

Case Study 1: The Phone Call

ANSWERS TO CASE QUESTIONS

1. Can you offer any plausible explanations for Will's behavior?

Given the information provided in the case, there are no plausible explanations for Will's behavior. A parking ticket might be lost once or perhaps twice, but there are few believable scenarios for losing one's parking ticket 40-50 times! Such behavior shows a pattern of deceit and criminality.

2. Should James speak with Will? If so, when and about what?

At the present time, James should wait for the results of the expense voucher audit. It would also be advisable for James to contact the legal department to seek their advice. If the audit shows Will committed fraud on ITA travel expense reports, he can and should be fired. That said, James needs to work closely with the legal and human resource departments to make sure all communications are correct and that ITA's legal rights to dismiss Will and potentially sue him for repayment are preserved.

3. Why did James tell auditing to examine all of Will's expense vouchers versus just parking expenses?

The chances are high that if Will lied about his parking fees, he also was less than honest about other expenses. That said, as an ITA manager James must remember his fiduciary responsibility to the firm. That is, a manager has a responsibility to protect the firm's assets and not allow employee actions to hurt the firm financially.

4. What do you believe will happen to Will?

It appears that Will will be charged by LAX and have to repay all legitimate parking fees earlier. To send a strong message to other would-be violators, LAX will demand interest and a penalty to punish the illegal behavior. ITA will likely fire Will regardless of his honesty on expense vouchers.

5. Is it worth losing your job and reputation for such an amount of money? Why do people engage in such behaviors?

There is no plausible justification to jeopardize your job AND your reputation by stealing a few hundred dollars here and there! Will had to go out of his way to report the lost parking ticket and pay the lost ticket fee for the day. In the grand scheme of things, \$10,000 over three years amounts to \$60 a week. Like the article this case is based upon, such behavior calls into question Will's suitability to work in the industry and raises the more important puzzle of "can he be trusted"? People often engage in these behaviors to feed a drug habit, because they are bored, angry with the company or manager, and/or they do not believe they will be caught.

* These cases are fiction and were written for L. Davis, A. Dixon, R. Erffmeyer, E. Honeycutt, E. Tanner, and J. Tanner: *Sales Management: Shaping Future Sales Leaders*, 3rd edition (2021). The cases are provided to allow students to analyze and discuss their recommended courses of action for the sales manager portrayed in each case. However, similar parallel incidents like the one that follows may exist and can be woven into class discussions.

Blackrock exec loses career for dodging fares

A former managing director at BlackRock has been banned from the industry for life by U.K. regulators. His crime: dodging rail fares on his commute to work.

Jonathan Burrows was caught without a ticket at a station in the heart of London's financial district. Confronted by ticket inspectors, he admitted evading fares on several occasions.

The Financial Conduct Authority said the crime showed Burrows lacked honesty and integrity, and was therefore not a "fit and proper" person to work in financial services.

Burrows was forced to resign from BlackRock earlier this year.

Boarding the train without a ticket was the easy part: Burrows' local station has no barriers. When he arrived in London, he would use his Oyster Card — the city's cashless payment system — to open the barrier, triggering the maximum daily charge of £7.20 (\$11), or about a third of what he should have paid for the journey.

BlackRock said Burrows' behavior ran "totally contrary" to its values and principles.

In a statement issued Monday, Burrows apologized for diverting regulators from more serious misconduct at a critical point for London's finance sector.

He was reported to have settled out of court with the railway operator Southeastern, paying £43,000 (\$67,000) for tickets he had failed to buy over the last five years.

The sum was "significantly in excess of the value of the fares not paid by me," he said Monday.

Source: Kattasova, Ivana, "BlackRock exec loses career for dodging fares," *CNN Money*, December 15, 2014: money.cnn.com/2014/12/15/news/blackrock-exec-fare-dodging/.

Case Study 2: Izukto Pharmaceuticals

ANSWERS TO CASE QUESTIONS

1. With all of its sales representatives and managers preparing to get laid off, what effect will this have on Izukto's culture?

The sales representatives and managers will likely lose trust in upper management and feel that they are easily replaceable because of such high turnover rates. Job stability is an important function in company culture, and because of this instability, sales reps may begin seeking other job opportunities and will not be committed to completing their sales goals at Izukto.

2. Is it ethical for Amy to tell Mike that he should withhold the information about layoffs from his team? Should Mike have told Tim about the layoffs before he closed on his new house?

Amy has the right to instruct Mike not to disclose information to his team, especially if there is an upcoming company announcement. It would be unethical for Mike to inform Tim of the upcoming layoffs since his boss instructed him not to talk about it with his team. One must wonder if many supervisors might not warn their charges of the impending job losses.

3. How should Mike conduct himself during the next few months at Izukto?

Mike needs to decide for himself if he wants to stay or leave Izukto Pharmaceuticals. If he sees there is an opportunity to stay long-term, he should: consider applying to positions that are similar to his current role; seek an opportunity to move up to a different type of upper management position; or apply for another type of role at the company that will make him more well-rounded. For example, he may consider a position as a Senior Product Manager so he can gain marketing experience in the pharmaceutical field. This can be a great resume builder. If he decides to eventually leave the company because he feels that the company culture does not fit his values, he needs to start seeking opportunities outside of the company that align with his personal values. With his long record of experience in pharmaceuticals, it would make sense to remain in the same field. Since he has long-term experience in sales with a good track record, he may want to seek positions as a sales trainer, a VP of sales, sales manager, or sales enablement position.

4. Did Izukto handle the 2021 layoffs legally? Ethically?

Izukto Pharmaceuticals did not handle the 2021 lay-offs decently, and their handling of the situation exposed that they are out of touch with their sales team, who were very loyal to the company. The sales reps will most likely hold grudges until they are let go or leave on their own accord. Workflow will likely decrease as most employees will start looking for work elsewhere and put off their obligations at Izukto. If they want to remain at Izukto, they may become distracted with their daily job as they prepare for intense rounds of interviews.

5. If business were going great at Izukto, why did it conduct company-wide layoffs?

Any number of reasons may be behind the company-wide layoffs. One reason may be to cut costs and spend money elsewhere. Employees are a fixed cost and is one of the easiest commodities to get rid of or move around in order to reallocate funds. Another reason could be due to a merger. When companies

join, much can change and there may not be enough room to retain every employee. A third reason could be a buy-out. If a new investor group took over the company they can completely change the goals and strategies of Izukto Pharmaceuticals. Outsourcing could also be a reason for the company-wide layoffs. Izukto may find it more cost effective to use workers from another business rather than to continue employing their current staff. A final reason Izukto Pharmaceuticals may be creating the layoffs is due to technological progress. Advanced computers can do the job of many people and companies can replace humans with technology, which can save the company a lot of money.

6. Should Izukto be held responsible for Mike and Tim's relocation fees?

Izukto is not legally responsible for Mike and Tim's moving fees unless it is explicitly included in their contract. However, it would be considerate of the company to provide Mike and Tim with some form of compensation since they were moving for work-related purposes. Although Izukto would not be required to compensate Mike and Tim for their move, it would be a nice gesture given the circumstances. In many firms such responsibility is stated in a job offer or contract of employment.

Case Study 3: Firmer Shapes' Sales Philosophy

ANSWERS TO CASE QUESTIONS

1. How would you describe Pete's management philosophy? How well will his sales approach work at most firms? Justify your answer.

Peterson's management philosophy might best be described as "laissez faire" or to allow matters to take their own course. This may be an extreme description but one might ask how "hiring good people" and "letting them manage their accounts" with little or no oversight can be considered "managing"! The head salesperson, Mr. Peterson, should be reviewing sales figures, proposals, customer communications and the like, to insure the actual selling persons are performing at a satisfactory level and using his expertise to offer suggestions and at times directives to spur the sales team to greater achievements.

Perhaps Peterson is a highly-motivated individual who never has a bad day; however, most sales people need and even want feedback and suggestions for improving their performance. To answer this question — no, a laissez-faire manager will not work in most firms. It is possible that salespersons can do well in a high growth market, where there is little competition, but this is not the case in the vast majority of markets. A sales manager helps the sales team stay between the guard rails of the metaphorical sales highway they traverse each day!

2. Is Pete's leadership philosophy working at Firmer Shapes?

Peterson seems to have the support of the board, but his comments suggest he is not pleased with his sales team's behavior. He gripes about his sales team accepting orders that are not profitable and claims they have never met a sales offer they would refuse. This suggests that the current scheme is not working.

3. What is an account manager versus a salesperson?

Salespersons can be called many names — account manager, territory manager, sales engineer, and even sales vice-president. In this case account manager means that the salesperson primarily focuses on the account — like Walmart — but in reality their job is to maintain a relationship with the buyers, manage orders, and deal with problems/contingencies. At the end of the day these "account managers" are salespeople performing sales-related duties. Some sales firms use titles as a way to "impress" customers. That is, the buyer is not dealing with an account manager but a "sales vice president"! One of the authors worked with sales agents in California that gave all their salespeople sales vice president titles!

4. Because four of the sales vice presidents work virtually, does this require a higher level of interaction between account managers and the sales president? Why?

Working remotely removes the salesperson from close interaction with his/her supervisor. In this case, four sales vice-presidents work remotely. This means that Peterson needs to have scheduled meetings (phone, video, e-mail) to both monitor performance and help keep the salesperson motivated when sales tactics do not go as planned. A manager must maintain close contact with their sales staff no matter their title or location. Otherwise, something can go awry and it may be weeks or months before the supervisor learns of the situation and then it will be too late to offer a solution.

5. Based on your understanding of sales management, have sales leadership practices changed since Pete joined the profession? If so, in what ways?

One might lump laissez faire management with getting friendship business or percentage sales. Friendship business suggests socializing with a customer means you will get business simply because the buyer likes the salesperson. Percentage sales is the philosophy that a salesperson will get a “yes” 2 out of 10 calls so the best way to increase sales is to make more sales calls! Today, B2B buyers make their decisions based upon what is best for their firm. Yes, the salesperson must engender good will with the buying firm but having a high-quality product, delivered on time, at a fair price is what drives purchases. All salespeople must hunt and farm — that is, maintaining a customer requires the salesperson to “farm” or make sure the account is satisfied with their current purchases while “hunting” for new and expansive purchases.

6. How can a sales leader instill sales behaviors that might currently be missing from a salesforce?

Sales leaders know what is happening in the marketplace while an account manager is more focused on a few accounts. Sales leaders have information from across the business unit and are exposed to market trends and expectations. A sales tactic that worked with another firm may also work with another in regard to bundling and discounts. A sales leader has more experience and has seen things the account manager may not be aware of. Sales leaders offer guidance and support that benefits the entire organization. Better salespersons seek the advice of and follow the advice of their sales leader.

Case Study 4: Pony Express Bank Needs Higher Profits

ANSWERS TO CASE QUESTIONS

1. What drives a company like PEB to adopt a new sales strategy?

The primary reason for adopting a new sales strategy is to increase sales and profits. Most firms are looking for avenues for increasing their sales and/or profits. The question is how to do so! Pony Express appears to have decided that they will increase sales to current customers. Students will understand that cell phone companies try to “upsell” to unlimited data, calls, texts, internet firms try to sell faster speed for a price increase, and cable companies call to sell sports or entertainment packages—all increase your monthly spending for very little increased production costs!

2. Was the new program well thought out? Why or why not?

Upper management, who appeared to devise and adopt the strategy, either did not think their decision through or did not concern themselves with answering a simple question: “what benefit would this strategy offer our customers”? Apparently, the plan seemed simple to a non-sales manager—while a customer service agent solved a customer’s problem, they would recommend that a new service be purchased that would primarily benefit Pony Express. For example, someone who purchases overdraft protection who never overdrafts simply pays more for a non-essential service. The same can be said for switching accounts that pay lower interest, opening a bank credit card with higher interest rates, etc. Certainly, customer service should recommend needed services that benefit the customer. When Pony Express set goals and then threatened dismissal for not meeting goals, someone was asleep at the switch. If a firm believes their customers purchase services because of the benefits received, this was not well thought out.

3. What major problems were associated with the sales strategy?

As stated above, the new sales strategy was not well thought out and did not deeply consider how a push strategy would impact the customer and lead to dissatisfaction within Pony Express. Imagine the customer calling the bank with a problem with one account and having to endure 2-3 attempts to upsell or cross sell a service the customer has no interest in purchasing. One only has to call customer service a few times to realize every contact results in pressure to purchase unneeded or unwanted services/products.

4. What factors must be considered when setting quotas?

First, we must understand that quotas are directive in nature. If a manager sets a quota, this tells the salesperson where they should focus their time and attention. Second, are the quotas realistic? That is, will the salesperson perceive that the quota can be reached with sufficient time and expertise. Third, will the salesperson believe reaching the quota may be hard work but there is a reward for reaching the goal? Lastly, positive rewards are superior to negative rewards. In this case the customer service salesperson was told to reach their goals “or else.” The salesperson likely did not believe the goals were realistic and bristled at the likelihood of being punished for not meeting poorly thought-out sales plans!

5. What appears to have gone wrong in this case?

Unfortunately, not all information is provided or known about meetings, thoughts, and decisions made by upper management. It appears that Pony Express sales agents enjoyed solving problems for their customers but did not like the pressure to convert current customers to new buyers of unneeded services. Said differently, sales agents understood that pressuring current customers to purchase new and more expensive services would conflict with a customer orientation. Upper managers were “all in” on the strategy of increased customer profits by “selling” more services to each current customer. When the strategy appeared to be in trouble, upper management set a directive: meet the quotas or find another job! For some salespersons, to keep their job they acted unethical. One might ask whose responsibility it was for the unethical behavior — management or worker? In other words, do poorly thought-out sales strategies cause workers to behave unethically? Also, the question of why a company would leave high pressure sales plans in place over a period of years is difficult to understand or explain!

6. What actions would you take if you were Roberta’s supervisor?

Roberta’s boss is in a tough position! The normal process would be for her to call her supervisor and ask if this “red flag” was happening in other territories and whether there was corporate guidance? The likely response is for corporate to send out a communication stating that anyone involved in creating false accounts or acting unethically will be terminated immediately. This gives the firm cover, but unless unrealistic quotas and threats of dismissal for not satisfying the quotas are changed, little will change in the short run. As an aside, it might be instructive to ask students if they should send a follow-up e-mail to their boss to “document” their actions so that later they cannot be blamed for their sales team’s unethical behavior?

Source: <http://money.cnn.com/2016/09/08/investing/wells-fargo-created-phony-accounts-bank-fees/>

Case Study 5: MidWest Sales Associates: Please, Let's Hire Someone!

ANSWERS TO CASE QUESTIONS

1. Would you describe Darin Jones's hiring process as thorough? Why or why not?

One can describe the hiring process followed by Jones as OK, but based upon the process contained in Chapter 4, the process was not exhaustive. Jones worked in concert with HR and followed basic interview etiquette by employing the same hiring committee and interview questions. Jones also communicated with his boss which is important. Perhaps other actions were taken but not noted in the case. For example, a hiring process could include personality tests, interviews in which the applicant discusses examples of sales situations and how they were handled, as well as "ride-alongs" where the applicant is observed in the field.

2. How many interviews are necessary to make a hiring decision?

This is a difficult question to answer. Most firms interview the applicant(s) several times in different environments and often by different people. Some companies bring an applicant in and she has breakfast with the sales manager, then goes for a "ride-along" with a senior sales rep, then lunch with HR and manufacturing, and then a full afternoon of 30 minute interviews. The goal is to get to know and understand the "real" applicant who wants to join the sales team. If done correctly, one should feel comfortable after 2-3 meetings. One must not rush the hiring decision, nor should the hiring process be dragged out for months!

3. Why do companies want to make correct hiring decisions? What happens when an incorrect decision is made?

The bottom line is that firms lose money when a poor hiring decision is made. The hiring process is an investment of time and money (travel, hotel and food, and lost sales). More importantly when a poor hiring decision is made, customers may be lost and potential sales may go unmade! Money is also lost due to investments in training, on-boarding, and coaching.

4. Should Jones and delos Santos have been surprised when DeGuzman withdrew? Why or why not?

Realistically, Jones and delos Santos should not be surprised. Managers often forget that a job interview is a two-way interview. Applicants are looking at how they are treated, is the firm cheap with meals and accommodations, etc. High quality sales reps who are on the market will have more than one opportunity! And, it is not unusual for sales applicants to be talking with more than one firm as sales organizations want to hire and upgrade their teams.

5. Is it possible for a firm to be too cautious when hiring? What does this communicate to the applicant about the firm's culture?

Yes, it is very possible for a firm to be too cautious in hiring as shown in this case. One must not rush into a hire — the authors have seen instances where salespeople only interview with the sales manager and are hired on the spot based upon the sales manager's gut feel! Recently, as seen in the link

below, firms are dragging out their hiring decisions. Perhaps a rule to follow is that there is a cone of satisfactory hiring that cannot be too long or too short. If one follows a hiring process as outlined in Chapter 4, and that process is thorough, then the decision should not be that difficult to make. However, if there is significant turnover in the salesforce, this suggests that the hiring and decision processes have problems! Successful firms review the hiring process after each iteration and make changes to correct identified glitches. While there are few “perfect” candidates, the sales manager must select the best possible candidate that matches the firm’s needs and who has the skills and motivation to make a contribution.

Source: <https://www.bbc.com/worklife/article/20210727-the-rise-of-never-ending-job-interviews>

Case Study 6: LA Distributors: Creating a Diversity Program

ANSWERS TO CASE QUESTIONS

1. What arguments should Furr make to LA Distributors' senior managers to gain their support for increasing the diversity of the firm's salesforce?

One way is to make a formal presentation to senior management showing the major customers, their ethnicity, that of competitors, and examples of comments made by customers regarding the composition of the salesforce. Additional validity would be provided by articles that examine a sales firm's changing demographics and how buyers' cultures impact how they interact and buy from a salesperson. The argument can also be strengthened by showing the statistics provided in Table 1 of the case.

2. Does LA Distributors' current salesforce composition pose a legal problem for the company?

Potentially, if future applicants are not selected and for some reason they start legal proceedings and claim bias for not being hired. There is no way to absolutely predict what would happen in such a situation IF the firm followed a color-blind hiring process. But, a judge and/or jury may wonder why of 22 sales personnel working, none are minorities. LA Distributors would have to demonstrate that their selected salesperson was superior and this might face serious legal challenges.

3. Would you recommend the company hire salespeople from diverse backgrounds all at once or slowly over several years? Explain your rationale for your recommendation.

This is a difficult question to answer. It would be best to hire high quality additions to the salesforce and every consideration should be given to diverse candidates. It might be possible for Furr to hire 3 superb candidates within a short period. That said, it might be best to open up hiring and see what type of candidates apply. If 3 superior candidates apply that would add diversity to the salesforce, then hire them. Most likely, hiring 3 quality candidates will require a slightly long-term process. It is possible that diverse candidates already work in the firm and they would have the knowledge to step into sales with adequate training. As future salespersons leave the firm, diverse candidates should receive full consideration for openings.

4. In what media outlets should the company advertise to reach more diverse sales applicants? Write up an advertisement Connie could use to attract diverse, highly qualified applicants.

Today, there are electronic forums that reach diverse candidates. For example, LA might consider *Black MBA* magazine, Hispanic newspapers, local university campuses with minority and diversity candidates, etc. Outlets will likely vary based upon the locale of the business.

A potential write-up to attract candidates should clearly state: "LA Distributors is an Equal Opportunity Employer: Women and Minority Candidates are Strongly Encouraged to Apply!"

5. How would you recommend Connie modify her company's hiring process? What about its sales training program?

As discussed in Chapter 14, the hiring process and training regimen must be adapted to be inclusive to all applicants. A company cannot expect candidates from diverse backgrounds to respond to questions or undertake sales training in the same ways. LA Distributors may need to hire a cross-cultural consultant to advise and approve of hiring and training processes.

6. Why might highly qualified applicants leave their jobs even though their performance is satisfactory? What programs can Connie and LA Distributors undertake to retain minority sales representatives?

It is not easy to work in a company in which you are the only woman, Asian, or Gay person! Often high-quality diversity workers leave because they want to work around other similar people. For a firm to retain diverse employees, managers should assign a mentor and there should be regular meetings to discuss performance and work environment issues. It is important to not only hire a diverse work force that resembles buyers but once hired, the company must put forth an effort to retain and mentor those same employees.

Case Study 7: R.G. Jameson: Achieving Internal Alignment

ANSWERS TO CASE QUESTIONS

1. If you were Jerry, what plan would you rough out on Monday morning and present to the owner of R.G. Jameson?

Jerry needs to formulate changes in organization, expectations, and rewards/punishment to insure the sales team works together and properly serves their customers. Given the history presented in this case, it may be necessary to dismiss recalcitrant employees who refuse to work together. The team must recognize that sales is indeed a “team sport” comprised of individual effort in support of a common goal.

2. What do you believe the major problem is between the company’s old and new salespeople?

One can say that both inside and outside sales believes their contribution to success is the most important. Rather than focus on satisfying the customer, the most important goal, they are in competition with one another. And, instead of appreciating that each has an important job to do, each believes that they can “one up” the other! Jerry must convince the sales team that they are a team and must work as a team. Otherwise, they must understand they will be replaced! Jerry must clearly assign duties and must hold each group to stated expectations.

3. Explain why each group might feel the way they do.

Many field salespeople want to believe they are special and that they are the reason their firm makes a profit. This is true to an extent, but salespeople receive support from the company. Yes, salespeople visit the customer and uncover needs, but someone must produce, ship, expedite, etc. to make sure the salesperson’s promises are kept. Inside sales often serves smaller accounts, less profitable for field sales, and adjusts ship dates or quantity as requested by the buyer. Instead of seeing the inside sales as encroaching on the field sales area, Jerry must train and manage both groups to understand the company will do what is best for the customer. Dissatisfied customers become “former” customers!

4. What other alternatives to the situation would you suggest?

Both the field sales and inside sales must clearly understand their responsibilities. If a customer calls with a problem, it should be solved as quickly as possible. This is not about who is right or wrong but what is best for the customer. Jerry must manage the situation; that is, clearly communicate what is expected and what is forbidden in writing. For example, if an inside or field salesperson criticizes the other this will result in a written warning and the second offense results in immediate dismissal. If there is a mistake when the order is placed, then this should be brought to the attention of field salesperson who can correct the mistake. When the mistake is not detected, the inside sales will take the action requested by customer and Jerry will counsel the offending salesperson. Given current electronic customer accounts it is quite likely the buyer can simply log in and make changes as needed, especially for small purchases.

5. What immediate and long-term consequences do you see occurring if the problem is not solved?

Given the strife and non-alignment currently seen, sales will be lost and inside sales personnel will likely leave the firm. It is imperative that Jerry gain control of the problem and get the sales team aligned. If a salesperson is not willing to act professionally and support each other, they should not be employed by the firm.

6. Will making the changes be a short-term or long-term process? Explain your answer.

Jerry must communicate changes in expectations immediately. Starting today (short-term) this is what is expected. If anyone, regardless of time with the company breaks these rules, there will be consequences. Jerry must also provide positive reinforcement for correct behavior beginning immediately. There has to be long-term consistency and team contributions and alignment (ability to work together) should be added to the annual evaluation that impacts bonuses and raises.

Case Study 8: Cape Fear Sales Associates: Evaluating and Improving Performance

ANSWERS TO CASE QUESTIONS

1. How might Maria evaluate whether or not the shortcomings she observes in her salespeople are a serious problem?

Sales managers realize quickly or already know that their salespeople are human and each will likely exhibit shortcomings. Maria mentions that she has observed her sales team demonstrate knowledge gaps when meeting with customers, charge questionable expenses, and spend more time with current buyers rather than cultivating new customers. Sales managers must determine the cost of each shortcoming in both current expenses and future lost sales.

2. Rate the situations detailed by Maria from most serious to the least serious. What course of action should she take to address each and when?

Maria would likely rate charging questionable expenses as first, then knowledge gaps, and lastly time allocation between established and potential new customers. However, depending upon a deeper understanding of the market and actual sales to forecasted sales numbers, recruiting new customers might be the top priority. One must also understand that these 3 shortcomings are classic complaints observed and complained about by most sales managers!

How to handle each shortcoming: (1) expenses: clarify in writing what is and what is not acceptable. Or have a meeting, discuss the matter and give each salesperson two copies of the expense guidance. Have them sign one and return to you! (2) salespeople often believe their product knowledge is better than it actually is and many salespeople represent multiple product lines with hundreds of details. If most sales team members are deficient in product knowledge, then a solution is to have factory reps come in and offer a short class about new products and distribute fact sheets. If only 1-2 salespeople need further training, then Maria can provide them with materials and instruct them to get up to speed. (3) time allocation: it is more comfortable to visit current satisfied customers than it is to make cold calls or meet with potential customers. This is a fact of life, but the firm needs new customers to grow and remain profitable. Maria can set quotas to drive salesperson behavior. Said differently, Maria might inform the sales team that their time should be devoted to 60 percent current customers and 40 percent new and potential customers. Maria can monitor the time spent at both new and old accounts to insure correct salesperson allocation of time.

3. How can Maria get her salesforce to correctly manage their expenses?

This was partially answered above. That said, remember that revenue – expenses = profits. An old saying in sales is: I want you to spend all the money you need to gain and keep a profitable account, but each expense must be justified. Often salespeople take this as permission to spend what they want without actually performing a cost benefit analysis. Maria, as sales manager, must conduct a cost-benefit analysis for all discretionary spending. For example, a salesperson should take a new customer to dinner after purchasing a product to build on the relationship. This can be considered a “thank you” from the selling firm; but does this mean that the salesperson should take the client to the most expensive restaurant

and also take his and the buyer's spouse? Not likely. In regard to charging gas, the salesperson should be required to provide their mileage for their car when seeking reimbursement. It is likely in today's firms that software is available to audit each expense report and when excessive gas or meals are present, the salesperson and perhaps sales manager will be interviewed. Lastly, most firms require sales team members to sign a statement that cheating on expenses will result in termination!

4. Should Maria consider a sales contest to motivate her sales team to recapture lost accounts? What are the advantages and disadvantages of a sales contest?

A sales contest infers that if salespeople put more time and effort on an account or product then great things will happen. When a company loses a customer then they are very likely to have taken on a new supplier and while the salesperson can visit the buyer on a regular basis trying to win the account back, few lost B2B customers will simply cancel their existing relationship and rejoin the original seller. Sales contests are more appropriate in B2C markets. Advantages and disadvantages of sales contests can be found on pages 235–236.

5. Can Maria compare her understanding and anticipated actions with that of her salespeople? Why or why not?

Maria cannot directly compare her knowledge or motivations to members of her sales team. Maria is a highly motivated salesperson and sales manager, but her job is not to sell but to ensure that her sales team sells! She must figure out why her team is not succeeding and offer advice and guidance to increase their performance. Maria can, and should, coach her team members when she rides with them for the day. Also, Maria must share information and offer advice on a regular basis. A final thought is that Maria should reward correct performance and withhold rewards when sales members do not act correctly.

6. Do you believe Maria has an accurate understanding of her role as a sales manager? Why or why not?

Yes, Maria has a good understanding of her role. That said, it is easy to forget you are a manager who not only manages sales but more importantly the sales effort. Good sales managers are seldom satisfied with either their or their sales team's performance. A good sales manager is there to help, to advise, and to counsel. Maria appears to be doing all that and also trying to devise solutions for observed problems.

Case Study 9: U.S. Industries: Business Ethics in Asia

ANSWERS TO CASE QUESTIONS

1. How can U.S. companies compete globally if laws such as the Foreign Corrupt Practices Act are in place?

This is a dilemma for US businesses trying to compete globally! As seen in the case, in some countries one must have a local agent who demands a percentage for guaranteeing the sale and then this “commission” is split between parties. If a firm will not pay a commission or give a gift, another company receives the business. In some ways the FCPA restricts some US business, but firms do find a way around the legal restrictions. Some firms “partner” with locals and lets the local firm finalize all transactions. In effect this case reflects the ethical fluidity found in many markets. Please look at the following link: <https://www.sec.gov/spotlight/foreign-corrupt-practices-act.shtml>.

2. Do you think Sandy should have bribed Yap Construction? Should he tell his company what he did? Explain your answer.

Like many salespersons Sandy is caught in the middle. That is, he works hard to secure business and plays by the rules set by his company and the US government. While Sandy was successful at some accounts, he knows he can win additional business by paying “grease” to buyers and fixers. The rub comes when his boss starts pressuring Sandy to increase sales since the sales manager is getting pressure from higher up! Ideally Sandy will win business with price, quality, and delivery attributes, but buyers have shown that bribes influence who receives the business.

It would have helped if Sandy had a clearer directive from his boss prior to promising a bribe. That said, he has two choices: (1) say nothing and hope the home office let’s things go—this suggests that Sandy’s boss was fired for another offense, or (2) fly home for a conference and explain what happened—this alternative is most likely to succeed by looking the decision-maker in the face and explaining the no-win environment and detailing how Sandy has tried to follow the rules and wants nothing more than to succeed for the company. A third plausible course of action is to call a mentor or someone who can be trusted to find out what is going on. If Sandy has supporters in the home office, he might offer an explanation to them and then ask them to lobby on his behalf.

3. Do you believe Sandy should have disregarded Ray’s e-mail message telling him to “untie his hands”? Or should he have clarified its implications with Ray? Explain your answer.

It is always prudent to clarify a superior’s instructions. Sandy should ask for these instructions to be clear to make sure he is behaving at the instructions of his supervisor. He could have disregarded Ray’s instructions and if questioned, say: “I thought you were joking since doing so would have been illegal.”

4. Research how U.S. companies that bribe their customers are brought to justice. What is the likelihood of their being caught?

Let’s start with the second question: the likelihood of being caught might not be great, but when unethical behavior is uncovered by the Department of Justice, the penalties and negative publicity can be quite

high. Bribery cases are often brought by the DOJ based up whistle-blowers and complaints from losing competitors.

A list of large US company bribery cases:

<https://www.investopedia.com/financial-edge/0512/the-biggest-bribe-cases-in-business-history.aspx>

A general overview of fighting corruption in business:

<https://www.tradecommissioner.gc.ca/canadexport/0000655.aspx?lang=eng>

Here are 25 examples of corruption that can help illustrate global ethics problems:

<https://www.transparency.org/en/news/25-corruption-scandals>

5. What other foreign-market entry barriers might U.S. companies run up against? What cultural barriers may have also hampered Sandy's sales in Asia?

In some countries, trade barriers are in place that make it difficult to penetrate. For example, for many years Japan refused to allow imports of women's makeup or snow skiing equipment because the "foreign" companies did not design their products based upon knowledge of Japanese women or snow!

Culturally, in many Asian business markets it is difficult to conduct business because US salespersons do not speak the local language or understand the complexity of the local marketplace. Salespersons and/or companies from other nations might require many years to gain the trust of local companies, something not fully understood by short-term US businesses.

6. From a management standpoint, how much time should a salesperson be given to penetrate a new market? Was Ray being fair in questioning Sandy's skills as a salesperson after only three years? Explain your answer. Would your answer be different if a salesperson were attempting to penetrate a domestic market? In what ways?

It is one thing to penetrate a market in the US, for example a city or state. To move to another country where different languages, cultures, and relationships exist is quite different from sending a new salesperson to the west coast or southwest! No, Ray was not being fair to question Sandy's sales skills, but Ray was likely feeling pressure to meet his goals. Salespersons around the world often lament about their managers not understanding their situation in regard to meeting goals or increasing business. No doubt Sandy has been writing reports of visits and submitting proposals back to Ray, so Sandy's field situation should not be a surprise to Ray or others at the home office.

7. Look up the Organisation for Economic Co-operation and Development (OECD) and explain how it tries to reduce the corruption related to foreign transactions.

Among the OECD's core strengths is its ability to offer its members a framework to compare experiences and examine "best practices." Additional information about OECD attempts to reduce corruption can be found at: <https://www.oecd.org/corruption/OECD-Strategic-Approach-Combating-Corruption-Promoting-Integrity.pdf>.

Case Study 10: Acme Software Solutions: A Salesforce Performance Evaluation

ANSWERS TO CASE QUESTIONS

1. Based on the data and Ashley's notes, what conclusions can you draw about Ashley's sales representatives?

Based upon the information presented, it appears Ashley has an average sales team in regard to their performance. Some members excel almost all the time while a few struggle. It is the manager's responsibility to understand how and why the salesperson performs as they do and offer guidance for improving their outcomes to reach company goals. Ashley is correct that there may be problems with just focusing on the salesperson reaching their "numbers." This case offers insight into how a sales manager "peels the onion" to gain a more nuanced view of their sales team.

2. What conclusions can you draw based on Jerry's performance and Ashley's notes?

Ashley has the information to compare and contrast sales performance across and within each territory. She also has a year's worth of ride-along notes, and she likely has notes from buyers who called to complain and based upon phone conversations with Jerry. In a nutshell, Jerry does not appear to manage his time well and he also does not seem to be prepared for his sales calls. To learn that a customer will not renew their contract or that they are purchasing from a competitor proves a salesperson has not kept in close contact with the buyer! To argue that Acme products have problems when this was not true suggests Jerry was trying to shift the blame for losing the account. Both behaviors should raise red flags for managers.

3. What possible explanations should Ashley expect from Jerry and how would you recommend she handle them?

Jerry will likely claim the problem lies elsewhere which is a common response from salespersons who are struggling. It is much easier to rationalize that more could be sold IF the product was better, prices were lower, shipping was faster etc. Ashley must listen to Jerry but use facts to refute his arguments. That is, he missed his quotas by 11+ percent and had sold \$100K entry packages, which are often easier to sell. Likewise, total closed sales were lowest at 74 which suggests he has problems closing a sale. Serious concern should be raised due to his discounting products as seen in margins and particularly rush orders and complaints! This means Jerry may try to drop prices to sell a product that needs to be delivered quickly and when he cannot deliver his promises, buyers complain. Ashley should ask Jerry to explain why he has the lowest margins, highest rush orders, and most complaints in her region.

4. Ashley's manager will ask about her future plans for Jerry. What would you suggest she tell her manager?

It is likely that Jerry will not be able to explain/justify his lackluster performance and Ashley will need to put him on notice. Meaning, that Ashley tells him he is a valued member of the team BUT changes have to occur if he wants to remain on the team. Ashley can offer training and guidance, but the ball is in Jerry's court. Once this has been delivered in person and by follow-up e-mail, the plan should be

shared with Ashley's boss. It is possible Jerry has problems in his family life, but he needs to improve his management and service to the customers in his territory.

5. Are there any other sales representatives Ashley should be concerned about? What are her top team members doing that makes their performance notable?

Kim in South Carolina also needs closer oversight. She is working much fewer days, has lower than average margins, higher rush orders, and 2nd highest complaints. Rush orders and complaints indicate a lack of attention to detail and lowest work days indicate Kim is either sick or that something else is occupying her time.

As is normal for most sales organizations some sales personnel work full days (number of calls made is high), plan well (fewest miles traveled/low expenses) and have few complaints (monitor and work with buyers). It is complex to compare/contrast sales team members in different territories because the territories differ in number of customers and their size and the distance between locations. All of these factors should be factored into the quotas set!

Bonus Case: Who Broke the Watch?

Jean Safari was investigating a serious error made by a Japanese salesperson at the Japanese subsidiary of a U.S. multinational firm. A computer had been broken and as a result, data entry was behind schedule. Jean asked the Japanese sales manager which salesperson had broken the computer and what action was being taken against him? She was amazed when the sales manager said he did not know. “The entire work group has accepted responsibility,” he told her. As to the specific salesperson responsible, they did not tell me and I did not ask. Even the director of information systems does not know and if he did, he would not tell me either.

But, if everyone is responsible, then no one is, Jean argued. They are simply protecting each other’s carelessness.

“This is not how we see it.” The sales manager was polite but firm. “I understand the salesperson who was responsible was so upset he went home. He tried to resign. Two senior sales reps went to his home and coaxed him back to work. The group knows he was responsible and is ashamed. However, he is new to the salesforce and the group feels they did not offer enough training or help to allow him to succeed. That is why the entire salesforce has apologized and they have offered to apologize personally to you!”

“No, no, I don’t want an apology,” said Jean. “I want to stop it from happening again...” She wondered what she should do. Should Jean insist on knowing the name of the culprit? Should the guilty party be punished?

CASE QUESTIONS AND ANSWERS

1. What is the cultural dilemma seen between the US manager and Japanese workers?

In this situation the U.S. sales manager wants individual responsibility, and the Japanese managers view this as a group or collectivistic problem.

2. Should Jean insist on knowing the identity of the perpetrator? Why?

No. Jean needs to understand that the problem will be handled by the group, which in this circumstance means that many individuals are assuming responsibility not to let the error occur again.

3. In this scenario has the “culprit” be punished? Why or why not?

The guilty party has, for want of a better term, “lost face.” This is why he tried to resign, left the office and went home. Japanese workers identify with their employer and to resign is the highest level of remorse. In effect the culprit punished himself!

4. What would happen if this same exact situation occurred in the U.S.?

It is quite likely the individual who wrecked the computer or lost the software would be reprimanded. This means a written report would go in his/her file and if something happened again in the future, s/he might be terminated. The purpose of this exercise is to show the class that different cultures call for different styles and approaches to managing a salesforce!