

Selling and Sales Management



chapter 13

Objectives

Identify and understand the critical factors of personal selling

Discuss how selling has evolved

Evaluate the advantages and disadvantages of sales as a profession

Objectives

Describe the selling environments and types of personal selling

Understand the sales process

Appreciate the tasks and functions of the sales manager

Recognize legal/ethical issues

Personal Selling

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Draft Worldwide

Personal Selling Defined

A form of person to person communication in which a salesperson works with prospective buyer and attempts to influence purchase in the direction of his or her company's products or services

Importance of Personal Selling

Allows the firm to
immediately respond to the
needs of the prospect

Allows for immediate
customer feedback

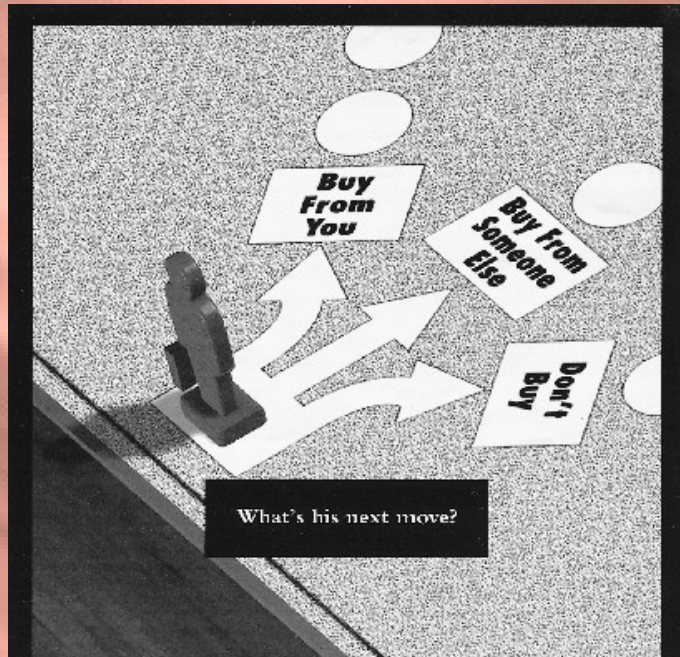
Results in an actual sale

Evolution of Personal Selling

Hard sell: Formerly thought customers had to be forced into making a purchase

Relationship selling: Now selling requires the development of a trusting partnership in which the salesperson seeks to provide long-term customer satisfaction

Relationship Selling



What's his next move?

Today, he's your customer. But where will he be tomorrow? With Walker Information, you'll know. Our custom measurement solutions give you the tools to manage your customer relationships — helping you retain and enhance current business and recover lost customers. Know what you need to know to maintain and build loyalty; know what you need to do to prevent loss. Because where your customer moves tomorrow depends on what move you make today. Make the move to Walker Information. Call 1.800.231.4904 (1.317.843.5939 outside the U.S.). Or visit our website at www.walkerinfo.com.

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Why choose the sales profession?

Employment in sales is growing

Sales positions offer advantages:

Good compensation

Intrinsic reward from helping customers

Flexible in day-to-day activities

High-visibility career track

Limited supervision

Travel opportunities

Increasing responsibilities

Leading Edge Technology

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STRIKES QUICKLY
AND DISAPPEARS.**

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TYPICAL BUSINESS
SOFTWARE COMPANY.**

(SMOOTHUS TALKUS REPTILIUS)

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And trust your instincts. That's the best advice we can give to someone looking for a new business management system.

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Fig 1



Fig 2

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Desirable Salesperson Traits



Selling Environments and Selling Types

Selling Environments

Selling Types

Over-the-counter

Order taker

Order getter

Field Selling

Professional salespeople

National account managers

Missionary salespeople

Support salespeople

Telemarketing

Outbound

Inbound

Over-the-Counter Selling

Order taker

Order Getter

A salesperson who only processes the purchase that the customer has already selected

Retail outlets that are heavily oriented toward self-service

Over-the-Counter Selling

Order taker

Order Getter

A salesperson who actively seeks to provide information to prospects, persuade prospective customers, and close sales

Personal service oriented stores

May practice suggestion selling

Field Selling

Professional Salespeople

National account managers

Missionary Salespeople

Support Salespeople

Help prospective customers to define their needs and then suggest the best means of meeting those needs, even if that requires suggesting that the prospects use a competitive product

Field Selling

Professional Salespeople

National account managers

Missionary Salespeople

Support Salespeople

Highly skilled salespersons who call on key customers' headquarters sites, develop strategic plans for the accounts, make formal presentations to top-level executives, and assist with all the product decisions at that level

Field Selling

Professional Salespeople

National account managers

Missionary Salespeople

Support Salespeople

They do not seek to obtain a direct order from their customers

Primary goal is to persuade customers to place orders with distributors or wholesalers

Field Selling

Professional Salespeople

National account managers

Missionary Salespeople

Support Salespeople

Support the sales force in a number of ways

Technical support salespeople assist with technical aspects of sales presentations

Merchandisers may set up product displays

Telemarketing



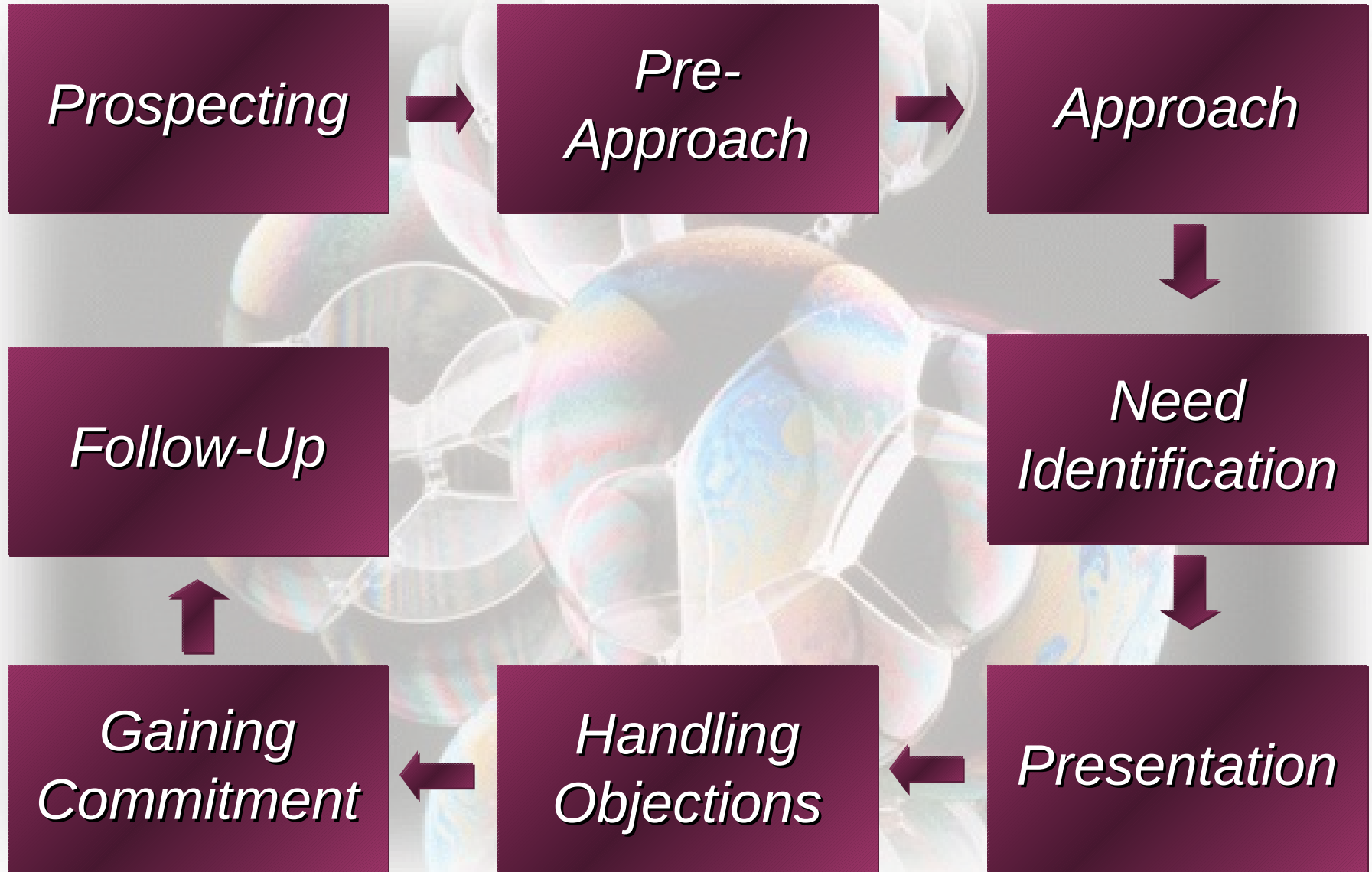
Telemarketing

Utilizing the telephone for prospecting, selling, and/or following up with customers

Outbound: the salesperson uses the telephone to call customers

Inbound: Firms which have customers calling the vendor company to place orders (toll-free phone numbers)

The Personal Selling Process



The Personal Selling Process

Prospecting



Prospecting involves finding qualified sales leads

Qualified sales leads: potential customers that have a need for the salesperson's product, and are able to buy

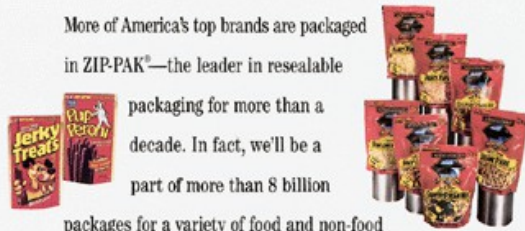
Referrals: obtained by the salesperson asking current customers if they know of someone else who might have a need for the salesperson's product

Cold-calling: means contacting prospective customers without a prior arrangement

Prospecting Through Advertising

Why Aren't More of Your Products in ZIP-PAK?

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More of America's top brands are packaged in ZIP-PAK®—the leader in resealable packaging for more than a decade. In fact, we'll be a part of more than 8 billion

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The Personal Selling Process

Pre-approach →

The collection of information about the potential customer and the customer's company prior to the initial visit

Researching the prospect and the company will assist the salesperson in planning the initial presentation to the prospective customer

The Personal Selling Process

Approach



The development of rapport with the customer
The chance to make a good first impression
The salesperson should adapt to the potential customer's social style

Social Styles

Fact-oriented

Analytical

Driver

Risk

Adverse

Risk

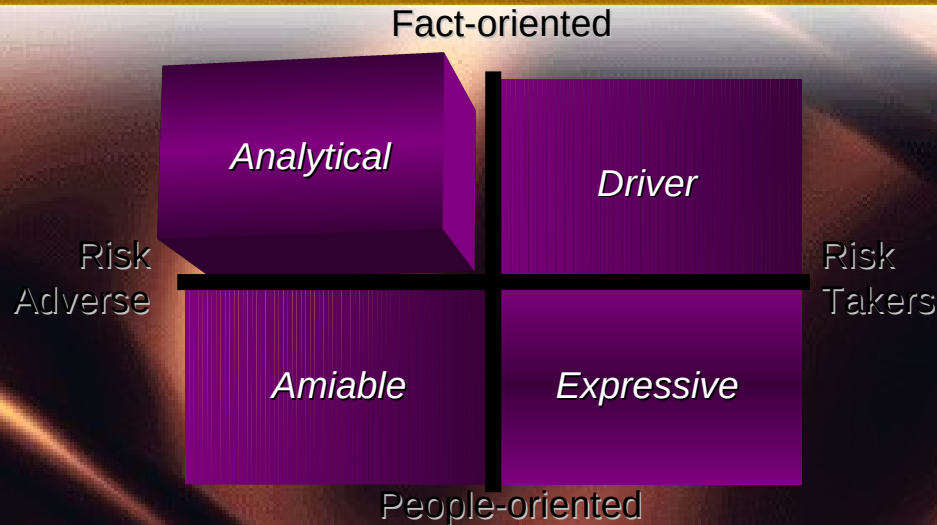
Takers

Amiable

Expressive

People-oriented

Social Styles



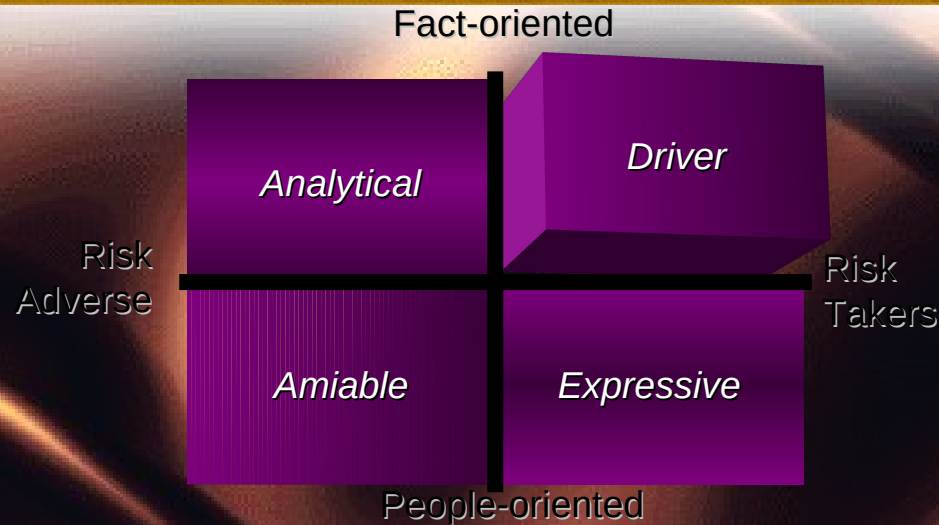
Very fact-and-detail oriented

Require time to make decisions

Not interested in socializing

The salesperson should inundate the analytical with facts and figures that can be supported with documentation

Social Styles

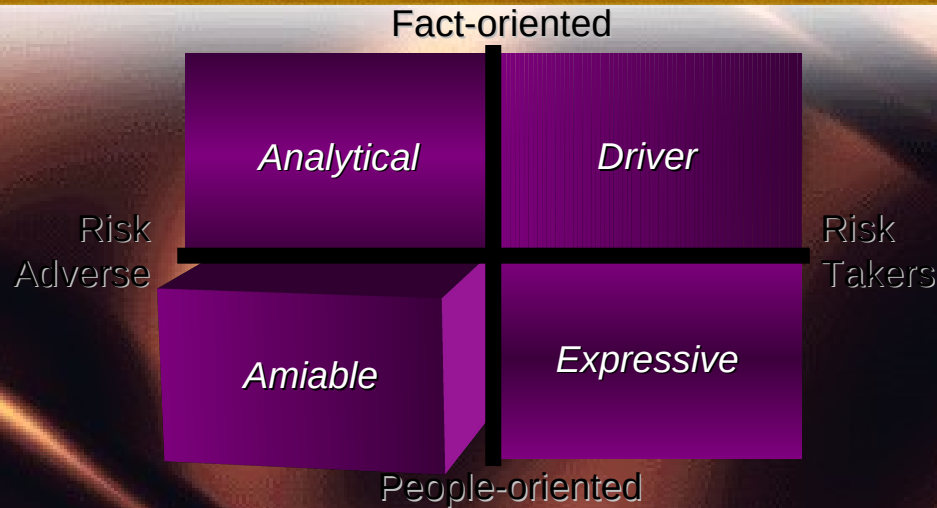


Action-and goal oriented, and makes quick decisions

Basic facts and not big on socializing

The sales person should provide the bottom-line information first and then work backward to fill-in essential details

Social Styles



A visionary with big ideas for the future but not a detail-oriented individual

Hesitant to make quick decisions and will seek consensus from others

Seeks to socialize with the salesperson

The salesperson should provide assurances that will reduce the amiable's feeling of risk

Social Styles



Loves to socialize and will frequently base the purchase decision on the relationship with the salesperson

The salesperson should establish a personal relationship with the expressive by telling anecdotal stories, by socializing outside the office and by relating personal information

The Personal Selling Process

Need Identification



Requires asking probing questions of the prospective customer to determine needs

The salesperson should ask open-ended questions

Make sure that the customer's needs and potential concerns are addressed

The Personal Selling Process

Presentation



The focus of the sales presentation is the salesperson's explanation of how the features of the product provide "benefits"

Presentation may be flexible or memorized

The salesperson should be prepared to provide documentation for any statements of fact that are made

The Personal Selling Process

Handling Objections



The salesperson may have failed to provide adequate information, or have not demonstrated how the product meets the needs of the prospect

Objection as a sign of interest on the part of the prospect

Provide information that will ensure the prospect's confidence in making the purchase

The Personal Selling Process

*Gaining
Commitment*



Commitment is gained when the prospect agrees to take the action sought by the salesperson
The salesperson must ask for commitment

The Personal Selling Process

Follow- Up



The salesperson complete any agreed upon actions
The salesperson should stay in touch after the sale by writing thank-you notes, clipping and mailing newspaper articles of interest to the prospect and calling on the customer to ensure the customer's satisfaction

Sales Certification

Several organizations now offer certification programs that are designed to increase the professionalism and expertise of the salespeople

Sales and Marketing Executives International (SMEI) 

Hospitality Sales and Marketing Association International (HSMIAI)

National Association of Sales Professionals (NASP)

Sales Management

Recruit, train, motivate, and evaluate their sales representatives

Manage territories

Develop sales plans and sales forecasts

Identify business opportunities and create appropriate strategies

Encourage the sales team to create added-value for the customer



Individuals with desirable salesperson traits

Individuals whose values and goals match those of the firm

Sales Force Training



Train the new sales representatives on product and customer knowledge and selling skills

Sales training is expensive but the pay off is worth it.

All sales representatives should periodically receive training to keep up-to-date and to keep their skills honed

Motivating the Sales Force

Sales Force Quotas

Provide further motivation to salespeople and to encourage salespeople to focus on the priorities of the company

Reward when the pre-specified performance level (quota) is reached

Sales Management

Motivating the Sales Force

Sales Coaching

Regular praising of salespeople and let them know their efforts are appreciated

Rapport-building, open communication, and modeling behavior

Good sales management feedback

Regional Salaries

Median total compensation by region

Methodology: Abbott, Langer & Associates calculated total cash compensation—salary, commissions, cash bonuses and profit sharing—for marketing and sales jobs in 1997, based on questionnaires filled out by American Marketing Association members. Of the 238 respondents, only a portion answered every question. For some categories, sample sizes were too small to be considered statistically verifiable and therefore should be used only for reference. *Marketing News* used the report's findings on median salaries, which, according to the report's author, Steven Langer, are the most accurate because they are defined by the average of the two middle numbers. A few very high or very low numbers do not unduly affect median statistics. Annual salaries and total cash compensation vary by: ownership interest, geographic location, type of employer, total number of employees, annual sales volume, type of customer, and supervisory/managerial responsibility.

Midwest

(Illinois, Indiana, Michigan, Ohio, Wisconsin)

Job title	Median total annual compensation
Presidents	\$90,000
Vice presidents	\$75,000*
Chief operations executives	\$59,800*
Chief financial executives	\$56,700*
Top marketing, sales executives	\$105,000*

South

(Alabama, Florida, Georgia, Kentucky, Maryland, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia, Puerto Rico)

Job title	Median total annual compensation
Presidents	\$107,000
Vice presidents	\$99,000*
Chief operations executives	\$43,500*
Chief financial executives	\$56,443*
Top marketing, sales executives	\$50,400*

Northeast

(Connecticut, Massachusetts, Maine, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont)

Job title	Median total annual compensation
Presidents	\$132,000
Vice presidents	\$100,000*
Chief operations executives	\$83,250*
Chief financial executives	\$112,000*
Top marketing, sales executives	\$127,754*

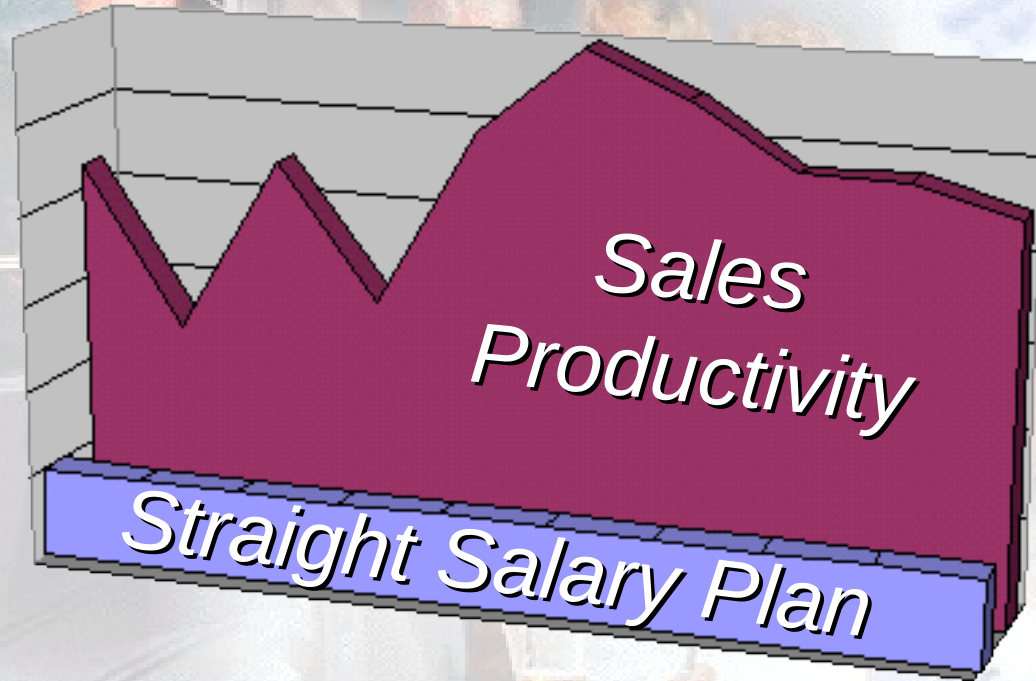
* Groups too small to be considered statistically verifiable and therefore should be used only for reference.

SOURCE: Abbott, Langer & Associates



Sales Management

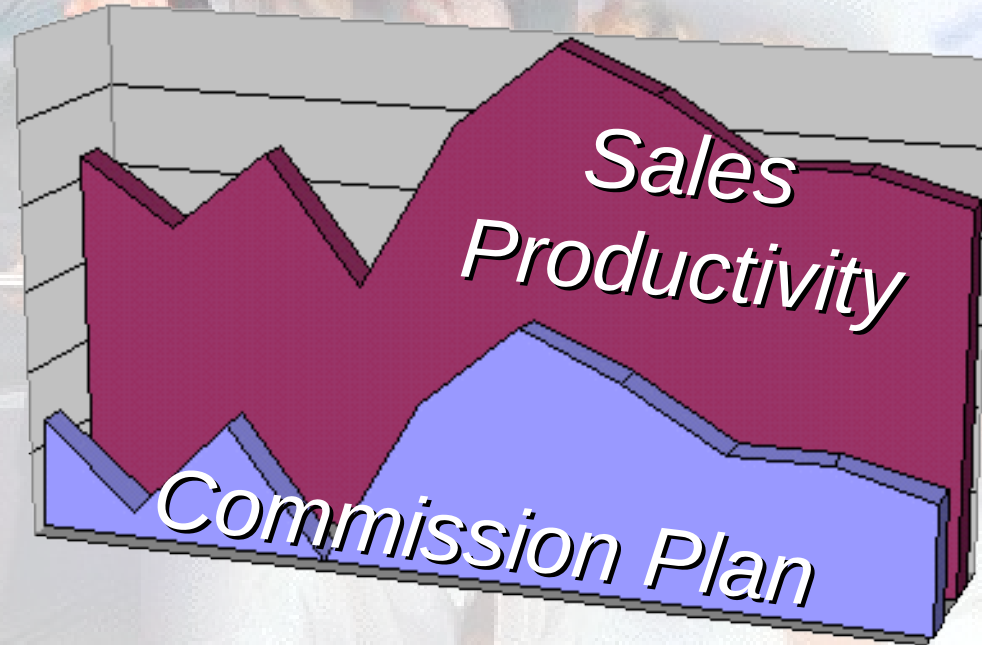
Sales Force Compensation



The sales force have greater security but no desire to put extra efforts

Sales Management

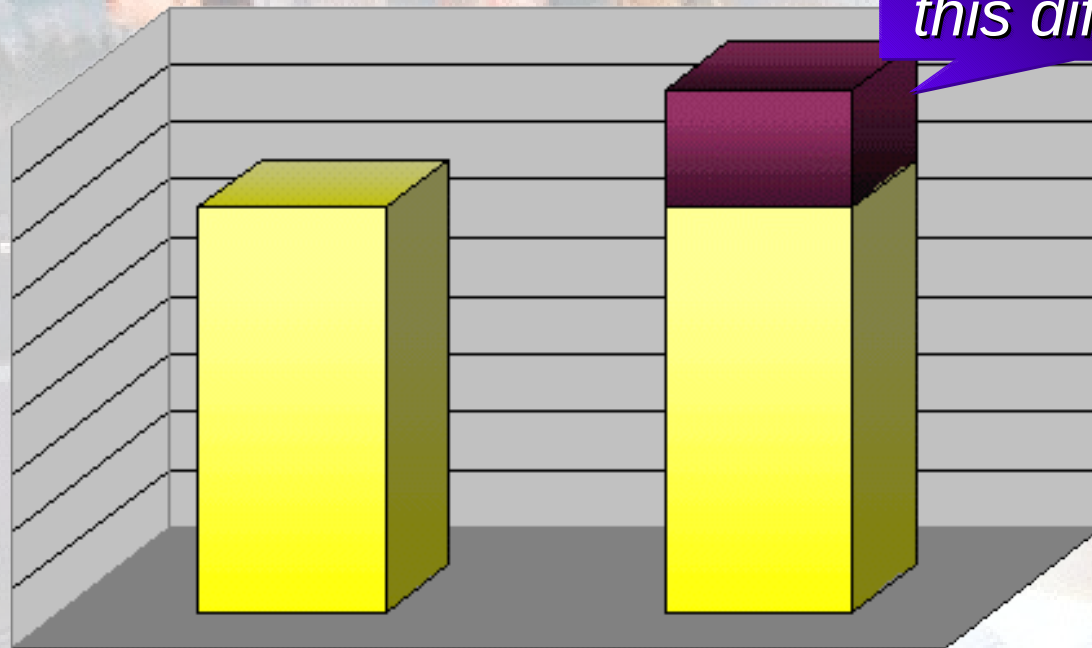
Sales Force Compensation



A great deal of insecurity due to uncontrollable factors like economic recession

Sales Management

Sales Force Compensation



*Bonus paid on
this difference*

Salary plus Commission

Evaluation of Performance

Qualitative factors

communication skills, product knowledge, attitude, selling skills, initiative/aggressiveness, appearance/manner, and knowledge of the competition

Quantitative factors

sales volume in dollars, sales volume to previous year's sales, number of new accounts, net dollar profits and sales volume by dollar quota

Sales managers should provide continual guidance and feedback

Use more quantitative methods of evaluation to reduce bias in the evaluation process

Sales Management

Territory Organization and Management

Which method to organize the territory?

By product line or by geographical area

The salesperson calls on customers that represent dozens of different industry (more traditional)

Around customer

The salesperson is asked to call on customers in one or two specific industries, regardless of where the customer is located geographically

Sales Management

Territory Organization and Management

Territory Allocation

Each salesperson should feel his/her territory offers as much potential as each colleagues' territory

Each salesperson should feel the territory division does not require that he/she work any harder than any other salesperson

Sales Management

Territory Organization and Management

Territory Potential

The sales manager should help the sales force maximize their territories' potential

Make sure that the salespeople are not meeting their quotas from the large purchases of one key buyer

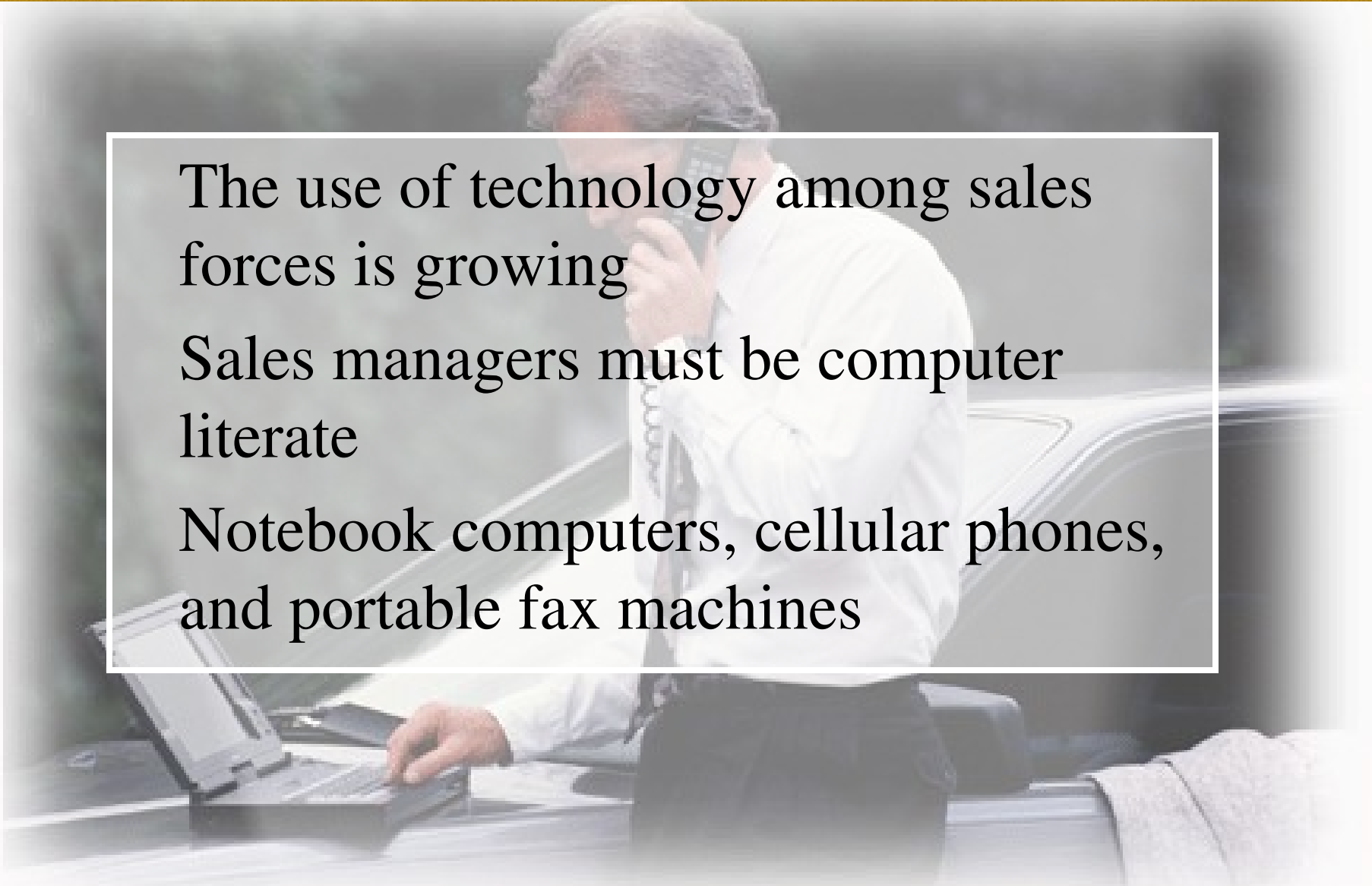
Utilize market research to ensure no potential accounts are being overlooked in any given territory

Sales Force Technology

The use of technology among sales forces is growing

Sales managers must be computer literate

Notebook computers, cellular phones, and portable fax machines



Legal and Ethical issues

Salesperson's Obligations

Obey the instructions of the company

Act with “due diligence”

Be responsible for the company's property

Exhibit loyalty

Relay information to the company that is relevant

Legal and Ethical issues

Company's Responsibility

Comply with any agreement made between the company and the salesperson

Reimburse the sales expenses incurred while carrying out the business

Warn the salesperson of any risks associated with business practices

Protect the salesperson against legal liability

Unethical/Illegal Behaviors

Price discrimination and unfair pricing

Gifts, gratuities, and bribes

Misleading advertising

Unfair competitive practices

Defrauding customers

Unfair credit practices

Price collusion with competitive firms

Selling Activities

Performing the sales function

Working with orders

Servicing the product

Servicing the account

Providing the information to management

Participating in conferences/meetings

Training and recruiting

Entertaining customers

Traveling

Working with distributors

Specific Types of Sales Jobs

Trade Selling

Missionary Selling

Technical Selling

New-business Selling

Retail Selling

Telemarketing

Build sales volume by providing customers with promotional assistance in the form of advertising and sales promotion

Specific Types of Sales Jobs

Trade Selling

Missionary Selling

Technical Selling

New-business Selling

Retail Selling

Telemarketing

Where trade salespeople sell to, missionary salespeople sell for its direct consumers

Specific Types of Sales Jobs

Trade Selling

Missionary Selling

Technical Selling

New-business Selling

Retail Selling

Telemarketing

Often technically trained in chemistry, engineering, and computer science
Support the regular sales force or help sell the product

Specific Types of Sales Jobs

Trade Selling

Missionary Selling

Technical Selling

New-business Selling

Retail Selling

Telemarketing

Used in industries that have one time or very infrequent sales, thus, salespeople must constantly develop new leads to generate sales

Specific Types of Sales Jobs

Trade Selling

Missionary Selling

Technical Selling

New-business Selling

Retail Selling

Telemarketing

Wide range of skills required
Can require knowledge, communication skills, and ability to work with diverse customers

Specific Types of Sales Jobs

Trade Selling

Missionary Selling

Technical Selling

New-business Selling

Retail Selling

Telemarketing

Telemarketing uses
outbound calls to:

Open new accounts

Qualify advertising
leads

Service existing
business

Salesperson Performance



Aptitude

Skills Level

Motivational Level

Role Perceptions

Personal

Characteristics

Adaptability