

1

THE FIELD OF SALES FORCE MANAGEMENT

LEARNING OBJECTIVES

After reading this chapter, you will be able to:

- 1.1** Summarize sales force management as a set of strategies to effectively supervise and direct an outside sales force and describe and explain the nature of contemporary personal selling.
- 1.2** Describe the core responsibilities and skills needed of successful sales managers.
- 1.3** Recognize the pivotal role of personal selling and sales management for the economy, for businesses, and for individuals (including students), and describe the current challenges facing sales managers.

In today's fast-paced business landscape, managing salespeople presents an unprecedented challenge. Sales managers must navigate an environment in constant change due to an array of new technologies, including advancements in artificial intelligence, customer relationship management systems, mobile sales applications, big data analytics, and more. Without question, these innovative tools are revolutionizing sales management by empowering sales teams, optimizing processes, and enhancing customer interactions. However, amidst the transformative potential of these technologies, sales managers face their own set of hurdles: identifying the most suitable technologies, acquiring proficiency themselves, training their salespeople effectively, and recruiting individuals best equipped to leverage these advancements. This is not easy. In fact, a recent survey indicated that although over 90% of sales executives believe that these new technologies must be implemented for their companies to be successful, this digital transformation is slow and marred by high failure rates.¹ As sales managers strive to keep abreast of these technological trends and provide the necessary leadership to guide the sales organization to success, the field of sales management has never been more important to study!

Consider Cogito as an example of a potentially revolutionary technology that could impact the field. Cogito is an artificial intelligence (AI) based software developed to train salespeople in how to talk to customers. MetLife, for example, uses Cogito to train its sales agents to sell insurance, which is a relatively complex product.² By leveraging machine learning algorithms, this technology analyzes successful sales interactions, identifies areas for improvement, and provides personalized guidance to each sales representative. According to the Cogito website, this product not only enhances salespeople's skills but also alleviates the burden on sales managers, freeing up valuable time for them to focus on other crucial aspects of their role.³ As an increasing number of companies are realizing the value of AI and other technological advancements in shaping

high-performing sales forces, the field of sales management will undergo a digital transformation with the potential to help sales managers achieve exceptional results.

THE RISING ROLE OF TECHNOLOGY

Most experts posit that technology will play an increasingly important role in sales management, but some caution is in order. Table 1-1 outlines how past predictions about technology were quite wrong. At the core of the sales manager's job is understanding and engaging with the *people* that they supervise. Technology can streamline processes, provide valuable insights, and enhance efficiency, but successful sales management ultimately depends on people skills. Sales managers can only be effective leaders of their sales force if they have earned the trust and respect of their salespeople. By honing their empathy and relationship-building skills, sales managers can create a positive and supportive work environment that inspires and motivates the sales team. A keen understanding of their subordinates' strengths, weaknesses, and aspirations enables managers to provide tailored coaching and guidance, driving each salesperson to reach their full potential. This involves active listening and open communication. Yes, sales managers must follow and embrace technological advances, but we argue that the key to great sales management will always be understanding people.

Sales management is a complex field that involves a multitude of responsibilities, from hiring, firing, and training salespeople to supervising, compensating, controlling, and evaluating sales teams. This textbook supports sales managers in this challenging position from two perspectives. First, we introduce the latest strategic and technological tools relevant to their job. In addition, we emphasize the critical people skills that allow sales managers to earn the respect and trust that is essential for inspiring and motivating their teams to excellence. Our goal with *Sales Force Management* is to strike a balance with strategy, technology, and the human element. The next section provides more detail as we introduce the dynamic field of sales force management by explaining the scope and focus of this book.

Table 1-1 exposes the misconceptions of pundits who inaccurately predicted that past technologies would replace salespeople's jobs. Not only did these predictions prove false, but the total number of sales jobs has actually increased *because of* the proficient use of these technologies by salespeople.

TABLE 1-1 ■ Mistaken Predictions About the Impact of Technology on Sales

Technology	Year	Prediction (That Did Not Come True)
Phone Service	1930s	Predicted to allow customers to directly communicate with manufacturers, bypassing the need for intermediary salespeople.
Interstate Highway System	1950s	Predicted to allow customers to access wholesalers directly and drive to get better prices, reducing the need for retail salespeople.
World Wide Web	1990s	Predicted to enable customers to research and purchase products directly online, reducing the need for traditional salespeople.

Source: Adapted from Cespedes, Frank V. [2021] 'Defining a Post- Pandemic Channel Strategy', Harvard Business Review Digital Articles, pp. 1–5. Available at: <https://search-ebscohost-com.ezproxy.bgsu.edu/login.aspx?direct=true&db=bth&AN=149749139&site=ehost-live&scope=site> [Accessed: 1 August 2023].

SALES FORCE MANAGEMENT

LEARNING OBJECTIVE

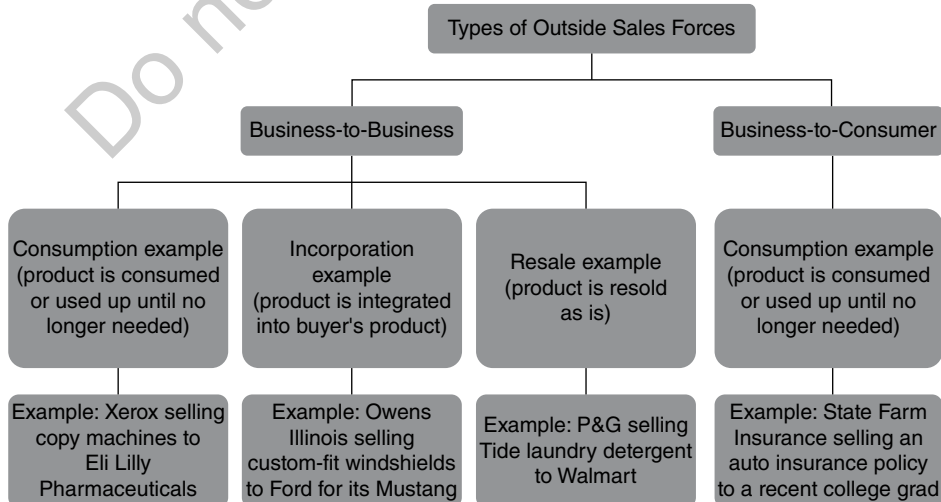
- 1.1** Summarize sales force management as a set of strategies to effectively supervise and direct an outside sales force and describe and explain the nature of contemporary personal selling.

This is a book about **sales management**—also called sales force management. We define sales management as the management of the personal selling component of an organization’s marketing program. The central focus of the book is the design of sales management strategies and tactics that will help an organization achieve its marketing goals. It is undeniable that the world has undergone substantial changes over the past several years (i.e., Covid-19, inflation, and supply chain difficulty). As such, the field will have to “change” to keep up with many of these challenges. This book provides up-to-date strategies and tools to navigate and implement the necessary changes to effectively address these challenges.

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

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

FIGURE 1-1 ■ Examples of Consumption, Incorporation, or Resale



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

The Nature of Personal Selling

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

Personal Selling and the Marketing Mix

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

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

Relationship Marketing and the Role of Personal Selling

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

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

To understand customer needs and to provide customers with value-added solutions to their problems, salespeople must develop close long-term relationships with their customers. These relationships are built on *cooperation, trust, commitment, and information*. The process by which a firm builds long-term relationships with customers for the purpose of creating mutual competitive advantages is called **relationship marketing**, or **relationship selling**. Salespeople who are engaged in relationship selling concentrate their efforts on developing trust in a few carefully selected accounts over an extended period, rather than calling on a large number of accounts. Relationship selling is distinct from the traditional **transaction selling**, whereby salespeople focus on the immediate one-time sale of the product. Although Chapter 2 discusses relationship marketing in greater detail, these main differences are shown in Table 1-2:

TABLE 1-2 ■ Transaction vs. Relationship Selling⁴

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

Source: Adapted from Steward, Michelle D., et al. "From transactions to journeys and beyond: The evolution of B2B buying process modeling." *Industrial Marketing Management* 83 (2019): 288-300.

The Nature of Sales Jobs

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

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

The way that a software as a service (SAAS) salesperson sells to a large investment bank will be different from how a Sysco representative deals with a local restaurant group. A recent college grad who works at Dell in inside sales will likely have a different experience from an established salesperson who works for a radio station that sells advertising and media time to local businesses.

The wide variety of sales jobs differs greatly with respect to the amount of problem-solving and selling required, from very complex to simple. Some salespeople are creative order-getters, others are unimaginative order-takers, and some never ask for or receive orders at all—they merely provide support. A recent survey of over 500 business-to-business sales professionals uncovered the first five categories of contemporary sales jobs described below; we add the sixth category (missionary seller) that we believe to be relevant.⁵

1. **Consultative seller.** This type of sales rep uses relationship selling techniques to demonstrate how their company's products will contribute to the customer's well-being or profit. They are creative problem solvers who serve as consultants to their customers.

For example, strategic account managers at 3M are consultative sellers, in that they helped redesign one of IBM's manufacturing processes using 3M materials that were less sensitive to static than the ones that had been in use. This cooperative problem-solving led to a much stronger relationship between the two companies and to a tenfold increase in 3M's sales to IBM.⁶

2. **Key account seller.** There are many similarities between key account sellers and consultative sellers. The key difference is that key account sellers focus on a smaller number of big, important customers (i.e., key accounts). For example, Owens Corning, a manufacturer of insulation and other building materials, has teams of key account sellers focused on Home Depot, Lowes, and other big-box retailers. The goal of these sellers is to maintain and penetrate the existing accounts, as opposed to generating new customers.
3. **New business/channel development seller.** More than any other category, this salesperson focuses on prospecting for customers and generating new accounts. Typically, the goal is to earn the trust of prospects, get the initial order, and turn them into long-term customers. In some cases, the customer is turned over to a **sales support** person (see next category) after the account is established, and the new business seller moves onto what they do best: finding new customers. Other times, the new business seller keeps and maintains the accounts and gradually becomes more of a consultative seller. New business sellers typically face rejection on a daily basis, so they need to be highly motivated self-starters. Given that salespeople in this category are tasked with developing new channels, these salespeople also must learn how to educate potential customers.
4. **Sales support.** These salespeople support the actual selling done by the reps in the other categories. Support personnel perform sales promotional activities and work with customers in training and educational capacities. Sometimes these reps may be part of the sales team brought in to assess customer needs and provide information before the sale or after the sale to help solve customer problems, but they are not responsible for *selling* the product.
Some support people who are product specialists—**sales engineers**—work with customers to assist with technical problems. These reps may either help adapt a customer's system to the seller's products or help the seller design new products to fill the customer's particular needs. Shell Oil Company's sales engineers help out when the company's sales representatives need specialized expertise to solve a customer problem. Essentially, all support reps assist in getting or keeping the customer by providing assistance and information about the products and their applications to customer needs.
5. **Sales analyst.** This is a new classification, and it involves a mixture of data analysis and relationship selling. As such, this would appear to be a hybrid role in which the salesperson acts like an "auditor" of the customer's business and functions as a trusted advisor. This implies that learning how to analyze data will be an important skillset for salespeople. The usage of predictive analytics will help salespeople to deliver value to their customers and understand various aspects of the marketplace.
6. **Missionary salespeople.** We add missionary salespeople as a sixth category because this common type of salesperson is quite distinct from the other categories. A missionary

salesperson is like a teacher-salesperson in that they help prospects understand and learn about new or complex products, but they do this in a setting where it is not appropriate or even possible to ask for the sale. The classic example is a pharmaceutical sales representative who promotes new medications to doctors and healthcare providers. The sale happens after this salesperson has left—when the doctor prescribes the particular medication to a patient.⁷

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

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

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

How Sales Jobs Differ From Other Jobs

Why is it useful to study management of a sales force separately from the management of other classes of business personnel? Why are there no courses in the management of accountants or finance personnel? The answer is that a sales job is different from other jobs and is vital to a company's financial well-being. Figure 1-2 provides an overview of the activities for which a salesperson may be responsible. Not all reps perform all of these activities. Which activities they perform depends on the types of products they sell and the types of customers to whom they sell. Let's take a closer look at some of the key differentiating features of a sales job:

- *The sales force is largely responsible for implementing a firm's marketing strategies in the field.* Moreover, the sales reps generate the revenues that are managed by the financial people and used by the product people.
- *Salespeople are among the few employees authorized to spend company funds.* They are responsible for spending company money for entertainment, rooms, food, transportation, and so on. Their effectiveness in discharging this responsibility significantly influences marketing costs and profits.
- *Salespeople represent their company to customers and to society in general.* Opinions of the firm and its products are formed on the basis of impressions made by these people in

FIGURE 1-2 ■ Selected Activities of Salespeople

Generate sales:	Provide service to customers:	Territory management:	Professional development:	Company service:
Pre-call planning Prospecting Make sales presentations Overcome objections Close / ask for order Arrange for delivery Entertain Arrange for financing Collect payments Participate in trade shows	Provide consulting Oversee installations and repairs Check inventory levels Stock shelves Provide merchandising assisting Oversee product and equipment testing Train wholesalers' and retailers' salespeople	Gather and analyze information on customers, competitors' general market developments Disseminate information to appropriate personnel within salesperson's company Develop sales strategies and plans, forecasts, and budgets	Participate in company sales meetings and conferences Attend sales conferences hosted by national organizations Join professional associations (e.g., Rotary, BNI, etc.) Attend all refresher training programs Read the latest books on professional selling	Volunteer to mentor and coach newer salespeople Represent the company in community events and activities Provide product development suggestions based on client interactions Work with universities to help educate students on professional selling

Source: Adapted from Elhajjar, S., Yacoub, L., & Ouaida, F. [2023]. The present and future of the B2B sales profession. *Journal of Personal Selling & Sales Management*, 1–14.

their work and outside activities. The public ordinarily does not judge a company by its factory or office workers.

- *Salespeople represent the customer to their companies.* As noted earlier in the chapter, salespeople are primarily responsible for transmitting information on customer needs and problems back to the various departments in their own firms.
- *Sales reps operate with little or no direct supervision and require a high degree of motivation.* For success in selling, a sales rep must work hard physically and mentally, be creative and persistent, and show considerable initiative. Because work-from-home (WFH) is becoming so commonplace, self-discipline is required.
- *Salespeople frequently face rejection.* Sales reps do not get the sale every time. They must be able to handle the negative feelings that come with “losing the sale.”
- *Salespeople need more tact and social intelligence than other employees on the same level in the organization.* Many sales jobs require the rep to socialize with customers, who frequently are upper-level people in their companies. Considerable social intelligence also may be needed in dealing with difficult buyers.
- *Sales jobs frequently require considerable travel and time away from home and family.* This places additional physical and mental burdens on salespeople who already face much pressure and many demands.

- *Salespeople have large role sets.* The salesperson's role requires that individuals in this position interact with large numbers of people. At each customer firm, the salesperson usually works with many people, such as buyers, engineers, and production and finance personnel. In their own firms, they also must work with people from a variety of departments such as marketing research, product design, product management, finance, and production—as well as with other sales personnel.
- *Salespeople face role ambiguity, role conflict, and role stress.* As consultative sellers, salespeople often must provide innovative solutions to problems and, in doing so, must satisfy many different people. As a result, salespeople often experience **role conflict**, whereby they feel caught in the middle between the conflicting demands of the people they must satisfy. Also, reps are not supervised very closely, so they frequently find themselves in situations where they are uncertain about what to do; thus, they experience **role ambiguity**. Because of role conflict and ambiguity, along with the expectation that salespeople will contribute increasing revenues to their companies, many sales positions have greater **role stress** than other jobs.
- *Salespeople are knowledge brokers.* Sales jobs are increasingly knowledge-intensive, and as a result salespeople need to be able to distill and relay complex information to buyers and relay intelligence to their organization.⁸

CONSIDER THIS. . .

DIGITAL HUMANS AS SALESPEOPLE?

In the chapter's introduction, we discussed how AI technology is increasingly being used to enhance sales efficiency. However, this creates a challenge as most customers prefer human interaction over technology. Enter the digital human. That is, companies are infusing chatbots and virtual assistants with faces and other anthropomorphic traits, aiming to bridge the gap between AI efficiency and human connection. This approach seeks to make interactions more comfortable and familiar for customers.

Digital humans can mimic human communication as they provide a diverse array of services. In addition to sales assistants, they are used as corporate trainers, social media influencers, healthcare educators, virtual tour guides, and many other roles. Many predict that digital humans are poised to usher in a profound transformation of the business landscape. While they do not possess the same level of skill and adaptability as actual humans, these AI chatbots offer distinct advantages in terms of cost-effectiveness and scalability.

Once they become part of the workforce, digital humans operate tirelessly without fatigue. As machines, they do not complain, they never ask for a raise, and they always follow company policies. This unwavering commitment and consistency can significantly enhance operational efficiency and streamline certain processes, making them a valuable asset to the firm.

In the cosmetics industry, for example, digital sales assistants interact with customers by showing them how to use and apply products, by modelling products and even by making recommendations. Results are impressive. Consumers visiting these cosmetic companies' websites are now four and a half times more likely to complete the entire transaction and make a purchase than they were before digital sales assistants were employed.

Will sales managers of the future be utilizing digital humans instead of supervising actual salespeople? We say no. Human sales professionals possess unique qualities such as empathy, emotional intelligence, and the ability to establish genuine customer connections, which

are essential for closing complex deals, addressing nuanced customer needs, and adapting to unexpected challenges. The human touch in sales is vital for building trust and fostering long-term customer relationships. In our view, digital humans may enhance sales efforts but are more likely to complement human sales teams rather than replace them. AI bots may look like a human, but they lack human empathy in complex scenarios, making salespeople indispensable for understanding intricate client needs.

Do you agree?

Source: Seymour, M., Lovallo, D., Riemer, K., Dennis, A. R., & Yuan, L. (Ivy). (2023). AI with a human face. *Harvard Business Review*, 101(2), 49–54.

New Dimensions of Personal Selling: The Professional Salesperson

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

Instead, a new type of sales representative has emerged—a professional salesperson who is also a marketing consultant. This new breed works to relay consumer wants back to the firm so that appropriate products may be developed. Its representatives engage in a *total* consultative, nonmanipulative selling; they are expected to solve customers' problems, not just take orders. For example, Stryker sells medical device and surgical equipment. Salespeople are typically present in the room during surgery to advise and consult, but this practice is changing, and salespeople have to figure out new ways to deliver value to surgeons.⁹ In certain industries, such as pharmaceutical sales, representatives need to think outside of the box, as access to medical doctors is becoming highly restricted.¹⁰

The new-style reps also serve as *territorial profit managers*. They have the autonomy they need to make decisions that affect their own territory's profitability. Many decisions that in the past would have been made by the sales manager are today made by the salesperson. Salespeople are *empowered* to act in the best interests of their firms. A recent analysis of sales performance indicates that the best performing salespeople are skillful at managing complex information and implementing broader firm strategies at a microlevel (i.e., being truly customer focused in all aspects).¹¹ To a large extent, technology has empowered salespeople to increase the quality of contact and service they provide to their customers by allowing them to tap into huge data banks.

As shown in the Consider This... box on the next page, Covid-19 brought on even more changes to the field of professional selling. So what does this mean for salespeople? What factors are important to customers when selecting a sales force? More than anything else, customers want their salespeople to provide service that solves problems and responds to their needs. Customer expectations are very high!

CONSIDER THIS . . .

POSTPANDEMIC WORLD: NEW WAY OF BUYING

The pandemic brought on many permanent changes to the field of selling and sales force management. These will be highlighted throughout this textbook. For one, customers are found to purchase products differently than they used to:

Customers are now more comfortable having distance from salespeople.

Customers are now more likely to use (and prefer) digital technologies.

Customers now want more personalized information (to help overcome issues of information overload).

More technology exists in the sales process (e.g., AI training, virtual meetings/stages).

Work-from-home (WFH) puts even more pressure on salespeople to “be on” all the time.

Discuss the ramifications of these changes in terms of how they will impact the jobs of salespeople and sales managers.

Specifically, discuss what it means that customers now have different expectations of how salespeople should interact with them. What does this mean for existing salespeople? What about salespeople who will be entering the job market in the next several years? Furthermore, change is a constant of life and of the sales profession. Knowing this, what kind of abilities, skills, and mindsets are important for navigating change? What happens when a person or organization refuses to adapt to change?

Source: Rangarajan, D., Sharma, A., Lyngdoh, T., & Paesbrugge, B. (2021). Business-to-business selling in the post-COVID-19 era: Developing an adaptive sales force. *Business Horizons*, 64(5), 647–658. <https://doi.org/10.1016/j.bushor.2021.02.030>

THE NATURE OF SALES MANAGEMENT

LEARNING OBJECTIVE

1.2 Describe the core responsibilities and skills needed of successful sales managers.

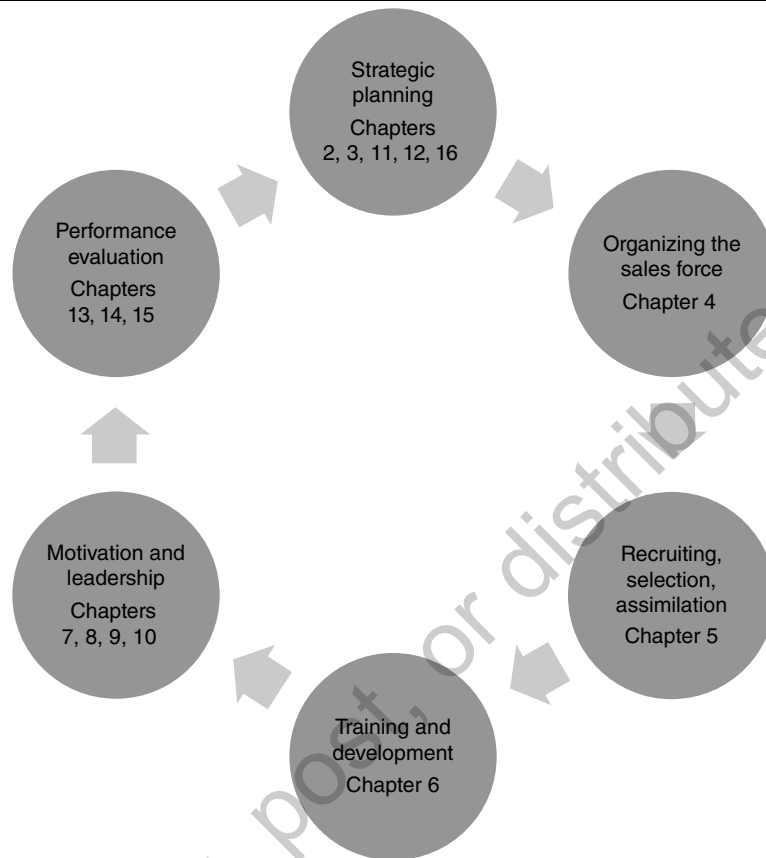
During the early stages in the evolution of marketing, sales management was narrow in scope. The major activities were recruiting and selecting a sales force, and then training, supervising, and motivating these people. Today, personal selling and sales management have much broader dimensions. Many sales executives are responsible for strategic planning, forecasting, budgeting, territory design, and sales and cost analyses, as well as the more traditional activities. Sales managers must see that all of these tasks are integrated. Other evidence suggests that managing personal stressors (personal, financial, and health) is also crucial for salesperson performance.¹² Thus, it is increasingly important for sales managers to help salespeople with personal challenges.

Figure 1-3 illustrates how each of the sales management activities is linked with the others and generally maps them onto the chapter topics of this book. If one of these activities is performed poorly, it will have a ripple effect on the others. For example, if the wrong people are hired, efforts to train and motivate them will almost always result in failure.

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

Role and Skills of a Sales Manager

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

FIGURE 1-3 ■ Sales Management Responsibilities

Sales managers must manage three different aspects of the sales function: customers, businesses, and salespeople.¹³ Because of this, sales management has been called the “hardest job in sales.” In addition, because of the many changes occurring in professional sales, aggressive management styles that stress volume are becoming outdated. An effective sales manager is one who leads the team with a caring and empowering approach.¹⁴ In a study containing sales manager and salesperson perspectives, the most effective sales managers possessed these skills:¹⁵

- communication skills that include listening, dialogue, and understanding
- knowledge (industry and business-related)
- interpersonal skills to relate better with the sales team (i.e., rapport and candor)

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

Administration—A Distinct Skill

A sales manager is first and foremost a manager—an administrator—and management is a distinct skill. Only during the past few decades has management, or administration (we use these

terms synonymously), been recognized as a separate body of knowledge. One of the ironies of sales force management is that sales managers were usually promoted into the executive ranks because of their talent as salespeople. But from then on, their success or failure depended on their administrative skills—skills that may or may not have been developed during their time as sales reps. As compared to salespeople, most sales managers receive very little sales training.

Sales Ability Is Not Enough

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

- a willingness to share information
- structure and discipline in work habits
- an ability to work well in teams or groups
- skill at selling internally
- an ego that is not overinflated
- knowing how to hire and place people in the right positions¹⁶

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

Management Can Be Learned

Sales management is a skill that can be learned. One of the most crucial aspects of learning how to manage is learning how to effectively allocate resources. What this means is that an effective sales manager needs to understand how to place people where they need to be. The good news is that this is an acquirable skill, however, it will require a lifelong devotion to learning and growth. The most important thing you need at this point is an open mind and a willingness to learn.¹⁷

Levels of Sales and Sales Management Positions

In the administrative structure of many firms with outside sales forces, several levels are involved in sales and sales force management, as shown in Figure 1-4. These titles and levels vary greatly across firms and industries, and the compensation levels also vary, including within firms. That is, top salespeople might be making five times more than their low performing colleagues. It also

FIGURE 1-4 ■ Levels of Sales Positions With Estimates of Annual Compensation

Source: Glassdoor. [n.d.]. Glassdoor salary calculator. Glassdoor. www.glassdoor.com/Salaries/know-your-worth.htm

must be noted that there is strong wage growth in the United States currently. Recent projections include increases of 4.6% for the year of 2023.¹⁸

An interesting phenomenon in sales is that top performing salespeople often make more than their managers, which can sometimes lead to a dysfunctional boss-subordinate relationship. Experts say that two important aspects define a successful working relationship when an employee earns more than their manager. First, the manager should demonstrate humility in accepting the situation, but also project their authority with confidence. Second, the higher paid subordinate should avoid displaying diva-like behavior.¹⁹

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

The next step up the executive ladder is a mid-level manager, typically with the job title of *divisional sales manager* or *district sales manager*. This person manages the activities of several sales supervisors or sales managers, and also participates in some higher level sales planning and evaluation activities. This position also may be eliminated in a firm that is using team selling.

The highest levels in sales management are *national sales manager*, *vice president of sales*, and *chief executive of sales*. The national sales manager is generally in charge of the large, key accounts—so for a consumer goods manufacturer, these accounts might be Walmart, Home Depot, and/or Kroger. The VP of sales and the chief sales officer (CSO) are responsible for designing an organization's long-run sales strategies and other companywide strategic sales planning activities. These executives act as the sales department's liaison to the top executive in finance, production, and other major functional areas of the firm.

Flatter Organizations

It is important to note that many organizations are becoming flatter; that is, they have eliminated some of the levels of management. Typically, these are the organizations using cross-functional teams to serve their clients. As noted above, team leaders replace lower level management positions, and often the middle levels are eliminated as well. Thus, the team leader may report directly to the chief sales officer and/or the chief marketing officer (CMO).

Staff Sales Management Positions

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

How Sales Managers' Jobs Differ From Other Management Jobs

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

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

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

IMPORTANCE AND CHALLENGES OF PERSONAL SELLING AND SALES MANAGEMENT

LEARNING OBJECTIVE

- 1.3** Recognize the pivotal role of personal selling and sales management for the economy, for businesses, and for individuals (including students), and describe the current challenges facing sales managers.

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

In Our Economy

Selling has certainly been very important to our economy. First, just look at the number of sales jobs. According to the U.S. Bureau of Labor Statistics, there are about 14 million sales jobs in the United States, and sales jobs are predicted to experience substantial growth over the next decade.²⁰

Second, the United States and global economy have entered a period of inflation and supply chain constraints. This means that the cost of goods and services are far outpacing what is normally expected and that it is becoming increasingly difficult to source raw materials. As of the writing of this textbook, these trends appear to be abating, but there are still challenges on the horizon.²¹ According to a Nobel Prize Economist, there may be structural changes afoot in the labor markets where more power is being ceded to workers because of a general labor shortage.²² However, we are optimistic for the sales function moving forward. This is why companies spend more on professional selling than they do on advertising. “Nothing happens until somebody sells something,” is a saying that captures an important truth about how selling plays a crucial role in our economy.

In an Individual Organization

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

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

To You, the Student

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

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

Within 2 or 3 years after graduation, you may be serving as a sales supervisor or a district sales manager. Even as a salesperson, you may engage in managerial activities, such as visiting your alma mater to do employee recruiting. You may be asked to do some sales forecasting for your territory or to offer suggestions regarding a proposed compensation or quota plan. All of these activities will require knowledge of sales management.

In addition, there has been a strong trend in the development of collegiate sales programs.²³ In fact, you may be reading this at one of the many universities that has a sales major, minor, or certificate. Graduates from sales programs typically stay in their jobs longer and perform better

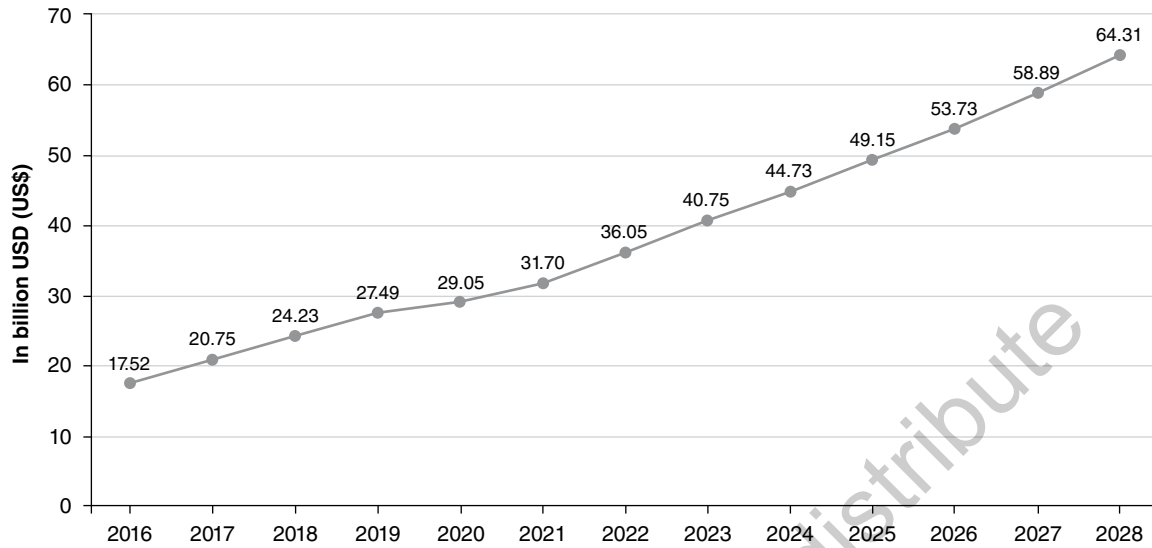
than their counterparts. Owing to this, sales management is likely to remain a solid career path with good advancement prospects.²⁴

Challenges Facing Sales Force Management

As explained earlier in this chapter, sales organizations must learn how to adapt to a continuously changing environment that revolves around customers with higher and higher expectations. This presents several specific challenges that sales managers and salespeople must overcome to be successful. The world is changing rapidly, but this does not mean that customers, or even salespeople will readily accept the changes. Customers have greater needs, and salespeople will require management that helps them to meet their customers' needs. This includes training, coaching, and general help in navigating a highly dynamic sales environment.²⁵

Specifically, sales professionals must develop greater expertise in the following areas. Each of these areas is discussed in varying depth later in the book.

1. **Hiring after the great resignation.** The Covid-19 pandemic was disruptive in a way that has brought about forceful changes in the world of sales force management. Perhaps the biggest challenge from this stems from what is being called the “great resignation.”²⁶ The pandemic caused employees from all functional areas to reevaluate what was important to them. Many salespeople retired early because they did not see a sense of purpose from their work. Sales managers now must spend more time recruiting because it has become increasingly difficult to hire good salespeople, which is absolutely critical to the success of a sales organization. What this means is that sales managers will have to think—and act—in a way that helps to convey a sense of purpose to the salespeople they manage.
2. **Selling by, and to, executives.** Because customers are so demanding, selling firms must increasingly rely on **selling by executives**, which is defined as top sales executives meeting with clients to close sales. To illustrate, many large organizations now have a chief sales officer (CSO) who manages and directs the sales management teams.²⁷ Other executives often engage in different aspects of dealing with customers, and this can vary in the degree of extensiveness.²⁸ Customers—especially important customers—expect to interact and negotiate with the highest levels of the organization.²⁹ This occurs with a role that is called *strategic or key account management*.³⁰ In addition, salespeople are increasingly finding themselves selling to high-level executives (also called C-level executives because their titles begin with that letter, such as *chief executive officer*). This is a different kind of sale. On one hand, it is more difficult because these people do not have much time and are hard to see; however, if a salesperson can make this appointment, this executive often has the power to make the buying decision right away—so it can be a shorter sales process.³¹
3. **Technological advancement: Customer Relationship Management (CRM) and Sales Force Automation (SFA).** Customer relationship management (CRM) is a category of software programs that help companies manage and interpret customer data. Most CRM systems have a subcomponent called sales force automation (SFA), which is focused on client acquisition. Because artificial intelligence (AI) and other technological advancements are generating so much information about prospects and customers, CRM software is increasingly needed in order to keep track of this information.³² As shown in Figure 1-5, the rapid growth of the CRM industry is projected to continue in the coming years. The leading

FIGURE 1-5 ■ Growth of CRM Industry in Total Revenues

Notes: Data shown is using current exchange rates and reflects market impacts of the Russia-Ukraine war.

Most recent update March 2023

Source: Statista. (n.d.). Customer relationship management software - United States. Retrieved August 20, 2023, from <https://www-statista-com.ezproxy.bgsu.edu/outlook/tmo/software/enterprise-software/customer-relationship-management-software/united-states>

companies include Salesforce.com and NetSuite, but there are many others. As highlighted in the below graph, this challenge is being addressed by **sales enablement**, which is a strategic process that equips sales teams with the resources, tools, and information they need to improve efficiency, effectiveness, and overall performance.³³

4. **Sales force diversity.** Over the past few decades, more and more women and minorities have successfully pursued careers in personal selling and are advancing into sales management positions. In fact, over half of sales workers in the United States are now women.³⁴ This is surprising since sales was once dominated by men. Sexual discrimination still exists in the U.S. workplace, as evidenced by the over 20,000 sex-based lawsuits filed each year; yet great strides have been made.

In fact, female salespeople are having a decidedly positive impact in their organizations. As an example, recent research proposes that gender-diverse selling teams will help to improve longevity and increase performance long term.³⁵

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

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

Additionally, today's salespeople are much more educated than in the past. For example, the growth of collegiate sales programs has led to a larger number of salespeople that have postsecondary degrees. The more-educated salesperson will desire challenges and rewards that differ from those their less-educated counterpart desired in the past. Finally, as our population grows older, sales managers will be faced with managing a greater proportion of seniors in their sales forces. In many cases, these senior salespeople will place less emphasis on financial rewards than will their younger counterparts, but they will still need to be motivated to maintain and improve their performance.³⁶

5. **Complex channels of distribution.** Many sales managers will be asked to manage increasingly complex channels of distribution. They will oversee a hybrid sales force, which might include both outside field sales reps and inside salespeople. Their work—organizing and coordinating the efforts of these diverse salespeople—will become more strategic. The successful sales managers of the 21st century will be adaptive enough to handle both complexity and rapid change. Sony Electronics, for example, sells its products through three distinct channels: (1) company-owned retail stores with the Sony name; (2) traditional retailers such as Best Buy, Circuit City, and Walmart; and (3) online through its company-owned website. Sony's president of consumer sales is faced with the challenge of creating synergy among these channels such that the sum is greater than its three parts.
6. **Changing international landscape.** The Covid-19 pandemic, Chinese tariffs, and the Russian war in Ukraine all point to a seeming paradox. We live in an increasingly interconnected world that appears to be growing further apart. During the pandemic, it became a crisis that many U.S. companies could not get foreign-made computer chips for the products that they sold. This is why recent legislation seeks to restore the United States as a global leader in semi-conductor production.³⁷ We are likely in a trend where globalization trends are beginning to reverse after many years of prominence, and this means that sales managers must keep a close eye on global trends and act accordingly to best prepare their sales force.
7. **Ethical behavior and social responsibility.** Sales managers are advised to follow recent trends in ethics and social responsibility. Organizations are wise to pay greater attention to ethical and other forms of prosocial behavior. Ethical work environments have been linked to increased levels of job satisfaction and performance for salespeople.³⁸

As it relates to gender, other recent research shows that men and women value working in ethical organizations, albeit for different reasons.³⁹ Women are more engaged if they perceive an ethical work environment, whereas men are more engaged if they perceive their manager as being involved and modeling appropriate behaviors.

Moreover, younger salespeople are showing a greater interest in a sense of purpose or deep fulfillment in their sales careers.⁴⁰ This means that management will need to show their sales force how they are contributing to the “greater good.”

Finally, environmental and social governance (ESG) is an increasingly important, yet controversial topic.⁴¹ ESG broadly refers to sustainability initiatives (i.e., climate change, workplace shifts, and sustainable investments). Salespeople are considered frontline employees, and many of these policies will impact them directly. By extension, this means that sales managers will need to understand how to help salespeople navigate these initiatives.

CONSIDER THIS . . .**SALES ENABLEMENT—TOOLS FOR SALES MANAGERS**

Many sales executives learn and apply the concepts of sales enablement in order to better adapt to and overcome the challenges arising from recent advances in technology.

Sales enablement is a broadly defined and relatively recent term associated with the process of providing sales teams with the tools, resources, and information they need to effectively engage with customers and provide better collaboration and agility within the sales process. This approach is said to streamline sales, CRM, and technology adoption, resulting in a more efficient and effective sales force.

Sales managers can best learn about sales enablement by joining associations like Sales Enablement Society (www.sesociety.org) and/or by attending one of the many international conferences offered by these groups.

Sources: Peterson, R. M., Malshe, A., Friend, S. B., & Dover, H. (2021). Sales enablement: Conceptualizing and developing a dynamic capability. *Journal of the Academy of Marketing Science*, 49(3), 542–565. <https://doi.org/10.1007/s11747-020-00742-z>

Rangarajan, D., Dugan, R., Rouziou, M., & Kunkle, M. (2020). People, process, and performance: Setting an agenda for sales enablement research. *Journal of Personal Selling & Sales Management*, 40(3), 213–220. <https://doi.org/10.1080/08853134.2020.1761822>

SUMMARY

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

In the face of intense competition, many companies today practice relationship marketing or relationship selling, which is very different from the traditional transaction-oriented selling that focused on the one-time sales of the product. In contrast, relationship selling focuses on developing trust in a few selected accounts over an extended period. Further emphasis has been placed on how to do this in a selling environment where digital interactions are more commonplace. What this means is that new skills and competencies are necessary.

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

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

The importance of personal selling and sales management may be viewed from the perspective of our total economy; individual organizations; or you, the student. To manage a sales force

effectively in the coming decades, sales executives must develop greater expertise in the following areas: (1) hiring after the great resignation; (2) selling by executives; (3) understanding key technological advances, such as CRM and SFA; (4) sales force diversity; (5) complex channels of distribution; (6) changing international landscape; and (7) ethical behavior and social responsibility.

KEY TERMS

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

QUESTIONS AND PROBLEMS

1. Explain how and why customers' expectations are changing.
2. What is an outside sales force? Is this type of sales force used only by producers and wholesalers? Is it used only in business-to-business selling?
3. How can salespeople add value to their customers' business?
4. How does relationship-oriented selling differ from transaction-oriented selling?
5. Study the six categories of sales jobs (i.e., consultative seller, etc.) and answer these questions:
 - a. In which types of jobs is the salesperson most free of close supervision?
 - b. Which types of jobs are likely to be the highest paid?
 - c. For which groups is a high degree of motivation most necessary?
6. We said that today's professional salesperson is a marketing consultant and a manager of a market (or territory). Explain how salespeople can be a marketing consultant and manager.
7. What can sales managers do to increase the professionalism of their salespeople?
8. How does a sales job differ from other jobs?
9. How will the trend toward flatter organizations affect the job of the middle-level sales manager?
10. Why do many successful salespeople fail to become successful sales managers?

11. Assume that you are a sales manager. What characteristics would you look for, or what criteria would you use, when promoting a salesperson to the position of district sales manager?
12. It has been said, “Nothing happens until somebody sells something.” How would you explain this to a student who is majoring in accounting, finance, or engineering?
13. Should someone who is not majoring in marketing take a course in personal selling? In sales management?
14. Review your activities of the past week and identify those in which you did some personal selling.
15. Assume that your company, which sells paper products, has 60% of the business at your largest account. What factors would make it relatively easy for you to get a larger share of that customer’s business, and what factors would make it harder?

EXPERIENTIAL EXERCISES

1. Interview sales managers from three different companies concerning their responsibilities and what they do. Compare and contrast their positions. Then explain which one you would prefer and why.
2. Interview a salesperson from each of three different companies about the nature of their selling responsibilities and their relationships with their customers. Then describe each of these sales positions and explain whether the selling is more similar to transaction selling or to relationship selling and why.
3. Visit the following two websites, which focus on selling and sales management issues: <http://smei.org/> and <https://www.sellingpower.com/>. What services do they offer, and how might these services be of use to sales managers?

CASE 1-1: SELECTION OF A SALES MANAGER

CANTOPIA RUNNING CASE

Introduction. Cantopia is an imaginary geographic region with the following four sales organizations that fiercely compete in the aromatherapy candle healthcare market: Aromatics, Bioscent, Candelarium, and Dynowick. These four organizations are authorized to manufacture this category of healthcare product and then directly sell them to specialty retail candle shops. Each organization has one sales manager and several salespeople who are called account managers.

This industry is highly regulated, so the products of all four companies tend to be very similar. However, the sales organizations can vary significantly depending on how the respective sales management teams make decisions about hiring, firing, training, supervising, compensating, controlling, and designing territories for their account managers. In fact, students can play the role of a Cantopia sales manager and compete with other students in the online simulation game associated with this textbook.

The Cantopia running case is a series of practical applications that occur at the end of most chapters in this textbook. The cases connect the chapter material to both the real world of sales management and the simulation game. However, the Cantopia running case is designed to be relevant to all students, including those who are not playing the online simulation.

CANTOPIA Selection of a Sales Manager

Ms. Paula Ruiz, vice president of marketing for Aromatics, knew she had to make a decision on who to hire as the sales manager of the company's sales force. Seven months previously, the former sales manager resigned to accept the sales manager position for Bioscent, one of Aromatics's major competitors. Since that time, Paula had assumed direct control of the sales force, but she clearly saw that, in doing so, she was not only neglecting her other responsibilities but also doing a poor job of managing the sales force.

Consequently, Paula is undergoing an extensive job search to hire a new sales manager. In fact, she has narrowed down the field to two people, Mr. Quincy Alberta and Ms. Janice Wilson, both of whom clearly met the basic qualifications for the job.

The new sales manager of Aromatics will supervise the 15 account managers that sell the firm's aromatherapy candles to retail candle shops. This sales manager is charged with the full responsibility for maintaining an effective field sales force, which includes hiring, firing, training, supervising, compensating, controlling, and evaluating the salespeople. At times, the manager works closely with salespeople in calling on important clients and handling difficult contracts, so in-person meetings are common. However, salespeople work from home offices and live throughout the Cantopia region, so most communication with subordinates occurs through cell phone conversations and zoom meetings.

The sales manager is also responsible for a great deal of paperwork, such as budget preparation, expense account auditing, and sales force planning. The sales manager works particularly closely with Paula and has daily meetings with other executives to coordinate sales force activities with all other functions of the business. An administrative assistant is provided to help with these job responsibilities.

Paula had taken the files on the two prospective managers home for the weekend to contemplate her decision. Her goal is to announce her selection Monday morning.

After reviewing Quincy Alberta's file, Paula fully realized that repercussions might be felt if he were not promoted to sales manager. Quincy was not only the firm's best salesperson, he had developed strong ties with lots of people throughout the organization. In fact, Quincy had been with Aromatics since its inception several years ago, starting in manufacturing and being promoted into sales. Now 47 years old, he outsells all other account managers and almost always exceeds expectations, even in difficult times.

Since his compensation as a salesperson has been based on commissions, Quincy makes good money as the top earner in Aromatics's sales force. In fact, being promoted to the sales management position would be a slight pay cut for him. When Paula asked him about this, Quincy insisted he was ready for a new challenge, and a small pay cut would be "...no big deal."

Paula knew that Quincy and his wife Jennifer were prominent members of the community. They were parents to three children, who seemed to all be doing well in college. The Albertas were extremely adept at entertaining and socializing with people. Hardly a month passed that they did not have some sort of social event at their home, and these events often included Quincy's coworkers.

Although Quincy had not attended a 4-year college, he did have an associate degree. Paula knew that he was intelligent and had acquired business know-how.

When he learned of the previous sales manager's resignation, Quincy had come directly to Ms. Paula Ruiz and requested the position. He outlined his achievements for the company, gave a brief account of the goals that he would work toward as sales manager, and then issued a rather strong ultimatum: He had been offered a sales manager position with a competitor (Candelarium) and needed to give an answer in 2 weeks. Quincy made it clear that he did not want to leave, but he would do so to become a sales manager if Aromatics did not promote him. Paula appreciated his honesty, but at the same time was a bit annoyed by this power play.

Privately, Paula had some reservations about making Quincy sales manager, but she was hesitant to bring her thoughts into the open for fear of engendering animosities that would later haunt her. First, she was fearful that if she promoted Quincy, she would be losing a good salesperson and getting a poor sales manager. She had seen it happen in other companies, and sales management literature was full of warnings that top salespeople may not make good sales managers. The two jobs required different skills. Second, Paula was worried that Quincy would

be unhappy with the sales manager's slightly lower compensation. Third, she was afraid that Quincy's preference for customer contact would result in his not staying in the office enough to do the required paperwork. Finally, she was concerned by Quincy's relationships with the other salespeople. He was extremely well liked by most of the men, who felt that he "would give you the shirt off his back" if you needed it. However, several of the women on the sales force had communicated to her that they felt that Quincy was a bit too macho for their liking.

Ms. Paula Ruiz proceeded to review her other leading candidate, Ms. Janice Wilson. Janice was an outsider who worked for a fast-growing technology startup company, so she had no experience with the aromatherapy candle industry. However, Paula did know Janice as they had an ongoing professional relationship for several years. They were both longtime members of the local American Business Women's Association (ABWA) and, while not close friends, had known each other from their college days. They were both marketing majors at Northwestern University in Chicago. In fact, Paula recalled that Janice not only graduated magna cum laude from this prestigious institution, she was a leader in the business school's Pi Sigma Epsilon organization, which is a national, coed fraternity focused on sales and marketing.

Upon graduating from college, Janice was hired for a sales position by a small technology startup called TechVista Solutions. After a brief career selling enterprise resource planning (ERP) software, Janice was promoted to sales manager at this fast-growing startup. As a sales manager, Janice developed an enviable reputation in the industry for building an outstanding sales force. Paula happened to know one of Janice's subordinates, who raved about how everybody at TechVista respected her. In the interview with Paula, Janice came across as friendly and likable, yet all evidence indicated that she ran a tight ship. She demanded high performance from her sales team and seemed to get it. This was especially impressive given that she was just 32 years old—several years younger than Quincy. Paula happened to know that Janice was the mother of two preschool children but was unsure if she was married.

Janice Wilson applied for the Aromatics's sales management position after a chance meeting with Paula at an ABWA conference. Riding up in an elevator together, Paula casually told Janice about the job opening. Paula asked Janice if she happens to know of a good person that she could recommend for the job. Ms. Wilson had hesitated for a moment, then replied, "Let's talk."

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

Ms. Paula Ruiz began to seriously contemplate the situation of choosing Mr. Quincy Alberta or Ms. Janice Wilson. This was going to be a tough decision.

Questions:

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

CASE 1-2: KV HOMES

MAKING THE TRANSITION FROM SALESPERSON TO SALES MANAGER

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

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

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

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

The sales manager for KV Homes has a large amount of the responsibility for planning the sales effort and total responsibility for organizing and managing the sales force. In the area of planning, they assist in the preparation of the sales forecast. This involves estimating expected sales within each community based on past history, forecasts of economic conditions, and competitive developments. On the basis of the final forecasts, they prepare the expense budgets and the sales quotas for the individual reps. Finally, sales managers break these budgets down into monthly and quarterly dollar figures, which they use in evaluating the reps and determining their incentive pay.

The sales manager has total responsibility for recruiting and selecting new salespeople, which is a continual process for KV Homes. Most new recruits are recent college graduates, so the sales manager maintains relationships with several Illinois universities and then conducts on-campus interviews in the fall. The sales manager then spends 2 to 3 weeks training the new salespeople before assigning them to mentoring sales consultants in their specific neighborhoods. This training involves acquainting new reps with company objectives and operating policies, providing them with background knowledge about the construction industry, and teaching them the sales process through the use of role-plays.

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

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

Damien was really excited about the opportunity to become KV Homes sales manager, but he was somewhat surprised that he had been chosen because he did not have seniority among the consultants. However, when Jen told him about giving up selling entirely to focus on the administrative duties of the sales manager, he countered that he didn't want to

do that and that it was not in KV Homes's best interests. Jen recalled his comment, "I don't understand why you're changing the policy. Bob Burton (the last sales manager) continued to sell part-time, and I thought it worked out well. In fact, I think that I'll stay more in touch with the market if I can continue to sell. This will make me a better manager because I'll be more knowledgeable about what my salespeople are facing."

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

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

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

Question:

1. Should Jen ask Damien to give up his accounts? How do you think Jen should handle this problem?

CASE 1-3: G.W. PERGAULT, INC.

SALESPEOPLE FEELING THREATENED BY THE COMPANY WEBSITE

Mr. Ken Sutton, sales manager for G.W. Pergault, directly oversees 15 salespeople that serve clients in and around Milwaukee, Wisconsin. He is currently in a tough spot. The new president of the company, Ms. Celia Fiorni, has a vision for e-commerce that Sutton's salespeople strongly oppose. Sutton feels caught in the middle—between his boss and his subordinates.

Ms. Fiorni had become president of G.W. Pergault just 6 months ago. Her previous job was CEO/president of a very successful—but relatively small—technology firm that sold computer hardware to consumers. Ms. Fiorni is an enthusiastic, charismatic leader who has brought a fresh outside perspective to G.W. Pergault.

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

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

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

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

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

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

The new company website, of course, provides an interface that allows customers to complete their own order, which then is directly entered into the system as soon as the customer clicks on the submit button. This allows for the order to be processed more quickly, saving at least 1 day in delivery time. In addition, it significantly reduces the chance of order-entry error by either the salesperson or the data-entry clerk.

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

Sales manager Ken Sutton could see the logic in his new president's thinking. A recent customer satisfaction survey revealed that mistakes were made in about 1 out of every 20 orders that come in through salespeople. He feels that this error rate is much too high. Further, he believes that his sales reps are not even close to reaching the full potential for his market in and around Milwaukee. "The reps spend too much time taking orders and not enough time explaining to customers how our *other products* can meet their needs," he says.

At the same time, his reps have expressed strong opposition to the plan. In fact, his top rep for the past 2 years had just called him yesterday. In a somewhat angry tone, the rep told him what he thought of the new president. "Fiorni doesn't understand that selling is about building personal relationships, and you can't have a relationship with a website. Customers buy from G.W. Pergault not just because they like our products, but also because they like me. I'm sorry, but I refuse to tell my best customers, 'I'm too busy to take your order. Go surf the Internet!'"

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

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

There are two other key issues that help explain why the sales force is so strongly opposed to the president's new vision. Ken Sutton believes these are the most critical reasons for the

objections. First, over half of the typical salesperson's compensation is earned through commission. When customers buy through the website, reps don't earn any commission! Why would a sales rep convince a customer to do something that reduces the rep's pay?

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

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

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

Questions:

1. What advice should Sales Manager Ken Sutton give to his company President, Celia Fiorni, in order to improve her plan and make it successful?
2. What should Ken Sutton do to make his salespeople more accepting of the new initiative?

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