

CHAPTER TWENTY-ONE

PERSONAL SELLING AND SALES MANAGEMENT



AFTER READING THIS CHAPTER YOU SHOULD BE ABLE TO:

- **Recognize different types of personal selling.**
- **Describe the stages in the personal selling process.**
- **Specify the functions and tasks in the sales management process.**
- **Determine whether a firm should use manufacturer's representatives or a company sales force and the number of people needed in a company's sales force.**
- **Understand how firms recruit, select, train, motivate, compensate, and evaluate salespeople.**
- **Describe recent applications of sales force**

~~PP21-AA Dun & Bradstreet: Selling Information in the~~ ~~Information Age~~

- Selling information is a demanding task, even for **D&B**, which is a **master of database management** and marketing, with a database of more than 11 million U.S. companies.
- However, D&B is finding that its **market** has become **more competitive**, especially with so much **free data via the Internet**.
- **D&B employs 600 field salespeople**, who must demonstrate how much better off credit managers and marketing executives will be by using D&B's information.

PP21-BB Personal Selling

- **Personal selling involves** a two-way flow of communication between a buyer and seller, often in a face-to-face encounter, designed to influence a person's or group's purchase decision.
- **With advances in telecommunications,** however, **personal selling takes place over** the telephone, through video teleconferencing and interactive computer links between buyers and sellers.

PP21-CC Sales Management

- **Sales management involves** planning the selling program and implementing and controlling the personal selling effort of the firm.
- **Numerous tasks are involved in managing personal selling including:**
 - setting objectives;
 - organizing the sales force;
 - recruiting, selecting, training, and compensating salespeople; and
 - evaluating the performance of individual salespeople.

PP21-1a Personal Selling and Sales Management Quiz

1. What percentage of chief executive officers in the 1,000 largest U.S. corporations have significant sales and marketing experience in their work history?

2. About how much does it cost for a manufacturer's sales representative to make a single personal sales call? (check one)

\$100 _____	\$200 _____	\$300 _____
\$150 _____	\$250 _____	\$350 _____

(continued)

PP21-1b Personal Selling and Sales Management Quiz

3. “A salesperson’s job is finished when a sale is made.”

True or False? (circle one)

True

False

4. About what percent of U.S. companies include customer satisfaction as a measure of salesperson performance? (check one)

10% _____

20% _____

50% _____

20% _____

40% _____

60% _____

PP21-DD Pervasiveness of Personal Selling

- **16 million people** are employed in sales positions in the U.S.
- **Virtually every occupation** that involves customer contact has an element of personal selling.
- About **20% of the CEOs in the 1,000 largest U.S. firms** have significant sales and marketing experience in their work history.
- Selling often serves as a **stepping-stone** to top management.

PP21-A How Salespeople Create Value for Customers

- Identify Creative Solutions To Customer Problems

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- Ease The Customer Buying Process

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- Follow-up After The Sale Is Made

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Customer Value

PP21-EE Relationship Selling

Relationship selling is the practice of building ties to customers based on a salesperson's attention and commitment to customer needs over time.



PP21-FF Partnership Selling

With **partnership selling**, buyers and sellers combine their expertise and resources to create customized solutions; commit to joint planning; and share customer, competitive, and company information for their mutual benefit, and ultimately the customer.

PP21-GG Concept Check

1. What is personal selling?
2. What is involved in sales management?

PP21-HH Order Taking (*order taker*)

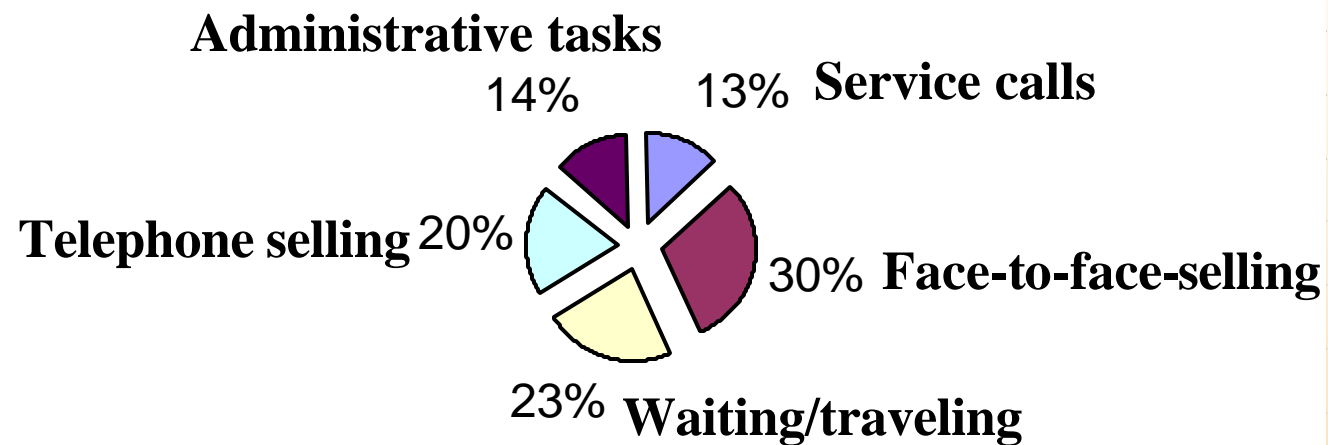
- An **order taker** processes routine orders or reorders for products that were already sold by the company.
- The **primary responsibility of order takers** is to preserve an ongoing relationship with existing customers and maintain sales.
- **Types of order takers include:**
 - outside order takers
 - inside order takers

PP21-II Order Getter

- An **order getter** sells in a conventional sense and identifies prospective customers, provides customers with information, persuades customers to buy, closes sales, and follows up on the customers' use of a product or service.
- Order getters can also be *inside* (an auto salesperson) or *outside* (a D&B salesperson).
- **Order getting involves** a high degree of creativity, customer empathy and is typically required for selling complex or technical products with many options, so **considerable product knowledge and sales training are necessary.**

PP21-2 How Outside Order-Getting Salespeople Spend Their Time Each Week

How Salespeople Spend Their Time



PP21-B Comparing Order Takers and Order Getters

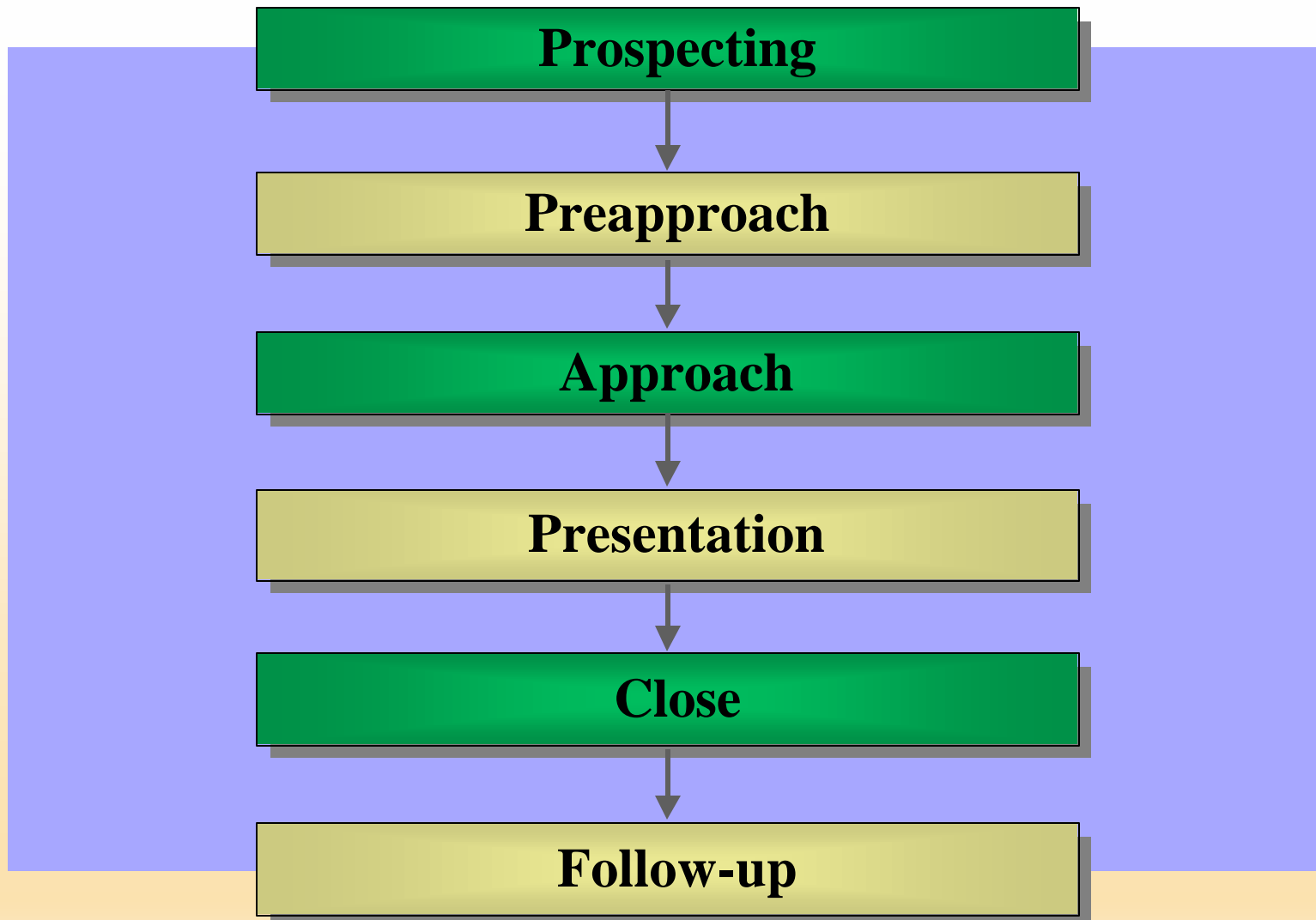
Basis of Comparison	Order Takers	Order Getters
Objective	Handle routine product reorders	Identify new customers and uncover customer needs
Purchase situation	Focus on straight re-buy or simple purchase situations	Focus on new buy and modified re-buy purchase situations
Activity	Perform order processing functions	Act as creative problem solvers
Training	Require significant clerical training	Require significant sales, product, and customer training

PP21-JJ Concept Check



- 1. What is the principal difference between an order taker and an order getter?**
- 2. What is team selling?**

PP21-C Stages in the Personal Selling Process



PP21-3a Stages and Objectives of the Personal Selling Process

1. Prospecting

Search for and qualify prospects

Start of the selling process; prospects produced through advertising, referrals, and cold canvassing.

2. Pre-approach

Gather information and decide how to approach the prospect.

Information sources include personal observation, other customers, and own salespeople.

3. Approach

Gain prospect's attention, stimulate interest, and make transition to the presentation.

First impression is critical; gain attention and interest through reference to common acquaintances, a referral, or product demonstration.

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PP21-3b Stages and Objectives of the Personal Selling Process

4. Presentation

Begin converting a prospect into a customer by creating a desire for the product or service

Different presentation formats are possible; however, involving the customer in the product or service through attention to particular needs is critical; important to deal professionally and ethnically with prospect skepticism, indifference, or objections.

5. Close

Obtain a purchase commitment from the prospect and create a customer.

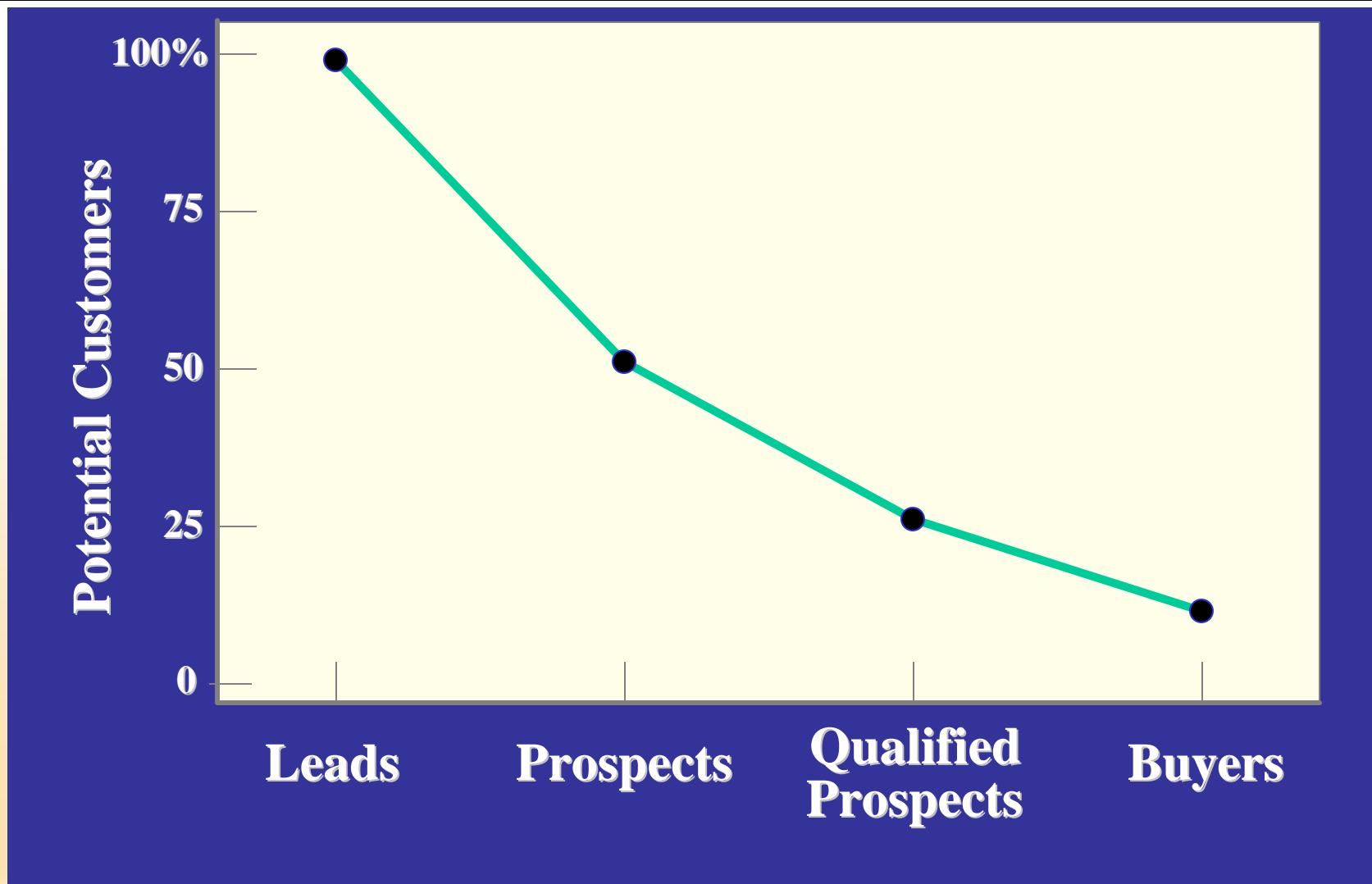
Salesperson asks for the purchase; different approaches include the trial close and assumptive close.

6. Follow-up

Ensure that the customer is satisfied with the product or service.

Resolve any problems faced by the customer to ensure customer satisfaction and future sales possibilities.

PP21-D Lead Buyer Erosion Curve



PP21-KK Presentation Formats

Stimulus-Response Format

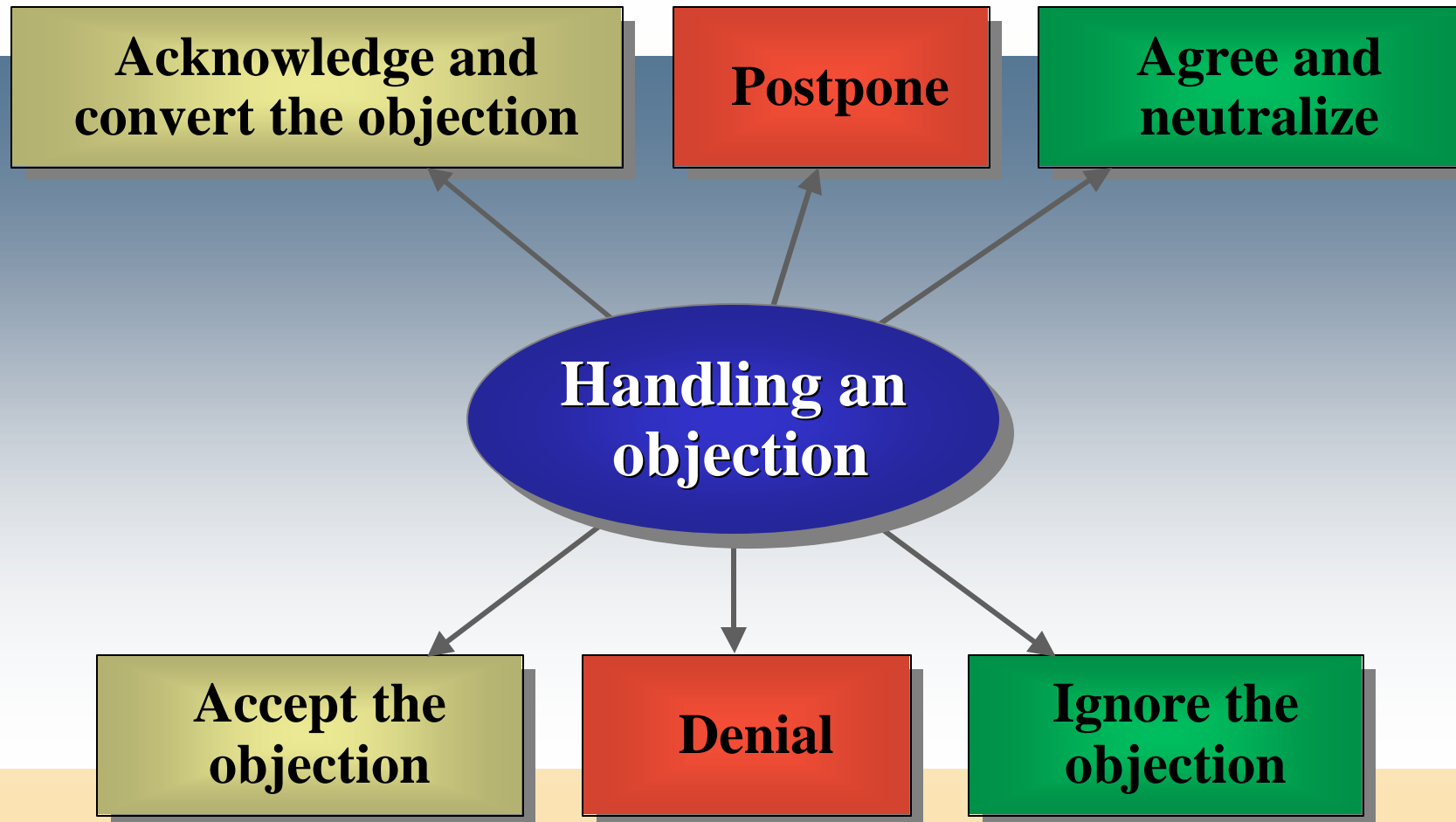
Formula Selling Format

Need Satisfaction Format

-- adaptive selling

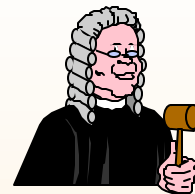
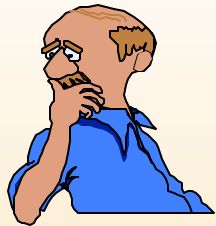
-- consultative selling

PP21-E Techniques for Handling Objections



PP21-MM Techniques for Closing

1. Trial close
2. Assumptive close
3. Urgency close



PP21-NN Concept Check

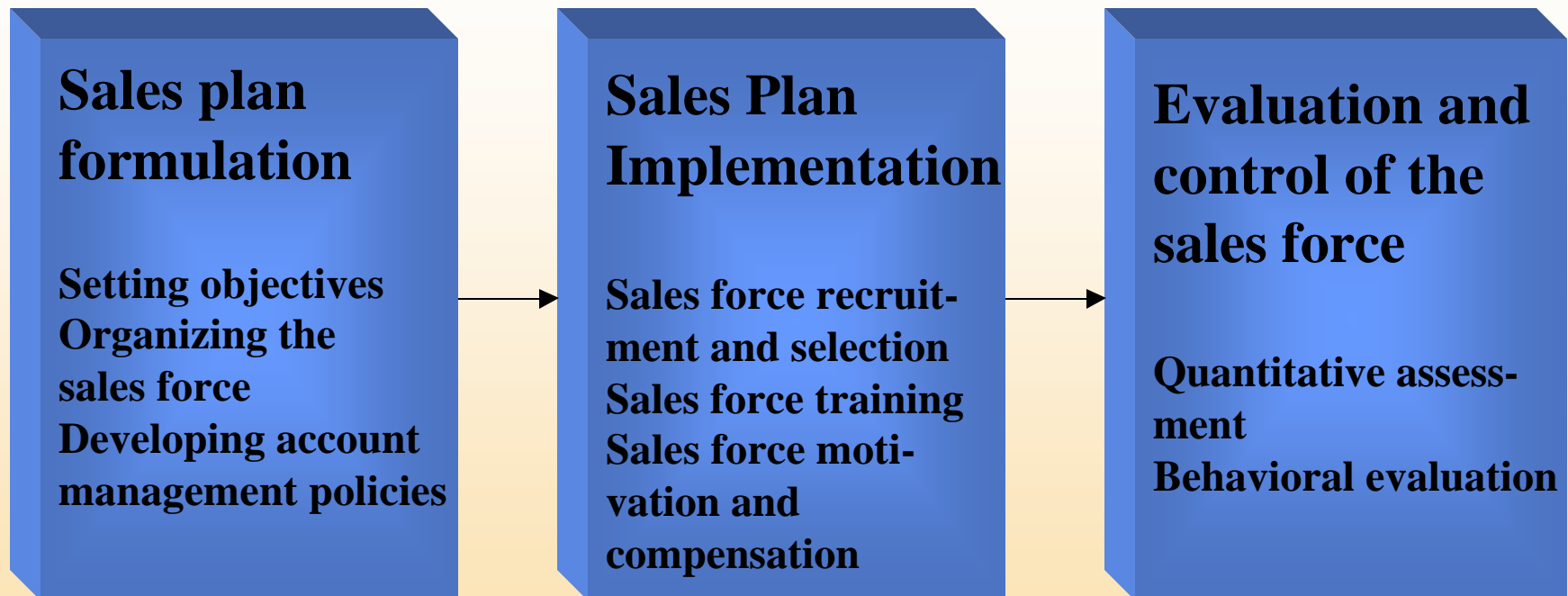
- 1. What are the six stages in the personal selling process?**
- 2. What is the distinction between a lead and a qualified prospect?**
- 3. Which presentation format is most consistent with the marketing concept? Why?**

PP21-00 Sales Management Process

Sales management consists of three interrelated functions:

- 1. Sales plan formulation**
- 2. Sales plan implementation**
- 3. Evaluation and control of the salesforce**

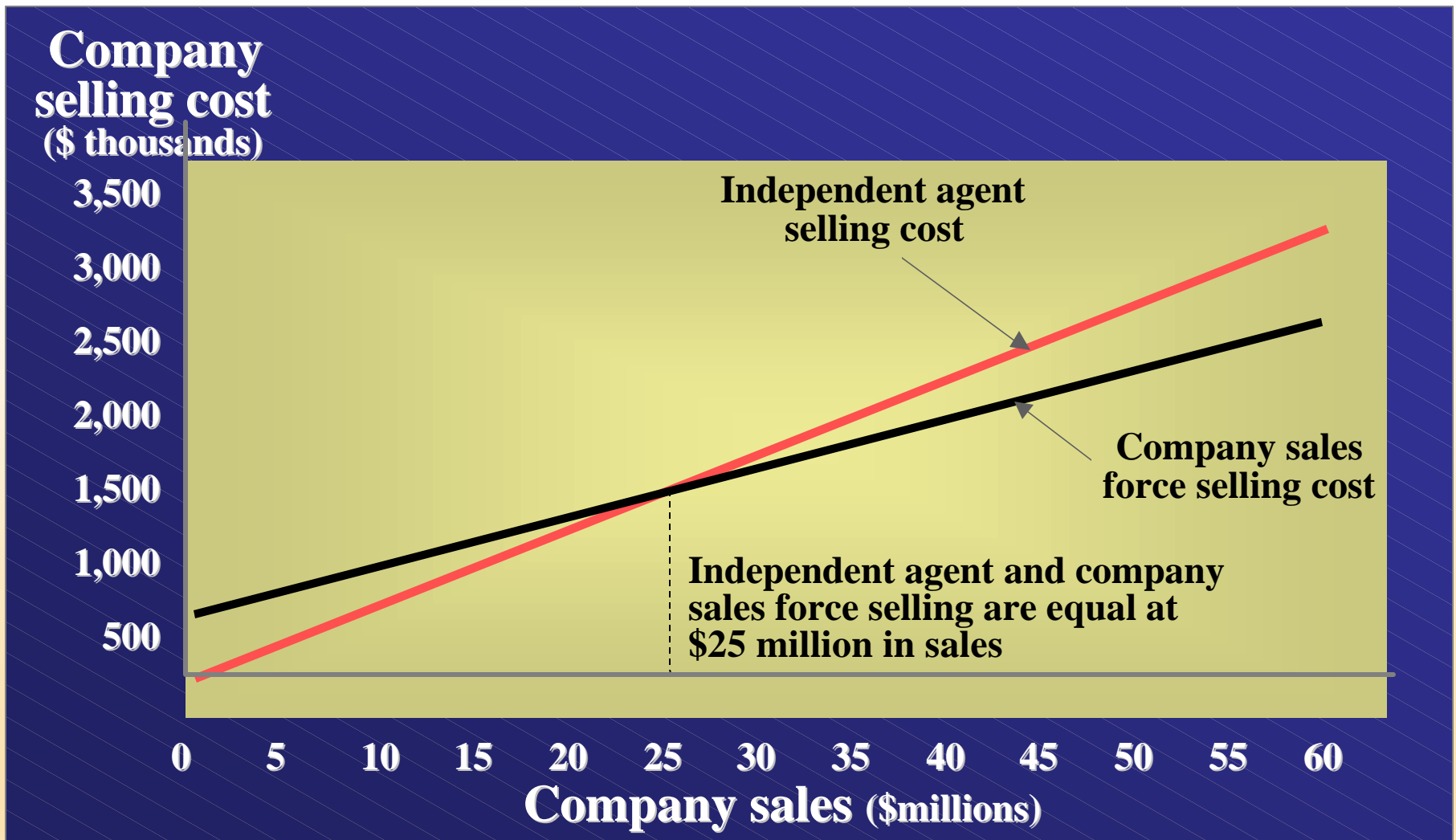
PP21-4 The Sales Management Process



PP21-PP 3 Questions related to Organizing the Sales Force

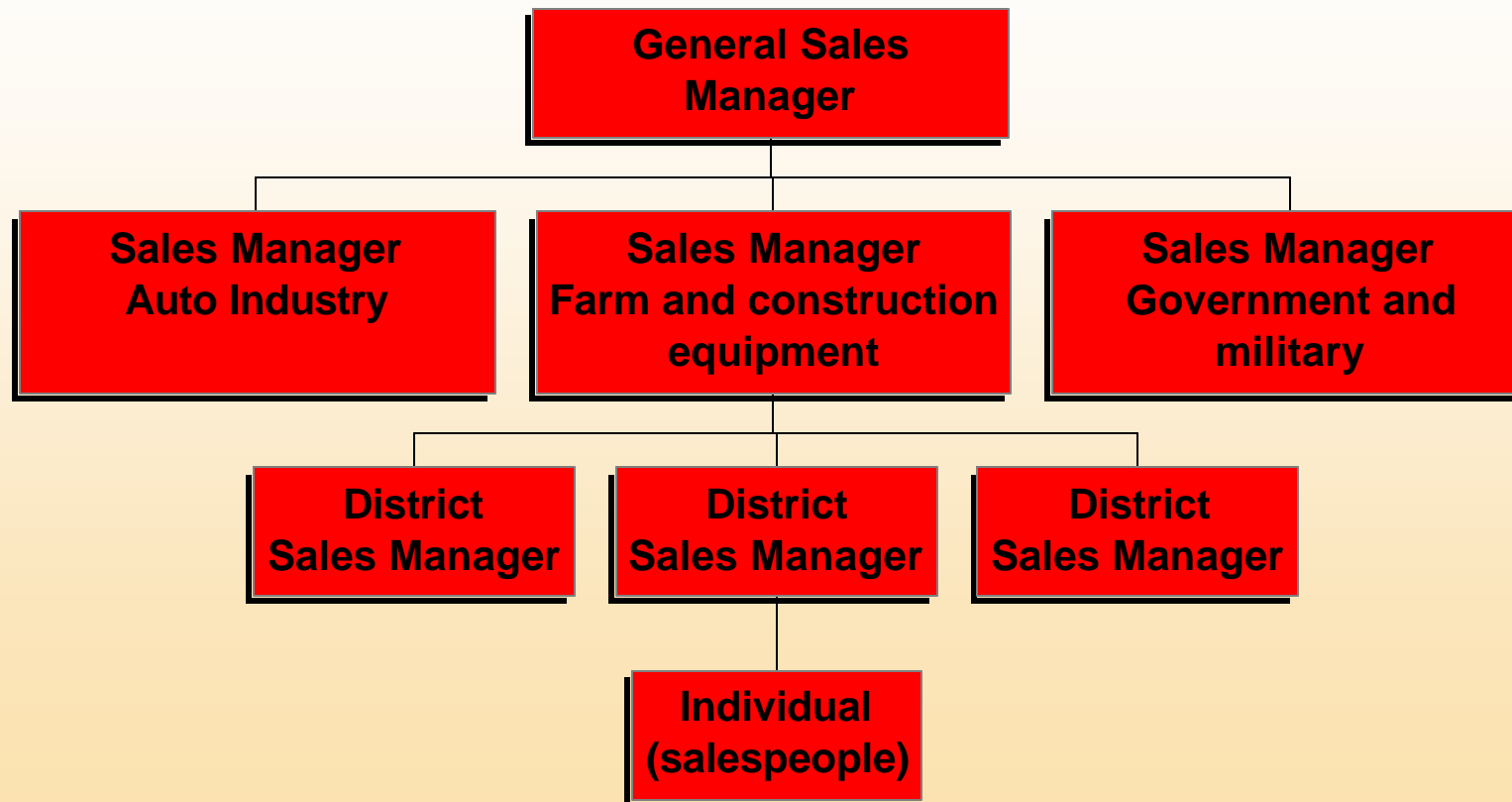
- 1. Should the company use its own sales force or should it use independent agents such as manufacturer's representatives?**
- 2. If the decision is made to employ company salespeople, then should they be organized according to geography, customer type, or product/service?**
- 3. How many company salespeople should be employed?**

PP21-5 Break-Even Chart for Comparing Independent Agents and a Company Sales Force



PP21-6a Organizing the Sales force by Customer, Product, and Geography

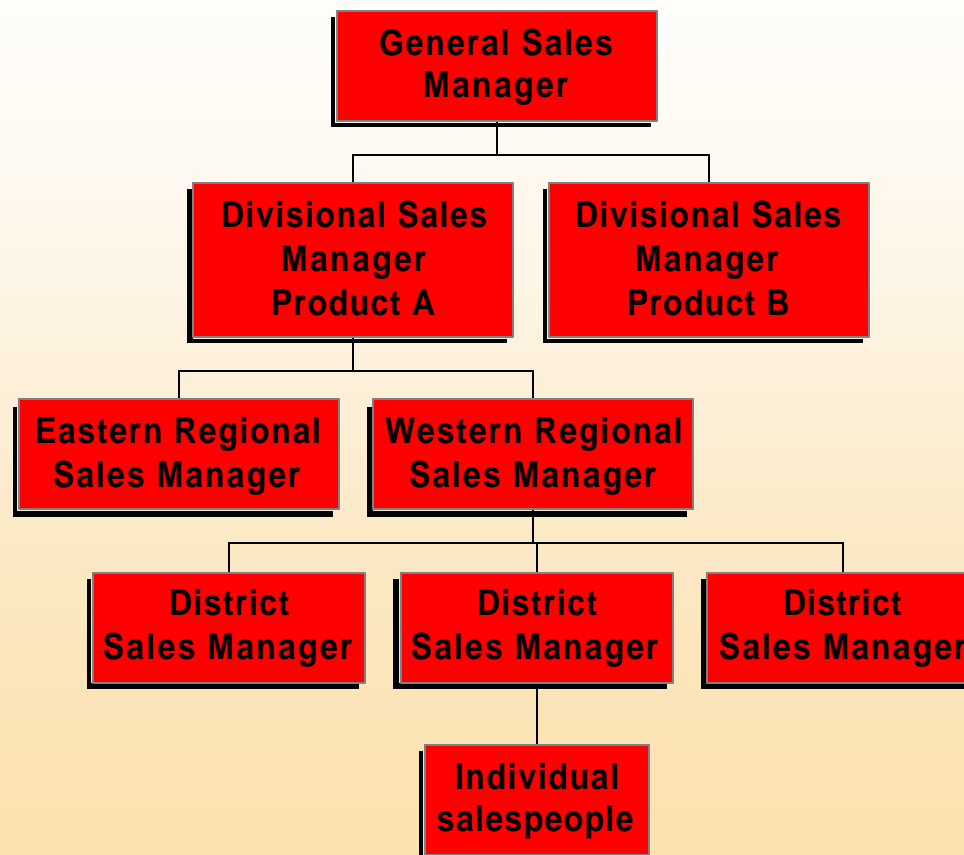
Customer Organization



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PP21-6b Organizing the Sales force by Customer, Product, and Geography

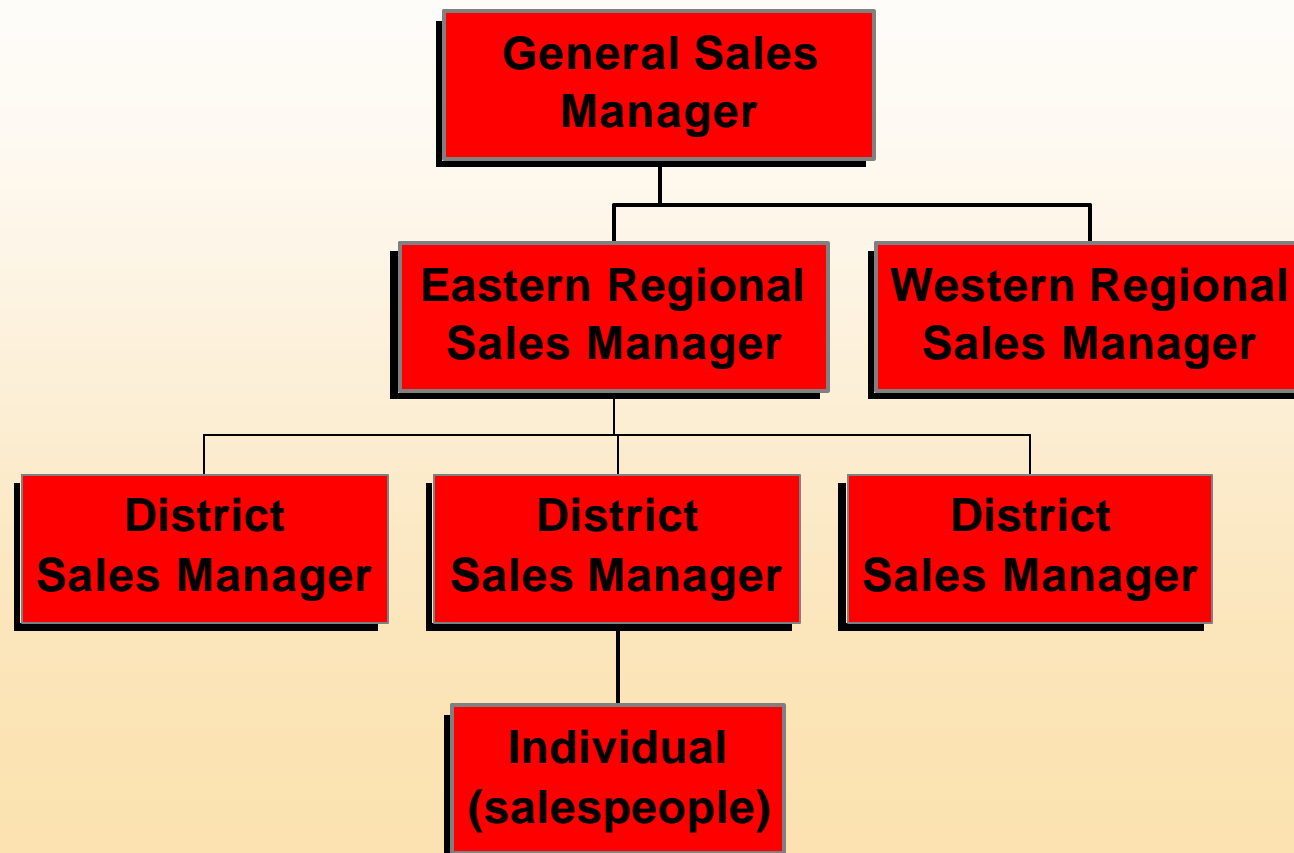
Product organization



(continued)

PP21-6c Organizing the Sales force by Customer, Product, and Geography

Geographical Organization



PP21-QQ Major Account Management

- Major account management, or **key account management** is a variation of the customer organizational structure. It involves the practice of using team selling to focus on important customers so as to build mutually beneficial, long-term, cooperative relationships.
- This approach, which often assigns company personnel to a customer account, results in “**customer specialists**” who can provide exceptional service.



PP21-RR Account Management Policies

- **Account management policies specify:**
 - a. who salespeople should contact,
 - b. what kinds of selling and customer service activities should be engaged in, and
 - c. how these activities should be carried out.
- **These policies might state:**
 - a. which individuals in a buying organization should be contacted,
 - b. the amount of sales and service effort that different customers should receive, and
 - c. the kind of information salespeople should collect before or during a sales call.

PP21-7 Account Management Policy Grid

COMPETITIVE POSITION OF SALES ORGANIZATION

		HIGH	LOW
ACCOUNT OPPORTUNITY	HIGH	<p>1 <i>Attractiveness.</i> Accounts offer good opportunity because they have high potential and sales organization has a strong position. <i>Account management policy.</i> Account should receive high level of sales calls and service to retain and possibly build accounts.-</p>	<p>3 <i>Attractiveness.</i> Accounts may offer good opportunity if sales organization can overcome its weak position. <i>Account management policy.</i> Emphasize a heavy sales organization position or shift resources to other accounts if stronger sales organization position impossible.</p>
	LOW	<p>2 <i>Attractiveness.</i> Accounts are somewhat attractive because sales organization has a strong position, but future opportunity is limited. <i>Account management policy.</i> Accounts should receive moderate level of sales and service to maintain current position of sales organization.</p>	<p>4 <i>Attractiveness.</i> Accounts offer little opportunity, and sales organization position is weak. <i>Account management policy.</i> Consider replacing personal calls with telephone sales or direct mail to service accounts. Consider dropping account.</p>

PP21-SS Sales Plan Implementation

The three tasks involved in implementing a sales plan are:

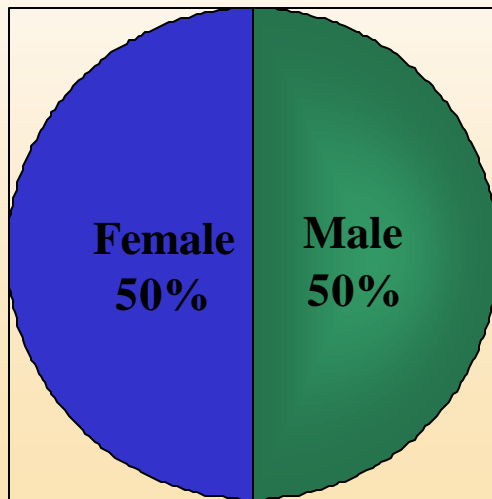
- 1. Salesforce recruitment and selection,**
- 2. Salesforce training, and**
- 3. Salesforce motivation and compensation.**

PP21-TT Emotional Intelligence

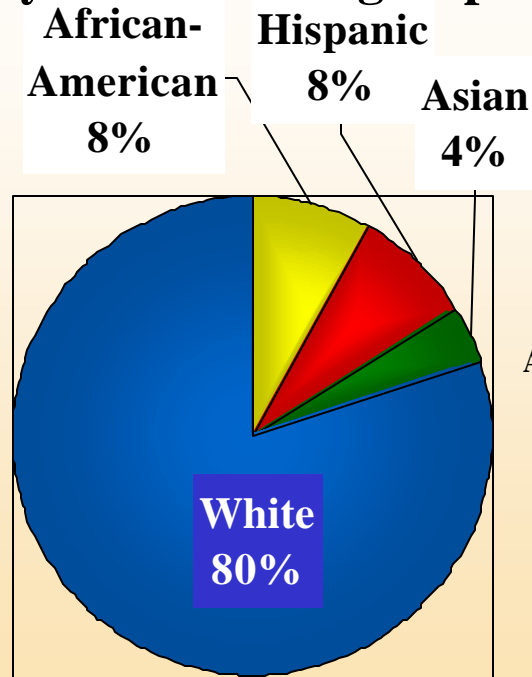
Emotional intelligence is the ability to understand one's own emotions and the emotions of people with whom one interacts on a daily basis. **The qualities are important for** adaptive selling and may spell the difference between effective and ineffective order-getting salespeople.

PP21-8 U.S. Salesforce Composition and Change

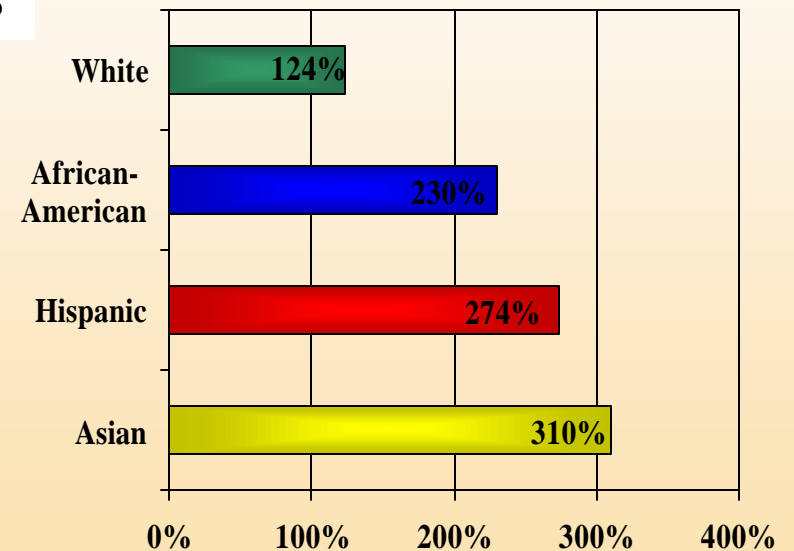
Sales force composition by sex



Sales force composition by racial/ethnic group



Growth in sales positions by racial/ethnic group since 1983



PP21-UU Salesforce Motivation & Compensation

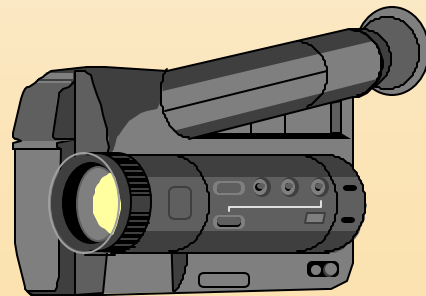
Research on salesperson motivation suggests that:

- 1. a clear job description,**
- 2. effective sales management practices,**
- 3. a sense of achievement, and**
- 4. proper compensation, incentives, or rewards will produce a motivated salesperson.**

PP21-VV 3 Plans for Compensating Salespersons

3 Plans for Compensating Salespersons

1. **Straight salary**
2. **Straight commission**
3. **Salary plus commission**



PP21-F The Sales Job Influences the Pay Plan

Type of Sales Position	Selling Skill	Principal Compensation Plan	Example of Product or Service
Inside order taker	Order taking	Hourly wage	Fast food counter clerk
Outside order taker	Maintain accounts	Salary	Consumer products
Missionary salesperson	Educate buyers	Salary plus commission	Pharmaceutical products
Sales engineer	Technical knowledge	Salary	Industrial products and services
Inside order getter	Creating sales	Commission	Automobiles
Outside order getter	Hunting prospects; creative selling	Commission	Insurance

PP21-WW Salesforce Assessment

Salesforce assessment involves determining whether or not sales objectives were met and whether account management policies were followed. **Two types of assessment measures are used:**

1. Quantitative measures
2. Behavioral measures

PP21-XX Salesforce Automation

- **Salesforce automation** is clearly changing how selling is done and how salespeople are managed. **The objective of salesforce automation** is to increase productivity while simultaneously decreasing costs.
- **Computer software and hardware are integral parts of the sales management process.** Salesforce automation cost about **\$2,500-\$5,000 or more per salesperson.** However, one company, Tandem Computers, reported that it has experienced **savings of \$2 million** annually by its 1,700 national and international field sales representatives.

PP21-YY Concept Check

- 1. What are the three types of selling objectives?**
- 2. What three factors are used to structure sales organizations?**
- 3. How does emotional intelligence tie to adaptive selling?**