

Chapter 1: Introduction to Sales Management

INTRODUCING THE CHAPTER

This chapter serves as an introduction to sales management and discusses four main topics: the strategy hierarchy, the different types of selling approaches, the selling process, and the responsibilities of sales leaders.

Sales leaders participate in the creation of the firm's strategy, which starts with the development of objectives. This usually begins with a mission statement to describe the firm's overall reason for existence. The strategy hierarchy begins with the corporate strategy, from which the marketing and sales strategies are developed.

Companies should have a standard sales approach, even though the techniques that salespeople will end up using will vary depending on customers buying decisions. The selling process consists of eight steps. These may occur sequentially, one after the other. At times, salespeople may find that the steps occur in different orders, are repeated, or may be skipped, depending on what item being sold and/or to what customer. The basic selling approach is similar for all the selling approaches.

There are different levels of sales leaders. The sales executive is at the top of the organizational chart and leads the company's sales efforts. The sales manager is the first level manager to whom salespeople report, and focuses on activities related to the direct supervision of salespeople.

Chapter Objectives

After completing this chapter, students should be able to:

- Describe the strategy hierarchy and understand how a firm's sales and marketing strategies affect its overall strategy.
- Identify the different types of selling strategies and how the selling process varies across them.
- Outline the sales management process and the responsibilities and activities of sales managers.

Introduction

In the minds of a company's customers, salespeople define the company, because salespeople are often the only face of the company that customers ever see.

I. Mission and Mission Statement

II. The Strategy Hierarchy

A. Corporate Strategy

B. Marketing Strategy

1. What markets do we serve with what products?
2. What types of relationships do we form and with whom?
3. What level of investment will be required, and how will we allocate the needed resources?
4. What are the detailed objectives and action plans?

C. Sales Strategy

III. Selling Approaches

A. Four approaches to selling

1. Transactional selling
2. Affiliative selling
3. Consultative selling
4. Enterprise selling

IV. The Selling Process

A. Eight steps in the selling process

1. Lead Generation
2. Pre-Call Planning
3. Approach
4. Needs Identification
5. Presentation
6. Handling Objections
7. Closing the Sale
8. Implementation/Follow-Up

V. How the Selling Process Fits in the Selling Approach

VI. From Sales Representative to Sales Manager

VII. Sales Leaders

A. The Sales Executive

1. Planning
2. Organizing
3. Implementing
4. Monitoring

B. The Field Sales Manager

VIII. Managing Your Career

IX. Chapter Summary

MANAGING YOUR CAREER

It is understandable why students often pursue jobs with the highest salary. Unfortunately, that job approach can often result in them finding that they don't have a good fit with their new position. These examples can lead into a discussion of what other company characteristics they might consider. Discuss how students can set SMART goals for their job search process and how can use their objectives to make decisions about their various opportunities.

SUPPLEMENTAL VIDEOS DISCUSSION SUGGESTIONS

3 Key Skills for Effective Sales Management (Brian Tracy): Brian talks about key skills necessary for sales managers. You can use this video to kick off a discussion about key skills necessary for salespeople. Which of these skills are transferrable to sales management? Have students brainstorm how they can develop their skills so they can become effective sales managers.

Alternatively, you can use the video to discuss Caselet 1.2. Ask students to discuss each skill and how LaToya can improve to turn things around.

Sales Tips from a 25-year Veteran of B2B Sales (Tibor Shanto): This video would be good to show during your discussion of the selling approaches and sales process.

Some potential discussion questions:

- What role does/should value play in the strategy setting process?
- What fears do students have about a career in sales?
- Why is it important for nonsales managers to understand sales management and the sales function?

The Power of Yet (Carol S. Dweck): This video talks about how believing one can improve impacts one's ability to succeed. The video offers 3 key takeaways: fostering a growth mindset requires understanding that you are on a learning curve, it's important to praise the process as that leads to persistence, and that focusing on results over potential can lead to people giving up. Discuss what these takeaways mean for salespeople. How can students foster a growth mindset? What impact might a change in mindset mean for their performance?

QUESTIONS AND PROBLEMS

1. Why is the sales position one of the hardest positions to fill?

Answers may vary but could include negative stereotypes about the profession, difficulty finding people with the right characteristics (e.g., self-motivation, organization, time management skills, etc.), etc.

2. What is your lifetime value at a local pizza parlor (or another restaurant of your choice)? What is your lifetime value at your university? Are either particularly good at implementing the concept of lifetime value?

The value at the pizza parlor will depend on how much and how often the student buys. The amount “spent” with the university will change over the course of a student's life (i.e., money spent as a student vs. money spent/donated as a recent graduate vs. money spent/donated as an established professional).

If you discuss this in class, point that out as elements of the formula. In terms of growth strategy, students should note that a pizza restaurant might grow by increasing the number of reasons for going (pizza, then pizza plus beverages, then watching big sporting events, etc.) while a university might try to grow through other kinds of service/experience.

3. How might the sales process vary for the following products?

a. Vernell's Sugar Camp Maple Syrups to a regional grocery chain

The selling process will be brief and would most probably skip many steps in the selling process. For instance, if the salesperson would be selling to a current customer, then the sale is more likely to involve choices in merchandising or promoting the maple syrup in the stores rather than choosing whether to carry the product or not. Therefore, the sale can be closed in a relatively short time. However, if the product is new to the grocery chain, then the process might be longer and involve multiple calls, following the complete outline of activities in the sales process.

b. Complex medical scanning equipment that costs millions of dollars

The selling process will probably be longer than a year and flow sequentially through the whole selling process, from prospecting to follow up. You might expect several people involved from the selling side and several on the buying side.

c. Business software used in manufacturing

The selling process would most probably be less lengthy than selling the medical equipment but would generally flow through the whole selling process from prospecting to implementation. Much depends on whether the entire company uses the software or whether it is specific to a particular department and whether the buyer wants a long-term relationship or follows a bid process with each purchase.

d. Nationwide lodging to corporate customers

The selling process may not follow all the steps. However, the salesperson might have to explain the benefits of the lodging that he or she is selling. The selling process would probably revolve around needs identification, and handling objections.

4. Find your university's mission statement. Compare it to another university's mission statement. How do they compare in terms of explaining what they are about?

Clearly, responses will vary significantly across students but look for comments that indicate the statements provide clarity and distinctiveness.

5. Develop your own personal mission statement. How does it impact your choice of career and first job? How can you utilize a SMART approach to outline goals for your job search?

Clearly, responses will vary significantly across students but look for comments that indicate the statements provide clarity and distinctiveness in their mission statement, same as with #4. For SMART goals, look for specific numbers of calls on potential employers, etc.

6. Pick two of your favorite business organizations and compare their mission statements. Using Exhibit 1.2 as your guide, write what you would consider to be their corporate strategy, marketing strategy and their sales strategy.

Responses will vary across students but look for how the strategy changes at different levels of the organization.

7. Many organizations promote high levels of service. What does a "service-dominant logic" mean to salespeople? Create an example of how a salesperson would demonstrate that to their customers. Why would that concept be important to a sales organization?

It means that being in business is about meeting the needs of others. This concept would be important to salespeople because they center on making money for the company by selling goods and services; and by ensuring that they meet the customer's need, they will increase sales.

8. Which step in the sales process do you think is the most difficult and why? Which one would you consider the easiest?

Answers may vary across students and familiarity of the sales process. Needs identification and objection handling are two steps students often find difficult.

9. Walk About Sports has a thriving business selling active lifestyle clothing in a local resort town. Create some examples of how the company might grow its organization through market penetration, product development (which could include a service), market development, and diversification.

Answers will vary but an example might be:

Market penetration – creating an online store so patrons can shop year-round

Product development – a new style of lifestyle clothing

Market development – opening a store in another resort town

Diversification – adding wellness line of skin care products

10. What are the primary responsibilities for a salesperson, a sales manager, and a sales executive?

Salesperson primary responsibility is to meet their individual sales quota by selling a product or service to prospects and customers.

Sales managers' primary responsibility is to achieve their team's sales quotas by implementing the plan set by the sales executive. They are also responsible for the hiring, training, and management of the salespeople assigned to them.

The sales executive's primary responsibility is to lead the salesforce to achieving its goals by making specific sales plans, organizing the salesforce, implementing the plan to the salesforce, and monitoring performance to determine the effectiveness of the sales strategy.

ROLE PLAY

Graduation Time

Break into pairs, with each student picking one company. You are the sales manager for that company. Take a moment and think about issues reflective of a service dominant logic in each situation. From that reflection and other concepts discussed, identify three characteristics that, as a sales manager, you would want each new salesperson to have. Then take turns interviewing the other for a sales position.

Example characteristics might include:

1. *Excellent communication skills* – the sales person should be able to listen to the customers, understand what their needs are and respond to them satisfactorily on how the products will meet their needs.
2. *Enthusiastic* – the sales person should have a passion for the job and what they are selling.
3. *Persistent* – the sales person should have the will to go on, as not every customer they approach will want to buy the product.

As you observe students role-playing, ask them how they can prove that they have those characteristics if they are the job candidate? How can they observe and measure whether the candidate has those characteristics?

ANSWERS FOR CHAPTER CASELETS

Caselet 1.1: Luscious Landscapes

Case Questions:

1. At this point, it was pretty clear that there were problems. What might those be?

The problems include salespeople calling on the same prospects, other prospects not being contacted, low numbers of sold franchises, employee turnover, franchisees wanting out of their contracts, franchisees feeling misled.

2. What should Mack do to save his business?

Mack should take a look at the corporate, market, and sales strategies and make sure they are aligned and working toward his mission for the organization. He should then outline the organizations detailed objectives and action plans to set milestones and motivate his employees. He should also review organization of the salesforce and make sure everyone is clear on their responsibilities and roles. Mack should consider how to organize the salesforce so that it aligns with his strategy of the company.

Caselet 1.2: A Cry for Help

Case Questions:

1. What advice would you give LaToya if you were Ashley?

LaToya needs to figure out how to motivate her team and should adopt a coaching philosophy over a dictatorial style. Her job is to help her team deliver results, not turn them into clones of herself.

2. Can LaToya make it as a manager? Or should she go back to sales?

LaToya can make it as a manager if she works at it, but she may find that she prefers being a salesperson rather than a manager.

OTHER IN-CLASS EXERCISES

Debate: What's Best?

Divide the class into groups. Dividing them randomly makes for more fun, but you can also divide them on the basis of how they answer the question “Does money motivate?” However, you’ll need to divide them into groups of equal size. Each group should be about 4 people. If you divide based on the question, put two who say yes and two who say no into each group. (Note, the purpose of the question is to just divide them into groups. Later in the semester, you can debate that question when you are covering compensation.)

The task is to prepare to debate the question “Which method of selling is the best method for the customer?” Assign to each group one approach – transactional, affiliative, consultative, and enterprise. If the numbers work out, you can also assign all four methods to one group, meaning that they get to argue that all are equally good for customers.

Alternatively, you can ask students to debate the question, “which is more important, sales or marketing?” If the numbers work out (if you have 6 groups), you can do both.

Once you have chosen the question, decide based on how much time you have and how many groups whether you want to do a full class debate or a by-group debate. Each group gets 10 minutes to prepare, 5 for the actual debate (in which they can present their case) and 1 minute for rebuttal. Who goes first is determined by a coin toss. At the end of the debate, you can take a class vote to determine the winner.

Where Do You See Yourself in 5 Years?

Often in an interview, students are asked where do they see themselves in 5 years? Most students have no idea how to answer this question and just make something up. This exercise will help students consider this question and be able to set objectives to help with decision-making.

Ask your students to close their eyes and think about the kind of life they want to be leading in 5 years. What does it look like? The idea is to focus on how you want to live versus what job do you want to have. For example, some might see themselves traveling a lot or settling down to have a family or advancing up the career ladder.

Once they have an idea of what they want their life to look like, they should write down what they will need to make that happen. If it is a traveling lifestyle, they will need time, money, etc. From this list they should be able to make several SMART objectives about what they will need to achieve in the next 5 years to have the life they envisioned.

You can then ask them to get on LinkedIn or Indeed.com and find a job description that would be in line with the objectives they set. Why do they think this job is a good fit? What information would they need to get during the interview process to know if that opportunity would put them on the path towards their objective or away from it.