

EVOLUTION OF SALES MANAGEMENT

Before the industrial revolution, which began about 1760 A.D. in England, small-scale manufacturers had a commanding influence on the economy. Manufacturing received most of the attention, because that was the major problem. Goods were sold to nearby customers without any problem. After the industrial revolution in United Kingdom and the American Revolution in the United States, large-scale manufacturing organizations with huge quantities of goods started dominating the economy. Separate functional departments were established, which included manufacturing, finance and sales. Due to manufacturing of large quantities of goods, selling to nearby markets was not adequate and there was a need to expand the market. This was possible with the involvement of intermediaries such as wholesalers and retailers, selling the company's goods to consumers who were located far away from the manufacturing unit. In the meantime, marketing activities like advertising and sales promotion, conducted by the manufacturer's sales department, became not only important, but also complex. It, therefore, became necessary to split the marketing functions into sales functions and other support functions like advertising, sales promotion, marketing research and market logistics (or physical distribution). This kind of typical organization, shown in Figure 1.1, is seen even today. Fig. 1.1 Typical Marketing Organization Structure. It is important to understand that in spite of fragmentation of marketing functions, the sales department continues to occupy an important position even today, because it is the income (or revenue) generating function and no other function in an organization brings in income (Money)

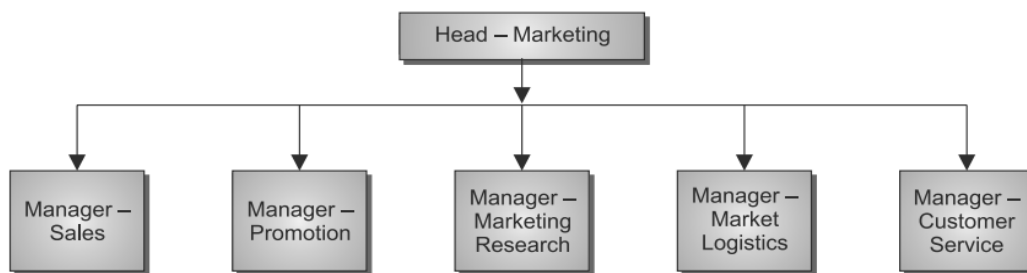


Fig. 1.1 Typical Marketing Organization Structure

WHAT IS SALES MANAGEMENT?

Sales management has been defined in many ways. One definition is:

“Sales management is the management of the personal selling part of a company's marketing plan.”

Another most acceptable definition from American Marketing Association is:

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

However, this definition does not include evaluating and controlling sales force performance. Besides, the definition of American Marketing Association made sales management nearly same as “the management of sales force”. This meaning of sales management is not in line with the broader responsibilities of modern sales managers. The responsibilities of modern sales managers, in addition to the above mentioned definition, are: (i) building sales force organization structure and territories; (ii) coordinating and communicating internally with other functions or departments of the company and externally with customers, intermediaries and agencies like advertising; and (iii) working as a member of strategic management team.

NATURE OF SALES MANAGEMENT

The nature or characteristics of sales management can be explained by the following three ways:

- (i) Its integration with marketing management
- (ii) Scope of sales management
- (iii) Role and skills of modern sales managers

Integration with Marketing Management

As sales management is a part of marketing management, sales planning should be integrated with marketing planning. A company's marketing team typically consists of two basic groups:

- (i) Field selling (or personal selling) team
- (ii) Headquarter marketing team

Field selling teams (or field sales force) remain in their territories/branches/regions contacting existing and prospective (new) customers. The headquarter based marketing team performs support and service functions or activities to assist field salespeople in their jobs. These headquarter based service and support functions are as follows:

Promotion/Marketing Communications Consists of advertising, sales promotion, public relations, publicity, Direct Marketing and Events/Experiences.

Marketing Research Collecting and interpreting information on customers, competitors, products, markets and so on. For example, field salespeople need information on competitors' prices, discounts, payment terms and standard delivery time when they negotiate with customers for getting orders.

Market Logistics Physical distribution of finished goods including warehousing, inventory, transportation and order processing. For instance, a dealer of Mahindra automobiles resolved the problem of on-time delivery by keeping higher inventory of fast moving models and colors of vehicles.

Customer Service Pre-sales and post-sales services as well as delivery service to existing and prospective customers. For example, the problems related to post-sales service were resolved by the Mahindra dealer by assigning a service advisor to every vehicle when it came for service to the showroom.

Coordination Sometimes, there is a need to coordinate between customers, the company's salespeople and production or operations by employing inside salespeople. Increasing number of companies are employing inside salespeople to support customers and outside (or field) salespersons.

Figure 1.1 shows a typical marketing organization structure, which integrates sales and marketing functions. The support activities are either handled within the company or outsourced to specialists like marketing research agencies and advertising agencies. However, the real integration between sales and marketing teams would take place if there is a harmonious relationship that is built on the understanding of common goals and effective process of delivering intended service to the customers.

Scope of Sales Management

During the early period of gradual development of sales management, the scope of sales management was narrow. The main activities of sales management were recruiting,

selecting, training, motivating and supervising salespeople. At the present period of time, sales management has much broader scope. In addition to the traditional activities as defined by American Marketing Association that is indicated earlier, sales managers are responsible for many more tasks. These include participating in strategic planning, forecasting sales, taking part in budgeting process, designing sales territories, developing sales force organization structure, coordinating internally with various departments or functions in the company and externally with customers and advertising agencies. Sales managers should ensure that all these tasks are effectively integrated.

The primary objective of sales management is to achieve the targeted or budgeted sales volume. Sales managers are also responsible to reach the goals of market share and sales growth. They are involved in the process of setting these objectives or targets. Whether these goals are achieved or not, depends not only on the performance of the sales team, but also on the quality of marketing decisions, the company's products and services as well as on marketing environment.

It is important to understand that jobs of first-level sales managers (for example, district, branch, or area sales managers) differ from other management jobs. These sales managers cannot directly supervise the work of the salespersons reporting to them on a daily basis, because many times the salespeople work away from the company offices to meet their business customers and intermediaries like distributors, dealers, and retailers. Thus, the scope of modern sales management extends from the management or administration of sales force to the various tasks described earlier. In addition, the top-level sales manager is a key member of the marketing team that makes several marketing decisions, such as pricing, marketing channels, promotion and market logistics.

Role and Skills of Modern Sales Managers

The role of a traditional sales manager has changed and hence, we will discuss the role of a modern sales manager. Instead of giving orders in an arrogant manner like a "boss", a modern sales manager behaves like a team leader with an ability to influence the salespeople towards achievement of objectives and treats them equally. Instead of salespeople coordinating with internal company departments or functions like advertising, sales promotion and shipping, the modern sales manager takes the responsibility of internal coordination. This helps salespersons to spend more time with their customers, understand customer needs clearly and give superior customer service.

Some of the important roles or functions of the modern sales managers are as follows:

Strategic Planning The sales manager at the senior level is a part of the company's top management team for strategic planning. In particular, the modern sales managers' role is to develop long-term and short-term sales forecasts, to obtain information about changing needs of customers as well as strengths and weaknesses of competitors. These inputs from the senior sales manager are useful for evolving the company's strategic plans.

Coordination In addition to managing the salespeople, the first-level sales manager has to coordinate with other functions or departments within the organization and also with customers, intermediaries like distributors, dealers and retailers. The first-level sales manager, like area sales manager, supports his salespeople; for example, coordinating with production planning and market logistics departments to ensure timely delivery of products to customers. The district or branch managers, who are also called first-level sales managers, conduct monthly or quarterly coordination meetings to discuss and resolve various issues with distributors or dealers.

Use of Technology Modern sales managers use computers and technology more than the past sales managers. Enterprise Resource Planning (ERP) and Customer Relationship Management (CRM) software packages are used to ensure superior customer service and customer satisfaction than competitors in globally competitive markets.

Managing Multiple Channels Besides the company's salespeople (i.e. personal selling channel), a modern sales manager manages other marketing (or distribution) channels, such as telemarketing (using the telephone), online selling through Internet, manufacturer's representatives (or the agents), and the intermediaries like distributors, wholesalers, dealers and retailers. Even in personal selling, the sales manager has options like team selling, independent sales representatives, key account executives and part-time salespeople.

Skills of a Sales Manager A sales manager's job is complicated. It also varies widely from company to company and from consumer marketing to business marketing. Management thinkers propose a long list of skills, which can be summarized into three important skills: (i) people, (ii) managing and (iii) technical.

People Skills

The people skills include the sales manager's ability to motivate, lead, communicate, and coordinate effectively with the people around him. The ability to develop team-oriented relationships is important. With respect to salespeople, the first-level sales manager should understand the salespersons' individual needs and skills and carry out coaching or mentoring to improve their performance. In addition, the sales manager should be able to resolve conflicts between persons working with him.

Managing Skills

For managing the sales force, the sales manager should have administrative or managing skills like planning, organizing, controlling, and decision-making. These skills can be learnt by attending management development programs and also by observing or studying the behavior of successful and unsuccessful managers.

Technical Skills

These are specific tasks or functions such as training, selling, negotiating as well as the ability to use computers (or information technology skills) and problem-solving abilities in the specific industry discipline. Although sales skills alone do not necessarily make a good sales manager, some ability in selling is needed, as successful sales experience can help a sales manager resolve sales related problems faced by the salespeople.

IMPORTANCE OF SALES MANAGEMENT

Sales management is very important not only to a company but also to a student. A large number of people are employed in selling products and services to individual and household consumers, private and public sector companies as well as to institutions like hotels, restaurants and hospitals.

In this section, we will discuss the significance of sales management to both companies and students.

Importance to a Company

Sales management is the only function or department in an organization that brings in revenue. That is why sales management and financial results of a company are closely related. Financial results of a firm are stated in terms of sales (or sales revenue) and net profit (sales minus expenses). Thus, the financial results of an organization can be influenced to a large extent by the quality and performance of sales management. The marketing effectiveness of a company depends not only on the development of the marketing plan, including sales strategy, but also on implementation of the plan and the strategy. Salespeople are responsible to carry out the sales strategy and hence, their

selection, training, motivation, and compensation are key indicators to the performance of sales management and that of the organization. Perhaps, the only exceptions are companies that do not use personal selling (i.e. not selling the company's products and services through the company's salespeople), instead use the intermediaries like manufactures' representatives (or agents), distributors, wholesalers, dealers or retailers. Personal selling is less used in marketing of consumer goods and services, as compared to B2B (business-to-business) marketing, where the products and services are mainly sold through the company's salespeople.

Importance to a Student

Many students find their career opportunities in sales and sales management. This chapter discusses various types of sales positions, such as delivery salesperson, outside order taker salesperson, inside order taker salesperson, missionary salesperson and key account sales executive. There are also many sales management jobs available in today's business world, such as branch/area/ district sales manager, regional/zonal/divisional sales manager, national/general sales manager and vice-president/director (sales). No other functions in management have so many positions available. In medium and large organizations, there are many sales management positions, but only a few managerial positions in finance, human resource, production or logistics. Generally, compensation is much higher for sales management positions than any other management areas. Normally, a good salesperson with some managerial potential can become first-level sales manager (see the next section on "levels of sales management positions" in this chapter) in about four to six years. For carrying out various activities of sales management, a fresh graduate would need knowledge of sales management. That is why, it is important for a student to study sales management. LO 3 Describe the levels of sales management positions

LEVELS OF SALES MANAGEMENT POSITIONS

There are three levels of sales managers in the organization structure of many firms (i) Strategic or top-level managers, (ii) Tactical or middle-level managers, and (iii) Operational or first-level managers, as shown in Figure 1.2.

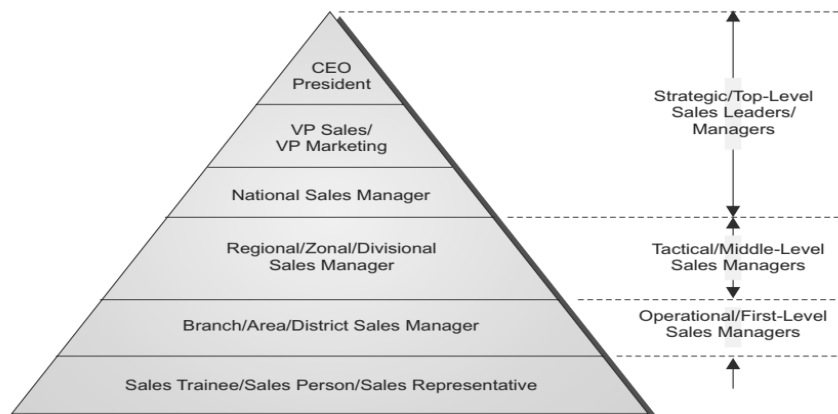


Fig. 1.2 Levels in Sales Management—Organization Hierarchy

Strategic (Top-level) Sales Managers

The highest level in sales management is often called director (sales), vice-president (sales), general manager (sales) or national sales manager. They are responsible for long-term (i.e. strategic) marketing and sales planning, including scanning external environment, setting long-term and short-term objectives and goals, developing strategies for achieving them, making decisions for implementing strategies and action plans and controlling the performance. They are also a part of top management team for the organization's strategic

planning and coordination between various functional areas. For example, after joining the company, the general manager (sales and marketing) of Steel Tubes Ltd. had set a strategic goal of becoming number one in terms of market share in precision steel tubes industry in three years from number three position. A market survey was undertaken to obtain information about the customers, competitors and external environment. Based on the findings of the market survey, a strategic marketing plan for the next three years and the marketing plan for one year was developed, discussed at the annual marketing conference, and finalized with a few changes. It was also the responsibility of the general manager (sales and marketing) to implement the marketing and sales plans through the branch and regional sales managers. Performance control was done by measuring the actual performance and reviewing the same against the goals or targets every quarter, when corrective actions were discussed and finalized for implementation.

Middle-level (Tactical) Sales Managers

These positions mostly carry the title of regional, zonal or divisional sales managers, whose major responsibilities are to manage several branches or districts reporting to them and also to implement the strategies and action plans approved by the top-management. In some companies, these positions are eliminated in order to make the organization flatter. Such organizations, sometimes, use cross-functional team selling for high sales potential customers. For instance, GC Ltd. had four regional sales managers located at Delhi, Kolkata, Mumbai and Chennai, for a range of consumer durable and industrial products. Each Regional Sales Manager (RSM) had three to four branch managers reporting to him. The main responsibilities of the RSM were to: (i) allocate the regional sales and expenditure budgets to the respective branches, along with finalization of action plans for achieving the budgeted goals, after discussions with branch heads; (ii) implement marketing strategies and action plans; (iii) review branch performance every month and decide corrective actions; and (iv) suggest increments, promotions and training needs for all persons working in the region.

First-level (Operational) Sales Managers

This is the first level or entry-level position of sales management with titles such as branch sales managers, area sales managers, or district sales managers. They are directly responsible to achieve sales goals and objectives by providing day-to-day supervision to salespeople. They implement the strategies, procedures and rules decided by higher levels of management. For example, as the branch manager of Ahmedabad office, A.R. Shah's sales performance for the year 2014–15 was above the yearly sales goal, but the profit contribution was below the target. The main reason was that the branch selling expenses were higher than the budget. After the analysis, it was found that six out of eight salespersons' travelling and lodging expenses were higher than the budgeted levels. During the performance review with the regional sales manager, Shah admitted that his supervision of salespersons was focused on achievement of sales targets, rather than the expenses of the salespeople. The regional sales manager pointed out that the branch manager's responsibility was not only to achieve the sales targets consistently but also to control the expenditure so as to achieve the profit contribution goal.

Staff Sales Management Positions

In most medium- and large-sized organizations, there are staff managerial positions, which provide assistance or help to the line sales managers and the salespeople. Sales training manager, customer service manager, or sales co-ordination manager are some of the examples of staff sales management positions. It is important to understand that these staff

managers have an advisory role and that they do not have a line authority on line sales managers and the sales force.

NATURE OF PERSONAL SELLING

We know that personal selling is an important element of a company's promotional or communication mix. It is also called 'field selling' or 'selling through the company's salespeople'. Personal selling is defined as, "personal communication of information so as to persuade a prospective customer to buy a product, a service, or an idea that satisfies the needs of the buyer". The personal communication to a customer is usually done by a company's salesperson. The nature or characteristics of personal selling includes: (i) Transactional and relationship selling, (ii) Varying sales positions, and (iii) Sales as a career.

Transactional and Relationship Selling

Personal selling is mainly transaction-oriented because its purpose is to close a sale to a particular customer. The focus of the salesperson is to get the customer order or to close immediate onetime sale of the product or service. However, in the face of intense competition, companies at the present period of time are trying to improve their performance with high sales and profit potential customers by building a long-term supplier-customer relationship. The process by which a selling firm builds long-term relationships with key customers for the purpose of creating mutually satisfying relationships is called relationship marketing or relationship selling (since salespeople and sales managers play key roles in carrying out relationship marketing programs). Relationship marketing programs should be targeted toward customers with a high relationship orientation (i.e. need and desire for a relationship). Not all customers desire strong long-term relationship with suppliers. These customers perceive relationship marketing as unwanted hassle, extra cost, or waste of time. They prefer transaction oriented sellers who cut the price to get the sale. In relationship selling, the relationship between buying and selling firms is built on cooperation, commitment, communication and trust. In addition, the relationship between a supplier and a customer is determined and controlled by a few major factors, as explained in Exhibit 1.1.

Exhibit 1.1 Major drivers of customer relationships

Based on the empirical research from 1987 to 2004¹ representing different relationships, the major drivers of customer relationships are:

- **Conflicts** or disagreements between partners should be resolved amicably. If not, the relationship is damaged. Conflict has a major impact on the customer relationships, though it is a negative influence.
- **Competence** or expertise of a seller has the greatest positive impact of all the positive factors on a customer. Hence, a selling firm should focus on training its sales and service people in terms of their knowledge, skills, and attitude so that customers perceive the information provided by them in a more reliable and valuable way.
- **Communication** or the amount, frequency, and quality of information shared between a seller and a buyer has a significant positive effect on all aspects of relationship. It can help resolve disagreements, align objectives and expectations, and discover new value creating opportunities.

In general, the most effective relationship marketing strategies are: (i) minimize conflict between a seller and a buyer; (ii) improve seller expertise; and (iii) ensure bilateral communication between a buyer and a seller. to households as well as delivery

Varying Sales Positions/ Sales Jobs

There are a wide variety of sales jobs or sales positions. These jobs differ in terms of degree of problem solving and requirements of selling simple to complex products and services. For instance, the job of a Britannia company's salesperson of taking orders for biscuits from wholesalers and large retailers is quite different than the job of a business development executive of Infosys selling an Enterprise Resource Planning (ERP) system to a bank. It is, therefore, useful to broadly classify the many types of sales jobs and place them into different categories:

Delivery Salesperson The main responsibility of the salesperson is to deliver a product to household customers or business customers. Examples include delivery of Milk and Newspapers to households as well as delivery of soft drinks and bread to retailers. Delivery salespeople also take orders from customers, but they do not engage in creative selling. Customer needs and the salesperson's good service as well as pleasant manners can lead to more sales.

Inside Order Takers These salespeople mainly act as an inside order taker by responding to customer demands. There are two types of inside order takers. One type of salesperson stands behind the counter, like in a garment retail store. The salesperson gives service to the customer by responding to the customer's demands. Opportunities for creative selling are less. The second type of salesperson takes customer orders on telephone and also does outbound calling. This is called telemarketing (or teleselling). Examples include banks and credit card companies, who are the major users of telemarketing (or inside order takers) in India.

Outside Order Takers These salespeople go out to the market and sell the company's products and services to the intermediaries like distributors, wholesalers, dealers, and retailers. For instance, the company's salespeople selling Fast Moving Consumer Goods (FMCGs) like soaps, detergents, and biscuits to distributors and wholesalers, whose sales representatives, in turn, sell the products to retailers. The company salespeople perform other tasks like setting up retailers' product displays, solving the problems of intermediaries and training intermediaries' salespersons. These salespeople do little creative selling

Creative Sellers These salespeople use imaginative ways to get orders; for example, selling tangible durable products like vacuum cleaners and refrigerators, as well as intangible services, such as insurance policies and educational courses. The salesperson should first clearly understand the prospective customer's needs or problems by asking questions. Thereafter, the salesperson shows how his product or service meets the customer's specific needs better than any other product or brand.

Consultative Sellers/New Business Sellers These types of salespeople are experts in solving problems of business customers. They are creative and problem solvers who serve as consultants to their customers. For instance, a salesperson from a material handling company noticed a very long time taken by trucks from suppliers for unloading incoming materials in a passenger car manufacturing factory. He talked to the purchase executive of the car manufacturer and submitted an offer for Hydro-Electric equipment that would minimize the unloading time to five minutes from existing 15 minutes. The offer was accepted and the supplier fulfilled the promise. This resulted in the supplier getting orders for many such types of equipment not only from this factory but also from two more

factories of the manufacturer who was benefited by substantial savings in the time, space and costs.

Key Account Sales Executive A key account is an important customer who has a high sales and profit potential. A key account sales executive is given the responsibility to look after a few (typically three to five) number of such important customers. The supplier firm develops a Key Account Management (KAM) program with an objective of becoming a preferred or sole supplier to the key accounts. The KAM program includes complete understanding of the customer's business and needs, adopting relationship management approach, and using team selling method to deliver a solution that matches the key account's needs. For example, a manufacturer of precision steel tubes has key account teams focused on the manufacturers of two-wheelers and bicycles, who have high sales and profit potential. Each key account team has a key account sales executive as a team member to coordinate between selling and buying organizations.

Sales Support Salespeople These salespeople support sales representatives with their specialized product knowledge to solve customers' technical problems. They are not responsible for selling a product or service. Sometimes, these sales support people are included as part of the sales teams selling to key accounts to provide technical information before the sales, during negotiations, or after the sales to solve customer problems. They are also involved in educating and training customers. Examples include industries such as steel, chemicals, and software services needing technical inputs from sales support engineers during negotiations between buying and selling organizations.

Missionary Salespeople They are a type of sales support salespeople. They do not ask for orders, but provide product information and promote goodwill about the product and the manufacturer; for instance, medical representatives in pharmaceutical industry calling on doctors who write prescriptions when they are with their patients. Thereafter, the patients buy the drugs from a pharmacy. It should be understood that the responsibilities of many salespersons may not clearly fall into one of the eight categories described above. It is the task of sales managers to determine the activities or responsibilities of the salespeople in their organizations.

Sales as a Career As seen in Figure 1.2, the path to a career in sales management mostly starts with the position of a sales trainee or sales representative. We have also read about different types of sales positions from a delivery salesperson to a salesperson solving a customer's problems. Thus, there are a range of sales positions as well as a range of managerial positions in sales management.

Many people find their career opportunity in sales and marketing. Generally, sales offers more jobs than any other area of marketing, because each product or service has to be sold by a salesperson either to a household consumer, a manufacturing firm, an intermediary like a distributor or a retailer, an institution like a hospital or a college, or to a government organization like railways.

Rewards in Sales Career Sales is also one of the most financially rewarding occupations. Sales career can hardly be boring, because it deals with people, whose wants or needs are ever-changing. It is one of the exciting and challenging careers. Even in a bad economic situation, a good salesperson is the last to be fired even if a company decides to cut back its employee strength.

Most companies develop attractive compensation plans for their salespeople in order to attract and retain good quality salespeople. After the initial training period of about 6 to 12 months, a new sales trainee typically gets a compensation package consisting of a fixed amount (i.e. a salary), a variable amount (i.e. a commission, profit sharing or bonus) and fringe benefits [for example, insurance, medical reimbursement, pension, Leave Travel

Assistance (LTA)]. Generally, reimbursement of expenses, such as travelling, lodging and boarding is not considered as a part of the sales force compensation package. In case of team selling, where joint efforts are required from members of selling teams (derived from various departments such as sales, logistics, and customer service), some form of shared reward like a bonus is given for an outstanding performance.

In addition to financial rewards by way of attractive compensation, sales persons are given non-financial rewards such as recognition and promotion. These rewards help salespeople develop a feeling of self-esteem. Personal satisfaction is important in any career. Successful salespeople do get personal satisfaction because they give effective services to their customers and contribute to the success of their companies. Most salespeople sell in a competitive environment and good salespeople get personal satisfaction by winning orders from customers in a highly competitive market. Outside or field salespeople (unlike inside salespersons) are not restricted by the rigidity of an office, as they are able to travel, meet different kinds of people and face different situations. The variety and diversity of selling job make most salespeople enthusiastic.

More CEOs come from sales and marketing background than from any other functional areas. One of the major reasons for this is that salespeople understand the business from customers' perceptions and of all employees; they are closest to the customers. Hence, it is said that a sales career is one of the fastest routes to the top position in an organization.

Typically, a college graduate enters sales career as a sales trainee and then advances to a sales representative position. Depending on his performance, the career path may take positions of senior salesperson or key account executive to sales supervisor, area sales manager or district sales manager, which is the first-level sales manager's position. After this, the advances in career could be in the middle-level and top-level sales managers as shown in Figure 1.2.

However, if a person has completed a post-graduate diploma or degree program in management (PGDM/MBA), his growth in sales and marketing management would be faster as compared to a college graduate. After serving for a couple of years in the initial sales positions, the first important position can be a sales executive, marketing executive or area sales manager.

Salesperson to Sales Manager

In most companies, the path to a career in sales management starts from the position of a sales representative. Most companies want to have a person who is good in selling as well as in managing salespeople. However, the qualities required for a good sales manager are very much different from those needed by a salesperson. Most companies do consider top performing salespeople, when a vacancy for the first-level sales manager develops. Some of the important qualities to look for in selecting a person for the position of an area sales manager (i.e. the first level sales manager) from a group of salespeople are as follows:

- Ability to be a team-player.
- Discipline in work habits like punctuality in attending meetings, customer appointments, and so on.
- Ability to manage a team and good communication skills.
- Selling skills—good in selling products, services, or ideas.
- Well balanced person with controlled self-esteem.

After the right person is selected for the position of a first-level sales manager, it is important that the selected person is given a short training on sales management. The person

should be made aware of the changes that take place on promotion of a salesperson to sales manager. Some of these changes are as follows:

Changes in Goals and Objectives A sales manager achieves the organization's or the territory's goals and objectives, but a salesperson tries to achieve personal goals of sales volume, sales calls, customer satisfaction, and so on.

Change in Responsibilities The major responsibilities of a sales manager are sales administration work, including managing salespeople reporting to him. The major responsibility

Change in Views A salesperson sees his job as completing certain activities given by his superior. However, a sales manager views his job as completing the activities pertaining to his territory effectively in order to achieve the goals or objectives of the sales territory, through his team.

Change in Skills Requirement A salesperson needs to have selling, negotiation and communication skills. In addition to these skills, a sales manager must have managerial skills such as planning, directing, motivating, training and controlling the salespeople.

Change in Relationships A salesperson needs to have a good relationship with customers, peers and superiors. When the salesperson gets promoted to the position of a sales manager, he has to develop new relationships with other managers, subordinates, who were his former peers and his new superiors.

Changing Role of Sales Force

In this section, we shall be discussing two extended roles of sales force—value creation for customers and value addition to the organization. **Value Creation for Customers** A cross-section of salespeople, sales managers and CEOs think that the purpose and role of the sales force are changing. The traditional role of the sales force has been to communicate the value of the selling firm's offering. In today's organizations, it is difficult for individuals and functions to survive and succeed unless they add or create value to the customer. What does "create value" mean? The basic and simplest equation of value is: $\text{Value} = \text{Benefits} - \text{Cost}$. This shows that there are two ways to create value. Either a company can create additional benefits or reduce the cost of the benefits it already provides.

For example, in consumer marketing, a marketing organization can create value by giving a wider choice of distribution channels from where an individual customer can buy a product. The different channels available to consumers for buying can be Internet, a retail store near his residence or a specialty store. In case of business marketing, the sales force can create value by clearly understanding the business customer's needs and offering a customized product or service to meet the specific needs.

Let us take the example of a software company, NM Technologies, which quotes for a software product to a pharmaceutical company. The salesperson of NM Technologies quotes \$400,000, after finding out that the customer's labor cost will be reduced by \$100,000 by using the software. Thus, he pitches for Return on Investment (ROI) of 25 percent (i.e. \$100,000 savings per year divided by \$400,000 cost of software). The competitor, AM Technologies quotes a price of \$450,000, which would reduce the labor cost by \$90,000. But the software offers additional benefits by which it would mark for attention overdue accounts receivables that will encourage the customer organization to take action to collect the receivables. This would result in a cash flow of about \$250,000. The software also has a provision of reminding the company staff about refilling the stocks of the stockists on daily basis, which would increase the revenues by \$300,000 and profits by \$100,000 per year. Thus, AM Technologies' offering's benefits workout to increase in profits by \$190,000 (i.e. \$90,000 cost reduction + \$100,000 profit increase). This makes $\text{ROI} = \$190,000$ divided by

\$450,000 = 42 percent. In addition, the cash flow increase is \$250,000. Compared to NM Technologies benefit of 25 percent ROI, AM Technologies benefits of 42 percent ROI and increased cash flow made the buying decision of the customer easy, due to superior value creation.

Earlier it was stated that there are two ways of creating value—to give more benefits or to reduce cost. The selling organization faces the question—which way is better? The answer depends on the customer. Some customers view the product as a commodity and want the benefits in terms of lowest price or cost. Many government organizations follow this buying strategy. Other type of customers want customized solutions and long-term (strategic) relationships with suppliers. These customers look for more benefits, such as reduction in raw material consumption, minimization of billing errors, better customer (i.e. the customer's customer) retention, revenue growth and brand enhancement. For creating these benefits, selling teams are needed, which are led by the sales leaders. These sales leaders, also called key accounts managers, get people together from various functional areas (a cross-functional team), that is, engaged with the customer team. Thus, relationships are built between the selling organization and the customer organization at various levels. This type of strategic value creation and relationships are very selective and typically restricted to a few large profit potential customers.

Value Addition to the Organization

The sales force must recognize that their focus is not only to collect orders but to generate a profit for the organization they work for. Many salespeople do not emphasize on profit. In the process of getting orders, large discounts are given, terms of payments are relaxed and delivery penalties are agreed. They get orders at any cost. This results in increased sales turnover but reduced profits.

Salespeople must understand that when they are selling several products of the company, they should know that different products have different contributions (to overheads and profits). In other words, they should sell more of those products which have high contributions, and should sell less other products which have low or poor contributions.

For instance, a steel component manufacturing company had two product categories (or product lines)—category 'A' had low contributions and category 'B' had medium to high contributions. The marketing head explained to the field sales force to book more orders for category 'B'. However, some salespeople focused more on category 'A' because it was easy to get orders to achieve the sales targets.

Many salespeople do not pay adequate attention to the terms of payments when they make an offer or during negotiations with customers. They give direct credit of 30, 45 or 90 days to customers who are not creditworthy. These salespeople do not understand that profits are realized only if 100 percent payments are received. If payments are not received from the customer, the profit remains on paper and gets added to 'debtors', but never realized. Salespeople should be very careful in giving credit to a customer. It should be given only after creditworthiness of the customer is established through accounts or finance department.

The above mentioned three issues—generations of profitable orders, selling high contribution products more and attention to terms of payments—would help the sales force to add value to the organization they work for.

SALES ORGANISATION

The organisation is a mechanism to realise our objectives. Since the market conditions change, the sales organisation keeps on changing, always accommodating the necessary environmental changes. This ensures survival as well as growth.

Organisation is a structure as well as a process of putting together this structure. In organisational process, lines of authority are defined. We know who is our superior, and whom we are reporting to. The superior has the authority to direct us. He assigns part of his work load to us, and creates our duties/responsibilities. We then have an obligation to him to carry out the tasks assigned. This obligation is our accountability. To ensure smooth flow, the organisation requires balance and coordination. It should also provide for career progression and should economise on executive time.

SALES ORGANISATION

We have to first identify the expectations of the sales function, and its overall place in the total organisation. To begin with, corporate objectives are identified — both qualitative and quantitative. We then decide how to go about achieving them and at what cost. We identify sales positions, classify them into groups, and decide the hierarchy. We then assign positions to persons. The resulting structure is evaluated in terms of its balance and flexibility.

Sales organisation is used, to attain the qualitative and quantitative objectives of personal selling. These objectives are related to sales volume, profitability and market share. Sales organisation is used not only to achieve the present objectives, but also to attain a particular future position. Sales organisation is a second priority, when a typical company starts its operations. It first concentrates on the production and financial aspects. As it evolves it keeps on evolving the production and finance departments, but somehow tends to overlook the sales function. It is kept constant without much alteration as the company evolves. What changes is the selling style and the size of the salesforce. Sales organisation must be adapted to the changing environment.

Purposes of Sales Organisation

Good organisation avoids overlapping of work load and wastage of efforts. It also avoids the friction involved, and results in organisational cooperation. As in any organisation, there are informal groupings in a formal sales organisation. These should be used strategically for the benefit of the formal organisation.

Sales organisation allows delegation of authority and assignment of responsibility. Specialised tasks are performed by persons best suited to do so. As the organisation grows, there are necessary changes to accommodate the additional responsibilities. The administrative distance between the top sales executive and the customers is far more in a large organisation. Perhaps, we can think of having a special customer relations or service officer in such a situation.

Sales organisation is used to achieve coordination and balance. There should be a teamwork. Motivation to strive towards the common goal in the individuals also enables coordinated functioning. There should be harmonization of the personal goals and the organisational goals. Such harmony can be brought about by training, seminars, group interactions, two-way communications. There should not be over specialisation, there should be a dialogue between the specialists and others.

In a sales organisation, the authority flows from the top down to the field level salesmen. The reporting is upwards. This is essentially a line structure. In line structure, there is unity of command — one subordinate reports to one boss only. In a growing organisation, however, there is a need to have functional specialists like distribution manager, logistics

manager, marketing research manager, product manager and promotion manager. A salesperson is directed by his immediate superior about his sales goals, but is directed at the same time by the MR specialist about a questionnaire he has to fill up to collect the data. He receives instructions about sales promotion from the promotional manager. Thus, he is in line relationship with his supervisor but in functional relationship with his functional superiors. This violates to some extent the principle of the unity of command. The attempt should be harmonisation of the commands emerging from different sources. A sales organisation that is sound has in-built arrangements to achieve this harmony.

A good sales organisation economises on executive time. Top executives manage by exception. In a good organisation, the proper span of control is expected. A large span is possible when the coordinator is having skills to coordinate such a large number. Lower-level sales executives have a larger span. Higher level executives have to devote time to planning and conceptualisation. The spans are therefore, kept narrow and the span also depends upon the abilities of the subordinates. Structured tasks enable a wider span. Concentration of subordinates at one location also enables us to have a wider span.

Good communication system allows us to widen the span.

PURPOSES OF A SALES ORGANIZATION

An organization structure defines relationship among jobs and amongst the people in a company. The aim is to arrange the tasks or jobs in such a manner that the people involved can perform effectively and efficiently and act together rather than perform individually. An organization structure is a tool that managers use to employ resources for getting things done. A sales organization structure should be evolved in such a way as to assist the sales manager and salespersons to carry out the required tasks efficiently and effectively. It gives a framework showing what tasks or activities are performed by whom in the sales organization. The purposes of a sales organisation are: (i) determining a degree of centralization, (ii) allowing a degree of specialization, (iii) defining line and staff positions, (iv) showing a market orientation, (v) achieving an effective co-ordination, and (vi) ensuring a reasonable span of control. These are discussed in this section.

Determining the Degree of Centralization

A centralized structure has authority and responsibility placed at higher levels of management. In a decentralized organization, the responsibility and authority for carrying out tasks are delegated to lower-level managers. No company is totally centralized or decentralized. In many companies some activities like purchase of high value items and pricing decisions are centralized to minimize costs, and some activities like evaluating and controlling salespeople are decentralized for better control and communication. However, most companies have either a centralized or decentralized orientation. A decentralized sales organization structure helps decision-making at lower levels, resulting in faster customer service. However, care should be taken that some people at lower levels do not misuse the authority and are trained adequately in decision-making. For instance, in an equipment manufacturing company, after-sales technical service is decentralized to branch sales offices to ensure effective customer service, but training of branch service persons is centralized for better quality and less costs.

Allowing the Degree of Specialization

A general approach is that each salesperson carries out all selling activities and each sales manager performs all sales management tasks. However, this generalist approach becomes less effective as the number of salespeople and complexity of the company's products and/or markets grow. Hence, some degree of specialization is required, so that individuals can concentrate on a few activities. For example, some salespeople may sell

only some products or may visit specific types of customers, such as government, institution or trade, and some managers may focus on obtaining market information or training salespeople. By focusing on a few tasks, individuals can become experts on those activities, resulting in better performance of the organization. There is a trend towards specialization. The question is whether a company should go for geographic, product, market, or functional specialization? We shall discuss this later in this chapter.

Defining Line and Staff Positions

Sales management positions are grouped into line or staff. Line positions in sales management have line authority, which means people in management positions have formal authority or power to direct and control immediate subordinates. Line sales managers have responsibility and authority to direct and control subordinates reporting to them. Line sales managers are involved in performing sales management activities and are responsible for achieving certain sales targets or goals. Staff management positions have staff authority, which means advising or recommending roles in their respective areas of specialization or expertise. For instance, training manager and marketing research manager have advisory responsibility and not sales generating responsibility. We shall discuss about line and staff organizations later when we discuss basic types of sales organizations.

Showing Market Orientation

When markets are varied and complex, the company gives an adequate response by having a market orientated organization structure. Present and potential customers fall into many market segments, such as consumer (e.g., individuals and households) and business (e.g., OEMs, institutions, government). Each market oriented sales team develops suitable sales strategy for the segment it serves. As the sales organization is market-based, each market-oriented sales team can adapt its selling strategy to respond to the changing market conditions. For instance, if an original equipment manufacturer (OEM) buyer prefers to deal with suppliers on online basis, the company with market-oriented organization structure will quickly make all the products and services available on the Internet, and conduct business electronically. If the customer is a government organization like railways, the dealing salesperson should be familiar with the tendering process and policies like buying from the lowest price bidder.

Achieving Effective Coordination

In principle, all functions in the organization should interact harmoniously in order to achieve the firm's objectives. However, in practice, inter-departmental relations are not harmonious and have rivalries and distrust. In a typical organization, each function has a potential impact on customer satisfaction, and hence all the departments need to "think customer" and work together to satisfy customer needs and expectations. It is, therefore, necessary to have effective co-ordination between sales and other marketing units as well as sales and other non-marketing departments such as finance, production, and other functions. One of the ways to have an effective co-ordination is to have regular meetings with other functions or departments. Such meetings help to understand each other's viewpoint, which becomes the basis for effective coordination. Other means of achieving coordination are training programs and effective supervision.

Ensuring a Reasonable Span of Control

A span of control refers to the number of individuals who report to each sales manager. For instance, if a sales manager's span of control is ten, it means he or she has ten subordinates to supervise. A general guideline is that the span of control should be six or eight. However, the recent trend is towards a flat organization structure, which means reducing the number of organizational (or hierarchy) levels, in order to get closer to the customer. Flat organization structures are used to achieve decentralization, whereas tall

structures are more suitable for centralized organizations. Span of control depends on the job descriptions of subordinates as well as abilities of subordinates and sales managers.

The above mentioned purposes of sales organization are useful when designing a new sales organisation or revising the organization structure.

BASIC TYPES OF SALES ORGANIZATIONAL STRUCTURES

Many factors influence the structure of the sales organizations. Organizational planners should know major influencing factors, such as customers, competitors, products, company's personnel, company size and marketing channels. The four basic types of organizational structures are: (i) line sales organization, (ii) line and staff sales organization, (iii) functional sales organization, and (iv) horizontal organization. We shall now discuss the main characteristics, advantages, and disadvantages of each type of sales organization.

Line Sales Organization

It is the simplest sales organization structure. All managers, from top sales manager to middle level managers, have line authority. As discussed earlier, line authority means people in management positions have formal authority to direct and control immediate subordinates. Line managers are responsible to achieve certain sales targets or goals.

Figure 5.1 shows a typical line sales organization.



This organization structure is widely used in small firms and in companies having a small number of salespeople. The advantages of line sales organization are clear authority and responsibility, quick decision-making, and low cost. However, the disadvantages are that too much depends on the head of sales, who has no support from subordinates with specialized knowledge and skills, such as advertising, sales promotion, and marketing research. The sales head does not have adequate time to do planning and analysis. As the organization grows, the line sales managers are overburdened, and in turn make them ineffective. At this point, a growing organization should consider changing over to line and staff sales organization structure, or any other suitable structure.

Line and Staff Sales Organization

In this type of organization structure, a group of specialists are made available to the sales or marketing head. These specialists, called staff, are experts in certain support activities such as marketing research, sales training, advertising or communications, and marketing services. Staff managers have the role of advising or assisting line sales managers. Staff managers like marketing research manager and communications or promotional manager do not have the authority to issue directives to salespeople, who report to line sales

managers such as area sales managers or branch sales managers. However, staff managers have line authority over their own staff people.

Figure 5.2 represents a typical line and staff organization structure.

Line and staff organization structure is likely to be used in medium- and large-sized companies when (i) number of customers is large, (ii) market coverage is national or regional, (iii) sales force size is large, and (iv) many products/services are sold.

The advantages of this structure are:

- Better marketing decisions due to assistance from specialists staff such as promotional manager and marketing research manager who are experts in their respective areas.
- Better sales performance, as sales managers can focus their efforts on selling function.
- Top sales and marketing managers can concentrate on planning, coordination, human resource, and control aspects, as their detailed work became less.



Fig. 5.2 Line and Staff Sales Organization Structure

The disadvantages of this structure include:

- Higher cost and coordination work.
- Slower decision-making.
- Conflict may arise if staff managers take line authority instead of staying in an advisory role.

Functional Sales Organization

In this sales organization, the principle of specialization is fully used. Each staff specialist manager, such as marketing research manager and promotion manager, has line authority (or functional authority) of his function over salespeople. For example, marketing research manager can directly issue instructions to all salespeople to obtain certain market information. As shown in Figure 5.3, salespeople receive instructions from four different managers on different aspects of their work.

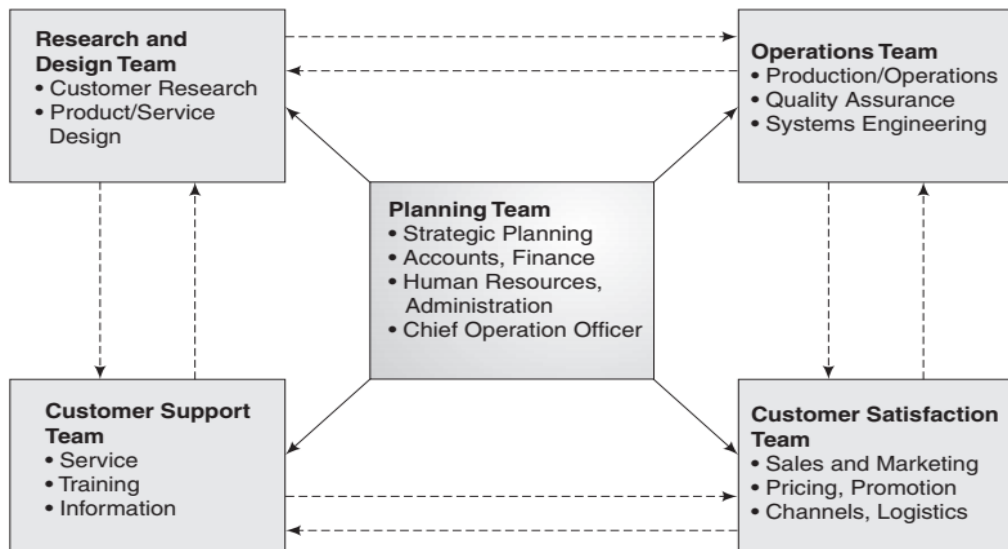


A few large-sized companies, with many products and/or market segments may use functional sales organization structure, with a modification of limiting the number of staff managers who may use the functional line authority. The advantages of qualified specialists guiding the sales force and high degree of division of labor get nullified by confusion and frustration of salespeople, who have to respond to several bosses. The main advantage of a functional sales organization is its administrative simplicity. However, its effectiveness is reduced as the company's products and market segments increase. Besides, the marketing head has a very difficult task of coordinating the competing functional heads who report to him. Hence, functional sales organization may be used in modified version, but in its pure form, it is not suitable.

Horizontal Sales Organization

This organization structure removes management (hierarchy) levels and also departmental boundaries². The support functions like strategic planning, human resources, and finance are looked after by a small team of senior executives. All other people in the organization are the members of cross-functional teams, which perform many core processes like product design, sales, and production or operations. These teams also work with customer teams to solve the customer's problems. Companies like Motorola and General Electric, who are establishing long-term partnering relationships with their key customers and gaining greater customer responsiveness and efficiencies, have been adopting the horizontal organization structure, as shown in Figure 5.4.

The advantages are reduction in supervision, unnecessary tasks, and costs, and substantial improvement in efficiency and customer responses with enthusiasm.



SPECIALIZATION IN SALES ORGANIZATIONS

Generally many medium- and large-sized companies expand one of the basic sales organization structures discussed earlier in some specialized design, in order to increase the effectiveness of their sales force. The bases of this specialization are factors such as: (i) geography, (ii) product, (iii) market, (iv) functional, and (v) a combination of these factors.

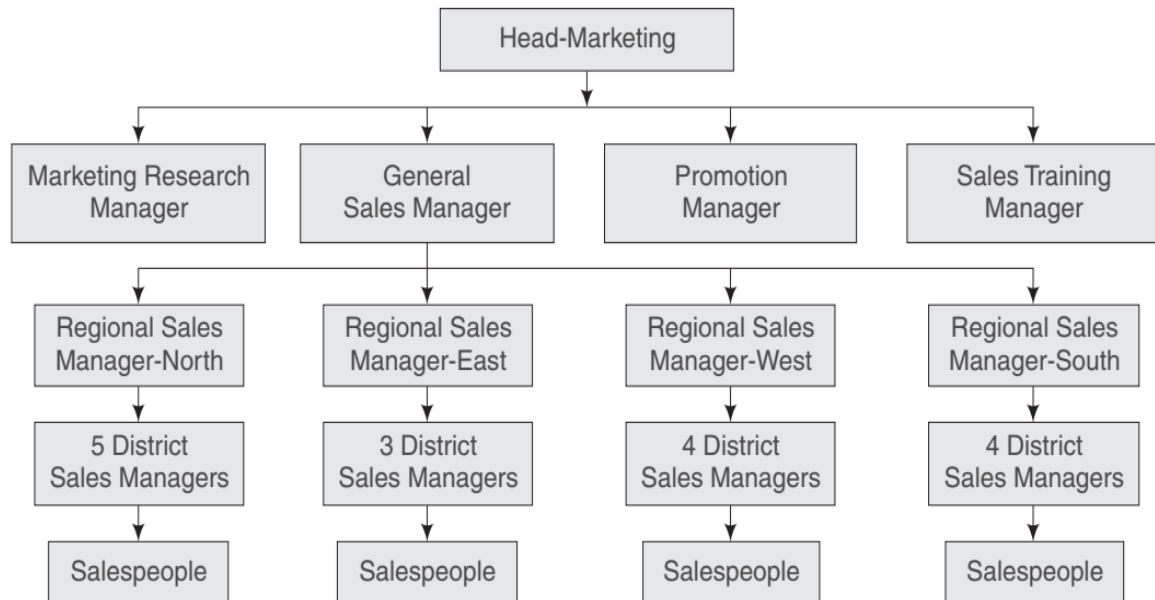
The question arises as to what criteria a company should use in order to select one of the several specializations mentioned above. The criteria or factors to be used are: (i) meeting customer needs, (ii) nature and number of products, (iii) abilities of the sales force, and (iv) sales costs. Based on these criteria, a company decides to divide its sales force into groups in order to increase the effectiveness of the sales efforts.

Geographic Specialization

Many large companies, selling in national markets, organize their sales operations along geographic specialization. Typically, each salesperson is assigned a geographic area, and is made responsible for all selling activities to all customers within the assigned area. A reasonable number of salespeople are placed under a territory manager. The territory sales manager is generally called a branch, area, district, or regional sales manager. Companies with large number of salespeople, often have two or three levels of territorial sales managers, as shown in Figure 5.5. There is a trend towards regionalization and localization. The national market is subdivided into regional markets based on ethnic and demographic segmentation, with different promotional strategies for each region. Many companies now have local marketing managers (or area market managers) to support local sales efforts at regional and district levels in high sales volume markets. These area market managers help the company's marketing plan and strategies to adjust to the local needs. They prepare regional and district plans for selling all the products of the company.

The advantages of geographic specialization are as follows:

- Better market coverage
- Better control over sales force
- Superior customer service
- Quick response to local conditions and competition.

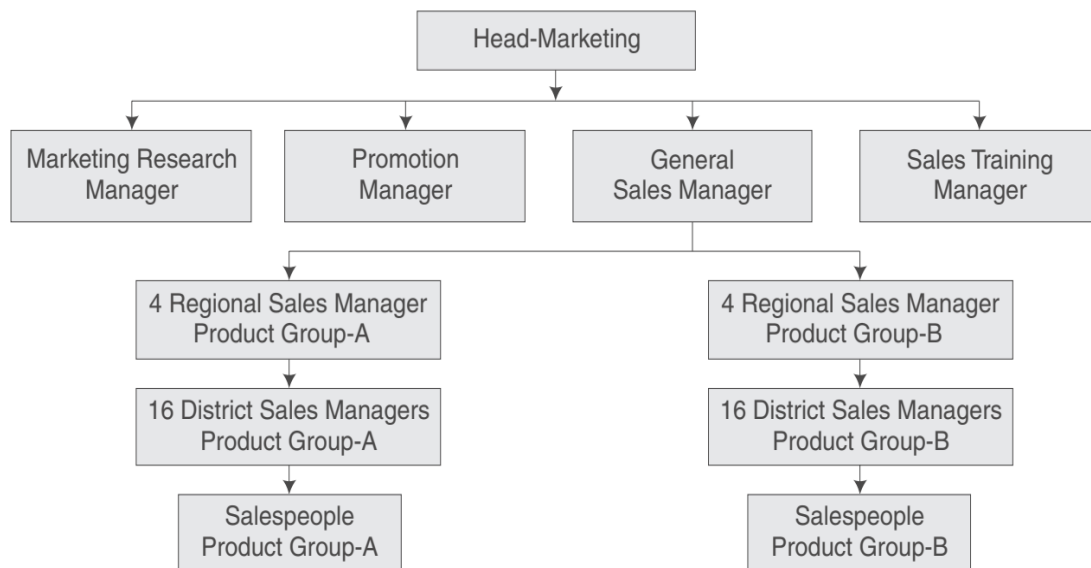


The disadvantage is that generally geographic specialization has a limited specialization of marketing tasks. This means each district sales manager is made responsible to work on local sales promotion, advertising, and information collection, in addition to managing sales people reporting to him. Therefore, a geographic sales organization is often combined with market or product sales organization. For example, Cambell Soup Company changed its sales organization from product specialization basis to geographic specialization basis in order to achieve the objectives of better service to retailers, lower selling cost, and simplifying its sales operations. Earlier the company had five different product divisions with five divisional managers, along with respective sales managers, and salespeople. This resulted in five Campbell salespeople calling on retail stores who were dissatisfied with the service. The revised sales organization helped the company achieve its objective as stated above.

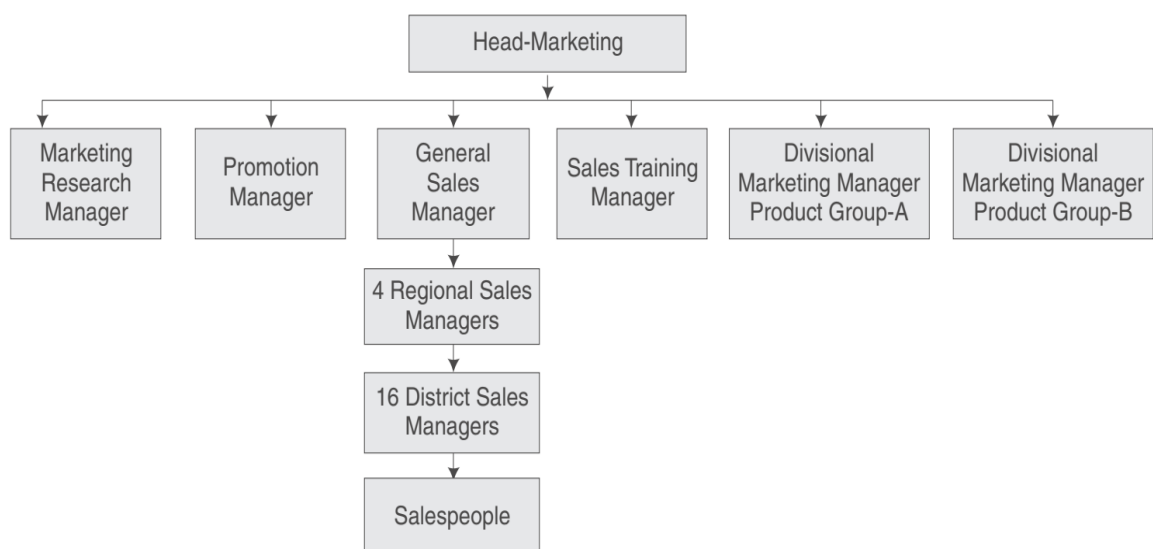
Product Specialization

Product specialization is useful when the company has a large number of products and/ or brands. There are two types of product specialization: (i) sales organization with product managers (or divisional marketing managers with responsibility for a group of products) as staff specialists, and (ii) sales organization with product specialized sales force. Figure 5.6 (b) shows the company having two groups of products – product group A and product group B. Each divisional marketing manager (usually called product manager) has the responsibility for planning and implementing a marketing plan for each group of products. They have no line authority over the field sales managers and the sales force. They can only recommend or request to the regional sales managers. Each salesperson sells all the products of groups A and B, as there is no specialization by product at sales people level. In Figure 5.6 (a), salespeople in each group sell only the products included in that group. The regional and district sales managers are line managers and have no staff assistance. The advantage of this organization is that each product gets a specialized attention from the salespeople and territory sales managers. But the main disadvantage of Figure 5.6 (a) is that more than

one salesperson from the company calls on the same customer, resulting in customer dissatisfaction and increase in selling cost. Organization structure in Figure 5.6 (b) corrects the problem of duplicate calls on a customer, but its weakness is the lack of product specialization by salespeople.



Fast moving consumer goods (FMCGs) companies like Proctor and Gamble use the product staff specialization [Figure 5.6(b)] organization to ensure adequate attention to product lines and brands at the planning level. The product managers develop a cost-effective marketing mix strategy for each product and brand, and react quickly to changes in market place. The trend is to move from product or brand driven organization (like Pepsodent toothpaste) to category management (like any toothpaste category) to customer-need management (mouth care). Thus, the focus of the organization is on a basic customer need.



Reality Bite

Many consumer goods companies like Proctor and Gamble and Pillsbury, and some service organizations, such as large commercial banks, use sales organizations with product, brand, or divisional marketing managers, who support specific product groups [see Figure 5.6(b)]. Each product or brand manager is responsible for ensuring effective planning, coordination, development, promotion, and achievement of objectives for the respective product group or the brand. Some other companies, which have wide range of products, like 3M Corporation, uses sales organization with product specialization sales force [see Figure. 5.6(a)]. In 3M, separate groups of salespeople sell different group of products, such as healthcare, safety and security, home and leisure, displays and graphics, and so on.

Market Specialization

An increasing important type of specialization is market specialization. Market specialized sales organization is desirable when customers are classified by specific types, user industry, or by channel of distribution⁴. Figure 5.7 shows a sales organization structure with market specialization. In this structure, salespeople carry out all the selling activities for all products but for certain specific customer groups. These customer groups, such as government, commercial, and dealers have different buying practices and preferences. The use of market specialization in sales organization structure is increasing in recent years, while the use of product specialization has been reducing.

The advantage of market specialization is that sales and marketing efforts are organized to meet the needs of specific customer groups. This is consistent with the customer orientation or market-centered philosophy of the company. There are several examples of companies reorganizing along market specialization. Crompton Greaves, which had product groups orientation, changed over to customer type sales organization as shown in Figure 5.7. Similarly, Xerox switched from product-oriented sales organization to a market-oriented structure. Other examples of companies that have already changed over to the market specialization sales organizations are IBM⁵, General Electric, and Hewlett-Packard.



There are some disadvantages of market specialization structure such as duplication of territory coverage (different salespersons working in the same territory but covering separate customer groups) and higher selling costs.

Combination Sales Organization

So far we have assumed that a company organizes its sales force by using one of the bases of specialization, such as geography, product, market, or functional, as discussed earlier in this chapter. Table 5.1 summarizes what has been discussed previously by comparing the advantages and disadvantages of different sales organization structures. From Table 5.1, it can be seen that the strengths of one organization structure are the weaknesses of other sales organization structures. Due to this reason, many companies use combination or hybrid sales organization structures that include many specialization organization structures discussed earlier. These companies minimize the disadvantages and maximize the advantages shown in Table 5.1. An example of combination or hybrid sales organizations is shown in Figure 5.8. This sales organization structure combines geographic and market specializations, by first dividing the total domestic market into four regions, viz., North, East, West, and South. Thereafter, each region is further segmented into specific customer groups such as government, commercial, and dealer. The basis of specialization will vary from company to company, but some kind of specialization is needed for firms to remain competitive.

Sales Organizations	Advantages	Disadvantages
Functional	<ul style="list-style-type: none"> • Simple to administer • Qualified specialists guide salespeople • High degree of division of labor 	<ul style="list-style-type: none"> • Difficult task of coordination of functional heads. • Sales force confused due to many bosses • Geographic/Customer duplication
Geographic	<ul style="list-style-type: none"> • Better market coverage • Better sales force control • Superior customer service • Quick response to local issues • No geographic/customer duplication 	<ul style="list-style-type: none"> • Limited specialization of marketing tasks • Support of area market managers is needed to territory or district sales managers.
Product	<ul style="list-style-type: none"> • Each product gets attention from salespeople/territory managers • Product managers develop cost effective marketing strategy for each product or brand 	<ul style="list-style-type: none"> • High cost • Geographic or customer duplication resulting in customer dissatisfaction
Market	<ul style="list-style-type: none"> • Customer needs are better met • Market-centered philosophy implemented 	<ul style="list-style-type: none"> • High cost • Geographic duplication with different salespeople working in the same territory

Comparison of Different structures of Sales Organization



Combination/Hybrid Sales Organization

MANAGEMENT OF KEY ACCOUNTS

Key accounts (also called major accounts, house accounts, national accounts, strategic accounts or global accounts) are customers who buy large volume of the company's products or services and are profitable. These are important accounts or customers to whom special attention is given by the companies. Some key accounts have one geographic location and hence, the supplier finds that such customers are easy to serve and these are called major accounts. On the contrary, there are other types of key accounts who have several geographic locations and are therefore, difficult or complex to serve. These are called national accounts. For example, Bosch Company at Bengaluru Motor Company's three factories), a senior design engineer, a senior technical service engineer, and a logistic executive. The team was headed by the marketing head. MM Company clearly understood TVS Motor Company's material handling requirements at their factories, offered customized equipment at competitive prices, extended warranty service to 24 months (instead of standard warranty of 12 months), gave free training to the technical staff, and carried out prompt after-sales-service including easy availability of spare parts. Collaborative relationship was developed at junior, middle, and senior levels between the two organizations. This resulted into 80 percent share of business of material handling equipment from TVS Motor Company to MM Company.

Creating a Sales Organization for Key Accounts

Companies need to create or develop a separate sales organization structure for major or key accounts. We shall discuss the various alternatives available for the same hereunder.

Alternative Sales Organizations for Key Customers

Many companies have developed separate organization structures and marketing programs for key customers (or accounts).

These large customers are very important to the selling organization, because they account for a large share of the selling organization's sales volume and profits. There is a definite need for close co-ordination not only within the selling firm, but also between the buying and selling firms. This cannot be handled by the normal salesperson. Therefore, companies use the following alternative organizational methods for dealing effectively with their key customers⁶: (i) creating a key account management team, (ii) using existing territory sales managers, or (iii) creating a separate division of sales force.

Creating a Key Account Management Team

This sales organization structure is offered to key accounts that have multiple divisions or factories at many locations. These customers need uniform pricing and coordinated service for all their divisions. To meet these needs, the selling firm has a key account manager (KAM), who supervises the existing field salespeople calling on customer divisions within their territories. For example, Xerox company's key account managers work with local branch salespeople for key customers on both national and branch levels⁷. Similarly, key accounts managers of 3M Company work with local salespersons around the world on corporate strategic accounts (or key customers).

Using Existing Territory Sales Managers

Some companies ask their existing territory (or branch) managers to take the responsibility of looking after key customers located in their respective territories. This method may be acceptable if there are a few key accounts which have single locations, so that coordination between different territories or branches is not required. However, territorial manager's time spent on servicing key accounts may affect the quality of their sales force management.

Creating a Separate Division of Sales Force

Some companies have "key accounts programs", consisting of cross-functional people who handle all aspects of relationships with large accounts. The company's largest accounts get a "strategic account management team", consisting of cross-functional people, who are permanently assigned to

one customer. For instance, Proctor and Gamble stationed a strategic account management team in 1992 to work with Walmart at Bentonville. If a company has several such large accounts, it may create a separate division of the sales force. Some apparel manufacturers who produce and sell private-label clothing for large chains like Sears and J S Penney, have used this method. The sales organization structure integrates sales, marketing, and manufacturing activities that affect the key accounts. Another method is to create a separate sales force for serving key accounts. For instance, Hewlett-Packard has a separate sales force to look after major or key accounts. There are other groups of salespeople who handle distributors and smaller customers. Benefits of key account management are: (i) increased market share, (ii) enhanced customer satisfaction, (iii) superior sales and profit performance.

SUCCESS FACTORS IN SELLING

Often a question is asked: 'Is selling an art or science?' The answer is: selling is both an art and science. Selling is an art because sales people deal with human beings who are often emotional, illogical and unpredictable. Also, successful salesperson has to use creative methods of selling and innovation with each prospect, which is an art of selling. Selling is a science because a good salesperson should follow the steps in the selling process to increase the probability of making the sale. To take the secrecy out of selling we need to change selling from an art to a science.

To succeed in selling, a salesperson needs to develop a set of necessary skills and possess certain characteristics. These may be called success factors. A good sales professional should develop a set of skills viz., communication skills, listening skills and negotiation skills. The probability of success in selling would be high if a salesperson carries on effectively with the selling process. We shall also discuss a set of characteristics that are required in a salesperson to ensure success in selling.

Selling skills are critical in organizations that rely on ongoing buying from customers or clients. The ability to build relationships with customers, persuade them to make purchases and generate repeat business is at the heart of selling. Sales is a component of a company's marketing and promotions.

SELLING SKILLS

It is rather difficult to generalize about the characteristics of a good salesperson and the selling skills required for success in selling because there are different types of sales jobs. The characteristics and the selling skills would vary depending on the type of a given sales job.

Despite this statement, let us consider the following selling skills and the traits or characteristics for success in most, if not for all, sales jobs.

The characteristics are **empathy, burning desire, team selling** and **technology savvy** to be particularly important. The absolutely necessary skills for success in selling are **communication skills, listening skills, negotiation skills and problem-solving skills.**

COMMUNICATION SKILLS

Communication skills are important to sales managers as well as to salespeople. The sales manager continuously transmits information from the upper management to the salespeople and from the salespeople to the upper management. This communication should be correct, complete and at an appropriate time. In a sales situation, communication is transmission of verbal and nonverbal information and understanding between a salesperson and a buyer. Two way communication is required to make a sale. Buyers generally react verbally and non-verbally to the salesperson's presentation. Modes of communication typically used in a sales presentation are words, visual aids gestures and non verbal communications.

Non-Verbal Communication

Acceptance and openness can be communicated through positive body language. Resistance and rejection can also be communicated with unpleasant body language. Non-verbal communication consists of posture, gestures, eye contact, facial expressions, and overall grooming.

Some examples of body language or non-verbal communication are:

- Leaning forward shows interest.
- Facial expressions can show buying or rejection action.
- A buyer sitting with crossed arms or crossed legs shows a lack of openness.

Our non-verbal communication is driven by our subconscious. Hence, if there is a mismatch or contradiction between verbal and non-verbal communication, we should believe in non-verbal.

A brief description with examples of the various components of non-verbal communication has been provided here:

Eye Contact Comfortable eye contact establishes sincerity and trust. Staring directly at the prospect could be taken as a rudeness or arrogance. Having shifty eyes can communicate cunningness or uneasiness. Looking at the ceiling or the fan shows non-caring attitude.

Posture It refers to the way a person stands, sits and walks. A lazy or drooping way of standing or sitting and a protruding stomach can be interpreted as a lack of interest and tiredness.

Gestures Yawning, playing with a pen or key chain and drawing absent-mindedly indicate indifference. If an oral communication uses right kind of gestures, it can enhance the effectiveness of what has been said.

Facial Expression A smile represents friendliness. A stiff expression or tightening of jaw muscles is a symbol of opposition or hostility. Raising of eyebrows is an expression of disbelief.

Overall Grooming It means professional or personal appearance, which is important to create a favourable first impression of a salesperson. Therefore, a salesperson should take due care of his appearance and dress. Generally, professionals dress conservatively in formal trousers and tie and not in casuals like jeans.

Verbal Communication

A salesperson must become aware of both verbal and non-verbal communication. A sales professional's tone should be pleasant and the pace of speech should be moderate—not too fast and not too slow. A good salesperson does not use vague words that have multiple meanings. Examples of such words are regularly, frequently and sometimes. These words are confusing, because the same words mean different things to different people, which become a hindrance in closing the sale. A salesperson should not use jargons and should use layman's language while talking to a prospective customer. Jargons can be used if the sales professional is talking to someone in his own profession. Successful sales professionals use positive and helpful phrases and questions as indicated next:

- What is your opinion about ----?
- Would you be comfortable with -----?
- What do you feel is the best way ----?
- Together I am sure we can -----?

Listening Skills

In communication, there are two components: giving information and listening information. Both components are important but listening is more important than talking because it makes the other person feel significant. Salespersons are generally known to be good talkers. However, what separates successful salespeople from others is their ability or skills of listening. That is why good salespeople speak less and listen more. Effective salespeople listen very attentively and actively to what is said and what is unsaid by analyzing both verbal and non-verbal communications. A

prospective customer will speak if he/she is encouraged by the salesperson through his positive remarks and questions like “Can you add more details?” and “What you said is very interesting.”

Successful companies send their salespeople to the sales training programs conducted by Dale Carnegie or Toast-masters because these training programs give special importance to listening along with effective speaking.

Some of the important points for creating a positive environment for listening are:

- While listening, acknowledge and encourage the other person by nodding your head and occasionally saying “yes” or something to that effect.

- Maintain eye contact, without staring at the other person. Don’t keep looking around the room or outside.

- Don’t interrupt. It is bad manners.

- While listening, avoid creating distractions, such as playing with a pen or tapping your finger.

NEGOTIATION SKILLS

Salespeople should have certain skills and qualities to be effective in negotiation. Whether salespeople talk to one person or a group of people, there is a possibility of negotiation. In a few exchanges between buyers and sellers, there may not be much scope for negotiation as pricing and distribution are administered, such as purchase of petrol and diesel and travel by Indian Railways. However, much of business (or industrial) selling (i.e. from one business firm to another business firm or B2B selling), negotiated exchanges on prices, payment terms, delivery period and other aspects will take place.

Some of the major skills and qualities required by salespeople to be effective in negotiations are: planning, subject knowledge, listening, patience, communication, intelligence, clear thinking, integrity and trustworthiness.

When to Negotiate?

Negotiation is a proper procedure to be followed for making the sale when the following conditions or circumstances are present:

- The buyer puts certain conditions for buying to the seller. For instance, “If you will reduce the price of your product by 8 percent, I will buy”.

- When the agreement between the buyer and seller will have to take place on several factors, such as price, delivery, quality and payment terms.

- When the product or service to be exchanged is customized to the requirement of the buyer and may take a long-time to execute the order.

- When there is a zone of agreement between the two parties and the final price is to be decided through bargaining.

Preparing for Negotiation with Customers

Successful salespeople prepare well for negotiations with customers by following the steps described as follows:

Planning

Gather information about competitors’ prices, quality, service, share of business and so on. The selling firm’s negotiators should also know the real needs of the customer, power or authority of the buying firm’s negotiators, important buying factors of the firm or the industry.

Some of the questions to be answered by the selling firm negotiators are:

- How flexible are the price, payment terms and delivery period?

- Are there any product features, training, or services that can be offered free as benefits, compared to the competitors?

- Which factors are not flexible?

- What are the limits beyond which we cannot make concessions?

Building Relationship

Much before the final negotiation, salespeople should use the available time to build an environment of trust, understanding and relationship with the customer. Without the rapport or good relationship, it would be difficult to collect the required information. Hence, a lot of formal and informal meetings are needed between the buyers and sellers, not only for building relationship, but also to collect the required information. A good relationship between the two parties eases the tension during the negotiation process.

Purpose

The purpose of negotiations could be several. It could be for increase in prices due to an increase in the cost of inputs such as excise duty, raw material, freight, and others or for getting higher share of business or for getting an entry into a high sales potential prospect or for getting payments against old/disputed bills. Whatever may be the purpose of negotiation, it helps salespeople to succeed, if they have a right approach or style of negotiation.

Styles of Negotiation

Theoretically, there are four different styles of negotiation.

These are:

- (i) I win, you lose
- (ii) Both of us win
- (iii) You win, I lose
- (iv) Both of us lose

However in practice, styles (i) and (ii) are used usually, style (iii) is used sometimes and (iv) is rarely used.

Out of the four styles of negotiation, the style that is typically used for customers, suppliers, employees, and relatives is both of us win or win-win. Here, the negotiations are held for mutual satisfaction, and the focus is on development of genuine relationship based upon trust and understanding.

This is achieved by the following guidelines:

- Much before the final negotiation, build an environment of trust and confidence.
- During the negotiation, be polite and humble, which would help the customer to communicate in easy manner.
- In the initial stage of negotiation, the focus should be on identifying and agreeing to the problems rather than solutions.
- Both sides should then work together, pooling their resources, ideas and sharing information to solve the problems stated earlier.
- Both sides should make concessions at regular frequency.
- Defensive posture, legalistic, or contractual approach should be avoided.

Salespeople should recognize, based on the following tips, if the prospect or the buyer uses 'I win, you lose' style:

- The buyer starts with tough demands or unreasonable offer.
- The buyer raises voice or makes emotional outbursts.
- The buyer does not reciprocate or is stingy to the concession made by the seller.
- The buyer ignores the time deadline.

Once the salesperson recognizes that the customer or the prospect is using this style against him, he should defend his position in the following manner:

- He should take equally strong position by presenting a clear but unemotional opposition to the prospect's demand.
- He must explain why he holds his position and seek the reason from the prospect for holding that position.

- He should stress on the consequences of a failure to resolve the issue. The purpose here is to move the other party from win-lose style to win-win style.

It may be difficult to remember the above points and how to use them. The solution to this difficulty is to practice. By practicing these points in role-playing exercises, negotiating skills can be improved.

Some Tips on Negotiation

- Observe the verbal and non-verbal language of the other party. The salesperson's own verbal and nonverbal signals should reflect positive attitude.
 - Don't argue. Avoid rude and loud behavior.
 - Be assertive, not aggressive. Assertiveness means firmness with politeness, whereas aggressiveness is firmness without politeness.
 - Maintain eye contact without staring. Eye contact shows confidence and trust, whereas staring points out that the salesperson is daring and challenging.
 - Stay focused on the topic of negotiation; don't go off-track. Keep asking questions to uncover the real anxiety or problem without being aggressive.
 - Don't blame anyone because that makes the environment tense immediately.
 - Avoid sarcasm.
 - The salesperson should not reveal his weakness. For instance, if the salesperson has to achieve a target by the end of the month, he should not show his desperation.
 - Don't make emotional decisions during negotiation that may have a problem carrying out later.
- A good sales professional realizes that his ability to persuade the other person to his way of thinking should be used without offending.

PROBLEM-SOLVING SKILLS

Consultative salespeople or sales teams in business-to-business (B2B) selling situations create a value for their customers by solving the customers' problems. For example, a sales engineer from a material handling equipment manufacturing company noticed that unloading of components from heavy commercial vehicles (or trucks) was taking a long time in a passenger car manufacturing company. Not only the truck owners were unhappy about the long queues of trucks, but also the company's management was concerned as these trucks occupied a large portion of the factory area, apart from the truck drivers causing a lot of nuisance for the company employees. The sales engineer, after talking to the purchase executive, collected all the relevant information including the average time taken by a truck to unload incoming material. He called a design engineer from his factory and made a presentation to the buying centre members on how their equipment, called "Lift Table", could reduce the unloading time to about 30 percent of the time taken for unloading without their equipment. They also showed the third party certificates of their customers about the performance of the equipment. The buying centre members gave approval to the sales engineer to submit the quotation with technical and commercial details. The order was placed, after discussion, for one number lift table. The equipment was delivered and installed in five weeks from the date of the order. The trials showed a substantial reduction in the time of unloading of materials from the truck as per the claims of the supplier. The problem of long queue of trucks was resolved satisfactorily. The supplier firm received a repeat order for three number of the equipment.

Sometimes, a cooperative problem solving approach is adopted by having teams from buying and selling firms working jointly on problems like cost reduction or quality improvement. Such an approach leads to a strong relationship between the two organizations. The problem solving process typically includes the following steps: (i) identify or define the problem, (ii) create or

develop alternative ways of solutions, (iii) select one of the alternatives as a solution, (iv) implement the selected solution, and (v) evaluate the solution.

CHARACTERISTICS OF AN EFFECTIVE SALESPERSON

Though every selling position and situation is different, most sales managers agree that there are generally desirable characteristics for effective salespeople. These are briefly mentioned below:

- **Burning desire** or ego drive indicate a strong personal desire to succeed. Sales happen as a result of hard work and effort.

- **Team selling** is now the main method of selling to key customers. Hence, **cooperativeness** as a trait is considered important for a salesperson to work on teams.

- **ICT Savvy**: The salesperson must be able to work with electronic communication and technology. Salespeople need to be comfortable with information and communication technologies (ICT) so that they can use information and multimedia options effectively.

- **Empathy**: Empathy (i.e. the ability to understand and feel as the customer does) is an important characteristic that helps a salesperson to build relationship with customers.

- **Behavioral Factors**: Characteristics such as positive attitude or behavior and discipline are considered as vital for a salesperson. A positive attitude determines the success of a salesperson. The difference between a positive and a negative attitude can be illustrated by a very frequently used story of two salespersons who once went to Africa. Both salespersons went to sell shoes in different parts of Africa. They both saw people without shoes. One salesperson immediately sent a message to his manager saying ‘There is no market for shoes here. No one wears shoes and therefore, I am coming back.’ The other salesperson sent a message saying ‘There is a huge market for shoes here. Nobody wear shoes and hence, we can make everyone wear them, be ready for large sales.’

- **Discipline**: Another behavioral factor of an effective salesperson is discipline. It is defined as doing what ought to be done, when it is ought to be done, and whether we like it or not. Discipline is the quality that gives strength and courage to a salesperson to face big challenges. Thus, the success factors in selling include effective use of the selling process, development of negotiation, communication and listening skills as well as possession of certain key characteristics as mentioned above.

BUYER SELLER DYAD

Let us understand what is Buyer Seller Dyad?

Fundamental to understanding salesmanship is recognition that it involves buyer-seller interactions. Sociologists use the term “dyad” to describe a situation in which two people interact. The salesperson and the prospect, interacting with each other, constitute one example of a “buyer-seller dyad”. Another is the interaction of a seller using advertising with a particular prospect in the reading, listening, or viewing audience. In both advertising and personal selling, the seller seeks to motivate the prospective buyer to behave favorably toward the seller. Whether or not the buyer reacts as the seller desires depends upon the nature of the interaction. The opportunity for interaction is less in the advertising case than in personal selling. However, advertising and personal selling often supplement or support each other, and the buyer reacts to their combined impact.

Franklin Evans researched buyer-seller dyads in the life insurance business. Prospects who bought insurance knew more about salespersons and their companies, and felt more positively toward them, than did prospects who did not buy. Further- more, the more alike salespersons and their prospects were, the greater was the likelihood that a sale would result. This was true for physical characteristics

(age, height), other objective factors (income, religion, education), and variables that relate to personality factors (politics, smoking).

Evan's findings have significance for sales management. **Whenever possible, sales personnel should be assigned to prospects whose characteristics are similar to their own, thus improving the chance of successful dyadic relationships.** Pairing salespersons with customers of similar backgrounds is more easily accomplished in industrial selling, where there are fewer prospects about whom information is needed, than in consumer goods selling, where the number of prospects and customers per salesperson is much larger.

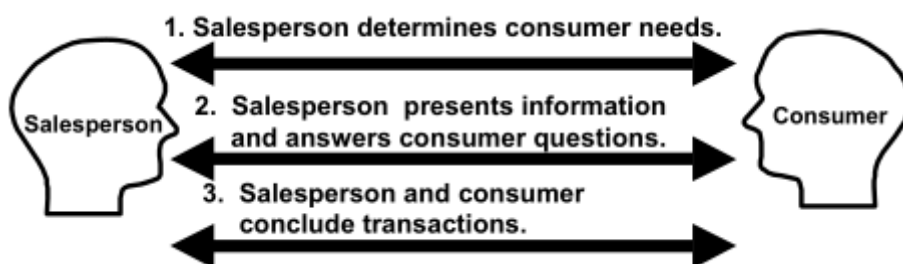
Henry Tosi studied dyads of wholesale drug salespeople and retail pharmacists who made buying decisions. When the buyer perceived the salesperson's performance to be similar to his or her concept of "ideal" performance, the number of sources from which purchases were made was low. Although this did not necessarily result in a larger percentage of purchases from the salesperson, customer satisfaction with the salesperson's behavior did at least allow the salesperson to get into the store. Tosi concluded that, in addition to the physical characteristics and personality and objective factors cited by Evans, the customer's perception of what that behavior should be is a necessary condition for the continuation of dyadic interaction.⁴

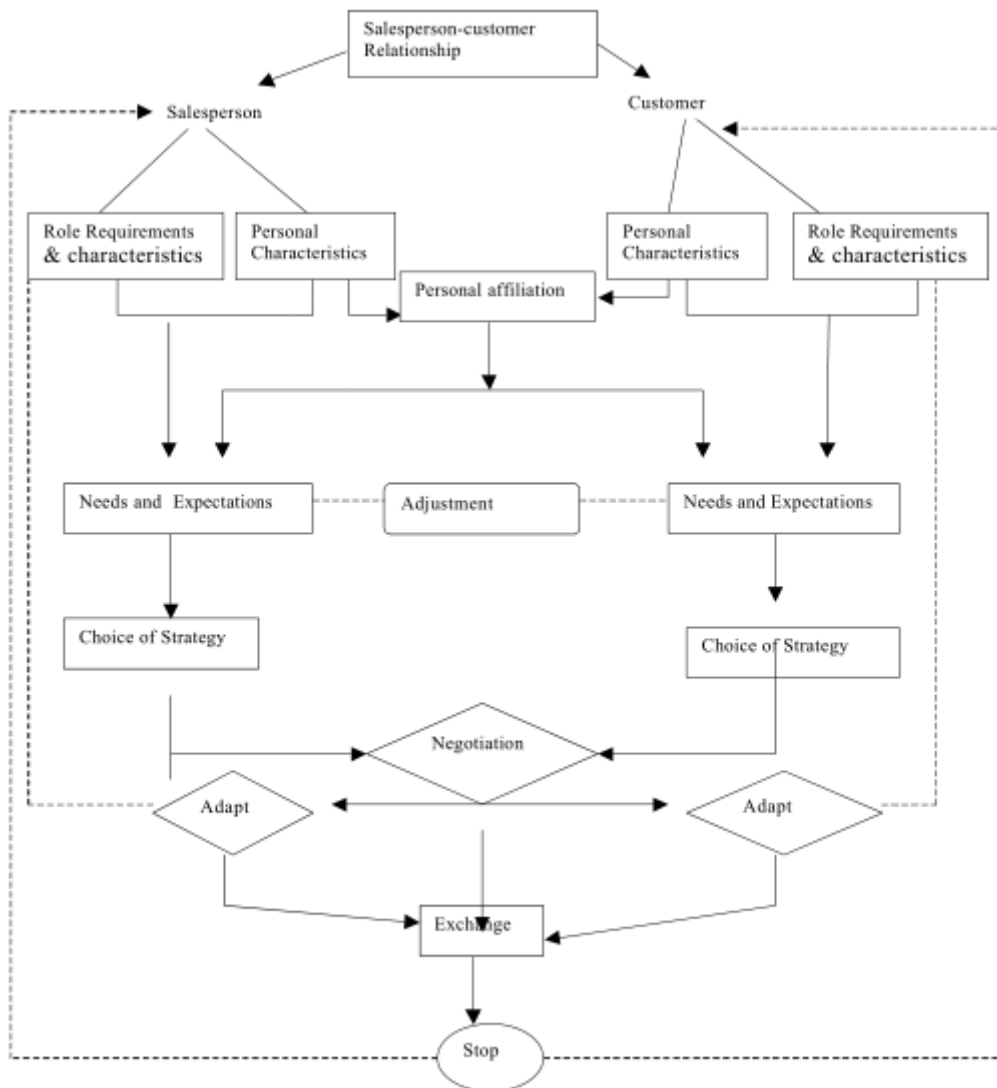
Another factor influencing buyer-seller dyadic interactions is the buyer's initial conditioning with respect to selling. Salespeople have been maligned and the butt of nasty stories for generations. People are taught from childhood to beware of the tricky salesperson.

There are indications that salespeople, not as stereotyped, but as they actually perform, leave much to be desired in the impact they make on customers. Studies of the attitudes of buyers and purchasing agents reveal that many are critical of the salesperson's lack of product knowledge, failure to follow up, general unreliability, slavish adherence to "canned" presentations, and blatant use of flattery, bad manners, commercial dishonesty, and so forth.

The Buyer-Seller Dyad

Good communication is a key to successful marketing, and it is particularly important for positive personal selling results. The **buyer-seller dyad** is flexible and efficient, closes sales, and provides feedback.





Conceptual model of 'Salesperson - Buyer Dyadic Relationship'

Figure in the last page is a conceptual model of “salesperson-buyer” dyadic relationships. This model, developed after an extensive literature search, views the sales process as being influenced by both salesperson and buyer, each a focal person influenced by personal characteristics and role requirements. Personal characteristic include personality, values, attitudes, past experiences, and the like. Role set requirements (for example, formal authority and organizational autonomy) interact with personal characteristic to shape needs and expectations. Focal persons’ perceptions of each other’s needs may lead to adjustments of their own (see the “feedback” mechanism represented by the broken lines in Figure 2.1).

Based on individual needs and expectations, each focal person develops a strategy aimed to negotiate a favorable exchange. That strategy may embrace persuasion, ingratiation, communication of facts or offers, friendship, and other elements. If the strategies are compatible, an exchange takes place. Otherwise, the salesperson and the buyer may stop interacting, or based on feedback from the unsuccessful negotiation, either or both may adapt by altering strategy, attempting to adjust needs and expectations, or modifying role requirements. Role requirements, as well as needs and expectations, often are determined by forces beyond the focal person’s control, so one or both may find it impossible to adapt. For instance, to meet a buyer’s expectations, a salesperson may need to set prices, yet this may be against company policy and beyond the salesperson’s control. When the particular round of negotiations is terminated regardless of its outcome, the experience becomes input into future interactions of the salesperson

Selling Process

In United Machines Ltd., the selling process typically started with prospecting (i.e. searching and identifying potential customers). This was mostly done by the outside (or field) salespeople by requesting the existing customers to suggest the names of prospective customers. It was also done by the inside salespeople, who work within a company, by using the Internet and telephone. The prospective customers are then qualified by using criteria, such as their requirements for the company's products, their financial ability to buy, likelihood to buy in near future, and approximate value of their requirements. Based on these criteria, the prospective customers are placed in three groups: group 'A' (high value of requirements in near future); group 'B' (average value of requirements in near future); group 'C' (requirements after a long duration of time). Prospects in group 'A' are handed over to the company's sales engineers for converting them to the company's customers. Prospects in group 'B' are given to inside salespeople to communicate with them and obtain more information by using the Internet and telephone. Prospects in group 'C' are kept in a separate file for follow-up after some time.

Let us take an example of how United Machines followed the selling process to convert a prospective customer like AC Equipment Pvt. Ltd. into a customer. The process started with an inside salesperson, by using the Internet and telephone, identifying AC Equipment Pvt. Ltd., who wanted to set up an industrial compressor manufacturing unit in Mumbai. The prospective customer, AC Equipment, initially needed conventional metal forming and metal cutting machines, which were manufactured by United Machines. Since the requirements were in near future and of a large value, the sales manager of United Machines asked one of his experienced sales engineer, Atul Tandon, to make a preliminary visit. Atul gathered as much information as possible about AC Equipment from various sources like the Internet, trade journals and the Chamber of Commerce and Industry. He then called AC Equipment's purchase executive for an appointment for a meeting.

The first meeting between Atul and the purchase executive was positive. Atul collected a lot of information about the requirements of AC Equipment in terms of their production plan, type of machines needed, purchasing process, key buying committee members, etc. He then fixed his appointments with AC Equipment's technical persons, such as production manager, design engineer and maintenance manager to understand the technical specifications and other needs clearly. For these meetings, Atul was accompanied by his company's design head and production executive. Atul collected "Request for Quotation" (RFQ) letter from AC Equipment, who also sent such letters to other machine tools manufacturers. Atul prepared and submitted the quotation after discussions with his sales manager, design and production heads. Thereafter, a team consisting of two technical persons and the purchase manager of AC Equipment visited the manufacturing plants of all the machine tool manufacturers who had submitted their quotations. Subsequently, AC Equipment shortlisted three prospective suppliers of machines, including United Machines and called them for presentations, followed by negotiations.

United Machines had three members in their sales presentation team – the sales manager, the design head and Atul. Need-Satisfaction method was used for sales presentation, pointing out specially designed and customized machines to satisfy the specific needs of AC Equipment. Additional benefits offered were effective after-sales service (i.e. visit by the company's technicians within four hours of the receipt of a call or a message), free training of their maintenance staff, two-years' of free warranty service and special competitive prices. Negotiations took place in a positive manner with "both of us win" style.

After about two weeks, United Machines Ltd. received the order from AC Equipment valued at `65 lakh (about \$100,000) for supply of metal forming and metal cutting machines, indicating the technical specifications and other terms. The sales manager congratulated Atul and other persons involved in the selling process. He asked Atul to check the order carefully for any discrepancies, visit the new customer and collect 30 percent advance payment that was agreed during the negotiation and mentioned in the order.

The opening vignette shows how the selling process was followed by United Machines Company. In this chapter, we shall discuss the steps involved in the selling process. Some exposure to selling is necessary for the students of sales management. To manage a sales force successfully, a sales manager should have adequate sales experience. For instance, if a salesperson, reporting to the branch sales manager approaches him for help in getting an order from a high-potential prospective customer, the branch sales manager should be able to solve the problem. Today's companies spend large amounts of money on sales training programs to train salespeople in the art of selling. If the training program is conducted by the branch sales manager or the area sales manager, he cannot do a good job without knowing how to sell.

LO 1 Recognize the steps of the selling process

STEPS IN THE SELLING PROCESS

Most sales training programs follow the major steps for effective sales (or selling) process. Salespeople carry out various activities to create sales and satisfy customers. These activities of salespeople are recognized as the steps of the selling process. However, there is no one method that can be used to close every sale. Not all types of selling activities pass through the eight steps of selling shown in Figure. 2.1. The steps in the selling process are suggested to work better in certain situations, based on experience. There is no magic formula to make a sale. However, it is widely believed that if a salesperson follows the suggested steps, the chances of success are greatly improved. The more prepared a salesperson is, the greater the chance of making a sale. Research confirms that in order to perform at satisfactory levels, salespersons should master basic selling abilities.

Fig.



PROSPECTING

Prospecting is the process of identifying potential customers for the company's products and services. Regardless of how busy the salespeople are or how well they perform, if they want to achieve consistently good results in sales, they must do prospecting every day. This is important because there will always be a small percent of the customer base that will leave the company. The inflow and retention of prospects should be more than the outflow of customers.

A prospect is an individual, a family or an organization who has a need for the product or the service a salesperson is selling, has the ability to take a decision to buy and also the money to buy. A prospect is not the same as a sales lead (also called a lead or customer lead). A sales lead or a lead indicates the name and address of a person or a business firm who is a probable prospect (also called suspect). Once it is found through the Internet or telephone that the sales lead (i.e. suspect or probable prospect) need the company's product, has the money and has the ability to make a decision to buy, the sales lead becomes a prospect or prospective customer (also called potential customer). For example, the marketing head of a machine-tools manufacturing company, United Machines Ltd., gets mails from the German collaborator, with the subject title as "**Sales leads**".

In the mails, the German machine-tools manufacturing company, which has a tie-up with the Indian company, United Machines, gives information about the Indian executives who had visited their booths at some of the machine-tools trade shows and exhibitions at Hannover, Germany and other places. The information includes the names of the company executives, the firms' names and addresses, telephone numbers, e-mail IDs and the websites. The marketing professionals in United Machines then use the sales leads information to contact the probable prospects through e-mails and telephone to find if the company's products are needed and that the probable prospects have the required abilities to buy. If the answers to the above questions are affirmative, then the probable prospects or the sales leads becomes the prospects or the prospective customers.

Earlier most organizations had left the task of prospecting or identifying leads to their salespeople. Now, many companies' marketing professionals are undertaking the responsibility of identifying the leads. This enables salespeople to use their time on important selling activities, such as discovering and understanding prospective customers' needs, making sales presentations, handling customer objections and closing the sales.

Methods for Identifying Leads

To maintain a constant flow of new prospects, companies use various ways for identifying or generating leads (i.e. obtaining names and addresses of probable prospects). Some of the major methods are: consulting existing customers, referrals from external sources, referrals from internal company sources, use of Standard Industrial Classification (SIC) System, referring publications, networking by salespeople, cold canvassing and using World Wide Web. All these methods have been explained in detail as follows:

Consulting Existing Customers This method is often used by salespeople when they are given the responsibility to generate their own sales leads². Some customers hesitate to give referrals. Hence, it is important that salespeople build a good rapport or relationship with existing customers through effective customer service. This method is a convincing source of nearly two thirds of total sales leads³.

Referrals from External Sources Some organizations use external sources, such as suppliers, intermediaries, bankers, trade associations, Chambers of Commerce and commercial dot.com vendors. Many dot.com companies provide a list of leads for not too expensive fees. For instance, if one enters the keywords "sales leads" into "Google search", information of many sales leads companies appears. These companies sell leads by charging a reasonable amount.

Referrals from Internal Company Sources Sales leads can be generated by company websites, trade shows, direct mail, company advertisements and telemarketing. A large number of people visit trade shows. The trade show participating companies enter the visitors' names, addresses and their interest in the registers kept in the booths. This information indicates the visitors' interest in the company's products and services. Companies also mail business letters with attachments to prospects, asking their interest in the company's products and services. Although the response rate for direct mail is low, it is a good information source from probable prospects. Company advertisements normally include a toll-free number, which motivates prospects to respond. In inbound telemarketing, the prospect calls the company. This information about the prospect can be used by salespeople to make outbound calls to obtain more information. Outbound telemarketing (i.e. use of telephone) is also adopted by organizations to call prospects.

Standard Industrial Classification (SIC) System It is a major secondary data source, which is used in industrial (or business) marketing. Each firm is assigned a four-digit number on the basis of

its main line of business. For finding sales leads (or probable prospects), the company selling its products to a particular industry segment, say, pharmaceutical, finds the four-digit number of the pharmaceutical industry, viz. 3254. By referring to 3254 in International or Indian Standard Industrial Classification (ISIC) system, the company can discover names and addresses of a list of organisations that are included in the category 3254, their sales volumes, how many employees they have and so on. This list of firms is compared with the company's current list of customers. Thus, it provides an identification of the non-customer firms (i.e. probable prospects in each industry category). For example, a leading Information Technology (IT) company uses SIC system to identify and locate sales leads. Another related use of SIC is in estimation of market potential by using statistical series methods.

Publications Newspapers, yellow pages, directories, trade journals, computer generated databases, commercial publications published by government and private publishers are the sources for identifying leads.

Networking by Salespeople Salespeople become members of social organizations (e.g., Rotary and Lions clubs), civic organizations (e.g., Bangalore and Century clubs) and professional bodies (e.g., Management Teachers' Consortium and All India Management Association) to meet new people who may be potential customers or who may be able to provide leads. Salespersons may also communicate with friends, relatives and acquaintances to identify probable prospects or sales leads.

Cold Canvassing It is a method in which a salesperson makes unannounced calls on companies that may need the products and services the salesperson sells. The support for this method is declining as it is time consuming and also costly. However, it may be effective for widely used consumer products and services as well as for office supplies in business-to-business selling.

World Wide Web For searching and identifying leads, World Wide Web (WWW) can be used through its widely admired search engines. A lot of information is available for free through the use of popular search engines. For instance, "How to search on Google" gives a few tips to help find information. For complex searches, one can go to advanced Google search.

QUALIFYING

It is important that the lead is qualified to meet the necessary standards or conditions to receive further attention. The necessary conditions or criteria for the probable prospect or the lead to get qualified to the prospect or potential customer are as follows:

- The probable prospect has a need for the product or the service being sold.
- The probable prospect (could be an individual, a family or an organization) can afford (or has a financial capacity) to buy the product or the service.
- The lead or the probable prospect has an ability to make a decision.

Most companies contact the leads by phone or mail to find out the answers to the above mentioned criteria. In the past, the salespersons were expected to contact the leads or probable prospects. Today, the marketing departments in many companies undertake the tasks of prospecting and qualifying. This is done because cost of a salesperson has gone up substantially in terms of salary, incentives and travelling. Hence, salespeople are used for selling and relationship building with key prospective customers. The leads, after qualifying, are placed in three groups, i.e. (i) hot prospects, (ii) warm prospects, and (iii) cold prospects.

Hot Prospects These prospects are likely to buy the company's products or services in the near future and are financially sound. Such prospects are handed over to the company's salespersons to convert them to the company's customers.

Warm Prospects These groups of prospects are the fence sitters. They want to buy the company's products or services but are non-committal. These prospects are given to the company's telemarketing team for follow-up.

Cold Prospects These prospects are likely to take a long-time to buy the company's products or services. They are indifferent and require a lot of efforts to be sold. Such prospects are kept in a pending list for future follow up

It is important that salespeople follow-up the hot prospects that are handed over to them, because a study⁴ has found that generally salespeople get more than 80 percent of the buyers' business if they follow-up a sales enquiry, as compared to 40 percent share, if not followed-up. Sales managers

should also advise the salespeople that usually it takes about four calls on an organizational prospect to convert an initial enquiry or lead into sales.

Process of Prospecting and Qualifying

Successful salespeople understand the importance of the process of prospecting and qualifying. They make use of the concept of the sales pipeline or sales-funnel, as shown in Figure. 2.2.

The process of prospecting starts with the company identifying the names and addresses of the leads (also called suspects or probable prospects). The company uses a number of methods for identifying leads as explained in this chapter earlier.

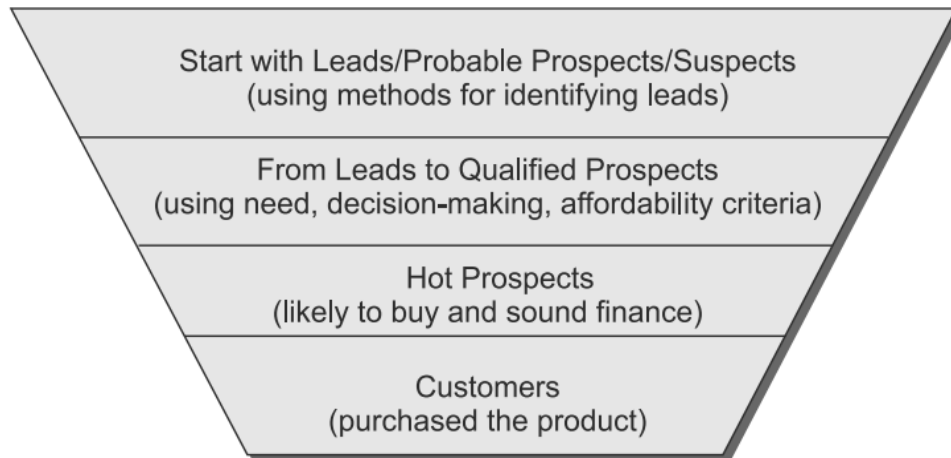


Fig. 2.2 Sales Funnel

The leads are then qualified by using the criteria of need for the product or service, ability to make a decision and affordability to buy. Out of the three groups (hot, warm and cold), hot prospects, who are likely to buy the company's products or services and have sound financial capacity have high probability of buying to become the company's customers. The process is called sales-funnel or sales-pipeline, because if a salesperson has 100 leads at a time, only about 50 become qualified prospects. From 50 qualified prospects, only about 20 are hot prospects. And finally about five prospects buy the company's products or services and become the company's customers. Successful salespeople always keep the sales-funnel full. For example, a leading software services company recruits management graduates in India to carryout prospecting and qualifying tasks using the Internet and phone. Thereafter, the qualified hot prospects are referred to the sales or business development executives located in the US and Europe for undertaking further steps in the selling process.

LO 3 Explain pre-approach steps, approach techniques and the buyer's needs

PRE-APPROACH

The pre-approach step generally includes two tasks: (i) information gathering in greater depth about the prospect by carrying out customer research, and (ii) planning the sales call on the prospect

Information Gathering

The salesperson needs to collect as much information as possible about the prospect before visiting. The information to be collected from the prospective company includes the type of business, its products and services, purchasing practices, location of plants, names and background of people who make buying decisions, purchasing orientations and practices, the major problems or issues faced by the prospect and the industry in which it is operating and so on. The sources of obtaining the information about the prospect include the Internet or online information services, trade magazines, industrial directories, chambers of commerce, annual reports of companies, existing customers and suppliers and government publications. Information based on the indepth research about the

prospective customer makes the salesperson confident. The more customer research the salesperson does, the more intelligent and informed he will sound when he finally approaches the prospect.

Planning the Sales Call

When a salesperson plans the sales call, before paying a visit to a prospective customer, he should consider four questions:

- (i) Whom to see?
- (ii) Where to go?
- (iii) What are the call objectives?
- (iv) How to approach the prospect?

If the marketing department of a company undertakes the activities of prospecting and qualifying, the name and address of the prospect is available with the salesperson. However, if the salesperson is required to find whom to see in a prospective customer organization, he should start as high up in the hierarchy as possible and reasonable. This means that in the customer research done earlier, it was necessary to find the most senior person at the location to which the salesperson wishes to sell. This is not necessarily the managing director or CEO of the firm, but may be the branch, district or general manager. The salesperson should find out who in the organization has the responsibility for purchasing the product or service that he is selling. This approach helps the salesperson to contact the right person. The salesperson should ensure that he has the contact address, telephone number and the right maps.

The next important task for the salesperson is to decide what objectives he would like to achieve for the particular call. Obviously, the ultimate objective is to get the order or close the sale, but this may not be feasible in the first call. As mentioned earlier, it takes, on an average, four calls on an organizational prospect to convert an initial enquiry into sales. The objective may be to get more information on the buyer's needs, buying criteria or knowing and meeting key buying decision-making people. The salesperson must set an objective for each of the sales calls.

The salesperson should also plan how he will approach the prospective buyer, and which method or technique of approach would be suitable for the particular prospect. If the objective of the sales call is to discover and understand the needs of the prospect, what kind of questions the salesperson should ask. Because salespeople can change their objectives, sales call plans and sales presentations for different types of customers (such as individuals, households, government organizations, private sector buyers) and with differing sales situations (like new purchase, repeat purchase, change in supplier), personal selling is referred to as adaptive selling.

APPROACH

After collecting the prospect's name and other relevant information, as mentioned earlier in pre-approach, the next step is to make an appointment to see the prospect. This is called the 'approach'. The approach (or meeting the buyer for the first time) takes a few minutes of a call, but it can make or break a sale. When a salesperson meets a potential customer for the first time, the first impression should be favorable. The initial impression of a salesperson is based on his appearance, attitude and the opening line.

There are a few approach techniques. Introductory approach is mostly used by the salespersons as it is effective. In this approach, the salesperson states his name and the company name, preceded by a friendly and greeting smile and a firm handshake or 'Namaskar'. Most salespersons also present a business card. For example, "Good morning, Mr. Dasgupta, my name is Krishna Kumar from Crompton Greaves. I am here for 11 a.m. appointment". This is said with a friendly smile and a firm handshake. This is followed by a small talk that may be of particular interest to the prospect or new developments in the business. Anything will do to break the ice, but must not be stereotyped.

Another approach technique is to use an opening benefit statement. In this approach, the salesperson opens with a statement about how the product or service could help the buyer. For instance, a salesperson selling insurance policies may say, "By converting your existing insurance

policy to our insurance plan, you can get `2,00,000 more coverage at the same premium that you are paying now". One more technique, called product approach, is used by salespeople if the product is new, unique or colorful. Some salespeople carry the new product or its cut-out in order to make a smooth transaction into the sales demonstration or presentation. For example, the salesperson hands over the new bottle of Pepsi to the retailer and waits for the retailer to begin the conversation. However, studies have shown that successful salespeople do not talk about their products, services, or the benefits of their solution until late in the sales call. The purpose of the approach is to gain the buyer's agreement to move forward to the next step of discovering and understanding the needs of the buyer.

DISCOVERING AND UNDERSTANDING BUYERS' NEEDS

Salespeople should know that individual consumers and business organizations buy products and services to satisfy their needs or to solve their problems. It is important, therefore, for salespersons to discover and understand their buyers' needs or problems. The best way to uncover and know the buyers' needs is by asking questions. Huthwait's research found that in successful sales calls it is the buyer who does most of the talking and not the salesperson. Effective salespeople get customers to talk by asking smart questions. Companies like IBM and Xerox sponsored Huthwait's research of 35,000 sales calls, based on which SPIN model was developed, particularly for high-value business-to-business sales.

In SPIN model, there are four types of questions that salespeople can ask buyers to find, clarify, and understand their needs. These are situational questions, problem questions, implication question and need-payoff questions. Before asking questions, the salesperson must earn the right to ask questions by taking permission; for example, "In order to provide the right solution, do you mind if I ask you a few questions?"

Situational Questions

The questions that ask about the buyer's current situation are called situational questions to obtain information on how the customers may use their products. Examples are:

- How many people would occupy this conference hall which needs to be air conditioned?
- Who is involved in the buying decision for this product?
- How often do you carry out preventive maintenance of these machines?

Successful salespeople ask a few situational questions that are actually necessary. Research shows that senior buyers do not like answering factual questions. Hence, successful salespeople do their homework thoroughly at pre-approach stage and get required information from junior buyers.

To avoid asking unnecessary situational questions, salespersons should be sure that each question has a clear purpose. Also, the situational question should be related to the problem or the need the prospective buyer may have that the salesperson's product or service can resolve. The situational questions should be asked early in the sale so that salesperson can then move with ease into asking problem questions. Situational questions should not be asked on sensitive areas like conflict between different departments of buyers. If sensitive information is really required, it should be obtained indirectly and later in the sale when trust between the buyer and the seller has been established. Successful salespeople do not use SPIN questions in a rigid sequence. Hence, instead of asking many situational questions early in the sales call, they ask them when it makes sense to clarify and explore problems as they actually emerge. For example, the salesperson asks the potential buyer, "you said that employee turnover is a major problem for you. Can you tell me how do your compensation rates compare with your competitors?"

Problem Questions

These questions are used to discover problems, difficulties or dissatisfaction the customer is experiencing with the existing situation. Salespeople ask problem questions to uncover implied needs of the buyer. Examples are:

- Have you experienced any problems in servicing your machines?
- Have you had any difficulty controlling quality?

- Have you experienced any delays in getting those materials from your existing suppliers?
- How satisfied are you with the response time of your current service provider?

Salespeople should do their homework so as to first ask a few situational questions, which will set the context for asking the problem questions. If required, salespersons do follow-up by clarifying problem questions when the buyer starts to reveal problems, difficulties or dissatisfaction. Salespeople should be extremely cautious in asking problem questions in cases such as when the customer has made a decision recently in an area, when the buyer has a personal or emotional involvement or when the buyer is already using the salesperson's product or service.

A good method to plan problem questions is by thinking about the problems the salesperson's product or service can solve for a customer. Successful salespeople ask follow-up problem questions to clarify specific difficulties or problems that the buyer has identified. This can be done effectively by using the word-why? For example, when a buyer says, "I am not satisfied with our current supplier of steel", a good salesperson will ask, "Why are you not satisfied?" This gives the salesperson a better understanding of the buyer's dissatisfaction.

An effective salesperson explores or uncovers a problem from more than one way. This is done so that the salesperson can develop different needs if the buyer deflects the first one. For instance, "I can see why shortage of trained manpower is a problem for you in production. Would this issue be of concern to other functional areas like finance, marketing or logistics?"

Implication Questions

The implication questions ask the buyer about the implications, consequences or impact of the buyer's problem on its operations. Salespeople ask these questions to make the buyer think about the consequences of not solving the problem. Implication questions link a problem to other potential problems or consequences. Examples are:

- What impact the delays in receiving the components have on your production and customer satisfaction?
- Have these staff problems led you to lose any clients?
- What consequences the errors in your system have on your customers?

Successful salespersons plan implication questions before the sales calls, because they have to think implication questions by using their business and application knowledge. The purpose of the implication questions is to build the importance of a strong desire to buy the salesperson's product or service.

Salespeople should ask implication questions after problem questions, but before asking solution-value questions or need-payoff questions. This approach ensures that when the salesperson proposes a solution to the problem, the customer's interest will be high.

Need-Payoff Questions

Solution-value or need-payoff questions ask about the value, importance or usefulness of the solution to a problem uncovered earlier. Salespersons use these questions to increase the acceptability of their solutions. The purpose of these questions is to develop the buyer's desire for a solution. Need-payoff questions are positive and constructive, because they focus on the solutions.

Examples are:

- If the rejection rate for this component at your quality inspection stage is reduced to less than one percent, how much money would that save you?
- By using our material handling equipment if you could save 2000 sq. ft. area in your warehouse, how much of saving would that mean?
- How important is it if the response time to your customers would improve by 50 percent?

By linking need-payoff questions to the buyer's responses or statements, the salesperson can prepare effective need-payoff questions. Also, if possible, the salesperson should use need-payoff questions that ask the buyer to identify clearly the benefits or pay-offs that are important to the buyer.

Examples are:

- Wouldn't personal computers save time of your field or outside salespersons?
- You mentioned earlier that your management would like to minimize the inventory carrying cost of incoming materials. By supplying our components three times a day, linking to your factory's

three shifts production timing, to ensure Just-In-Time (JIT) deliveries and excellent quality, wouldn't it achieve your management's needs?

In large- and medium-size organizations, the buying decisions are made by a group of people called 'purchase committees' or 'buying centers'. Hence, the salesperson's success in getting orders depend not just on how well he sells or convinces one buyer or purchase executive, but how well the buyer sells the salesperson's solution to other members of buying center. Needpayoff questions help the buyer to describe benefits to other members of the purchase committee. Thus, the buyer's confidence and enthusiasm in the salesperson's solution is increased.

The studies carried out by Neil Rackham⁸ show that successful salespeople ask a few situational questions first. This is followed by problem (discovery) questions, implication questions, and need-payoff (or solution value) questions. Good salespeople use this sequence to ask questions to buyers. By following this process, successful salespeople uncover and understand the buyer's needs effectively.

LO 4 Understand various methods of sales presentations, product demonstration and handling of objections

THE SALES PRESENTATION

After understanding the customer's needs, the salesperson moves into the sales presentation. Although most presentations are oral, often business customers ask for written proposals, quotations or offers before oral presentations. A written proposal or quotation includes technical specifications of the product or service that meets customer's needs, price, terms of payments, delivery schedule, taxes and duties, proof of claims, additional benefits like service, training, guarantees that enhance the proposal. The objective of the sales presentation is to persuade the customer that the product or service being sold will meet the customer's needs better than that of competitors.

Understanding Sales Presentation Methods

Salespeople must know the various methods (or approaches) used for making a sales presentation. These are: (i) Stimulus-response method (or canned presentation), (ii) Formula method (AIDA model or formula), (iii) Need-Satisfaction method (with FAB approach), (iv) Team selling method, and (v) Consultative selling method.

Stimulus-Response Method

It is also called canned approach, a memorized sales presentation or a prepared sales presentation. This method assumes that if a salesperson makes the right stimuli (e.g. sales presentation), he can get a favorable response from the prospect. The salesperson does most of the talking. Without knowing the needs of the prospect, the salesperson presents all the features of the product and then asks the prospect to buy the product. If the prospect does not agree to buy, another attempt is made to sell the product. This method is used by telemarketing people, door-to-door salespersons, and for training new salespeople. When canned sales presentation is prepared by the company's experienced people based on research, it can be useful to new salespeople. However, making the same presentation to all prospects or giving the same sales talk is not effective for sophisticated buyers or for creative selling situations. The major fault in this method is that the salesperson does not find out the needs of the prospect by asking him questions. The salesperson talks about the product features which may not be important to the buyer.

Formula Method

This method is also based on stimulus-response thinking and is also known as 'formulated approach' or 'mental states selling'. The salesperson assumes that most buyers can be led through mental states or steps in the buying process, and hence uses a well-known formula.

It has four stages: (i) attention, (ii) interest, (iii) desire, and (iv) action (AIDA) ⁹ .

Attention The sales representative plans the sales talk by first getting the attention of the prospect by making a favorable statement about the prospect or the prospect's business. Favorable

first impression is also created by formal dress, neatness, a genuine and warm smile, and a firm handshake (it should show warmth and not a test of strength!). First impressions include body language, gesture, posture, handshake, smile, eye contact, manners, etiquette and greetings. It is very important that the salesperson's appearance and mannerisms are pleasant and courteous. A salesperson should build a rapport with the prospective customer with a sincere compliment or positive statement. Rapport-building leads to trusting relationship and feeling of comfort that eventually results in sales.

Interest The salesperson leads the prospect's mind to the second stage of gaining an interest. In other words, the salesperson finds out which aspect(s) or factor(s) of the product or service appeals or attracts the prospect. Different methods are used by salespeople to uncover the prospect's interest or need. Some salespeople carry a sample of the product, or the product, if it is not bulky, for showing or demonstrating to a customer. Some other salespeople carry visual aids like CD, the product leaflet or the product photographs. Successful salespeople know that customers appreciate the things of interest and show interest in products and services that help to solve their problems or satisfy their specific needs.

Desire The objective in this stage is to arouse a strong feeling in the prospect of wanting to have the product or the service that solves the prospect's problem. The salesperson continues with the sales presentation and demonstrates to the prospect how his product or service can solve the buyer's problem. In this process, the buyer may raise some objections, which need to be answered properly. We shall discuss how to overcome these objections subsequently in this chapter. Sometimes, salespeople face the problem of external interruptions like prospects getting phone calls. After the interruption, it is advisable that the salesperson quickly summarizes what has been said earlier before continuing with the sales presentation. The primary job of the salesperson is to ensure that the prospect's desire is fulfilled with his product or service.

Action The action, in this stage, means buying action or closing the sale. Some sales people use trial close to test whether the prospect is ready to buy. If the prospect's answer to trial close question is favorable, then the salesperson asks for the order. If it is unfavorable, the salesperson continues with the presentation to fully convince the prospect about his proposal.

We shall discuss more on trial close and closing the sale subsequently in this chapter.

The advantages of this method are that the salesperson has to plan the sales presentation and understand the customer's mental stages. The AIDA model is used throughout history. However, the AIDA's sales process has now changed (Figure 2.3) as also proposed by Shiv Khera in his book 'You Can Sell' Westland Ltd., 2012, p.109.

Establishing rapport is now the priority of the salesperson in the first stage of getting the prospect's attention. In the second stage of gaining the prospect's interest, the focus of the salesperson is on understanding the buyer's needs or problems. In the third stage, the salesperson offers a compelling solution to the prospect's problem that arouses the prospect's feeling of wanting to have the product or service. In the last stage, the buying action takes place, when the salesperson uses the techniques of trial close and closes the sale.

Need-Satisfaction Method

This method is most challenging and a creative form of selling. It is an interactive sales presentation, which is different from the stimulus-response and the formula methods discussed earlier. The salesperson typically starts with 'uncovering and understanding the buyer's (or the prospect's) needs by asking situational, problem identification, implication, and need-payoff questions as described earlier in this chapter. Only after clearly understanding or investigating the needs or the problems of the buyer, the salesperson gives a written proposal (if the buyer wants it) or moves into sales presentation to show how his product or service can solve the buyer's problem. This is done in three ways: features, advantages and benefits.

Features These are defined as facts, information or characteristics of the salesperson's product, service or market offering. For example, "Our ceiling fans have two ball bearings".

Advantages The salesperson shows how the feature can help or give advantage to the prospect. For instance, "Because of the ball bearings, our ceiling fans hardly make any noise and have a longer life".

Benefits The salesman then describes how the feature or advantage meets a clear and specific need expressed by the prospect earlier. When a prospect states the benefit, it becomes a powerful statement that can be used by the salesperson effectively for making a sale. To illustrate from the earlier example, “our ceiling fans can be effectively used in the class-rooms where noise level should be low, as needed by you”. There is a very specific definition of benefits here, i.e. the benefits deal with specific needs mentioned by the buyer.

Table 2.1 gives some examples of products and services along with their FAB (Features, Advantages and Benefits).

Product/Service	Features	Advantages	Benefits
Domestic Pump sets	We have a special design for low voltage application.	Our pump sets can be used even when you have low voltage situations.	As mentioned by you, for your low voltage conditions, you can use our pump set.
Annual Maintenance Contract (AMC) for your computing system	We have 20 skilled technicians in your geographical area.	For this reason, you would get a fast response to a breakdown complaint.	We can give you a response within two hours, as desired by you.
Loading and unloading equipment	Our hydro-electric equipment is semi-automatic and customized.	Because of this, the time taken for loading and unloading your incoming and outgoing materials is minimum.	As required by you, our equipment takes less than 10 minutes to load or unload materials.

Most customers like this method and are willing to spend time to describe their needs. This method focuses on the customer, unlike stimulus response that focuses on the salesperson. The sales effectiveness of this method is much higher.

Team Selling Method

As discussed in Chapter 1, team selling is one of the latest developments in personal selling. Increasing number of organizations are using multi-person sales teams to deal with multi-person buying centre (or buying committees) of their customers¹⁰. Figure 2.4 shows an example of relationship between a sales team of selling firm and a buying center of a buying company. A salesperson (or key accounts executive) from the selling firm typically co-ordinates the selling activities of the sales team and a purchase executive or a materials executive of the buying firm typically coordinates the purchasing activities of the buying center. Individual members of the sales team and the buying center are from different functional areas and play one or more roles in the exchange process as shown in Figure 2.4.

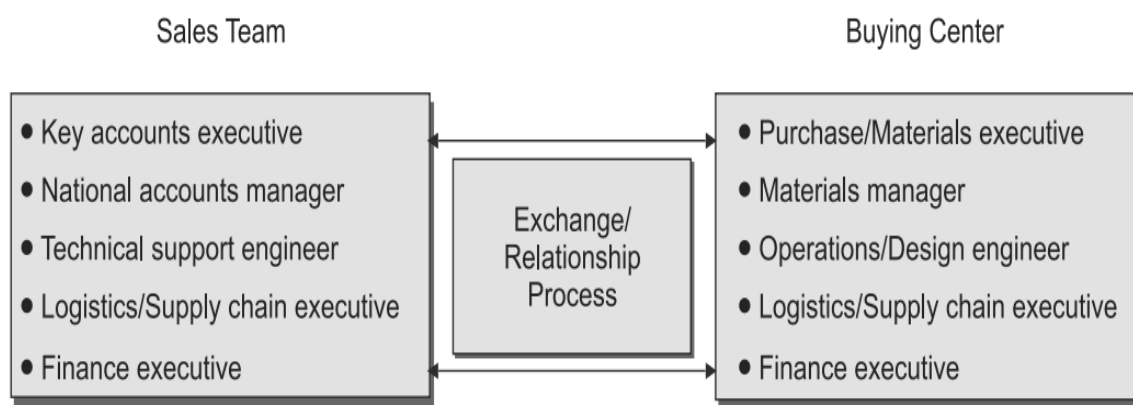


Fig. 2.4 Relationship Process between Sales Team and Buying Center Members

Strategic Issues

Team selling approach is not the best alternative in all selling situations. Since team selling is expensive, it should be used for key accounts (or customers), who have high sales and profit potential. It can also be used for complex selling situations, customized products and services, long-term contracts or new customers. Team selling should not be used for low sales and profit potential

customers, who could be served by a salesperson with transactional selling approach. Similarly, routine (or repeat purchase) situations can be handled by a salesperson, without any need for a sales team. Generally, the decision to use sales teams depends on the needs of the buyer. If a customer uses a team of buying center members for purchasing products or services, then the marketing firm should use a sales team to match the functional areas and management levels of the buying firm. Companies like IBM, Xerox, HP, 3M, Wipro and Siemens use the team selling approach extensively. At IBM, for example, the sales team consists of client executive, systems engineer, consultant and product representative. The emphasis in team selling is on building a long-term relationship between selling and buying firms by focusing on the whole company and its capabilities, rather than just selling a product or a service.

Group Presentation

When a sales team makes the sales presentation to a group of decision-makers from the buying organization, it is called a 'group presentation'. Some of the guidelines for an effective group presentation are as follows:

∑ **Need-Analysis:** Before the group presentation, the salesperson or the key account executive should talk with all or most members of buying center (or purchase committee) to understand their needs or problems completely and what benefits they are looking for. Also, he should use the opportunity to build a rapport or a good relationship.

∑ **Introduction:** First part of the group presentation should include the company name, members of selling firm and their designations and a brief statement of the purpose or objectives of the presentation.

∑ **Convincing:** Mention, during the presentation, the company's experience, names of renowned customers, third-party certification of satisfaction and quality assurances.

∑ **Specific Benefits:** If the need-analysis was not done before the presentation, ask each buying team member the benefits they look for in the product or service they intend to buy. Then go through the presentation and show how the product or the service offered meets with each member's specific benefits.

∑ **Well Prepared:** At the end of the presentation, the selling team should answer questions from the buying team. The selling team should be so well prepared that all the questions are answered well. The selling team should make each of its team members responsible to his area of specialization, such as technical, commercial, and so on.

Consultative Selling Method

Consultative selling is increasingly used as a professional selling process in the 21st century. This is also sometimes referred to as problem-solving method. Buyers have problems and they know that they do not have expertise to solve the problems. Buyers want solutions within their budget to achieve their strategic goals. Consultative salespeople or sales teams help customers not only in solving their problems or meeting the needs, but also to achieve the strategic goals of the customer. The salesperson uses the resources of the selling organization by seeking help from design, production/operations or any other persons or functions within or outside the organization, in order to solve the customer's problem. Salespeople understand the customer's strategic goals and work in a collaborative or partnering relationship with the customer to achieve the strategic goals and to solve the customer's problems. Many software suppliers, like Wipro and SAP, use consultative selling approach to solve their customer's business problems, such as enhancing business performance, setting up quality framework or creating value for their clients.

For successful consultative selling, the requirements are as follows:

- Salespeople should have an in-depth knowledge of the customer's company, the customer's industry and carry out a detailed analysis of the customer's problems or needs.
- Salespeople should be aware of key members of the customer's buying center (or purchase committee) and get their acceptance of the needs/problems.

- Salespeople should prepare the proposal for solving the buyer's problems and thereafter, make the sales presentation, using team selling approach (described earlier in this chapter and in Chapter 1).

- Salespeople should use the selling firm's cross-functional expertise to provide solutions to the customer's business and technology related problems. If needed, external sources should be used by the sales team to become an expert on the customer's business and to solve the customer's problems.

- Salespeople should build long-term partnership with the customer, using relationship selling techniques.

How to Make an Effective Presentation? For making an effective presentation, the following guidelines would be helpful:

Planning As stated earlier in the section on pre-approach, it is important that the salesperson does planning, including setting objectives for each sales call and each presentation.

Use Technology Salespeople should use the latest technology like virtual or Web-based and multimedia presentations as well as Instant Messaging (IM) for secret coordination between sales team members during presentations.

Adapt Presentation The salesperson should customize his presentation tailored to the given situation and person(s).

- **Benefit Plan** Salespeople should use persuasive communication to create a visual picture in the prospect's mind of the benefits of the purchase.
- **Do Not Overload** The salesperson should avoid telling everything about the company, product and service. Only the information that is relevant should be presented, because the prospect can understand only limited information at a time.
- **Buyer's Language** The salesperson should use the language that is understood by the buyer. Salespeople should not use difficult words (or jargons), which are not understood by the customers.
- **Convincing** Salespeople must make the presentation convincing, by proving each point with the help of a third party proof. It is important that the prospect must believe in the statements made by the salesperson.

DEMONSTRATING THE PRODUCT

Demonstration is one of the important selling tools of a salesperson. Sales presentation can be improved by demonstration. Demonstration proves the benefits of the product and reduces the risk of a wrong purchase to the buyer. That is the reason car salespeople allow prospective customers to test drive cars and many manufacturers' of industrial products arrange demonstration of their products in use.

Some of the benefits of using the demonstration as a tool for selling are as follows:

- Buyers' doubts or objections are cleared and their questions are answered. This improves a buyer's purchasing interest.

- It provides a good support in the selling process.

- It helps the salesperson to find out specific benefits for the prospective customer.

The salesperson can then show how his product or service can satisfy those benefits.

Planning and Conducting Demonstration

The salesperson should do necessary planning by rehearsing the demonstration with colleagues, who act as buyers, to ask questions or raise objections. There should be a contingency plan in case of power failure or product break-down. The demonstration should be planned in two parts. In the first part, the salesperson should explain briefly the product features, advantages and benefits of the product (as described earlier in the use of FAB approach) and also how the product works. In the second part, the salesperson should show demonstration or actual working of the product.

The salesperson should use simple language and avoid technical words or jargons, if possible. If jargons are necessary, the same should be explained in simple and commonly understood words. The salesperson should also understand the purpose of demonstration—to obtain a sale or to lead for

further discussions or negotiations. For achieving this purpose, the demonstration should be made interesting and the buyer should find it satisfying. Understanding the buyer's specific needs or specific benefits and showing how the product, that is demonstrated, satisfy the specific needs or benefits of the buyer are important parts to be kept in mind when the demonstration is conducted. At the end, the salesperson should summarize the important points, including the buyer's specific benefits and how these are met fully by the product. The salesperson should then use closing techniques to get the order or any action, like final negotiation or meeting, which will take the sale forward. Booklets and brochures can be left behind for customer reference.

Types of Demonstration

There are various types of product demonstration as listed below:

- Manufacturers of machines and equipment demonstrate their new products at exhibitions and trade-shows, which are organized by industry or trade associations, such as India Engineering Trade Fair in New Delhi.
- The salesperson may take his prospective customer to see some of his equipment already in use at another customer's premises. The salesperson has to ensure that this other customer should be completely satisfied with his product. Also, he has to take a special permission of the other customer for the visit of the prospective customer.
- Sometimes, a product demonstration is done by a salesperson by taking the equipment to the prospective customer's premises.
- One of the most common ways of product demonstration is by inviting the prospective customer to the selling firm's factory.
- Technical seminar is another type of a new product demonstration where a group of prospective customers are invited at a hotel or some other venue. Refreshment or lunch is generally provided in seminars.

MATCHING PRESENTATION METHODS WITH SALES SITUATIONS

The salesperson should understand the sales situation and then use a suitable method of presentation. This would make the sales presentation more effective, resulting in improved sales performance.

Table 2.2 shows different methods of sales presentations and appropriate situations.

Sales Presentation Methods	Suitable Sales Situations
Stimulus-response method or canned presentation	Suitable when selling time is short and product is simple or non-technical. This method is used by salespeople with less experience, as it gives them more confidence. Used for door-to-door selling, telephone selling or sales training.
Formula method (AIDA model)	In straight re-buy or repeat purchase situation, when the customer is familiar with the product or service of the salesperson's company or when the salesperson is aware of the buyer's needs, this method is appropriate.
Need-satisfaction method (FAB approach)	Suitable for selling industrial products or consumer durable products, where the salesperson has to understand the prospect's needs first. It is a creative form of selling.
Consultative selling method	For selling high-cost technical products or value-added services like computer hardware and software solutions, and power transformers. Team selling approach and relationship selling techniques are used to create value for key customers. The sales team serves as consultants to their customers by identifying problems and finding effective solutions.

HANDLING OBJECTIONS

Objections, resistances or oppositions may typically take place during a sales presentation or when the salesperson asks for the order from the prospect. Objections should be welcomed because

they show that the prospect has some interest and that if the objections can be answered satisfactorily, it would result in sales.

Two types of objections or resistances happen: psychological or hidden and logical, practical or real. Psychological or hidden objections include predetermined ideas or beliefs, preference for established brands, dislike for making decisions, and the prospect may not be the decisionmaker but he does not want to let the salesperson know, anxiety or resistance to spend money. Logical or real objections are tangible such as quicker delivery schedule, high price, and product quality or product availability.

Handling Psychological/Hidden Objections

The best method of finding out hidden objections is to ask questions to the prospective customer so that he would keep talking. The salesperson asking questions to the prospect would also help the prospect in clarifying his thinking.

Examples include:

- Would you mind sharing your objection?
- Why do you feel that way?
- What seems to be your concern?

However, the salesperson should never argue with or hurt the prospect, because this may lead to loss of the sale.

Handling Logical Objections

Some of the common methods of handling or overcoming the buyer objections are as follows:

- Ask question
- Turn an objection into a benefit
- Deny objections tactfully
- Third-party certificate
- Compensation

Ask Questions

First listen to the buyer's objection carefully. Never interrupt, because nothing annoys a buyer more! Thereafter, clarify the objection by rephrasing it into a question and get the buyer's acceptance of the question.

Let us take an example:

Buyer: "It seems price of your product is higher than your competitor."

Salesperson: "I accept your concern. Do you want to know why the price of my product is slightly higher than that of another supplier?"

Buyer: "Yes, that's what I want to know." The salesperson then explains the benefits of his product to make it worth the price.

Turn an Objection into a Benefit

An experienced salesperson, with positive attitude and quick thinking can turn an objection into a benefit or a reason to buy. Consider the following:

Prospect: "The delivery period of four weeks for your equipment seems to be too long, as we need it in about two weeks, so that including installation and commissioning the project will have to be completed in five weeks from now."

Salesperson: "I appreciate your point, but this equipment is specially designed and manufactured to your specific needs. With four weeks delivery, we can do installation and commissioning in less than one week, so that overall it would be five weeks or earlier. Is that okay with you?"

Deny Objections Tactfully

Sometimes, objections are incomplete or not correct and in such situations salespeople should tactfully deny the objections indirectly. Consider the following example of indirect denial:

Buyer: "I don't want to buy your car, because a friend of mine told me that he had a lot of problems when he purchased your newly launched vehicle two years ago."

Salesperson: "Yes, I agree, two years ago when we launched our new brand of car, we had a few problems, but we solved all those problems within six months at our factory and also at our customers' premises free of cost. In the last one-and-half years our sales are highest, as compared to other brands

and you can check with your friend now about the performance of the vehicle. If he gives you a good opinion, would you buy our car?"

The salesperson should not be arrogant or sarcastic when he denies incorrect objections.

Third Party Certificate

When the prospect expresses doubts about the product quality or performance, the salesperson uses some other customers' experience of using the product as a proof or testimony. However, the salesperson should get the prior approval from such customers. Sometimes, the prospect takes the initiative and asks the salesperson to give the names and telephone numbers of customers who have been using the product or service of the salesperson's organization. Favorable responses from such customers result in getting the order for the salesperson.

For instance, before buying six numbers of the equipment used for loading and unloading materials from trucks, ITPL, Bengaluru, not only visited the manufacturer's plant, but also went to Ashok Leyland's plants (the manufacturer's customer) at Hosur to see the performance of the equipment as well as to know the quality of service, including the availability of spare parts.

Compensation

Sometimes, the buyer has a valid objection, which makes the salesperson offer some kind of compensation or benefit to counterbalance the objection. For example, Reliance Industries were considering buying certain material handling equipment for the first time for their factories in Gujarat from a manufacturer, located in Karnataka. Reliance raised an objection to know how the manufacturer would ensure efficient warranty service and after-sales service. The manufacturer's senior marketing executive promised to station one service engineer at the customer's premises for one year and thereafter open a service center near Reliance Industries premises. This assurance satisfied the customer, who placed an order initially for a small value of material handling equipment with an assurance to place substantial value of orders subsequently if the concern for efficient after-sales service is taken care.

Handling Price Objections

One typical objection that almost always arises is price. The buyer who says "It cost too much" is pointing out that the value of the offered product is not worth the cost. It may be necessary for the salesperson to go back to the "SPIN model" (described earlier in this chapter) and ask some additional implication and need-payoff questions to increase the buyer's perception of the seriousness of the problem and the importance of a solution. If the buyer still feels that he cannot afford the product, then the salesperson should offer lower priced model and compare the same with the higher priced one. Another method of handling the price objection is to compare the price and value of competing alternatives. One other way of dealing with price objection is to break the price into the smallest possible units. For instance, "As said earlier, this equipment will last for 10 years at the cost of `10,000. See what you are getting for `1000 per year."

Handling Product/Service Objections

Sometimes the buyer doubts whether the product or service offered by the salesperson can solve the problem or meet the needs. In such a case, the salesperson should prove that the product will fulfill the need or solve the problem by using the following action plan: (i) demonstration of the product, (ii) testimonials, (iii) trial use, (iv) independent tests, (v) case histories, and (vi) expert opinion. In case the salesperson finds that his product cannot meet the specific need of the buyer, it is best to accept the same, but give special importance to the other needs the product can meet.

LO 5 Determine the techniques of trial close and closing the sale and follow-up tasks

TRIAL CLOSE AND CLOSING THE SALE

If the salesperson has answered the objections of the prospect satisfactorily, then this is the right time to close the sale. Closing the sale means asking for the order. A good salesperson, before closing does the trial close.

Trial Close

A trial close gives an indication to the salesperson as to how near he is to the actual close. A trial close asks the opinion of the prospect. It does not ask the decision of the prospect. The reason for using the

trial close is that if the salesperson tries to close the sale by asking for the order after answering the objections, and if he gets the prospect's response as "no", it would be very difficult to change the prospect's mind. Trial closing is an effective way of getting feedback, whether the prospect liked the benefits offered by the product. It may also bring out the prospect's objections, if any. Trial close is an opinion of the buyer, whereas closing the sale is a buying decision of the buyer. Some examples of trial closes are:

- Which color do you prefer-yellow or green?
- Would you like to have this washing machine delivered tomorrow morning or evening?
- Out of the three models that are here, I think, you liked this model. Am I right?

If the prospect has responded favorably to the salesperson's trial close question, then the salesperson should know that it is time to close the sale. However, if the prospect's feedback or response to the trial question is negative, it means the feature, advantage or the benefit presented by the salesperson is not liked by the prospect. In such a case, the salesperson should go back to the presentation, instead of closing the sale, as shown in Figure 2.5.

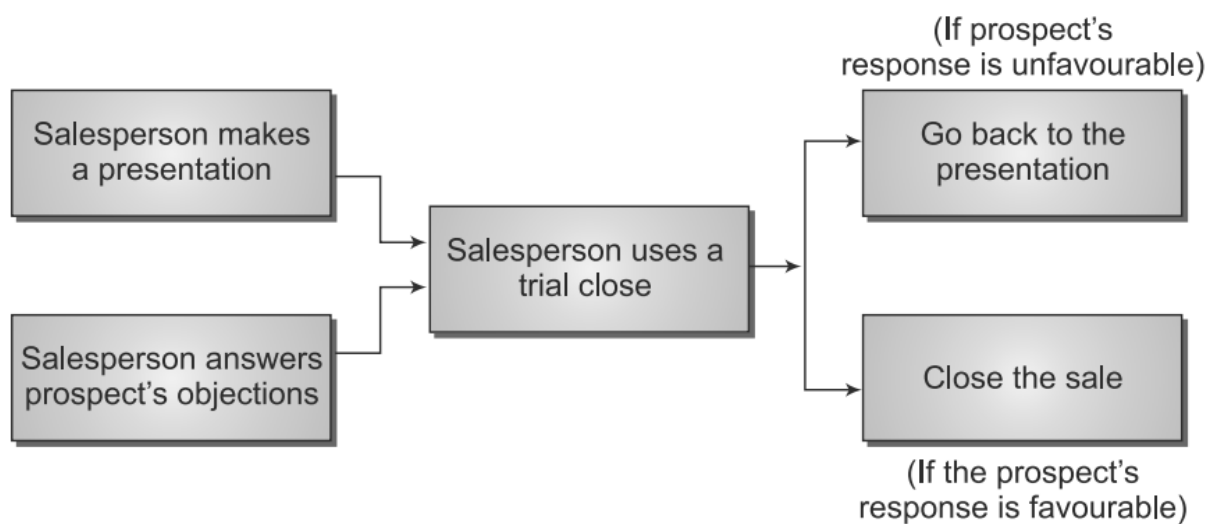


Fig. 2.5 Steps to be Followed by a Salesperson

Closing the sale means asking for the order. Closing is the process of helping the buyer to make a decision that will benefit him. When should a salesperson close the sale? The answer is when the buyer is ready in the mental buying process. Most of the time, prospective buyers give indications about their readiness to buy. Some of these buying signals are as follows:

Examines the Product When a prospect examines the product carefully, the salesperson should use a trial close question such as "What is your opinion about this product?" If the answer from the prospect is positive, the salesperson should move on to close the sale.

Asks Another Person's Opinion The prospect asks the opinion of another person—a colleague in office or a relative at home—"What do you think about this product?"

Asks Questions Some of the questions the prospect may ask are: "When can you deliver this product? What is the price? What are your payment terms?" Sometimes, the salesperson asks another question in response to the prospect's buying signal question in order to better understand the prospect's needs or thoughts, such as "When do you want the delivery?", "How much quantity is required?" Or "What payment terms you want?"

Becomes Friendly The prospect becomes friendly, once he mentally decides to buy. The anxiety or pressure of buying changes into relaxation. An ability to understand the prospect's buying signals correctly helps a salesperson decide when and how to close the sale. Although most of the time, the time to close the sale is after the presentation, it can also happen after trial close, during presentation or after answering the objections.

It is important for a salesperson to remember that when he asks for the order, he should remain quiet and not say anything. If the salesperson says something after asking for the order, the pressure on the prospect to make a decision goes off and may result in losing the sale.

CLOSING TECHNIQUES

Some successful salespeople always summarize the major benefits after the presentation, but before the close. Coming to a close without summarizing makes the presentation abrupt. A summary should be very brief indicating the major benefits flowing to the buyer. There are many closing techniques. Some of the major closing techniques are discussed below:

Alternative-choice Close

In this technique, the prospect is given a choice between two or more items or models and not between buying or not buying. For instance, "Which of the three models do you prefer?" By giving a choice, either the salesperson gets a "Yes, I prefer this model", or some kind of objections, which if satisfactorily handled, would enable to come closer to making the sale. This technique is effective, if used correctly.

Minor Points Close

This technique is similar to the alternative-choice close. It is sometimes easier for a prospect to decide on many minor points than to make a bigger decision on whether to buy or not to buy. By having the prospect make decisions on a product's minor points, the salesperson can cleverly lead into the decision to buy. For example, the salesperson may ask questions in quick succession, "If you buy this solar heater, which model would you prefer?", "How soon would you like it to be delivered?", or "Would you like to pay on installment basis?" With these kinds of minor point questions, the prospect typically develops a positive inclination towards buying the product.

Assumptive Close

In this method, the salesperson assumes that the sale is made. He then proceeds to ask questions to the prospect while preparing the bill or the order about the prospect's middle initials, spelling of names, home or office address, quantity desired and color. He then asks the prospect to sign the order, which is a sign of closing the sale.

Summary-of-benefits Close

This technique is very popular, because it is simple and straightforward. The steps involved are: (i) find out the important benefits of your product or service that appeal to the prospect's specific needs, (ii) summarize these benefits by using FAB (features, advantages, and benefits) approach and SELL sequence (Show the feature, Explain the advantage, Lead into the benefit, Let customer talk), and (iii) make a proposal.

Consider the following illustration: The salesperson selling room air conditioning products could say, "Our air-conditioner has a high efficiency rating (feature), due to which it uses less electricity (advantage), which results in 15 percent saving in your electricity bill (benefit). That's good-isn't it?" (trial close). If the response is favorable, the salesman says, "When do you want the delivery-this week or next week?"

T-account or Balance Sheet Close

This technique is used by the salesperson when he takes a piece of paper and draws a large T on it. He places benefits of buying on the left side and drawbacks of buying on the right side, as shown in Figure 2.6.

In the illustration shown in Figure 2.6, the salesperson reviews the presentation with the prospect, writes down all the positive points or benefits on the left side of the T and all the negative points or drawbacks on the right side. He then says the following:

Salesperson: “Madam, this vacuum cleaner’s high speed motor (feature) works very fast (advantage) and with less effort (advantage) and saves about 20 minutes in cleaning time (benefit). We will also give you immediate delivery (benefit) and easy installment payment scheme (benefit). Which of these benefits you like, you may kindly write on the left of T section, under “Benefits”.

Prospect: “Yes, I like the benefits of time saving and easy installment payment.”

Salesperson: “Ok, Now is there anything that you want us to improve?”

Prospect: “Yes, I want more choice to select from more models.”

Salesperson: “Ok, please write that down, on the right side. Is there anything else, you would like to add?”

Prospect: “No.”

The example shows that the product’s benefits are more than the drawback. The salesperson should then use trial close and close the sale. A note of caution is that one drawback may be heavier than many benefits. This technique can be used as a back-up, if the summary-of-benefits close did not make the sale.

Special-offer Close

When a salesperson has done his best to close the sale, but the prospect is resisting, then the special-offer or special-deal may help close the sale. For instance, the salesperson might say, “If you buy this refrigerator today, I can give you a special discount of two percent.”

Probability Close

This technique is used, when the prospect says, “I will think it over”, or “I will let you know”. The salesperson allows the real or hidden objections to come out by asking the prospect “please tell me the probability in percentage that next week when I call you back, you will take the decision of buying”. If the probability is more than 50 percent for buying, the salesperson can convert the real objection to closing the sale, by using the various techniques described earlier. However, if the probability is less than 50 percent for buying, the chance of closing the sale is low. In such a case, return to the original position and start the selling process again.

Negotiation Close Most salespeople close the sale after successful negotiations with buyers (or prospective customers). The attitude and style of negotiation of the salesperson determines the outcome of negotiation. The salesperson should have a positive and helpful attitude. Out of the various styles of negotiation, the salesperson should use ‘both of us win’ style. This style helps the salesperson and the selling organization to build a long-term mutually beneficial relationship with the buyer and the buying organization. It is, therefore, necessary that salespeople possess the skills of negotiation, which we will discuss later in this chapter.

Closing Techniques and Sales Situations

In order to understand better the suitable closing techniques to be used for different sales situations, a matrix is prepared, as shown in Figure 2.7.

Closing Techniques \ Sales situations	Negotiation	Probability	Special-offer	T-Account	Summary of benefits	Assumptive	Minor points	Alternative choice
Buyer is hostile	✓	✓						
Buyer is a friend	✓	✓				✓		
Buyer is unable to make a decision	✓	✓	✓	✓	✓		✓	✓
Buyer is selfish or greedy	✓	✓						
Buyer has certain opinion in advance	✓	✓		✓				
Buyer is an expert with a large ego	✓	✓		✓				

Fig. 2.7 Matrix on Closing Techniques and Sales Situations

Salespeople can review their customer profile to understand the sales situation, and use the appropriate closing technique based on the matrix shown in Figure 2.7. They should be well prepared before each sales call. This would result in superior sales performance and customer satisfaction.

FOLLOW-UP

Salespeople must understand that their job is not over after the receipt of the order. Successful sales people follow-up a number of related tasks, some of which are called customer service, as described in this section.

Check Customer Order

After getting the customer order, the salesperson should go through the same carefully to check if all the details such as delivery period, address of delivery, advance payment (if any) and so on are mentioned. If this checking is not done now, later on there may be delay due to the remark 'awaiting the information from the customer.'

Plan Follow-up Visit at the Time of Delivery

The salesperson should plan a follow-up call when the ordered equipment or the item is to be delivered. This visit includes checking if the product is received on time and without any damage in transit (if received in damaged condition, to arrange for insurance formalities), installation (if any), operating instructions and training the customer (if needed). This visit is very important because it will detect any problems or complaints, which the salesperson should solve to the customer's satisfaction. Consider the following example of handling customer's complaints promptly:

Crompton Greaves (old CGL company) launched its new table fan in Mumbai in 1973 with a lot of fanfare in a five-star hotel. On the next day of the launch, the company dealers complained about the improper oscillation of the new fan. The area sales manager and his salespeople, along with a team of technical people from the manufacturing unit of the company immediately swung into action, detected the minor fault and repaired all those fans with minor defect. This restored the confidence of the dealers to sell the new product, as the complaint was handled promptly. Some buyers suffer from post-purchase anxiety (cognitive dissonance) about the wisdom of their purchase decision, particularly if there are problems on high value products or services. The follow-up visit of the salesperson assures the buyer and reduces the dissonance. For instance, many buyers of the newly launched 'Indica' car suffered post-purchase anxiety due to certain technical problems. However, immediate corrective actions from Tata Motors (Telco then) in solving these problems reduced the dissonance substantially.

Account Penetration Successful salespeople know that there is still a lot of work to be done after making the sale. By contacting the customer after the sale, the salesperson lays the foundation of a positive business relationship. Account penetration means working and contacting people throughout the account (i.e. customer organization) and discussing about the selling firm's products and services. The successful account penetration depends on the knowledge of the customer organization's key buying center people, their buying situations and buying criteria.

Relationship Marketing Today's salespeople work to build and maintain long-term, mutually beneficial partnerships with their key customers. Companies understand that it is much more expensive to gain new customers than it is to keep existing customers. Effective follow-up and customer service will help build loyal customers.