love that you are taking your time to read your MBA book. I want to briefly share with you why we wanted to write this book for you and how you can get the best use out of it.

Within the context of our MBA degrees we made a thorough research in MBA education space.

The conclusion was: We failed to find one single textbook, we could sincerely recommend to our students!

We talked to our successful students and found out that, almost none of the MBA books in the market could really help them make a smooth entry to MBA knowhow and practical business execution space. Significant number of MBA books in the marketplace claim that they cover all details of MBA, but what they are not telling is that, they don't have understandable, clear and logical content to help their readers comprehend and most importantly love MBA!

Therefore, we wrote for you MBA books and brought them for your service!

We are absolutely confident that your MBA books will make you proficient in MBA subjects, so that you will have an outstanding opportunity to love MBA and keep on taking the tangible benefits of being an MBA professional.

Take some coffee to enjoy and some paper to take your notes, and spend some quiet time to read your MBA books!

Afterwards you will have a great understanding about MBA domains and be prepared to pass your MBA degree exam. You will be ready to deliver great products and services to your clients and employers and to build your bright career and future!

Yeliz Obergfell
Vice President - Student Experience
International MBA Institute™

ABOUT INTERNATIONAL MBA INSTITUTE™

International MBA Institute™ is an independent institute which helps organisations and professionals get accredited with worldwide renowned and valid MBA degrees and prove their competence in MBA domains. We empower professionals worldwide to build their careers, and companies to create and sell their outstanding products and services.

Your MBA Leadership™, MBA Management™, MBA Sales™, MBA Human Resources™, MBA Finance™, MBA Marketing™, MBA Business Strategy™ and MBA Recruitment™ degrees have proven their worldwide acceptance and reputation by being the choice of more than 987'000 MBA professionals in 143 countries.

MBA is a set of open business execution, product, service delivery and leadership frameworks, and yet before International MBA Institute™ was established, there used to be no reasonable way for MBA practitioners like yourself to obtain your accredited MBA degrees and to prove your competence in MBA domains. MBA practitioners had to pay expensive fees for the one way profit-driven MBA degrees of other MBA education providers.

International MBA Institute™ aims to remove these barriers set in front of the MBA professionals in developed and emerging markets by saving them from paying unreasonable fees for MBA classroom trainings and MBA degree examinations before they accredited their knowhow in MBA Domains.

Moreover, feel free to check out "What makes Your MBA Degrees Best of the Industry?" section on our www.mba-institute.org web portal to read why we perform and serve you far more better than our competition.

International MBA Institute™ provides 8 major online MBA degrees which are designed by our consortium of renowned business and people Leaders, coaches, mentors, experts and authorities from all major industries. You can check your MBA degrees from this [List of MBA Degrees](#).

INTRODUCTION TO SALES

In this chapter, you will:

- Understand the nature of selling
- Understand the importance of sales

Marketing is the lifeblood of any organization. It supports a host of operational functions, including selling. Marketing differs from selling in many respects. In marketing the focus is on your customer whereas in selling, the focus is on your product. Marketing involves meeting the needs and wants of your customer while selling is pushing the product in the market without any consideration for your customer's needs and wants. A third difference between the two is that marketing is concerned with producing the product that your customers want whereas selling involves trying to make your customer want what the company has to offer. However, the ultimate aim of all marketing and selling activities is customer satisfaction. Therefore, a salesperson can also be regarded as a micro-marketer.

Selling is one of the elements of promotional mix. Some companies depend exclusively on selling as their promotional tool while others use a

combination of promotional mix elements such as advertising, sales promotion, direct marketing, public relations and personal selling.

Nature of Selling

Since the beginning of the manufacturing era, companies have relied on their sales force to sell their products. Because of selling, products of various kinds enter customers' households as well as offices. Would you be using innovative products like vacuum cleaners, microwave ovens, printers and photocopiers if it weren't for the salesperson who sold these to you? The promotion and sale of these convenience goods by salespersons has also helped make your lives more convenient. Thus, selling is responsible for helping people attain a certain standard of living. Selling plays an important role in increasing sales volumes and helps generate profits for firms. Thus, selling helps in the growth of the economy.

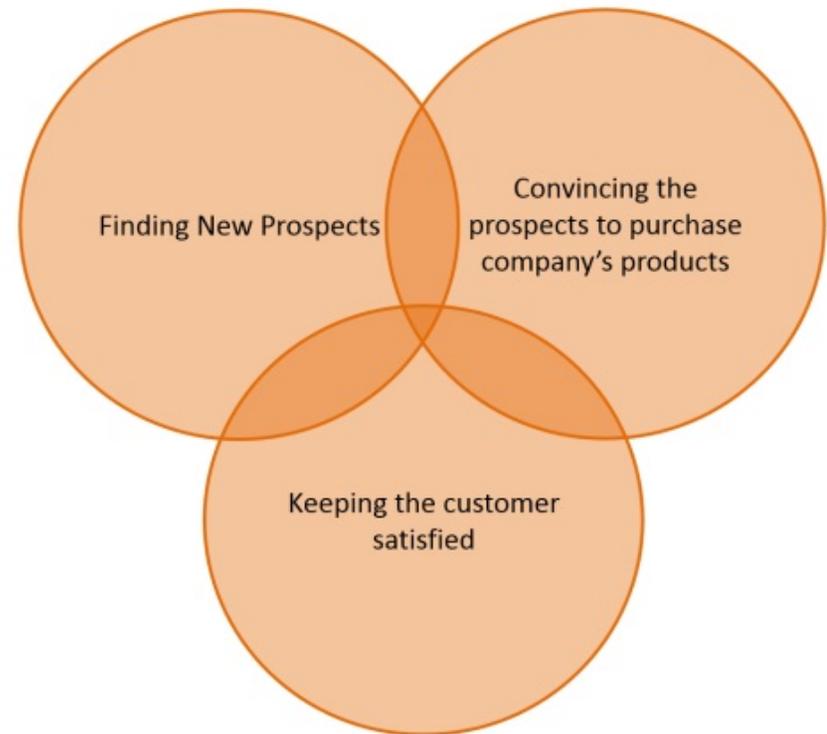
Selling takes place when a seller or salesperson, in a face-to-face interaction with a potential buyer, tries to persuade him to purchase the product or service he is promoting on behalf of your company. Selling takes place at a personal level and involves a personalized transaction. As a salesperson, you

communicate the benefits to your customer in an attempt to inform him and convince him to make a purchase. Selling provides you with immediate feedback and helps you adjust or modify your sales proposition to suit the requirements of the buyer. For example, when a customer walks into an automobile showroom to look at models that are available, the salesperson during his interaction with the customer tries to explain to him, the features of each model, its price, additional accessories that would be required, and the various finance options available. Depending on the requirements and the budgetary constraints of the customer, the salesperson suggests the customer a suitable model.

Selling is a more effective promotional tool when compared to advertising. It gives you (as a salesperson) the freedom to develop and deliver a unique selling proposition to each individual customer depending on the latter's requirements. You can observe and interpret information from the verbal cues (paralanguage) and non-verbal cues (kinesics) of the customer and customize your proposition accordingly. However, selling has its own limitations. Since companies maintain a large sales force to promote their products, cost per sale can be quite high in selling.

In selling, you have to meet certain goals. These include:

- Finding new prospects,
- Convincing the prospects to purchase the company's product, and
- Keeping the customers satisfied and indirectly influencing them to provide word-of-mouth publicity about your company.



Goals of Selling

Importance of Selling

Selling is important for the sales and revenue growth of your organization. It can be described as a handy tool in the hands of marketers for the following reasons:

- Selling gives marketers the freedom to make adjustments in the promotional message to satisfy the information needs of customers.
- Unlike advertising, publicity and sales promotion, it allows the marketers to target their promotional message with utmost precision at the most promising leads.
- It provides the marketer with more information about customer preferences and also serves as a means of obtaining feedback about the company and its products.
- Selling facilitates a two way flow of information and improves interaction between the customer and your company.
- The interaction between you and customers helps your company identify the strengths and weaknesses of new products. It helps your company take necessary corrective action.
- Selling helps marketers obtain necessary feedback to improve their new product development and customize the product to suit the requirements of individual customers.

- Effective sales force also helps your company build and improve relationship with customers.

Summary:

- 1 Selling takes place when a seller or salesperson, in a face-to-face interaction with a potential buyer, tries to persuade him to purchase the product or service he is promoting on behalf of your company.
- 2 Selling is a more effective promotional tool when compared to advertising.
- 3 Selling is important for the sales and revenue growth of your organization.

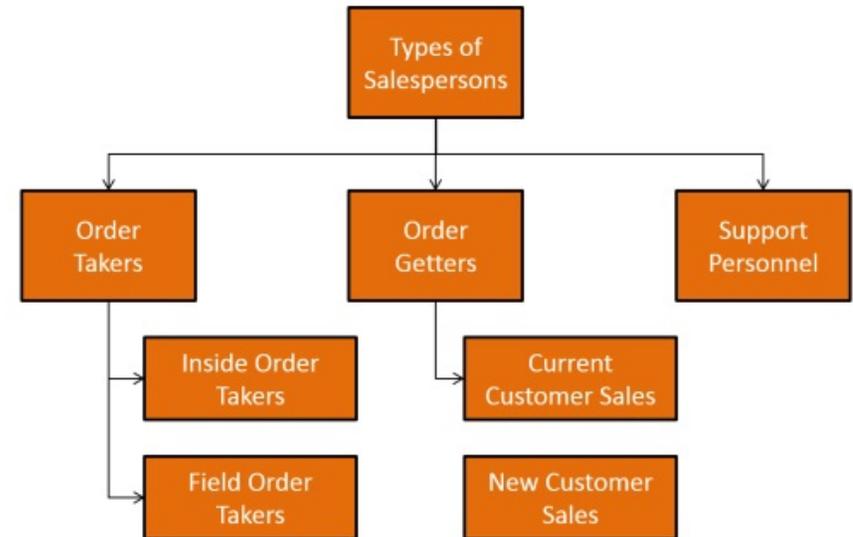
TYPES OF SALESPERSONS

In this chapter, you will:

- Understand the different types of salespersons and their roles

As sales personnel, you try to identify customers' needs and match these needs with the product offerings to satisfy them. You provide information regarding the features of a product and its usage and the service support to the customer, and persuade him to purchase it. Your job is not to push the product but to solve problems and help customers make buying decisions. Apart from the above tasks, you also perform a host of other tasks such as monitoring competitors' strategies, keeping a close eye on the new products introduced by the competitors, studying the competitors' sales efforts, etc. Some examples of sales personnel are stockbrokers, manufacturing sales representatives, retail sales representatives, real estate brokers, etc. On the basis of the nature of functions they perform, sales personnel can be classified as order-takers, order-getters and support personnel. However, it is neither necessary nor financially feasible for companies to maintain three different types of salespersons. Mostly, a single salesperson performs

all the tasks performed by the three different types of salespersons.



Types of Sales People

Order Takers

As order takers, you handle routine sales orders and repeat orders. You anticipate customers' needs and take steps to fulfil these needs. Thus, you ensure that sufficient quantity of the product is available to the customers whenever and where ever they need it. Your responsibilities as order takers include

arranging product displays, restocking the products, answering phone calls and taking orders. Since you do not require making extensive sales efforts, you receive very little training and low compensation when compared to other two types of salespersons. Order takers generate the bulk of a firm's sales. The monotonous nature of the job and the low compensation lead to a high turnover of these sales personnel.

Order takers can be further classified into two types:

Inside order takers:

As Inside order taker, you operate from within the store and do not make any field calls. You help grow the business by interacting with the customers and taking orders on phone or through mail. Examples of such salespersons include telemarketing personnel, retail sales clerks, real estate agents, check-out counter clerks, etc. Inside order takers are usually hired by retailers and wholesalers, motor vehicle dealers, furniture and home furnishing stores, etc.

Field order takers:

As field order taker, you are required to make field calls to promote sales. You go to the customer and take the order for your products. Examples of field

order takers include sales agents for pharmaceutical companies, insurance sales agents, and sales people who promote the sales of hardware, office supplies, etc. to retail stores. You share a relationship of mutual dependency with the customer. While you depend on the customers to obtain repeat orders, the customers depend on you to take their orders and deliver the goods as well. Advances in technology, especially use of laptop computers and the internet, have been of great assistance to these sales personnel as they facilitate tracking of inventory, orders etc., even while they are away in the field.

Order Getters

As order getters, you are responsible for the growth of a company by getting orders from new customers and increasing sales from the existing customers. You achieve this by means of the creative selling process comprising of eight steps – pre-customer contact, prospecting, initial contact, presentation of merchandise, handling objections, closing the sale, suggestion selling, and follow up. Order getters are usually under tremendous pressure to achieve targets. Therefore, you are required to be continuously trained and motivated. Products, which are expensive (for example, fancy clothing), complex

in nature (for example, computers) or are being introduced in the market for the first time, require to be promoted by this category of salespersons.

The process of order getting involves achieving two types of sales: current customer sales and new business sales.

Current customer sales:

Sales from current customers can be increased by successfully convincing them to purchase more products and obtaining more sales orders from them. Current customers may also serve as a source of new business leads for you (order getters).

New business sales:

These involve sales to new customers. In new business sales, your task as an order getter is to identify prospective customers and convert them into buyers. It is a difficult task when compared to current customer sales because converting a prospect into a buyer is a complex process. It also takes a longer time for you to make new business sales. References from existing customers and door-to-door marketing are the two commonly used methods to generate new sales.

Support personnel

Support personnel are not involved in actual sales of the product but facilitate the selling function. As support personnel, your responsibilities include identifying prospective buyers, educating them about the company's products, building goodwill for the company and providing after sales support to the buyers. Support personnel are usually involved in promoting the sale of business-to-business (B2B) products or organizational products.

Support personnel can be categorized into three types: missionary sales people, trade sales people and technical sales people.

Summary:

- 1 Order takers: handle routine sales orders and repeat orders.
- 2 Two types of order takers: Inside order takers, Field order takers
- 3 Order getters: are responsible for the growth of a company by getting orders from new customers and increasing sales from the existing customers.
- 4 Two types of sales generated by order getters: Current customer sales, New business sales

- 5 Support personnel: are not involved in actual sales of the product but facilitate the selling function.

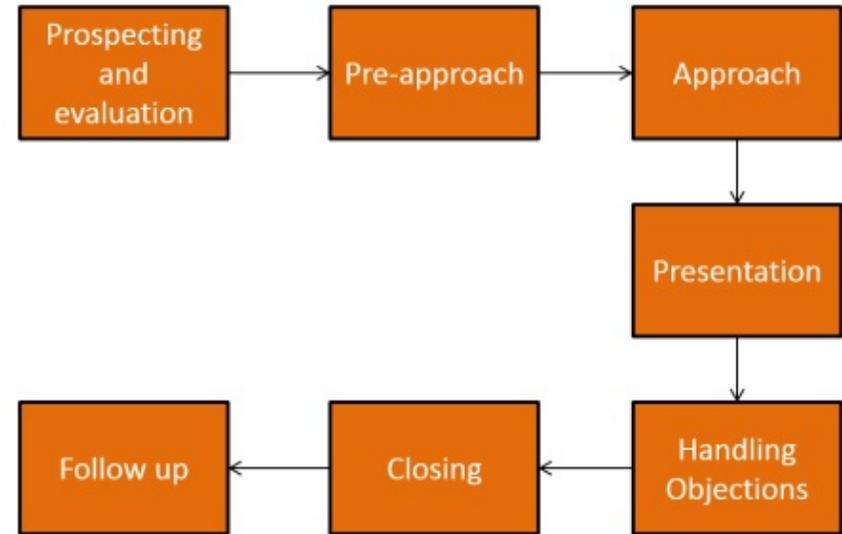
SELLING PROCESS

In this chapter, you will:

- Understand the various aspects of selling process

The objective of the selling process is to enhance customer satisfaction and build a long-term relationship with the customer. The selling process differs from one salesperson to another and also varies with the selling situation. However, a typical selling process usually consists of (i) prospecting for and evaluating the potential customer (ii) preparing before approaching the potential customer, (iii) approaching the prospect, (iv) making presentations to the prospect, (v) handling the objections raised by the prospect, (vi) closing the sale and (vii) following up after the sale. Some selling situations warrant that the salesperson follows all the seven steps, whereas in some selling situations, a few of these steps can be avoided. For example, a salesperson who sells the same product to the same customer every time, be it an individual customer or a corporate customer, can avoid the prospecting and pre-approach stages. In such cases, the previous sales history provides the necessary data regarding the customer. Likewise, a long-term relationship

between a salesperson and a customer allows the former to skip the prospecting and evaluating stages.



Personal Selling Approach

Prospecting and Evaluating

Prospecting is the process of finding and evaluating potential customers. For qualifying a person as a potential customer (prospect), you must identify whether the customer (individual or organization) has an immediate or a distant need to be satisfied. You must also identify if the potential customer has the willingness, ability and authority to buy the

product. At this stage, you do not generally come into contact with the customer. The amount of time and effort put in in prospecting depends on the nature of the product and the marketing goals of the company.

Prospecting involves a) generating sales leads, b) identifying prospects and c) qualifying prospects.

Generating leads

A sales lead (potential prospect) can be in the form of an individual or an organization that might need or buy your company's product. Salespersons use a variety of sources to generate leads such as:

(a) People: This category consists of your existing customers, suppliers, former customers, dealers and other salespersons of the company, or the friends, relatives, and other people in his reference group, who may lead.

(b) Events: You can come into contact with the potential at any social event, seminar, conference, trade show or exhibition.

(c) Published information: You can take the help of newspapers, telephone directories, trade directories

(e.g. yellow pages), business cards, coupons, sales records, computer databases, public records, mailing lists, organization directories, etc. to identify potential sales leads. This published information usually helps in making cold calls.

(d) Associations: As salesperson, you can be a member of professional bodies (e.g. National Association of Sales Professionals, Sales & Marketing Executives International trade associations, chambers of commerce, etc. Sales leads can be generated and identified at various programs, meetings and seminars conducted by such professional bodies.

Identifying prospects

A prospect is a person or an organization that indicates a need for your product. You can identify a prospect by writing to him, or by making a phone call or through telemarketing. Salespersons make phone calls, which is also known as cold calling, in order to contact a prospect. In a cold call, a salesperson either visits or calls up people whom he does not know. The salesperson may visit a potential customer either by taking a prior appointment or without it. However, adopting the latter approach might be both costly and time consuming and also does not promise to

generate a customer. Telemarketing is yet another tool to identify prospects and this utilizes the services of specialized sales people to contact potential customers over the telephone.

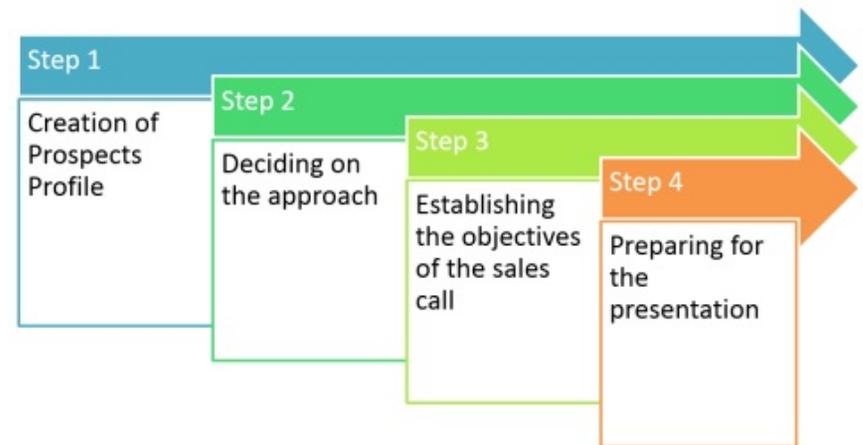
Qualifying prospects

After identifying a potential lead (prospect), you qualify whether the prospect can afford to make a purchase or not. It is not worthwhile to invest time and effort in all the prospects because some customers may not have the need or the financial capacity to make the purchase. There may also be some prospects who lack the authority to make the purchase decision. Therefore, it is important for the salesperson to first evaluate the capacity, willingness and authority of the prospect to make a purchase decision. To obtain this information for consumer products, the salesperson inquires the prospect about his or her occupation, place of residence, etc. If the prospect is a corporate entity, you can evaluate its credit rating and annual reports before qualifying it as a potential customer. On the basis of the information gathered from the prospect, you can qualify the prospect as a cold lead (a prospect who cannot turn into a customer), a warm lead (a prospect who has a latent need to buy the product)

or a hot lead (a prospect who is willing to make the purchase).

Pre-approach

After having identified the hot leads, as salesperson, you plan and prepare for making a sales call on them. The pre-approach stage of personal selling process involves further sub-stages such as creation of the prospect's profile, deciding on the approach, establishing the objectives of the sales call, and preparing for the presentation.



PreSales Approach

Creation of the prospect's profile requires you to be involved in certain information-gathering activities. For developing a profile, you try to gather information about the personal characteristics of the prospect, his specific product needs, brands that are currently being used by the prospect and the prospect's opinion of other brands. While selling to an organizational buyer, you might also need to collect information about the key decision makers in the organization. Information pertaining to the credit history of the organization, history of the particular sales account and problems associated with the account, and that of the product needs of the organization also help you develop an effective sales presentation. You can also update your knowledge by obtaining and reading relevant literature on the product. By following such a thorough approach, you can communicate better with the prospect which helps you understand the prospect's needs better, so that you can offer a suitable product to meet those needs.

After developing the profile of the prospect, you need to decide on how to approach the prospect with your sales proposition. You can make a cold call to the prospect over the phone or in person. If the prospect is an existing customer, you can pay him an

unannounced visit or take an appointment to visit the person. You can also initiate a contact with the prospect by sending him a letter.

After having decided the approach, you must establish the objectives of the sales call. You need to realize the fact that the prospect's time is valuable and that he would expect you to justify the time given to you for making the sales presentation. Therefore, framing of clear objectives is essential for the success of a sales call.

The last activity to be performed by you in the pre-approach stage is to prepare for the presentation. You develop your presentation on the basis of the information gathered earlier. You update yourself with relevant information, and assemble together all the material like visual aids that would be necessary to make an effective presentation.

Approach

Approach is the stage in the selling process in which you make an initial contact with the potential customer and try to find out his needs. At this stage, creating a favorable impression on the buyer is more important for you than pushing the product. An effective salesperson will utilize the approach stage

to lay the foundation for a successful presentation later, by attracting the prospect's attention, building a rapport with him and generating an interest in him for the product.

Personal characteristics of the salesperson like his appearance and his mannerisms are also important factors that affect the outcome of the sales call. For instance, a well-groomed and well-dressed salesperson will create a favorable impression on a prospective buyer unlike a shabbily dressed and unkempt person.

You may use various methods of approach. The method used depends on your choice, the personal characteristics of the prospect, the type of the product, and the resources available with the firm. The first method - referrals — involves you approaching the prospect by giving the reference of an acquaintance. The second method, cold canvassing, involves you approaching the prospect without obtaining his prior consent. The third of approach is through repeat contact and is applicable for the existing customers of the company.



Referrals



Cold-canvassing



Repeat Contact

General Sales Approach

Presentation

The sales presentation is the most important step in the sales process. The aim of a sales presentation is to attract the prospect's attention, stimulate his interest and stir a desire for the product, so that he takes appropriate action. Sales presentations are

based on the AIDA (Attention, Interest, Desire and Action) concept according to which, you first attract the attention of the potential customer, create interest and stimulate a desire for the product or service, which directs the potential customer to take action to fulfill the desire. You can create interest about the product by allowing the prospect to touch, hold and examine it, while you deliver the sales talk or the presentation.

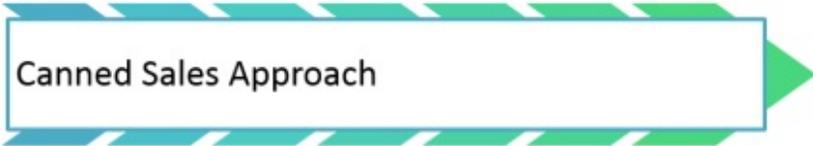
Although presentations can take many forms, their main aim is to communicate the product's benefits effectively to the prospect and convince him to purchase the product. A good sales presentation speaks not only about the benefits the customer is looking for, but also convinces him about the additional benefits of the product.

You can use a number of approaches like the canned sales approach, formulated sales approach and need satisfaction approach to make the presentation.

- **Canned sales approach:** In this form of presentation, you deliver a memorized sales talk. The same message is repeated / delivered to all the buyers interested in a specific product. This style of presentation is based on

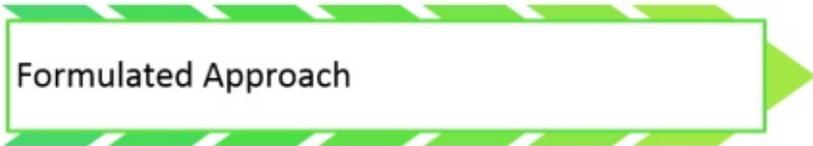
the stimulus-response process i.e., the buyer is passive and can be stimulated to buy the product. This approach is also known as stimulus response approach.

Approach 1

A blue and green arrow pointing right, containing the text "Canned Sales Approach".

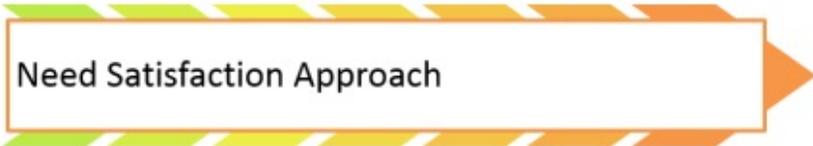
Canned Sales Approach

Approach 2

A green and yellow arrow pointing right, containing the text "Formulated Approach".

Formulated Approach

Approach 3

An orange and yellow arrow pointing right, containing the text "Need Satisfaction Approach".

Need Satisfaction Approach

Various Sales Approaches

- Canned sales approach is used when the product is not very technical and/or when the salesperson is inexperienced. It is extensively used in door-to-door selling and in

telemarketing programs. The main disadvantage of this approach is that it does not give the buyer an opportunity to raise questions, which be frustrating for him.

- **Formulated approach:** This approach is also based on the stimulus-response process. You identify the buyer's needs and his buying styles and then use one appeal after another, hoping to hit the right chord. In other words, you formulate the presentation in such a way that it explains and convinces the customer how the product can satisfy his needs.
- **Need satisfaction approach:** This approach is based on the principle that each customer has a different set of needs. You are required to identify the customer's needs by gathering information about him. For this, you have to develop the habit of listening to the customer. You are also required to think from the buyer's point of view and then plan your presentation accordingly. This approach calls for customizing the sales presentation to cater to the needs of individual customers. Therefore, this is better suited for experienced and sophisticated sales personnel as they are well

versed with the art of communication and persuasion. The limitation of this approach is that it consumes a lot of time and requires an experienced salesperson for the presentation to be effective.

Handling Objections

As salesperson, you need to clarify any doubts or objections that the customer may have. In fact, the conspicuous absence of objections can be an indication that the customer is not interested in buying the product. An objection brings out the latent concerns of the prospective buyer and needs to be addressed. It should be viewed as a request for further information regarding certain aspects of the sale or product. An effective salesperson considers the objection as an opportunity to satisfy the customer and restrain him from switching to a competitor. Therefore, you need to probe into the objection to understand the true nature of the problem and try to solve it.

Some common reasons why prospects raise objections are:

- The prospect may not have enough time to talk to the salesperson.

- He or she may not have money and/or authority to make a purchase.
- The product may not suit the needs of the prospect.
- The prospect might not have had a good experience with the salesperson during the presentation stage.
- The prospect may raise objections to gain more information about the product.
- The prospect might raise objections out of sheer habit.

The most common type of objection is the price objection. Price may be a genuine concern for the customer, but at times, it may only be a shield for other concerns. Therefore, when you face a price objection, you need to probe further to ascertain whether the customer is objecting to the price only to conceal the other hidden concerns. Apart from the price of the product or service, other aspects on which the customer may raise objections pertain to product quality, reputation of the company, etc.

Ways to overcome objections are:

- Listening to the prospect, asking questions and responding to his objections.

- Being clear and straight forward in answering queries. The customer should not get the feeling that the salesperson is being evasive.
- Agreeing with the customer's objection and coming up with a feasible solution to resolve the objection. This method is also known as yes-but method; it avoids contradictions and confrontations that mar the sale.
- Sometimes, the salesperson may not be sure of the answer to a customer's query. In such a situation, the salesperson needs to reassure the customer that he will get back to him with the answer as early as possible and should keep his word.
- The salesperson should anticipate the objections that are likely to be raised by the prospect and should counter them even before the prospect can raise them. But this can be risky, as the prospect may not have considered raising such objections at all.

Closing

The stage in which you ask the potential customer to make the purchase is known as closing. In the closing stage too, customers may raise objections due to various reasons. For example, the financial position of the customer may not be good or the customer

may not be mentally prepared to purchase the product. The salesperson should refrain from duping the customer into buying the product, but should try earnestly to clear the objections and then attempt to close the sale.

You can attempt to make a trial close at several points during the presentation by enquiring about the financial terms and conditions suitable to the customer, the preferred mode of delivery, etc. The response of the customer to such questions will help you know how close the customer is to placing an order.

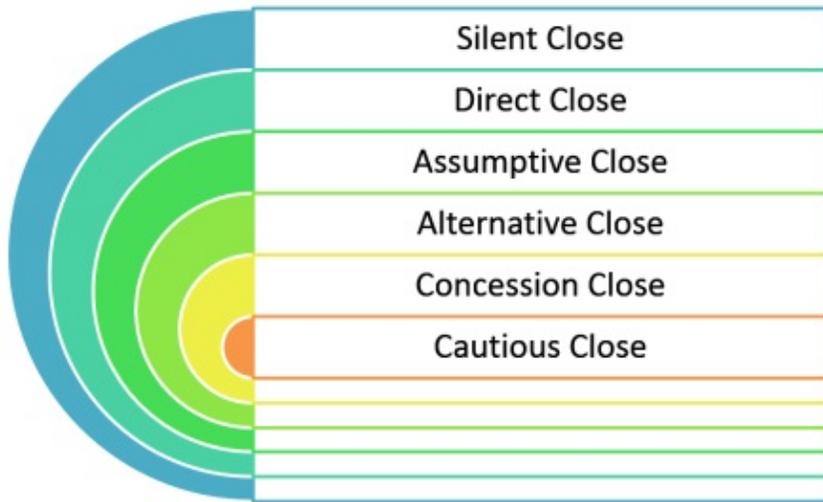
The most popular techniques for closing a sale are:

- **Silent close:** The salesperson makes the presentation and waits quietly for the customer to make the purchase decision.
- **Direct close:** The salesperson asks directly for the close of the sale. For example, the salesperson may ask the potential customer the question - "Are you ready to place an order?"
- **Assumptive close:** The salesperson assumes the customer's consent for the close. The salesperson just says "I have completed all the

necessary paperwork. All you need to do is read through and sign the papers."

- **Alternative close:** The salesperson seeks to close the sale by providing him different alternatives. For example, questions like "Would you prefer this color over that?" Or, "Would you like the product to be shipped?," etc. indicate an alternative choice.
- **Concession close:** The salesperson can offer to give some concession to the customer and tempt him to make the purchase decision.
- **Cautious close:** The salesperson becomes careful in inquiring about the close. He can ask the potential customer if he would like to ask anything before closing the deal.

The salesperson must try to spend a few minutes with the customer after closing the deal as it reassures the customer that he has made a wise decision and makes him feel good. The sales person may also leave a small gift/memento with the company's name/logo on it, or invite the customer to contact him whenever a need arises. The salesperson may seek to develop friendly relations with the customer by remembering to greet the customer on important occasions such as his birthday, the New Year, etc.



Sales Closure Methods

The salesperson must try to spend a few minutes with the customer after closing the deal as it reassures the customer that he has made a wise decision and makes him feel good. The sales person may also leave a small gift/memento with the company's name/logo on it, or invite the customer to contact him whenever a need arises. The salesperson may seek to develop friendly relations with the customer by remembering to greet the customer on important occasions such as his birthday, the New Year, etc.

Follow up

The objective of every salesperson is to ensure repeat sales. This can be achieved by enhancing customer satisfaction. The follow up stage is the last stage in the selling process wherein you aim to develop a long-term relationship with the customer. This stage plays an important role in showing that your company and you are genuinely interested in nurturing a long-term relationship with the customer, rather than just making a sale. Follow up after closing the sale also helps reduce cognitive dissonance.

As part of the follow up, you can call upon the customer to enquire if the order was delivered in time, whether the customer faced any problem after installation, or whether the customer is satisfied with the product or not, etc. Calling on the customer after the sale also helps you determine the future needs the customer.

The follow up stage aims to accomplish four objectives. It helps your company gain customer satisfaction and prevents cognitive dissonance in the customers. It also helps to generate new referrals for you and in the long run, repurchase orders.

Summary:

- 1 Prospecting: is the process of finding and evaluating potential customers.
- 2 Generating Lead: A sales lead (potential prospect) can be in the form of an individual or an organization that might need or buy your company's product.
- 3 Identifying Prospects: A salesperson can identify prospect by writing to him, or by making a phone call or through telemarketing.
- 4 Qualifying Prospects: helps a salesperson identify whether the prospect can afford to make a purchase or not.
- 5 Pre-approach: involves further sub-stages such as creation of the prospect's profile, deciding on the approach, establishing the objectives of the sales call, and preparing for the presentation.
- 6 Approach: is the stage in the selling process in which the salesperson makes an initial contact with the potential customer and try to find out his needs.
- 7 Presentation: The aim of a sales presentation is to attract the prospect's attention, stimulate his interest and stir a desire for the product, so that he takes appropriate action.
- 8 Handling Objections: An effective salesperson considers the objection as an opportunity to satisfy the customer and restrain him from switching to a competitor.
- 9 Closing: The stage in which the salesperson asks the potential customer to make the purchase is known as closing.
- 10 Follow-up: This stage plays an important role in showing that your company and you are genuinely interested in nurturing a long-term relationship with the customer, rather than just making a sale.

IMPROVING SALES PERFORMANCE

In this chapter, you will:

- Understand the efforts required to improve the selling process
- Have a detailed understanding of professional training, negotiations and relationship marketing

Selling requires a great deal of knack on your part. Not all salespersons can convert a hot prospect into a customer. The reasons could be many, one of which may pertain to your selling skills. Thus, it has become vital for companies to improve the success rate of their sales personnel by training them to enhance their selling skills. The effectiveness of selling efforts in a company can be further improved through professional training, negotiations and relationship marketing.

Professional Training

High performing companies treat their people as assets that are chosen with care, thoughtfully treated, generously rewarded and vigilantly monitored. Not all sales personnel hired by a company generate good revenues. Training is considered as an effective tool for improving the

performance of poor performers and enhancing the performance of good performers as well. Therefore, companies spend millions on training their sales personnel.

The purpose of imparting training to sales force helps you convert prospects into customers. There are two basic approaches for training salespersons. These are the sales-oriented approach and the customer-oriented approach.

Sales-oriented approach:

The sales-oriented approach is based on the assumption that customers are not likely to make a purchase decision unless they are pressurized, that their decisions can be influenced by presentations and that they are not likely to complain after making the purchase. Therefore, as a salesperson, you have a couldn't-care-less attitude regarding customer satisfaction and regarding maintaining after-sales relations with the customer.

Customer-oriented approach:

This approach aims at training the sales people to solve customer problems. It is based on the assumption that every customer has unique and latent needs. You must consider these needs as

opportunities to serve them. You must be able to identify the needs of the customer by asking probing questions to gather more details about the customer. This helps you come up with a feasible solution to fulfil those needs. This approach also assumes that customers welcome constructive suggestions from you and will trust you for giving them the right advice. This approach emphasizes on the customer orientation skills of the salesperson and not his presentation skills.

Negotiation

Negotiation is a process where two parties discuss an issue, bargain and then agree upon some terms and conditions to close the deal. Negotiations are usually carried out for a better deal in price, quality and quantity of goods, services offered, credit terms, order processing, delivery time, etc. The salesperson or the sales manager usually keeps a margin for negotiations, anticipating that the buyer will demand a better bargain. This margin provides the seller, room for further discussions and negotiations. Also, this helps satisfy the buyer, who sometimes expects a concession for the purchase, especially when he makes a down payment.

Negotiations also depend on the bargaining power that a seller enjoys either because of the superior quality of product or because of his product satisfying the buyer needs better than competing products, and the negotiating skills of both the parties (i.e. salesperson and the customer). You are trained to develop skills like ability to think clearly under pressure and uncertainty, ability to persuade, listening skills, etc., which can be quite effective during negotiations. Negotiation skills help you strike deals that earn adequate profits for the company and make the buyer feel that he has got the best deal.

Relationship Marketing

In the past, marketing focused only on attracting new customers. However, it was soon realized that it is far more profitable for a company to retain the existing customers than to attract new ones. Thus, marketing gradually transformed into a field that involves working closely with the customers to achieve mutual benefits for both the customer and the marketer. This forms the essence of relationship marketing, wherein the objective is to build lasting relationships with customers and enhance the quality of future interactions.

Relationship marketing, due to its focus on customer satisfaction, has become a proven method of increasing the sales of a company. The author of 'SPIN selling', Neil Rackham, recommended that you should try to identify and investigate the real problems and needs of the customers by gathering preliminary information from them, and should then come up with a solution that reinforces the customer's choice of the product. This allows companies to display their superiority over their rivals.

Salespersons are the people who come into direct contact with the customers. Hence, adapting relationship marketing to selling is a strategic choice that companies have to make. Relationship marketing is based on mutual trust between the buyer and the seller by delivering long-term value-added benefits to buyers. Companies have realized that the focus on customer satisfaction results in long-term profits, even if it means a loss in the short-term. This emphasis on customer satisfaction by companies has resulted in instances where the sales personnel of a company recommended the product of a rival company to a customer because of its ability to satisfy the customer need better. Such a focus on customer satisfaction helps build a mutually

beneficial and satisfying long-term relationship based on trust.

As a marketer, you can use various means to obtain long-term commitment from the customers and build lasting relationships with them. Some of them are:

- Sending a thank-you note to the customer for placing the order and for providing referrals.
- Providing articles or information on a customer's competing business.
- Sending the customer, information about the launch of a new product, with a note on how it can benefit the customer or his business.
- Sending the customer, information on an upcoming sale or special offer, including coupons for customer discounts.
- Sending reminders to the customer of his pending order or reorder.

Although businesses need to seek new customers, they should not make the mistake of ignoring the potential of old customers because it is far less expensive to sell to old customers than to new customers. Selling to existing customers eliminates the need for prospecting, building a rapport and gathering information, thereby saving the time and effort of the salespeople. Management must

understand that relationship marketing calls for a more focused and continual attention by the salesperson. Companies should train their sales force in team building and other soft skills to develop long-term relations with the customers.

Summary:

- 1 Professional Training: The purpose of imparting training to sales force helps the salesperson convert prospects into customers.
- 2 There are two basic approaches for professionally training salespersons:
 - Sales-oriented approach
 - Customer oriented approach
- 3 Negotiations: is a process where two parties discuss an issue, bargain and then agree upon some terms and conditions to close the deal.
- 4 Relationship Marketing: the objective is to build lasting relationships with customers and enhance the quality of future interactions.

SALES FORCE MANAGEMENT

In this chapter, you will:

- Understand how to establish sales objectives
- Understand how to fix the sales quotas

Management of selling requires planning, implementation and evaluation of sales force strategies. The first step in sales force management involves setting the sales goals and planning the objectives of different sales activities of the sales executives. Then, arises the need for designing the sales force to achieve the predetermined goals. In the final stage, the sales manager evaluates the performance of the individual salespersons as well as the sales team as a whole.

Establishing Sales Objectives

Similar to other promotional objectives, sales objectives are statements of what the sales team expects to achieve in a specified period of time. Selling objectives differ from one firm to another. They depend on the overall objectives of the firm, the nature of its product, the channels of distribution, the target market and the nature of competition in the market.

The most important objective of a salesperson is to create an interest in the customer, convince him about the product and convert his interest into a sale by persuading him. Sales objectives can be set either for the individual salesperson or for the sales team as a whole. They provide the direction and purpose for the functioning of a sales team. They also act as a standard for evaluating the performance of the sales persons and the sales team. Sales objectives for the entire sales team are usually stated in terms of the sales volume, the market share and overall profit to the organization, whereas sales objectives for an individual salesperson, also known as sales quotas, are stated in terms of his unit sales volume, his average order size, the average number of calls in the specified time and the ratio of orders generated in that time. Sales managers have realized the need to determine explicit, feasible and measurable goals. Hence, they set the sales objectives in consultation with the salespersons. They discuss, identify and jot down the KPAs (key performance areas) and then set the sales objectives.

Fixing the Sales Quotas

After establishing the sales objectives, you are assigned a sales quota on the basis of the number of potential customers in that territory. Sales quotas

are quantifiable objectives set for measuring and appraising the effectiveness of sales personnel. Quotas are the targets that specify the desired performance required from each salesperson or sales region to achieve the organizational sales target. When the sales quotas are determined and communicated, they act as a motivational factor for the sales personnel to achieve the desired goals.

Sales quotas should reflect the firm's selling objectives, its overall sales plan, size of the sales force and the nature of the sales territory. Sales quotas include the number of sales calls to be made, the dealers to be contacted, the displays and the demonstrations to be conducted by the sales personnel and the number of new accounts to be created in a specific time. Sales personnel are encouraged by the sales managers to forecast the demand and help determine their sales quotas.

Summary:

- 1 Sales Objectives are statements of what the sales team expects to achieve in a specified period of time.
- 2 Sales quotas are quantifiable objectives set for measuring and appraising the effectiveness of sales personnel.

DESIGNING THE SALES FORCE

In this chapter, you will:

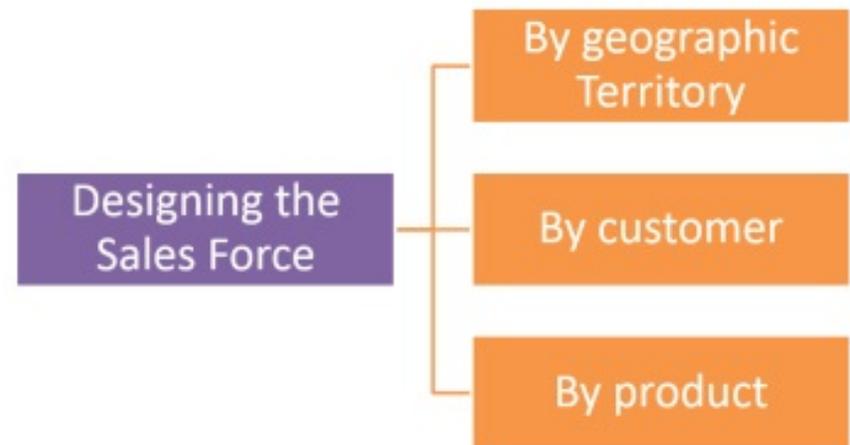
- Understand how the sales force could be designed using:
 - 1 Geographic territory
 - 2 Customer
 - 3 Product

Every company is different in terms of the product line, the nature of the customer base and the type of sales personnel required. Thus, sales force is organized differently in different companies. The most common bases for organizing sales personnel are geographic territory, customers, product or a combination of these.

Geographic territory

Organizing by geographic territory is the simplest and the most commonly used method of structuring the sales force. A particular geographic area is assigned to you to sell the products and services of the company. A geographic territory can be as small as a part of a city or as big as an entire country. Most pharmaceutical companies structure their sales force on the basis of geographic territories. A well designed sales territory is one in which the market is

homogenous in nature. Well-designed sales territories make the process of planning, implementation and control much easier for the sales manager. Advantage of organizing on the basis of territories is that a) you can familiarize yourself and learn more about that particular market, b) you can minimize travel time and expenditure by operating from the center of the territory, and c) it helps you build and maintain relationships with your customers. The disadvantage is that geographic division of the market is not suitable in case of complex products that demand specialized knowledge by the salesperson.



Designing Your Sales Force

Customer

Organizing sales force on the basis of customers is in turn based on the fact that different customers have different needs and requirements. For example, Eureka Forbes has divided its sales force on the basis of institutional customers and individual customers. The disadvantage of this type of organization of the sales force is that the selling cost goes up as more than one salesperson covers the same geographical area.

Product

In this form of organizing, the sales force is organized on the basis of the principle that you should have specialized knowledge regarding the product. The advantage here is that each salesperson can concentrate on a particular product line or brand. However, the disadvantage of this approach is that different salespersons contact the same customer for different products of the company. For example, HDFC Bank has different sales teams for each of its product, due to which different salespersons contact the same customer for selling different products such as credit card, debit card, personal loan and home loan etc.

Summary:

- 1 Geographic territory: A particular geographic area is assigned to a salesperson to sell the products and services of the company.
- 2 Customer: Organizing sales force on the basis of customers is in turn based on the fact that different customers have different needs and requirements.
- 3 Product: The advantage of designing the sales force by product is that each salesperson can concentrate on a particular product line or brand.

DETERMINING THE SALES FORCE SIZE

In this chapter, you will:

- Understand the ways and means to determine the size of sales force

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. This is a crucial decision because if the manager hires more people to cover the market adequately the costs would go up and consequently, the profit volume of the company would come down. On the other hand, if less sales people are hired, the workload on each salesperson would increase, making it difficult for them to meet the deadlines. This will in turn lead to low morale and productivity of the sales force, eventually leading to a decline in sales volumes. It is almost impossible for a sales manager to determine the exact number of sales personnel he would require. Therefore, an optimum number of sales people should be hired to carry out the selling activities of the firm. The two common methods employed by the sales manager to determine the size of the sales force are equalized workload method and incremental productivity method.

Equalized workload method

Equalized workload method is based on the assumption that every salesperson should have the same amount of workload. Each salesperson must make approximately the same number of sales calls over a given period of time. In this method, the customers are divided into groups based on the volume of purchases made by them. Then the sales manager calculates the number of sales calls required to satisfactorily serve the customers in each group.

In order to determine the size of the sales force, the sales manager needs to multiply the number of customers in each group with the number of sales calls required to be made annually, to serve the customers in the group satisfactorily. This gives the total required number of annual sales calls. This figure is then divided by the average number of calls to be made by each salesperson to obtain the desired size of the sales force. This figure can be represented in the form of an equation, total annual sales call requirement/average annual sales calls = number of sales people.

For example, say a manager estimates his potential and current customers as 4000 in total and if each

customer needs to be called at least 10 times in a year and each salesperson can make 1000 calls in a year, then the number of salespersons required would be $(4000 \times 10)/1000 = 40$.

If the customers are divided into two groups, A and B, then the number of sales people = $(\text{total annual sales calls for group A} + \text{total annual sales calls for group B})/\text{average annual sales calls}$.

This method cannot be taken as an accurate method to predict the sales personnel requirement of an organization because

- The sales call requirement might vary from one customer to another depending on their individual needs and problems.
- The geographical distance between the accounts of one salesperson might not be equal to that of another salesperson. Hence, the time taken to travel and the number of accounts covered by one salesperson cannot be the same as the other salesperson.

Incremental productivity method

Incremental productivity method is considered the most appropriate method to determine the size of the sales force. It is based on the assumption that

the addition of a salesperson is justified when the additional sales generated by him exceed the cost of hiring him. Sales managers continue to increase the size of their sale force as long as the value of the sales generated by the additional personnel is greater than the cost incurred in hiring them. Before opting for this method, the sales manager therefore needs to estimate the future sales, the selling costs and the cost of hiring an additional salesperson.

Summary:

- 1 If the manager hires more people to cover the market adequately the costs would go up and consequently, the profit volume of the company would come down.
- 2 If less sales people are hired, the workload on each salesperson would increase, making it difficult for them to meet the deadlines.
- 3 Equalized workload method: is based on the assumption that every salesperson should have the same amount of workload.
- 4 Incremental productivity method: is based on the assumption that the addition of a salesperson is justified when the additional sales generated by him exceed the cost of hiring him.

RECRUITING AND SELECTING SALESPEOPLE

In this chapter, you will:

- Understand the process of recruiting and selecting sales people
- Understand the process of training and evaluating sales personnel
- Understand how to decide the compensation of your salesforce

The first step to develop an effective sales team is that you recruit the right kind of people. Recruitment is an ongoing process of selecting job applicants, whose profile matches the company's requirements. The HR department maintains a pool or database of all the applicants to an organization, for their future requirements. Recruitment can be either internal recruitment or external recruitment. Internal recruits can be the company's own sales people (for higher job positions), employees from other departments, etc. The company recruits from external sources through references from its customers, suppliers, professional associates or through job fairs, advertisements, placement consultancies, in-campus student recruitment, employee referrals, etc.

Managers need to establish a set of required qualifications and characteristics for the sales personnel before they begin to recruit. They prepare a job description that lists the specific tasks you need to perform.

Selecting the sales team is a simple task, if the manager knows what qualities he is looking for in a salesperson. Selection procedure can vary from a simple informal interview to a structured process consisting of a written test and an interview, followed by a physical examination. Written and oral tests evaluate the applicants' abilities like aptitude, intelligence, language skills, problem solving skills, etc. Personal interviews evaluate the applicants' desire to work, their level of maturity, ability to work under stress, etc. Organizations choose applicants based on their performance in the written test and interview. People who are native to a place find it easier to sell to their own people, as they are familiar with the language and the customs of the place. For example, it would be a wise decision to hire a South Indian to sell a product in the south rather than hiring an Assamese or a North Indian. However, this need not be true always. Managers take utmost care in selecting salespersons because it costs a lot to recruit and train them. Apart from this, the firm also

faces a decline in sales by hiring the wrong people. Further, if the salesperson quits the company after being trained, the company has to once again bear the cost of hiring and training a new salesperson along with the cost of loss of sales. Hence, companies cannot afford to have a high turnover and therefore take utmost care while recruiting and selecting sales persons.

Routing and Scheduling

As a sales manager, you must specify the sales territory, the number of customers and their geographic distribution within the territory before routing and scheduling the sales calls to be made by the salesperson. He should then set the frequency and duration of the sales calls, and the mode of transportation to be used during the sales call. But schedules set in advance by the sales manager might not always work out perfectly as some customers might request for a different date (of appointment) or require an additional visit in a short span of time. However, in some organizations, the sales personnel themselves set the routes and schedules. The main aim of routing the sales calls is to maximize the productivity and minimize the time and expenditure invested in each sales call.

Training Sales Personnel

Sales training aims at helping the sales personnel (both old and new) to perform their job satisfactorily. It supplements experience, as you learn varied skills over a period of time. Sales training improves the overall efficiency of the salespersons. Even in the absence of training, it is possible for you to learn the required skills. However, this comes from personal experiences and requires a longer time. Therefore, salespersons who are trained reach higher levels of job performance faster. Training also helps in bringing down the cost of recruitment, selection and the rate of attrition. Xerox spends over \$300 million a year on training its employees. Likewise Motorola, FedEx and Singapore Airlines spend a minimum of 3% of their payroll cost per annum, on training.

There are several reasons for imparting training to the sales force. Sales training helps you learn more about the market in which they are operating and about the customers and their preferences. Sales training also helps the sales persons acquire knowledge about the product they are to sell as well as the competitors' products and strategies. It also helps in enhancing the salespersons' knowledge about the company. Most important of all, training

helps you develop personal selling skills, time management skills and sales forecasting skills.

Sales training can be directed at the entire sales team or a few select sales personnel, or it can be customized for individual trainees. Managers can use different programs to train different sales personnel. For instance, while new sales personnel require induction training (i.e., knowledge about company's policies and procedures, company's products and other product related aspects such as warranties, sales terms, promotion and distribution), seasoned sales personnel may need to be trained on new products, change in company policies, advanced selling techniques and better time management. Training can be formal (e.g. a day or a two-day long training session), or informal (e.g. on-the-job training or self-learning sessions in case of customized training). The choice of the training program depends on the number of sales persons required to be trained in a training session, the contents and complexity of the program, length of the training session, the budget allocated for training, venue of the training program and the trainer's preference of the material and method of training. It can be imparted using various tools like class room lectures, on-the-job methods, role plays, case study method,

gaming or simulation, mentoring or coaching, self-paced learning, e-learning and using instructional material (manuals books, training aids). Following section gives us a snapshot of role-play method, a simulation technique, for sales training.

Organizations can conduct the training of employees at different places. Commonly used venues for training are discussed below:

- **The field:** most salespersons learn on the field. This gives them an opportunity to learn while on-the-job, i.e., when they make sales calls.
- **Educational institutions:** companies sponsor their employees to learn new skills at specialized training institutions. For example, Singareni Collieries has tied up with Institute of Public Enterprise (IPE), India to train its employees.
- **Company facilities:** most companies have come up with their own learning centers to facilitate training. This gives an opportunity to the employees to learn at their own pace and at their own convenience. For example, Motorola has its learning center 'Motorola University' to host all the training activities of the company. The center provides recreation apart from training to its employees and its

location eases the problem of traveling long distances. This strategy by the company has helped it curb the attrition problem. Some companies have even come up with innovative ideas like setting up training centers to train not only their internal employees but others (outsiders) as well for specific skills. For example, BM Khaitan Group's "Eveready Academy of Sales Training" plans to impart training to salespersons.

The Field

Educational Institutions

Company facilities

Commonly Used Sales Training Approaches

Role Play Your Way to Sales Growth

"Tell me, I forget
Show me, I remember

Involve me, I understand,"... goes an ancient Chinese proverb. But how many of us actually pay heed to such sagely words?

Managers have been using various training techniques for ages, to train and retrain their staff in order to increase customer satisfaction. One such technique is role-play. Role play can be used to impart any skill to the employees, especially soft skills. This type of training is considered the most effective for training salespersons.

In this method, two or three participants are selected from the group of trainees and asked to enact various roles. For instance, a participant might be asked to enact the role of a salesperson, while another participant may be asked to enact the role of a customer. The others in the group might be observers who give their comments after the enactment. There is a trainer to coordinate the group's activities. The rate of learning is high in role-play as the group takes an active part in the session due to peer pressure. After the enactment, the leader asks the sales person (in the enactment); if he is satisfied with his performance and if not, what else could he do to improve it. He also asks the observers about the best features of the enactment. The

observers give valuable suggestions as to how the salesperson could have been more friendly and helpful to the customer. Eventually the trainer or coordinator concludes the role-play session by summarizing the points.

The role-play session continues until every member of the group gets to perform on various issues of customer interaction.

Evaluate training

A training program is incomplete without evaluation because evaluation helps determine the effectiveness of the training program. It helps determine whether there has been the desired change in the behavior/learning of the sales personnel. Companies use various methods to gauge the effectiveness of their training programs. For example, some companies use the sales records of an individual salesperson before and after training, to measure the effect of training on his performance. Some others conduct a written test before and after the training. However, the shortcoming of this method is that some salespersons may be good at theory but might not be able to implement it in practice. Some companies even indulge in sending observers to the field along with the salesperson, to

evaluate the effect of training on his performance in field. Evaluation helps improve the effectiveness of the training programs as well. It plays a vital role in reviewing performance of trainees and provides data for validation of a particular training technique.

However, it is not possible to precisely evaluate the effectiveness of the training program and that of the techniques used in training because it takes days/months to actually measure the effect of training on the performance of a salesperson. Ineffectiveness of a training program/technique may also be due to its inadequacy, or the trainer's inefficiency.

Train Them Young

The training environment has a great impact on learning. Companies invest heavily on training their staff. In the recent past, various companies have set up their own training centers. A training or learning center can be used to impart training, i.e. individual training, group training, or self-paced learning. It can also be used to conduct meetings and for recreational activities, etc.

'Eveready Industries India Ltd.,' the flagship company of the BM Khaitan group, plans to set up a training institution, 'Eveready Academy of Sales Training.' The

institution will be the first of its kind in the nation to impart training to sales personnel. Having identified an acute shortage of trained sales personnel, there are plans to impart sales related training at the training institution to young men and women since most of the salespersons are fresh graduates. The trainees would be selected on the basis of an online psychometric test and group discussions and one year training would be provided to them. The course would comprise of classroom lectures in taxation, IT, salesmanship, distribution network, financing, sales planning, etc, apart from on-the-field training. In the on-the field training, each student would be given a sales territory and a target to achieve.

Compensation

Compensation is the reimbursement for the efforts put in by a salesperson. Every organization has its own compensation plan. Compensation encourages the sales personnel to put in the required efforts to meet the firm's objectives. A good compensation plan assures income and rewards for the performing sales personnel. Most common methods of sales compensation are a) straight salary compensation, b) straight commission compensation and c) salary plus commission compensation.

Straight salary compensation:

A straight salary compensation plan provides a fixed amount of salary to the sales personnel at the end of the week or month. This provides a feeling of steady income and job security to them. Straight salary is the most attractive for new recruits who are not very confident of achieving their targets. It is also helpful to the employer as the salary expenditure is predetermined. Straight salary is more economical and simple to calculate as against commission plans. However, a disadvantage of this method is that it does not provide a strong incentive for achieving sales targets.

Straight salary compensation was one of the most popular sales compensation methods in the past. Of late, this method is restricted to sales of industrial good companies, where it takes a longer time to convert a prospect into a customer. Straight salary method has been losing its importance because other methods of compensation provide lucrative opportunities to sales personnel to earn more. Therefore, managers are also switching to a combination method for compensation.

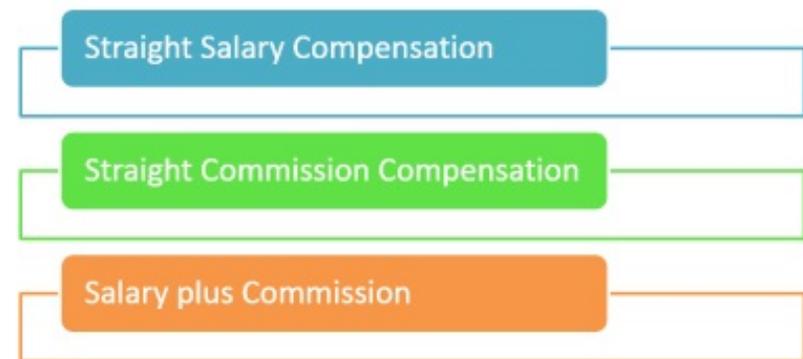
Straight commission compensation:

Compensation paid for achieving specific targets in a given time is known as straight commission compensation. A commission is usually a percentage of the sales or the profits generated by the salesperson. Commission is best suited for seasoned sales personnel. It acts as an incentive for them to aim at greater challenges. Experienced sales personnel have the confidence of achieving the targets as they have reasonably good skills and contacts. Commission acts as a motivational drive for a salesperson.

Salary plus commission:

This is the most preferred type of compensation plan as it provides a guaranteed salary along with performance incentives. This method uses the best of the fixed salary method and the straight commission method and eliminates the disadvantages of both the methods to a great extent. It provides the security of a fixed salary and the drive to earn more through commission. Salary plus commission is highly flexible in nature because it provides an incentive to earn as much as the salesperson desires. It helps in motivating the sales personnel to improve their performance.

The disadvantage of this method can be a higher administration cost, as it needs to maintain detailed sales records. If a company fixes the commission very low, it hampers the productivity and acts as a demotivating factor. Sometimes, this method, if it is too complex, makes it difficult for the sales personnel to understand, reducing their drive to perform and earn more.



Sales Compensation Methods

Techniques for Motivating Sales Force

A sales manager has to motivate his sales force by setting an example. He has to spend considerable time with the salespeople both on and off the field. The basic idea is to assess and tap the salespeople's actual capabilities by identifying their strengths,

praising their positive aspects and pointing out the areas where they need to improve. After assessing the salespeople's capabilities in the field, the manager can give necessary coaching to the salespeople in the office.

Motivation and coaching of salespeople in the office can be done with the help of certain exercises described below:

Real-Play: A sales manager's objective is to see that his salespeople get more number of appointments. In the real-play method, the manager holds a meeting of the salespeople in the conference room with a telephone. Each sales representative needs to carry his own list of prospective customers. The manager then asks all the sales representatives to put some token amount (uniform for all the sales representatives) in a bowl placed at the centre of the conference table. Doing this, the manager then asks each one of the sales representatives to call their prospective customers on by one. The first representative who succeeds in getting an appointment wins the bowl of money. This acts as a motivator for all of them to make their best efforts to secure an appointment. And for those who could not get an appointment, the manager can highlight the

positive aspects of their dialogue with the prospect and ask them to improve upon their shortcomings. The sales manager can further motivate his team through leading by example and making a few calls himself. This will also help them pick up a few tips on how to secure an appointment from a prospect.

Giving assignments: At every sales meeting, the sales manager can ask his most experienced sales representatives to make a presentation on some related topic in the next meeting or otherwise, he can even ask a representative who lacks skills in a certain area to prepare and make a presentation on that topic in front of his peers. The mere thought of having to make a presentation before the peers motivates the sales representative to make a thorough preparation on that topic which helps him to eventually master it. The sales manager can motivate him further by praising his efforts and appreciating his presentation.

Sales contests: Most salespeople get highly motivated by sales contests and attempt to win in these contests by performing exceedingly well.

Problem Solving: Sales managers have to encourage the salespeople to think on their own and find

solutions to the problems they face. For instance, a sales manager can insist that the sales representatives come up with two alternative solutions for every problem they bring to him. The manager must insist on these solutions howsoever weird they may be. This exercise will help the representatives develop decision making capabilities.

By implementing some of the above mentioned approaches, a sales manager can be doubly sure that his sales team is highly motivated during all times.

Summary:

- 1 Recruitment is an ongoing process of selecting job applicants, whose profile matches the company's requirements.
- 2 Managers need to establish a set of required qualifications and characteristics for the sales personnel before they begin to recruit.
- 3 As a sales manager should specify the sales territory, the number of customers and their geographic distribution within the territory before routing and scheduling the sales calls to be made by the salesperson.
- 4 Sales training aims at helping the sales personnel (both old and new) to perform their job satisfactorily.

- 5 A training program is incomplete without evaluation because evaluation helps determine the effectiveness of the training program.
- 6 Most common methods of sales compensation are
 - Straight salary compensation
 - Straight commission compensation and
 - Salary plus commission compensation.

EVALUATING THE SALES FORCE

In this chapter, you will:

- Understand the process of evaluating the sales force of your organization
- Understand how to motivate your salesforce

Evaluation is the process of assessing the performance of the sales personnel. It helps in comparing the actual accomplishments of the salesperson with the established sales objectives. Evaluating the sales force is difficult because the manager cannot apply the same standards to all the sales personnel. A sales manager assesses the performance of individual salespersons through a performance appraisal, which is usually conducted at the end of a specific time period. It gives a true picture of the expected and achieved performance standards of the individual. Managers obtain useful data from call reports, customer feedback and invoices to appraise the sales personnel. In case of unsatisfactory performance, the sales manager needs to take corrective action for improving performance. This might call for modifying the performance standards, providing extra training and supervision or providing better compensation and motivational plans.

Motivating the Sales Force

Motivation is the inner drive that triggers people to achieve their goals. Motivation helps in achieving the desired performance levels and in maintaining them. Managers ought to motivate their sales personnel in order to attain the desired level of productivity in the organization.

It is not quite possible to monitor and guide the sales personnel as frequently as other function personnel because sales personnel are almost all the time away in the field, attending sales calls. This generally leads to their lacking a sense of belongingness and loyalty towards their team and the organization. Therefore, it becomes imperative for the sales managers to understand and appreciate the personal goals of the salespersons and attempt to create a link between the personal goals of the salesperson and the organization's goals.

Sales managers use financial incentives and non-financial incentives to motivate sales teams. Financial incentives include salaries, bonus and commission. Non-financial incentives may include job security, appreciation, training and education, flexibility, power and authority, prizes, recognition for achievement, promotion, etc. A small gesture of

recognition like being publicly praised for an accomplishment or a pat on the back, can act as a perfect motivator for a sales person. A personal call from the top boss or a small personal gift can be the most memorable event. Our above case study about "Techniques for Motivating Sales Force" discusses some of the methods that sales managers use to motivate their team.

Summary:

- 1 Evaluation is the process of assessing the performance of the sales personnel.
- 2 Motivation helps in achieving the desired performance levels and in maintaining them.



THANK YOU

I would like to thank you again for taking the time to read your MBA book. We hope that you enjoyed reading this book as much as we had enjoyed while we were writing it. It is our biggest pleasure if we by any means manage to help you build a strong MBA foundation for yourself.

We know that it's a very complex, overwhelming and overcrowded world with all MBA degrees out there in the market.

And yet we managed to build our MBA degrees more concrete, attractive, helpful, useful and simpler than our competition did. This is why we believe our valuable students choose International MBA Institute™ over bureaucratic, complex, expensive and half-baked solutions of our competitors.

Our one-of-a-kind industry leading registration, examination and MBA degree process is very simple, quick and completely online. Click on this link to find out all details: [**MBA Sales™ Degree**](#)

Yeliz Oberfell, [International MBA Institute™**](#)**