Introduction to Sales Force Management

Getting things done through people has never been more challenging than it is today. This is especially true for sales managers, whose job is to generate more sales through salespeople. What makes this so difficult is that sales managers must continually adapt to a number of dramatic changes to their field. Customers are more knowledgeable, more analytical and have higher expectations about salespeople, who customers expect will truly add value to their business. Of course, changes in technology add to the challenge, as customers are increasingly accessing information through social media and other online sources. This results in them being more than halfway through the purchase process before a salesperson even gets to talk to them. Finally, globalization and the ensuing fierce competition continue to be more and more a part of the everyday life of the sales function. The sales manager is expected to keep up with these trends, and then provide the leadership necessary to guide the sales organization to success. Never has the field of sales management been more important to study!

The answers are not always intuitive. Microchip Technology is a large semiconductor company headquartered near Phoenix. This company realized that the selling function was becoming more and more sophisticated. The easy, routine functions, which salespeople used to focus on, had become automated. They needed their account managers to shift toward interpreting information to clients, instead of just dispensing it. They needed to solve complicated problems for clients, and sell insights and solutions, rather than just the tangible product. In the end, what made the shift possible was a dramatic move away from commission-based compensation, to a salary with a small, team-based bonus. The fact that this tactic (of moving away from incentive-based pay) was successful was quite surprising to most traditional, business-to-business sales professionals.

According to customers, the number one reason salespeople are not successful is that they talk too much, and don’t listen enough. Listening builds trust, and is how salespeople can understand the needs of their customers. Figure 1-1 shows the results from another survey about what customers do not like about salespeople. Again, this points to how sophisticated today’s selling is, and how salespeople often do meet customer expectations. The sales manager can play a critical role in this. This role includes hiring the right people (i.e., people who listen), implementing the proper training program, and then motivating and leading the salespeople to do the job.
The world is changing, and the field of selling and sales management is changing right along with it. Sales executives have no choice but to keep up with and adapt to these changes. Only then can they be successful in “getting things done through people!” We introduce the dynamic field of sales force management by explaining the scope and focus of this book.

SCOPE AND FOCUS OF THIS BOOK

This is a book about sales management—also called sales force management. We define sales management as the management of the personal selling component of an organization’s marketing program. The central focus of the book is the design of sales management strategies and tactics that will help an organization achieve its marketing goals.

Specifically, this book deals almost entirely with the management of what is known as an outside sales force, that is, a sales force that calls in-person on prospective customers. Outside selling stands in contrast with situations in which customers come to the salespeople—called across-the-counter selling. An outside sales force makes in-person sales calls, usually at the customer’s home or place of business. Managing an outside sales force presents a unique set of problems, since most of the salespeople are geographically outside the organization’s offices.

There are many different types of outside sales forces, each requiring a different strategy to be successful. Outside sales forces can be either in business-to-business sales (e.g., Firestone selling tires to Ford) or in business-to-consumer sales (e.g., State Farm selling auto insurance directly to consumers). Further, the salesperson in business-to-business sales calls on three distinct types of business customers: manufacturers (e.g., Ford), intermediaries (e.g., Dick’s Sporting Goods), and institutions (e.g., Harvard University). All salespeople sell products that are goods, services, or most commonly—some combination of the two,
...and that are being purchased for the purpose of consumption, incorporation, or resale. Figure 1-2 lists some examples of these different types of outside sales forces.

**FIGURE 1-2**
Examples of Consumption, Incorporation, or Resale

<table>
<thead>
<tr>
<th>Types of Outside Sales Forces</th>
<th>Business-to-Business</th>
<th>Business-to-Consumer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption example</td>
<td>(product is consumed</td>
<td></td>
</tr>
<tr>
<td>Incorporation example</td>
<td>or used up until no</td>
<td></td>
</tr>
<tr>
<td>Resale example</td>
<td>longer needed)</td>
<td></td>
</tr>
<tr>
<td>Xerox selling copy machines</td>
<td>to Eli Lilly</td>
<td></td>
</tr>
<tr>
<td>Owens Illinois selling</td>
<td>custom-fit windshields</td>
<td></td>
</tr>
<tr>
<td>P&amp;G selling Tide</td>
<td>laundry detergent to</td>
<td></td>
</tr>
<tr>
<td>State Farm Insurance</td>
<td>selling an auto</td>
<td></td>
</tr>
</tbody>
</table>

Further, many firms also contact customers by methods that are not face to face. For example, *inside sales* (or telemarketing) is used to contact customers by telephone; and *e-commerce* refers to an online system of commercial transactions, which involves contacting customers via the internet. These systems are used as either the primary method or a supplemental method of interacting with customers.

THE NATURE OF PERSONAL SELLING

We just said that sales management is the management of the personal selling effort in an organization. So let’s begin by looking at some aspects of personal selling to see what it is that sales managers manage.

**Personal Selling and the Marketing Mix**

The term *marketing mix* describes the combination of the four ingredients that constitute the core of a company’s marketing system. When these four ingredients—product, price, distribution, and promotion—are effectively blended, they form a marketing program that provides want-satisfying goods and services to the company’s market.

Promotional activities form a separate sub-mix that we call the *promotion-al mix*, or the *communication mix*, in the company’s marketing program. The major elements in the promotional mix are the company’s advertising, sales promotion, and personal selling efforts. Publicity and public relations are also part of the promotional activities, but typically they are less widely used than the first three elements. In the American economy, personal selling is the most...
important of the big three elements in terms of people employed, dollars spent, and sales generated.

**Relationship Marketing and the Role of Personal Selling**

In the face of intense competition, companies today are trying to improve their performance in every dimension of their operations. As a result, companies expect more from their suppliers. Salespeople who represent these suppliers are expected to make a contribution to their customers’ success. To do this, salespeople must understand their customers’ needs and be able to discover customers’ problems and/or help solve those problems.

At the same time, companies are finding it harder to develop or sustain product-based competitive advantages. Most product-based advantages are soon copied by competitors. For example, Apple Computer began selling the first modern tablet computer in 2010, but at the Computer Electronics Show in 2011, Motorola, Samsung, Blackberry and many others released their own tablets to compete with the iPad. Thus, companies must focus on strengthening the value-added components of their offerings. **Value-added components** are those that augment the product itself, such as information and service.

To understand customer needs and to provide customers with value-added solutions to their problems, salespeople must develop close long-term relationships with their customers. These relationships are built on cooperation, trust, commitment, and information. The process by which a firm builds long-term relationships with customers for the purpose of creating mutual competitive advantages is called **relationship marketing**, or **relationship selling**. Salespeople who are engaged in relationship selling concentrate their efforts on developing trust in a few carefully selected accounts over an extended period, rather than calling on a large number of accounts. Relationship selling is distinct from the traditional **transaction selling**, whereby salespeople focus on the immediate one-time sale of the product. Although chapter 2 discusses relationship marketing in greater detail, these are the main differences:

<table>
<thead>
<tr>
<th>Transaction Selling</th>
<th>Relationship Selling</th>
</tr>
</thead>
<tbody>
<tr>
<td>Get new accounts</td>
<td>Retain existing accounts</td>
</tr>
<tr>
<td>Get the order</td>
<td>Become the preferred supplier</td>
</tr>
<tr>
<td>Cut the price to get the sale</td>
<td>Price for profit</td>
</tr>
<tr>
<td>Manage all accounts to maximize short-term sales</td>
<td>Manage each account for long-term profit</td>
</tr>
<tr>
<td>Sell to anyone</td>
<td>Concentrate on high-profit-potential accounts</td>
</tr>
</tbody>
</table>

**The Nature of Sales Jobs**

In Figure 1-2 we identified different types of salespeople based on the different types of products they sell. However, most sales jobs, even within the same product category, are quite different from one another and generally are different from non-sales jobs. Further, most sales jobs today are quite different from those of the past. Before we discuss each of these differences, we interject a note on pertinent terminology. The most common job title for a salesperson is account manager, and another very common title is sales representative (or sales rep). We tend to use these terms interchangeably. Note that some sales
professionals make a distinction between these two job titles (account manager and sales representative)—and argue that the former focuses on retaining existing accounts, whereas the latter focuses on generating new accounts. However, we find that in common practice both of these job titles tend to be involved with both tasks (i.e., the tasks of retaining existing and generating new business).

Wide Variety of Sales Responsibilities

No two selling jobs are alike. The types of jobs and the requirements needed to fill them cover a wide spectrum. The job of a Pepsi-Cola salesperson who calls in routine fashion on a group of retail stores is in another world from that of the IBM client manager who heads up a team of product specialists dedicated to serving the information needs of a specific industry. Similarly, an Avon Products representative who sells door-to-door has a job only remotely related to that of a Cessna Aircraft Company rep who sells airplanes to large firms.

The wide variety of sales jobs differs greatly with respect to the amount of problem-solving and selling required, from very complex to simple. Some salespeople are creative order-getters, others are unimaginative order-takers, and some never ask for or receive orders at all—they merely provide support. A recent survey of over 1,000 salespeople from a wide variety of industries identified the following six categories of contemporary sales jobs:

1. **Consultative seller.** This type of sales rep uses relationship selling techniques to demonstrate how his or her company’s products will contribute to the customer’s well-being or profit. They are creative, problem solvers who serve as consultants to their customers. For example, strategic account managers at 3M are consultative sellers. Recently, the 3M account reps helped redesign one of IBM’s manufacturing processes with 3M materials that were less sensitive to static than the ones that had been in use. This cooperative problem-solving led to a much stronger relationship between the two companies and to a tenfold increase in 3M’s sales to IBM.7

2. **Key account seller.** There are many similarities between key account sellers and consultative sellers. The key difference is that key account sellers focus on a smaller number of big, important customers (i.e., key accounts). For example, Owens Corning, a manufacturer of insulation and other building materials, has teams of key account sellers focused on Home Depot, Lowes, and other big-box retailers. The goal of these sellers is to maintain and penetrate the existing accounts, as opposed to generating new customers.

3. **New business seller.** More than any other category, this salesperson focuses on prospecting for customers and generating new accounts. Typically, the goal is to earn the trust of prospects, get the initial order, and turn them into long-term customers. In some cases, the customer is turned over to a sales support person (see next category) after the account is established, and the new business seller moves onto what he or she does best: finding new customers. Other times, the new business seller keeps and maintains the accounts and gradually becomes more of a consultative seller. New business sellers typically face rejection on a daily basis, so they need to be highly motivated self-starters.
4. Sales support. These salespeople support the actual selling done by the reps in the other categories. Support personnel perform sales promotional activities and work with customers in training and educational capacities. Sometimes these reps may be part of the sales team brought in to assess customer needs and provide information before the sale or after the sales to help solve customer problems, but they are not responsible for selling the product.

Some support people who are product specialists—sales engineers—work with customers to assist with technical problems. These reps may either help adapt a customer’s system to the seller’s products or help the seller design new products to fill the customer’s particular needs. Shell Oil Company’s sales engineers help out when the company’s sales representatives need specialized expertise to solve a customer problem. Essentially, all support reps assist in getting or keeping the customer by providing assistance and information about the products and their applications to customer needs.

5. Missionary seller. The term missionary salespeople is commonly used to describe a type of sales support salesperson. By definition, missionary salespeople do not solicit orders. They work for a manufacturer, calling on customers in order to provide product information and generally promote goodwill about the product. These salespeople sometimes introduce new lines of products to customers or assist in conducting special promotional activities. Pharmaceutical sales reps are missionary salespeople, since doctors do not order drugs directly from them. Rather, doctors write prescriptions when they are with their patients, who then buy the drug from a pharmacy.

6. Delivery seller. These are maintenance salespeople that facilitate sales to consumers or to business accounts that have already been established. Delivery sellers take orders, but they do not engage in as much creative problem solving as the consultative or key account sellers. Examples include Coca-Cola reps or Hostess brand food reps, who deliver product and stock shelves at retail food and drugstore chains. This work is fairly routine. Both selling and problem solving are left to key account salespeople higher in the organization, while the primary responsibility of the local reps is to ensure that their products are getting as much shelf space and promotional attention as possible.

Note that the previously described six categories of sales jobs are not completely distinct. That is, the responsibilities of many salespeople do not neatly fall into a single category. The specific activities of each salesperson depend on both the type of product being sold and the specific needs of customers. Of course, this presents a leadership challenge for sales executives, because it is their job to define the roles and responsibilities for the salespeople in their firm.

Wide Variety of Companies, Products, and Customers
Salespeople have different responsibilities because they work for different types of companies, selling different types of products to different types of customers. For example, salespeople for Quaker Oats, Ford Motor Company, Eli Lilly, and Coca-Cola sell consumer products to wholesalers, institutions, or retailers.
Mary Kay sells to the final consumer as well as to some retailers. Companies such as South-Western Educational Publishing sell only to the final consumer. The reps for any of these companies may be consultative sellers, new business sellers, and/or sales support employees.

Salespeople from Du Pont, Alcoa, Inland Steel, Textron, Georgia-Pacific, IBM, Xerox, Merck, and Airborne Express generally sell industrial and business products to manufacturers, wholesalers, and institutions. These reps are usually consultative salespeople and sales support personnel. It should be noted that most large companies employ more than one type of salesperson because they sell to more than one type of customer.

How Sales Jobs Differ from Other Jobs

Why is it useful to study management of a sales force separately from the management of other classes of business personnel? Why are there no courses in the management of accountants or finance personnel? The answer is that a sales job is different from other jobs and is vital to a company’s financial well-being. Figure 1-3 provides an overview of the activities for which a salesperson may be responsible. Not all reps perform all of these activities. Which activities they perform depends on the types of products they sell and the types of customers to whom they sell. Let’s take a closer look at some of the key differentiating features of a sales job:

- **The sales force is largely responsible for implementing a firm’s marketing strategies in the field.** Moreover, the sales reps generate the revenues that are managed by the financial people and used by the product people.
- **Salespeople are among the few employees authorized to spend company funds.** They are responsible for spending company money for entertainment, rooms, food, transportation, and so on. Their effectiveness in discharging this responsibility significantly influences marketing costs and profits.
- **Salespeople represent their company to customers and to society in general.** Opinions of the firm and its products are formed on the basis of impressions made by these people in their work and outside activities. The public ordinarily does not judge a company by its factory or office workers.
- **Salespeople represent the customer to their companies.** As noted earlier in the chapter, salespeople are primarily responsible for transmitting information on customer needs and problems back to the various departments in their own firms.
- **Sales reps operate with little or no direct supervision and require a high degree of motivation.** For success in selling, a sales rep must work hard physically and mentally, be creative and persistent, and show considerable initiative. **Salespeople frequently face rejection.** Sales reps do not get the sale every time. They must be able to handle the negative feelings that come with “losing the sale.”
- **Salespeople need more tact and social intelligence than other employees on the same level in the organization.** Many sales jobs require the rep to socialize with customers, who frequently are upper-level people in their companies. Considerable social intelligence also may be needed in dealing with difficult buyers.
Sales jobs frequently require considerable travel and time away from home and family. This places additional physical and mental burdens on salespeople who already face much pressure and many demands.

Salespeople have large role sets. The salesperson’s role requires that individuals in this position interact with large numbers of people. At each customer firm, the salesperson usually works with many people, such as buyers, engineers, and production and finance personnel. In their own firms, they also must work with people from a variety of departments such as marketing research, product design, product management, finance, and production—as well as with other sales personnel.

Salespeople face role ambiguity, role conflict, and role stress. As consultative sellers, salespeople often must provide innovative solutions to problems and, in doing so, must satisfy many different people. As a result, salespeople often experience role conflict, whereby they feel caught in the middle between the conflicting demands of the people they must satisfy. Also, reps are not supervised very closely, so they frequently find themselves in situations where they are uncertain about what to do; thus, they experience role ambiguity. Because of role conflict and ambiguity, along with the expectation that salespeople will contribute increasing revenues to their companies, many sales positions have greater role stress than other jobs.

New Dimensions of Personal Selling: The Professional Salesperson

Personal selling today is quite different from what it was years ago. The cigar-smoking, backslapping, joke-telling salesman (and virtually all outside sales reps were men in those days) is generally gone from the scene. Moreover, his talents and methods would likely not be effective in today’s business environment.

Instead, a new type of sales representative has emerged—a professional salesperson who is also a marketing consultant. This new breed works to relay consumer wants back to the firm so that appropriate products may be
developed. Its representatives engage in a total consultative, non-manipulative selling; they are expected to solve customers’ problems, not just take orders. For example, Medtronic, a leader in the design and manufacture of high-tech surgical devices, sells to surgeons. These doctors often want the sales rep to be in the operating room during surgery to advise them in the best use of the product. The vice president of sales and marketing for Lucent Technologies states that Lucent’s overall goal is “to have all of our customers say that we are vital to their business success.” Of course, this is difficult given the rising expectations of customers.

The new-style reps also serve as territorial profit managers. They have the autonomy they need to make decisions that affect their own territory’s profitability. Many decisions that in the past would have been made by the sales manager are today made by the salesperson. Salespeople are empowered to act in the best interests of their firms. A recent survey of salespeople’s competencies found those salespeople who excel at aligning the strategic objectives of both customers and suppliers, and who understand the business issues underlying their customers’ needs, are the most successful. To a large extent, technology has empowered salespeople to increase the quality of contact and service they provide to their customers by allowing them to tap into huge data banks.

What factors are important to customers when selecting a sales force? More than anything else, customers want their salespeople to provide service that solves problems and responds to their needs. Other important factors are shown in the following list. Clearly, this provides further evidence that customers’ expectations are very high and getting higher!

### The ten most important factors for professional sales forces

<table>
<thead>
<tr>
<th>The professional sales force...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provides service that solves problems and responds to customer needs</td>
</tr>
<tr>
<td>Has excellent product knowledge</td>
</tr>
<tr>
<td>Serves as an advocate for the customers within the selling firm.</td>
</tr>
<tr>
<td>Keeps customers up-to-date</td>
</tr>
<tr>
<td>Sells a high-quality product</td>
</tr>
<tr>
<td>Offers superior technical support</td>
</tr>
<tr>
<td>Has accessible personnel that are available locally</td>
</tr>
<tr>
<td>Sells a wide variety of products that offer a total solution</td>
</tr>
<tr>
<td>Understands the customers’ business</td>
</tr>
<tr>
<td>Sells the product for a competitive price</td>
</tr>
</tbody>
</table>

*SOURCE: The HR Chally Group, Ten Year Research Report, 2002.*

### THE NATURE OF SALES MANAGEMENT

During the early stages in the evolution of marketing management, sales management was narrow in scope. The major activities were recruiting and selecting a sales force, and then training, supervising, and motivating these people. Today, personal selling and sales management have much broader dimensions. Many sales executives are responsible for strategic planning, forecasting,
CONSIDER THIS...
The Value of Silence in Selling

As discussed in the chapter, listening is one of the most important skills sales professionals need. However, salespeople can only listen if they are silent—and patiently wait for their client to fully explain the issue. This is not always easy. People tend to be uncomfortable with silence. Salespeople, in particular, are inclined to keep talking just to fill the noise gap. However, successful salespeople understand that silence is a powerful tool in selling. They learn to nod their head, and listen quietly and intently to what the prospect is saying.

By learning to be silent, salespeople can demonstrate empathy to prospects, gain knowledge about their full range of needs, and then deliver value by satisfying those needs they have identified.


budgeting, territory design, and sales and cost analyses, as well as the more traditional activities. Sales managers must see that all of these tasks are integrated. Figure 1-4 illustrates how each of the sales management activities is linked with the others, and generally maps them onto the chapter topics of this book. If one of these activities is performed poorly, it will have a ripple effect on the others. For example, if the wrong people are hired, efforts to train and motivate them will almost always result in failure.

Furthermore, it is the sales manager’s responsibility to see that all of the activities—such as production, advertising, and distribution—that support the sales of products and services are coordinated with the efforts of the sales department.

Role and Skills of a Sales Manager

As the role of the salesperson has changed, so has that of the sales manager. With high-quality empowered sales forces, sales managers are more likely to provide support and resources than to direct and control salespeople. They focus on internal coordination of the sales efforts so that their salespeople can spend more time with their customers. Increasingly, they will be asked to manage multiple sales channels—for example, field sales, inside sales and e-commerce—so all have to be coordinated.

The demanding, controlling, volume-oriented sales manager is a dying breed. Today, the most successful sales managers are seen as team leaders rather than bosses. They still direct and advise people, but they do so through collaboration and empowerment rather than control and domination. To be successful, sales managers, like salespeople, will need to adapt their strategies, styles, and attitudes. Some of the critical changes are:

- Developing a detailed understanding of customers’ business.
- Treating salespeople as equals and working with them to achieve profitability and customer satisfaction.
- Applying flexible motivational tools to a hybrid sales force of tele-sellers, direct marketers, and field salespeople.
- Keeping up to date on the latest technologies affecting buyer-seller relationships.
• Working closely with other internal departments as a member of the corporate team seeking to achieve customer satisfaction.
• Continually seeking ways to exceed customer expectations and bring added value to the buyer-seller relationship.
• Creating a flexible learning and adapting environment.11

In terms of abilities, “people skills” are more important than analytical and evaluative skills. The ability to develop team-oriented relationships is particularly important. Today’s sales manager must be sensitive to individual needs and skills, caring more about communicating and coaching than monitoring and controlling.

**Administration—A Distinct Skill**

A sales manager is first and foremost a manager—an administrator—and management is a distinct skill. Only during the past few decades has management, or administration (we use these terms synonymously), been recognized as a separate body of knowledge. One of the ironies of sales force management is that sales managers were usually promoted into the executive ranks because of their talent as salespeople. But from then on, their success or failure depended on their administrative skills—skills that may or may not have been developed during their time as sales reps.

**Sales Ability Is Not Enough**

Although many people with outstanding technical abilities make good administrators, there is considerable evidence that sales talent does not necessarily correlate with managerial skill. The same concept holds true in many fields. In the sports world, for example, many successful managers and coaches were
only average players, and some excellent players do not turn out to be excellent managers. In the sales field, it is widely recognized that the best salesperson may not even be a passable sales manager. The very factors that create an outstanding salesperson often cause failure as an administrator. For example, many successful salespeople have strong, aggressive personalities. This can be a liability when working closely with others in an organization. Also, the detailed reporting that most sales personalities detest are essential duties of a sales manager. However, we should not jump to the conclusion that top sales producers never make good sales managers. A firm’s top salespeople certainly should be considered when a management opportunity develops. In identifying a potential sales manager, particularly from among the ranks of salespeople, some important qualities to look for are

- A willingness to share information.
- Structure and discipline in work habits.
- An ability to work well in teams or groups.
- Skill at selling internally.
- An ego that is not overinflated.

While sales skills alone do not make a good administrator, some proficiency in the field is needed. It is difficult to imagine a successful sales manager who has little or no knowledge of selling. Also, the sales force must be confident that the sales manager can lead the group; successful sales experience can inspire such confidence.

Management Can Be Learned

One top executive who was a leader in the Young Presidents Organization confessed to a group of business students that she was a terrible manager in her first job. She set out to overcome this deficiency by volunteering for charitable work. In this way, she learned how to organize people and get them to cooperate.

Another young president reported that he learned a great deal about administration by studying executives and how they behaved in managing their enterprises. Observing the tactical behavior of both successful and unsuccessful managers helped him form ideas about managing people. The continuing growth of management development programs indicates that there is a body of management knowledge that can be taught and learned.

Levels of Sales and Sales Management Positions

In the administrative structure of many firms with outside sales forces, several levels are involved in sales force management, as shown in Figure 1-5. These titles and levels vary greatly across firms and industries—and the compensation levels also vary, including within firms. That is, top account managers might be making five times more than their low performing colleagues—and it is also not unusual for these top performers to be making significantly more than their boss, the sales manager! Following are some comments about lower-, middle-, and top level sales professionals from Figure 1-5.

Lower-Level Sales Professionals

The entry-level sales management position, especially in traditional firms with a large sales force, is typically that of a sales supervisor, sales manager, or branch manager. This person provides day-to-day supervision, advice, and training for
a small number of salespeople in a limited geographical area. In firms that have adopted a team selling approach, the first managerial position is typically a client team leader, who coordinates the efforts of a multifunctional team. Usually these leaders are people with client sales or service experience.

**Middle-Level Sales Professionals**
The next step up the executive ladder is a mid-level manager, typically with the job title of area sales manager or district sales manager. This person manages the activities of sales supervisors or team leaders and also participates in some sales planning and evaluation activities in the district. The next step in many firms is the regional or divisional sales manager. This middle-level sales manager is generally responsible for several sales districts. This position also may be eliminated in a firm that is using team selling.

**Top-Level Sales Professionals**
The highest levels in sales management are national sales manager, vice president of sales, and chief sales officer (CSO). The national sales manager is generally in charge of the large, key accounts—so for a consumer goods manufacturer, these accounts might be Walmart, Home Depot, and/or Kroger. The VP of sales and the CSO are responsible for designing an organization’s long-run sales strategies and other companywide strategic sales planning activities. These executives act as the sales department’s liaison to the top executive in finance, production, and other major functional areas of the firm.
Flatter Organizations
It is important to note that many organizations are becoming flatter; that is, they have eliminated some of the levels of management. Typically, these are the organizations using cross-functional teams to serve their clients. As noted above, team leaders replace lower-level management positions, and often the middle levels are eliminated as well. Thus, the team leader may report directly to the chief sales officer and/or the chief marketing officer (CMO).

Staff Sales Management Positions
In addition to the sales management positions discussed above, most medium-sized and large companies employ staff executives to head activities that provide assistance to the sales executives and the sales force. Sales training, sales planning, and sales and marketing cost analyses are examples of these staff activities. A key point is that these executives have only an advisory relationship with the line sales executive and the sales force. Staff executives do not have line authority in the sales executive hierarchy. However, within a staff activity area—sales training, for example—the staff executives do have line authority over the people in that area.

How Sales Managers’ Job Differ from Other Management Jobs
Probably the most significant differentiating feature of an outside personal selling job is that the salespeople work away from the company’s main facilities. Thus, sales managers cannot directly supervise each rep’s work in person on a daily basis. The geographical deployment of an outside sales force makes sales managers’ jobs different in several respects from other management jobs.

In sales training, for example, a sales manager can provide on-the-job training usually to only one person at a time, so other training tools and methods must be used. Communication with outside salespeople is often more difficult because it is not face-to-face communication. Similarly, motivating a sales force is a problem when a sales manager cannot regularly spend one-on-one time with the salespeople.

Another problem is evaluating a sales rep’s performance when the sales manager cannot personally see the rep’s work. It is also difficult to monitor the ethical behavior of workers who are geographically separated from the company. Finally, sales managers frequently face morale problems among outside salespeople. Being physically separated from co-workers, the sales reps don’t have the same group morale support network as do inside employees.

IMPORTANCE OF PERSONAL SELLING AND SALES MANAGEMENT
From any viewpoint in our total economy, in an individual organization, or even to you as a student, personal selling—and consequently its management—is tremendously important.

In Our Economy
Selling has certainly been very important to our economy. First, just look at the number of sales jobs. According to the U.S. Bureau of Labor Statistics,
there are about 14 million sales jobs in the United States—and experts project a 6 percent employment growth for sales representatives by 2024.\textsuperscript{14}

Second, the United States economy has been a strong \textit{buyers’ market} for many years. That is, the available supply of goods and services has generally far surpassed demand. There has been relatively little difficulty in producing most products. The real problem has been in \textit{selling} them. Particularly during recessions, businesspeople soon realize that it is a slowdown in selling that forces cutbacks in production. This is why companies spend more on professional selling than they do on advertising; in fact. As Red Motley, a noted sales trainer and writer, once said, “Nothing happens until somebody sells something.”

\textbf{In an Individual Organization}

When a firm stresses marketing management, executive attention is devoted to sales and market \textit{planning}. Such emphasis may be well placed, but ordinarily the sales force in the field must carry out the sales plan. No plan is of much value unless it is implemented properly. If salespeople cannot sell successfully because they are improperly selected, trained, or compensated, then the efforts devoted to sales planning are of little value. About the only exceptions are firms that do not rely on their own sales force but instead primarily use advertising or agent intermediaries, such as brokers or manufacturers’ agents, to move the products. Since the sales force is critical to the success of a concern’s marketing venture, sound management of these representatives is important.

The cost of managing and operating a sales force is usually the largest single operating expense for most firms. Public attention and criticism often focus on the amounts a firm spends for television or magazine advertising. Yet a firm’s total advertising expenditures may be only 3 or 4 percent of net sales. The total expenses related to salespeople may be 15 or 20 percent of net sales.

\textbf{To You, the Student}

Okay, so selling and sales management are important in our economy and in an individual organization. But why should you study sales management? What’s in it for you?

The primary benefit of studying sales management is related to your career aspirations. There are more positions available in sales than in any other professional occupation. As a result, there are also a lot of sales management jobs in today’s world. A firm with a medium-sized or large sales force has many sales executive positions (sales supervisors, sales team leaders, district sales managers, regional sales managers) but only a few executives in finance, production, personnel, advertising, or marketing research. And the pay is usually much higher in sales management jobs than in other areas of management.

Within two or three years after graduation, you may be serving as a sales supervisor or a district sales manager. Even as a salesperson, you may engage in managerial activities, such as visiting your alma mater to do employee recruiting. You may be asked to do some sales forecasting for your territory or to offer suggestions regarding a proposed compensation or quota plan. All of these activities will require knowledge of sales management.
CHALLENGES FACING SALES FORCE MANAGEMENT

As explained earlier in this chapter, sales organizations must learn how to adapt to a continuously changing environment that revolves around customers with higher and higher expectations. This presents several specific challenges that sales managers and salespeople must overcome to be successful. Specifically, sales professionals must develop greater expertise in the following areas. Each of these areas is discussed in varying depth later in the book.

1. **Selling by, and to, executives.** Because customers are so demanding, selling firms must increasingly rely on their top executives to be involved in the sales process. Customers—especially important customers—expect to interact and negotiate with the highest levels of the organization. For example, every senior officer and every vice president at Xerox is assigned to specific major accounts, such as Kinko’s and ADP. In fact, each of these major accounts has a team of Xerox employees assigned to it, and the top-level executive works closely with the team. This structure is sometimes called strategic or key account management. In addition, salespeople are increasingly finding themselves selling to high level executives (also called C-level executives because their titles begin with that letter, such as chief executive officer). This is a different kind of sale. On one hand, it is more difficult because these people do not have much time and are hard to see; however, if a salesperson can make this appointment, this executive often has the power to make the buying decision right away—so it can be a shorter sales process.

2. **Customer relationship management (CRM) and Sales Force Automation (SFA).** CRM and SFA both refer to the comprehensive software programs that help companies manage customer information. These programs have become mainstream technology for sales organizations. As shown in Figure 1-6, the CRM industry is growing rapidly. The leading companies include Salesforce.com and NetSuite, but there are many others. Some sales organizations develop their own

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**FIGURE 1-6**

Growth of CRM Industry in Total Revenues

system—Fastenal Company, for example, internally developed a program it calls its Sales Management System. In fact, Fastenal’s sales force is being equipped with tablet computers for the purpose of making it easier for salespeople to remotely enter data into the system. But for some firms, the transition to this technology has not always gone well, as sales managers tend to struggle with how to use it to drive the performance of their teams. The challenge is that salespeople often do not see the benefit as much as their manager does—and in fact, many salespeople have not yet adapted to using these programs. This stems from several reasons. First, salespeople sometimes feel that the CRM or SFA program takes away their freedom in that it allows management to spy on them. Another concern is that salespeople feel their system is not user friendly in that it takes too much time to enter the information the system asks for. These concerns can be avoided through proper training and effective leadership by the sales executives.

3. **Sales force diversity.** Over the past few decades, more and more women and minorities have successfully pursued careers in personal selling and are advancing into sales management positions. In fact, over half of sales workers in the United States are now women. This is surprising since sales was once dominated by men. Sexual discrimination still exists in the U.S. workplace, as evidenced by the over 20,000 sex-based lawsuits filed each year. Yet great strides have been made.

A controversial issue in this area involves the criteria used for hiring women into sales. Select industries, such as pharmaceutical sales, have been criticized for emphasizing physical attractiveness over professional qualifications. “There’s a saying that you’ll never meet an ugly drug rep,” says one industry expert who charges that seduction is a deliberate industry strategy. Pharmaceutical companies deny that sex appeal has anything to do with whom they hire. This is very possibly true. Regardless, all sales organizations must be careful that they do not perpetuate the negative stereotypes that have long been associated with the selling profession.

Minority groups present another opportunity and a different set of challenges for sales management because minorities have been more difficult to recruit in large numbers for outside sales jobs. The United States has long been a nation of ethnic diversity. About one-third of American workers are minorities, and the percent is growing every year. To remain competitive, sales managers need to capitalize on the strengths of everyone in our diverse population.

The bottom line for sales managers of women and minority groups is this: These groups are here to stay in selling, and they must be managed effectively. As a matter of self-interest, sales managers cannot afford to waste the brainpower (and selling power) of over half our population. Moreover, executives simply will not be able to adequately fill the available sales jobs in the foreseeable future unless they recruit qualified women and minorities.

Additionally, today’s salespeople are much more educated than in the past. Over 65 percent of salespeople have college degrees, and the number holding postgraduate degrees has increased as well to 6.5
percent. The more-educated salesperson will desire challenges and rewards that differ from those his or her less-educated counterpart desired in the past. Finally, as our population grows older, sales managers will be faced with managing a greater proportion of seniors in their sales forces. In many cases, these senior salespeople will place less emphasis on financial rewards than will their younger counterparts, but they will still need to be motivated to maintain and improve their performance.

4. Complex channels of distribution. Many sales managers will be asked to manage increasingly complex channels of distribution. They will oversee a hybrid sales force, which might include both outside field sales reps, and inside salespeople. Their work—organizing and coordinating the efforts of these diverse salespeople—will become more strategic. The successful sales managers of the future will be adaptive enough to handle both complexity and rapid change. Sony Electronics, for example, sells its products through three distinct channels: (1) company-owned retail stores with the Sony name; (2) traditional retailers such as Best Buy, Circuit City, and Wal-Mart; and (3) online through its company-owned Web site. Sony’s president of consumer sales is faced with the challenge of creating synergy among these channels such that the sum is greater than its three parts.

5. Globalization. Today the U.S. market has reached the saturation point for many consumer and industrial products. At the same time, many global markets are emerging and growing rapidly. Growth for many companies in the coming decades will come from their development of these international markets. Some companies, such as Coca-Cola, Colgate-Palmolive, and Avon, are already earning the greatest proportion of their revenues outside the United States. Differences in cultures and ways of doing business in foreign countries pose real challenges for American sales management.

   Additionally, in the United States, American sellers face increasing competition from many foreign firms. This competition is bound to increase as economies expand in Asian and eastern European countries, and as a result of the general trend of the elimination of trade barriers between countries. Sales executives must manage their sales forces to meet foreign competition in this country and to improve their company’s personal selling efforts in other countries.

6. Ethical behavior and social responsibility. “Salespeople are dancing in the spot where there’s the greatest likelihood for unethical behavior,” says a lawyer for PricewaterhouseCoopers’ governance risk management and compliance practice. Indeed, salespeople have been involved in a number of recent financial accounting scandals. In one aspect of the most famous case, Enron salespeople were accused of using wildly optimistic estimates for the forward price of commodities and other factors. This created the appearance that deals were profitable when they were actually losing money. In a case that is similar, a salesperson for Kraft Foods agreed to what he thought was a simply, harmless request from one of his biggest customers, a grocery wholesaler. This customer wanted the Kraft salesperson to sign a letter to confirm that certain payments were to
cover a “shortfall” in past accounts. In reality, these payments were for something else. This allowed the customer to appear to be more profitable than it was, which misleads investors. Salespeople must realize that these activities are not only dishonest and unethical, but illegal. The U.S. Securities and Exchange Commission is becoming more and more aggressive in pursuing these cases, and this includes taking legal action against specific salespeople! Sales executives have the challenge of first staying up to date on these laws, and then informing their salespeople through proper training.

For centuries, the institution of business, and especially its personal-selling component, has been accused periodically of unethical behavior. Yet it is commonly accepted that outside selling today is on an ethical plane far above that of a few decades ago and in a different world from that of a century or two in the past. Today, sales managers have no choice but to strive to maintain their ethical standards in personal selling and sales management, for the alternative can put them out of business or even into prison.

**SUMMARY**

This is a book about managing a sales force—that is, managing the personal-selling component of an organization’s marketing program. Specifically, this book deals with the management of an outside sales force where the salespeople go to the customer. Outside selling contrasts with across-the-counter selling, where the customers come to the salespeople. By any measure—people employed, dollars spent, or sales generated—personal selling is by far the most important element in a company’s promotional mix.

In the face of intense competition, many companies today practice relationship marketing or relationship selling, which is very different from the traditional transaction-oriented selling that focused on the one-time sales of the product. In contrast, relationship selling focuses on developing trust in a few selected accounts over an extended period.

There are a wide variety of sales jobs in which salespeople work for a wide variety of companies, selling many different products, and serving a wide variety of customers. The sales job is also different in a number of ways from other jobs. Further, a new type of sales representative is emerging, one who acts as a marketing consultant for the customer and for his or her own firm.

The role of the sales manager is also expanding. Today, the most successful sales managers are seen as team leaders rather than bosses. Sales managers are administrators, and administration (management) is a distinct skill. Sales talent alone does not make a good manager, but management can be learned. There are several levels of sales management positions, and sales managers’ jobs also differ from other management positions.

The importance of personal selling and sales management may be viewed from the perspective of our total economy; individual organizations; or you, the student. To manage a sales force effectively in the coming decades, sales executives must develop greater expertise in the following areas: (1) selling by
QUESTIONS AND PROBLEMS

1. Explain how and why customers’ expectations are changing.

2. What is an outside sales force? Is this type of sales force used only by producers and wholesalers? Is it used only in business-to-business selling?

3. How can a salesperson add value to his or her customers’ business?

4. How does relationship oriented selling differ from transaction-oriented selling?

5. Study the six categories of sales jobs (i.e., consultative seller, etc.) and answer these questions:
   a. In which types of jobs is the sales rep most free of close supervision?
   b. Which types of jobs are likely to be the highest paid?
   c. For which groups is a high degree of motivation most necessary?

6. We said that today’s professional sales representative is a marketing consultant and a manager of a market—his or her territory. Explain how a sales rep can be a marketing consultant and manager.

7. What can sales managers do to increase the professionalism of their salespeople?

8. How does a sales job differ from other jobs?

9. How will the trend toward flatter organizations affect the job of the middle-level sales manager?

10. Why do many successful salespeople fail to become successful sales managers?

KEY TERMS

Communications mix  Marketing mix  Sales engineers
Complex distribution  Missionary salespeople  Sales force automation  channels (SFA)
Consultative seller  New business seller  Sales force diversity
Customer relationship  Outside sales force  Sales management  management (CRM)
E-commerce  Promotional mix  Sales support
Inside sales (or  Relationship marketing  Selling by executives
telemarketing)  Relationship selling  Transaction selling
Key account seller  Role ambiguity  Value-added
                               Role conflict  components
                               Role stress

executives, (2) customer relationship management (CRM) and sales force automation (SFA), (3) sales force diversity, (4) complex channels of distribution, (5) globalization, and (6) ethical behavior and social responsibility.
11. Assume that you are a sales manager. What characteristics would you look for, or what criteria would you use, when promoting a salesperson to the position of district sales manager?

12. It has been said, “Nothing happens until somebody sells something.” How would you explain this to a student who is majoring in accounting, finance, or engineering?

13. Should someone who is not majoring in marketing take a course in personal selling? In sales management?

14. Review your activities of the past week and identify those in which you did some personal selling.

15. Assume that your company, which sells paper products, has 60 percent of the business at your largest account. What factors would make it relatively easy for you to get a larger share of that customer’s business, and what factors would make it harder?

**EXPERIENTIAL EXERCISES**

1. Interview sales managers from three different companies concerning their responsibilities and what they do. Compare and contrast their positions. Then explain which one you would prefer and why.

2. Interview a salesperson from each of three different companies about the nature of their selling responsibilities and their relationships with their customers. Then describe each of these sales positions and explain whether the selling is more similar to transactional selling or to relationship selling and why.

3. Visit the following two websites, which focus on selling and sales management issues: www.smei.org and www.salesandmarketing.com. What services do they offer, and how might these services be of use to sales managers?
KV HOMES
Making the transition from salesperson to sales manager

KV Homes is a $300 million family-owned company that builds and sells residential homes throughout the state of Illinois. The company takes pride in its quality, custom-built homes, which generally sell for between $400,000 and $700,000. KV Homes currently is developing eight neighborhood communities throughout Illinois. In each of these developing neighborhoods, a sales force works from a model home.

In the model home of each neighborhood, there are typically three salespeople. These salespeople have one of two job titles: assistant sales consultant or sales consultant. The typical model home contains one assistant sales consultant and two sales consultants—but this varies from community to community. The assistant sales consultants are in a training phase that lasts approximately 20 weeks. They work closely with one of the sales consultants, who serves as a mentor, and then are eventually promoted. In total, there are currently 21 salespeople across the eight communities that are being developed. These salespeople are directly managed by the sales manager, Damien Badenhop.

The company has a simple line-type organization that is relatively small. Sales manager Damien Badenhop reports directly to the vice president of marketing, Jen Lehatny. Lehatny—along with the vice presidents of manufacturing, finance, and operations—reports to the company president, Kyle Vee.

Damien Badenhop was recently promoted into the manager’s job. KV Homes has a policy of promoting from within and Damien was selected from among the salespeople based on the strong recommendation of Jen Lehatny. She felt that even though he was not the top salesperson, he was the best choice to move into management. He clearly had the best administrative skills of the group, he was an excellent mentor of the younger salespeople, and he was respected throughout the organization. In her mind, Damien had seemed to be the logical choice; but now she was wondering if she had made a mistake.

The sales manager for KV Homes has a large amount of the responsibility for planning the sales effort and total responsibility for organizing and managing the sales force. In the area of planning, he (or she) assists in the preparation of the sales forecast. This involves estimating expected sales within each community based on past history, forecasts of economic conditions, and competitive developments. On the basis of the final forecasts, he also prepares the expense budgets and the sales quotas for the individual reps. He then breaks these budgets down into monthly and quarterly dollar figures, which he uses in evaluating the reps and determining their incentive pay.

The sales manager has total responsibility for recruiting and selecting new salespeople, which is a continual process for KV Homes. Most new recruits are recent college graduates. So, the sales manager maintains relationships with several Illinois universities and then conducts on-campus interviews in the fall. The sales manager then spends two to three weeks training the new salespeople before assigning them to mentoring sales consultants in their specific neighborhoods. This training involves acquainting new reps with company objectives and operating policies, providing them with background knowledge about the construction industry, and teaching them the sales process through the use of role plays.

Supervision, motivation, and evaluation also are essential components of this position. The manager provides all reps with refresher training, teaching them to allocate their time properly and to keep current with regard to trends in the construction industry. He is responsible for weekly sales meetings and continuing training programs. Further, on a quarterly basis, he must spend time...
in each community model home in order to formally evaluate performance of all salespeople. In conjunction with the evaluation, he designs and administers the recognition and compensation programs. Of course, the sales manager also acts as a troubleshooter when any of the sales consultants needs assistance with a client.

In the past, the sales managers at KV Homes had always continued to sell homes, at least on a part-time basis. However, Jen felt that because the size of the sales force had doubled in the last few years and because the responsibilities of the sales manager had expanded, it was time that the sales manager devote 100 percent of his time to managing the sales effort. Therefore, when she offered the manager’s position to Damien Badenhop, she asked him to give up all of his selling responsibilities. His compensation package would consist of salary, plus a commission on all the consultants’ sales, plus a bonus for making the sales and expense targets. This package would more than compensate for the loss of income from his sales commissions.

Damien was really excited about the opportunity to become KV Homes sales manager. But he was somewhat surprised that he had not have seniority among the consultants. However, when Jen told him about giving up selling entirely to focus on the administrative duties of the sales manager, he countered that he didn’t want to do that and that it was not in KV Homes’ best interests. Jen recalled his comment: “I don’t understand why you’re changing the policy. Bob Burton (the last sales manager) continued to sell part-time—and I thought it worked out well. In fact, I think that I’ll stay more in touch with the market if I can continue to sell. This will make me a better manager because I’ll be more knowledgeable about what my salespeople are facing.”

Damien also explained that after a slow start, the homes in his community are really starting to move. “I’ve developed the trust of the several people that I know are going to buy from me in the coming months. It doesn’t seem fair to hand these people over to someone else.”

Damien was persistent in arguing his case to Jen, who finally relented. He was promoted to sales manager, and continued to sell three mornings a week. At first this arrangement worked pretty well. However, in the last several months, Damien began having problems with both the managing and the selling aspects of his job. His paperwork was way behind, his sales figures had slipped a little, and some of the reps had complained to Jen about the lack of support from Damien.

Jen did not have a good solution. If she forced Damien to give up selling entirely, she thought there was a good chance he might quit KV Homes. The additional compensation Damien received from his own sales was a significant boost to his sales manager’s compensation. If he quit, she really did not have anybody else she felt she could put in his position. She would have both a manager and a sales consultant to replace. If she asked him to give up the manager’s job and go back into full-time selling, he might quite in that situation as well.

**Question:**

1. Should Jen ask Damien to give up his accounts? How do you think Jen should handle this problem?
Mr. Ken Sutton, sales manager for G.W. Pergault, directly oversees 15 salespeople that serve clients in and around Milwaukee, Wisconsin. He is currently in a tough spot. The new president of the company, Ms. Celia Fiorni, has a vision for e-commerce that Sutton’s salespeople strongly oppose. Sutton feels caught in the middle—between his boss and his subordinates.

Ms. Fiorni had become president of G.W. Pergault just six months ago. Her previous job was CEO/president of a very successful—but relatively small—technology firm that sold computer hardware to consumers. Ms. Fiorni is an enthusiastic, charismatic leader who has brought a fresh outside perspective to G.W. Pergault.

Given her background in the computer industry, Ms. Fiorni not surprisingly is a fervent believer in new technology. Her first task was to spend over $20 million updating G.W. Pergault’s website. With this accomplished, her next goal is to move a much larger percentage of the reps’ sales to the company website. Further, she feels that the company’s salespeople should take the lead role in encouraging and training their customers to order products through the website.

G.W. Pergault is an established, $4.2 billion supplier of maintenance, repair, and operations (MRO) products. The company sells pipe fittings, light bulbs, ladders, and literally hundreds of thousands of other MRO products to business customers throughout North America. Established in 1952, G.W. Pergault traditionally has sold these products through its extensive mail-order catalog, which has grown to over 4,000. In 1997, the catalog was put online. Online sales have increased each year since but are still dwarfed by catalog sales.

The business customers that buy these products vary greatly in size. Most are relatively small accounts that purchase supplies directly through either the paper catalog or website without ever seeing or talking to a G.W. Pergault salesperson. Even though these smaller businesses represent about 80 percent of the customers, the aggregate sales generated from them is still only about 20 percent of G.W. Pergault’s total sales.

Alternatively, the remaining 20 percent of the customers tend to be much larger accounts. The sales generated from these bigger customers represent about 80 percent of G.W. Pergault’s total sales. These are the customers that are regularly called upon and serviced by G.W. Pergault’s sales force. These sales reps personally process the vast majority of orders from their customers.

President Fiorni, however, believes that it is highly inefficient for these customers to order all their products through salespeople. First, it is needlessly time-consuming and keeps salespeople from more important, creative-selling activities. Second, it is costly. She feels that G.W. Pergault could save hundreds of thousands of dollars by insisting that existing customer reorder their supplies through the website. The savings, she says, will stem primarily from eliminating steps in the order process.

Currently, the ordering process starts as the G.W. Pergault sales rep personally meets with a purchasing agent from the customer firm. The sales rep writes up the order by hand as the purchasing agent makes his requests. After the meeting, the rep submits the order to G.W. Pergault—usually by fax. A member of G.W. Pergault’s data-entry clerical staff receives the form and enters the information into the system for delivery. The order is packaged and shipped, usually within three business days from when it was made.

The new company website, of course, provides an interface that allows customers to complete their own order, which then is directly entered into the system as soon as the customer clicks on the submit button. This allows for the order to be processed more quickly, saving at least one day in
delivery time. In addition, it significantly reduces the chance of order-entry error by either the salesperson or the data-entry clerk.

As Ms. Fiorni says, “It’s a no-brainer. By ordering through the website, customers will not only get their supplies sooner, they can be much more assured that they will get exactly what they asked for.”

Ken Sutton could see the logic in his new president’s thinking. A recent customer satisfaction survey revealed that mistakes were made in about one out of every 20 orders that come in through salespeople. He feels that this error rate is much too high. Further, he believes that his sales reps are not even close to reaching the full potential for his market in and around Milwaukee. “The reps spend too much time taking orders, and not enough time explaining to customers how our other products can meet their needs,” he says.

At the same time, his reps have expressed strong opposition to the plan. In fact, his top rep for the past two years had just called him yesterday. In a somewhat angry tone, the rep told him what he thought of the new president. “Fiorni doesn’t understand that selling is about building personal relationships, and you can’t have a relationship with website. Customers buy from G.W. Pergault not just because they like our product, but also because they like me. I’m sorry, but I refuse to tell my best customers, ‘I’m too busy to take your order. Go surf the Internet!’”

Other reps have told Sutton that customers who have tried the new website did not like it. Some of the complaints were that it was too glitzy with too many distracting graphics. “We don’t care about the bells and whistles; we just want to buy supplies in a convenient and quick way,” said one purchasing agent. “It’s so much easier to just meet with our reps and tell her what we want. Frankly, the website is too complicated and confusing!”

Sutton thinks that customers might be less confused if their salespeople would do a better job of showing them how to use the website. After all, G.W. Pergault offers over 500,000 different products, which can be overwhelming to sort through. Sutton believes that some of his reps may have trouble finding specific products on the website. He also acknowledges that G.W. Pergault has not made much of an effort to train its own sales force on the ins and outs of ordering online through the company website.

There are two other key issues that help explain why the sales force is so strongly opposed to the president’s new vision. Ken Sutton believes these are the most critical reasons for the objections. First, over half of the typical salesperson’s compensation is earned through commission. When customers buy through the website, reps don’t earn any commission! Why would a sales rep convince a customer to do something that reduces the rep’s pay?

And, finally, many of the reps feel that the website is a threat to their future with the company—even though Ms. Fiorni is on record saying that she does not want to eliminate the sales force. In a recent company address, she said, “G.W. Pergault needs more—not less—people selling. We simply need a shift of focus toward selling new products to our best customers. We also need sales to focus on opening new accounts.” Nevertheless, some reps feel that this initiative is the first step to a pink slip.

Next week, Ms. Fiorni is scheduled to come to Milwaukee and talk to Sutton and his reps. She understands that her plan has not been well received by sales. G.W. Pergault reps from all around the country feel the same way that Sutton’s reps do. In fact, she will be visiting various sales groups from around the country to try to get a better idea of why there is such resistance.

Sutton believes his new boss is a reasonable person, and is looking forward to her visit. Through telephone conversations, he gets the sense that she will listen to his advice on the matter—but he is not sure exactly where he stands! Al he knows is that Fiorni’s e-commerce goal will not be achieved without salesperson buy-in, and that the salespeople are not buying the plan in its current form.

Questions:
1. What advice should sales manager Ken Sutton give to his company president, Celia Fiorni, in order to improve her plan and make it successful?
2. What should Ken Sutton do to make his salespeople more accepting of the new initiative?
CASE 1-3

THE CORNELL COMPANY
Selection of a Sales Manager

Mrs. Paula Ruiz, vice president of marketing for the Cornell Company of Chicago, knew she had to make a decision on who to select to manager the company’s 56-percent sales force. Seven months previously, the former sales manager resigned to accept the sales manager position for Cornell’s major competitor. Since that time, Mrs. Ruiz had assumed direct control of the sales force, but she clearly saw that, in doing so, she was not only neglecting her other responsibilities but also doing a poor job of managing the sales force.

Mrs. Ruiz’s search for a new sales manager had narrowed down to two people, Gordon Price and Janice Wilson, both of whom seemed eminently qualified for the job.

The Cornell Company was one of the nation’s leading manufacturers of special-purpose metal fasteners and metal fastening systems used by metal fabricating manufacturers. The sales reps worked closely with both the engineers and purchasing agents of customers’ organizations in developing product designs and specifications for solving their problems. While there was some calling on new accounts, the bulk of the sales rep’s time was spent working with long-standing established accounts.

The sales manager was charged with the full responsibility for maintaining an effective field sales force, which included hiring, firing, training, supervising, compensating, controlling, and evaluating the salespeople. The manager was accountable for the entire department’s paperwork, which included budget preparation, expense account auditing, and sales force planning. At times, the manager had to work closely with salespeople in handling special accounts or particularly important or difficult contracts. There were no field supervisors to help the salespeople; however, close communications were maintained with them by the home office through the extensive use of modern electronic technology.

Each rep had a company smartphone and choice between a tablet computer or laptop, which allowed immediate contact with the home office and its databases. Customer information and IT support were immediately available to all sales reps through the company’s CRM system and staff. The sales manager had an assistant in the home office who handled all communications between the reps and the manager. A large portion of the manager’s time was spent in meetings with other members of management to coordinate sales force activities with all other functions of the business. The manager had to work particularly closely with Mrs. Ruiz.

Mrs. Ruiz had taken the files on the two prospective managers home for the weekend to contemplate her decision. She had decided to announce her selection Monday morning.

As she reviewed Gordon Price’s file, she fully realized that if Gordon were not made sales manager, some repercussions might be felt. Gordy was not only the firm’s best sales rep, but was well regarded throughout the organization. He had sold for the company for 20 plus years and prior to that had worked in production for 5 years after graduation from high school. Now 45 years old, he had outsold all other reps for the last 10 years and always exceeded quotas by more than 20 percent, even in difficult times. Since the sales force was paid on a commission basis, Gordy had become moderately wealthy. His average earnings over the past decade exceeded $150,000; last year he earned $185,000. Gordon was married to an understanding woman of considerable charm. Their three children were high school and college age and, to Mrs. Ruiz’s knowledge, were outstanding youngsters. The Prices were extremely adept at entertaining and socializing with people. Hardly a month passed that they did not have some sort of social event at their home.
Although Gordon had not attended college, Mrs. Ruiz knew that he was intelligent and had acquired considerable business know-how. He had accumulated an impressive library of business books and had participated in many meaningful self-improvement programs.

When he learned of the previous sales manager’s resignation, Gordon had come directly to Mrs. Ruiz and requested the position. He outlined his achievements for the company and then gave a brief account of the goals that he would work toward as manager. Mrs. Ruiz recalled acknowledging at the time that Gordon was certainly a prime candidate for the job and that he could be assured that he would be given every consideration. However, she told Gordon that the decision was not entirely hers to make. The president had suggested that a thorough search be made in order to ensure that the best person available was placed in the position, since he felt keenly that the company had prospered largely because of its excellent sales force and he wanted to do nothing to jeopardize that success formula.

Privately, Mrs. Ruiz had some reservations about making Gordy sales manager, but she was hesitant to bring her thoughts into the open for fear of engendering animosities that would later haunt her. First, she was fearful that if she promoted Gordy, she would be losing a good sales rep and getting a poor sales manager. She had seen it happen in other companies, and sales management literature was full of warnings that top salespeople may not make good sales managers. The two jobs required different skills. Second, Mrs. Ruiz was worried that Gordon would be unhappy with the sales manager’s salary of $140,000, despite his insistence that he would be happy with it. Third, she was afraid that Gordy’s preference for customer contact would result in his not staying in the office enough to do the required paperwork. Finally, she was concerned by Gordy’s relationships with the other salespeople. He was extremely well liked by most of the men, who felt that he “would give you the shirt off his back” if you needed it. However, a couple of the 14 women on the sales force had communicated to her that they felt that Gordy was a bit too macho for their liking. However, none of the women had indicated that Gordon had been anything but very proper and pleasant in his behavior toward them.

Gordon had forced Mrs. Ruiz to make a selection soon, appearing in her office Friday morning to issue a rather strong ultimatum: he had been offered a sales manager position with a significant competitor and had to give an answer in two weeks. He made it clear that he did not want to leave, but he would do so to become a sales manager if that opportunity was not to be his with the Cornell Company. Mrs. Ruiz inwardly rebelled at this holdup play but realized that it was a fair tactic. The last sales manager had given no warning of his impending departure. She thought that at least it was nice to be forewarned for a change.

Mrs. Ruiz proceeded to review her other leading candidate, Janice Wilson, with whom she had been acquainted for more than four years. They were members of several clubs together and, while not close friends, had known each other from their college days. Janice was the sales manager for an electronic instrumentation company and had developed an enviable reputation in the industry for building an outstanding sales force. She was just 32 years old—several years younger than Gordon. And she was the mother of two preschool children. She came across as friendly and likable, yet all evidence indicated that she ran a tight ship. She demanded high performance from her sales team, and seemed to get it.

Mrs. Ruiz casually mentioned her job opening to Mrs. Wilson one day at one of their club meetings—she thought Janice might know some good person that she could recommend for the job. Mrs. Wilson had hesitated for a moment, then replied, “Let’s talk.”

She then confided that her firm was about to be acquired by a larger firm and she was not at all enthralled about what she knew of its management. “They are not my kind of people,” she went on to say. “From what I know of you and your operation, I think I would like very much to be considered for the job.” The two went on to have a long conversation. The more she heard, Mrs. Ruiz became more and more impressed with her friend.

Mrs. Ruiz began to seriously contemplate the situation; she felt that this was going to be a tough decision.

Questions:
1. What are the pros and cons of each candidate?
2. Whom would you make sales manager? Explain your answer.


13 Ibid.


