

Instructor's Manual
for
Sales Management
Shaping Future Sales Leaders

THIRD EDITION

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Dear Colleagues,

Thank you for adopting *Sales Management: Shaping Future Leaders* (3rd edition) published by Wessex Press, Inc. As seasoned instructors of the Sales Management course, we know how valuable a comprehensive Instructor's Manual (IM) can be. To that end, we included a number of elements to help you successfully deliver your course. This IM is organized for easy use by those experienced or new to teaching Sales Management. Each IM chapter contains:

- **Chapter Objectives** to assist you in identifying class teaching objectives.
- An **Introduction** to provide you with a snapshot of the chapter and key teaching points.
- The **Chapter Outline** to allow you to identify key topics for your lesson plan.
- Ways to incorporate the **Managing Your Career** discussion in class, thereby allowing you to provide the “what’s in it for me” (WIIFM) for your students.
- Suggestions for discussing the **Supplemental Videos** that relate to the chapter and incorporating the shorter videos into class to support student engagement. This edition of *Sales Management* includes links to these supplemental videos as well as video conversations with the executives featured in the **Executive Profiles**.
- Possible answers for the **End-of-Chapter Questions** to allow you to easily incorporate these questions into homework and/or exams (possible answers can be incorporated in the grading rubric).
- Ideas for managing the end-of-chapter **Role Play** with class management suggestions.
- Recommendations for discussing in class the end-of-chapter **Caselets**.
- Additional ideas for **Teaching Materials** to make the class more experiential (for selected chapters).

Included in each chapter preceding the Chapter Summary is a *Managing Your Career* section. This material was added to remind students how the information on sales management practices can be applied to managing their career. Students often ask: “This is interesting, but why is it important?” Our goal with this section is to explain how this knowledge can immediately impact the new salesperson and in the all-too-near future, when many students quickly move into sales management! We encourage you to use it as a wrap-up discussion in class for each chapter.

We’ve also included new materials in the call-out boxes entitled *Ethics in Sales Management* and *Global Sales Management*. We know that some students may “overlook” this material and encourage you to incorporate it into your class discussions. Other teaching aids available only to adopters include a Test Bank hosted on Respondus® and our PowerPoint® slides.

This Third Edition includes all-new full-length cases which offer scenarios your students can analyze that are based upon actual business events. We also have cases from the first or second editions that you may utilize. Simply contact one of us and we will forward them to you. Thus, with two or more caselets per chapter, role plays, “Managing Your Career,” and 10 full-length cases, you have a lot of material to engage your sales management students in class. As always, if you have any questions or suggestions about how we might improve this text or IM, we appreciate you contacting us.

Best wishes for a great class!

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Contents

PART ONE: LEADING AS A SALESPERSON

Chapter 1: Introduction to Sales Management	1
Chapter 2: The Roles Salespeople Play and Multichannel Sales Environments	8
Chapter 3: Fundamental Approaches to Leadership Development	15

PART TWO: LEADING AS A SALES MANAGER

Chapter 4: Recruiting and Selecting the Right Salespeople	23
Chapter 5: Training and Developing the Salesforce	32
Chapter 6: Supervising, Managing, and Leading Salespeople Individually and in Teams	40
Chapter 7: Setting Goals and Managing the Performance of the Salesforce	48
Chapter 8: Motivating and Rewarding Salespeople	55

PART THREE: LEADING AS A SALES EXECUTIVE

Chapter 9: Ethics, the Law, and Sales Leadership	62
Chapter 10: Managing Sales Technology and Sales Enablement Successfully	70
Chapter 11: Turning Customer Information into a Winning Sales Strategy	77
Chapter 12: Designing and Organizing the Salesforce	86
Chapter 13: Assessing the Salesforce's Performance and Coaching for Improvements	97
Chapter 14: Effectively Leveraging Culture as a Sales Leader	104

PART FOUR: CASE STUDIES

Case Study 1: The Phone Call	115
(Blackrock exec loses career for dodging fares)	116
Case Study 2: Izukto Pharmaceuticals	117
Case Study 3: Firmer Shapes' Sales Philosophy	119
Case Study 4: Pony Express Bank Needs Higher Profits	121
Case Study 5: MidWest Sales Associates: Please, Let's Hire Someone!	123
Case Study 6: LA Distributors: Creating a Diversity Program	125
Case Study 7: R.G. Jameson: Achieving Internal Alignment	127
Case Study 8: Cape Fear Sales Associates: Evaluating and Improving Performance	129
Case Study 9: U.S. Industries: Business Ethics in Asia	131
Case Study 10: Acme Software Solutions: A Salesforce Performance Evaluation	133
Bonus Case: Who Broke the Watch?	135

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.

Chapter 2: The Roles Salespeople Play and Multichannel Sales Environments

INTRODUCING THE CHAPTER

This chapter focuses on the sales function, the various channels in which the sales function can be carried out and the aligning of a firm's strategy in a multi-channel environment.

Salespeople have to take an active role in the supply chain. Selling in the multichannel environment means that salespeople and sales managers have to integrate their activities with the other channels through which the company sells. Customers want to buy through the channel that is most convenient, and get service in the most convenient way.

This chapter also covers B2B buyers and the decision-making process. Understanding how buyers make decisions, the different relationships buyers engage in with suppliers, and how to manage the buying process, are key skills essential to sales success.

Chapter Objectives

After completing this chapter, students should be able to:

- Explain the various roles salespeople play in addition to their regular sales roles.
- Identify how sales roles are carried out through various channels.
- Describe the options for completing the sales function.
- Explain how effective sales management efforts can align a firm's sales strategy in a multi-channel environment.
- Understand how business-to-business (B2B) customers make decisions.

Chapter Outline

The sales function can be carried out in various channels. In a multichannel environment, it is important to align the firm's strategy across the functional areas of an organization.

- I. Salespeople's Roles
- II. Make or Buy? Outsourcing the Sales Function
 - A. Types of Outsourced Salespeople
 - B. Types of Company-Employed Salespeople
 - C. Team Selling
- III. Selling in a Multichannel Environment
 - A. Aligning the Functions
 - B. Achieving Alignment

- IV. Understanding B2B Purchasing Decisions
 - A. The Buyer's Decision-Making Process
 - 1. Problem recognition
 - 2. Information search
 - 3. Evaluation of alternatives
 - 4. Purchase Decision
 - 5. Postpurchase evaluation
- V. The Nature of B2B Relationships
 - A. Transactional relationship
 - B. Facilitative relationship
 - C. Integrative relationship
- VI. Managing Your Career
- VII. Chapter Summary

MANAGING YOUR CAREER

What's the best way to sell? The takeaway from this chapter is that there is no single sales career, but many types of selling. Sales is not sales is not sales. Students need to explore the differences to see what might be their best fit.

SUPPLEMENTAL VIDEOS DISCUSSION SUGGESTIONS

Understanding and Defining Sales Channels: This video is a good introduction into sales channel and discusses channel conflict. Have students map out the sales channels for various products such as HP laptops, Coca-Cola (or other beverage of choice), Apple iPhone, etc. Then have them consider these brands multi-channel strategies. Is there channel conflict? How does the company handle that conflict?

B2B Marketing: Gaining Multi-Channel ROI: One benefit of a multi-channel strategy is to be able to reach various segments and demographics of consumers where they are. Have students research different generations (e.g., boomers, gen x, millennials, etc.), what are the best ways for a product to communicate/reach each generation? What about other demographic groups?

In the second half of the video, the discussion turns to the relationship between marketing and sales. This is a good opportunity to discuss how marketing and sales can work together, the role marketing plays in lead generation, and the importance that various functions work together (i.e., marketing, sales, customer service) to provide a consistent experience for customers.

How to Accelerate Growth with an Efficient, Highly Targeted, Multichannel Sales Process: Ask students to conduct a micro-segmentation analysis of the school they attend for school-branded items sold through the bookstore. What are the major buckets (e.g., students, faculty, staff, alumni, etc.) and then what are the smaller pockets in each bucket? What are the various channels the bookstore can use to sell their items? How should the bookstore communicate with each segment?

QUESTIONS AND PROBLEMS

1. **A salesperson says to you, “I own the customer; I alone am responsible for making sales happen, so I alone should manage all of the communication with that customer. Marketing should only do what I tell them to do because most of what they do is a waste of time and inconsistent with what my customer needs to hear.” Marketing responds that doing so is inefficient, creates confusing messages, and leads to more problems. Who’s right? What effect could such a conflict have on the firm’s ability to execute its strategy and accomplish its objectives? Why isn’t it enough to just say the company needs its sales and marketing departments to get along?**

The departments in the firm are supposed to complement each other and focus on the common goal of selling the way the customer wants to buy. If the departments have a conflict with each other, then the firm’s alignment will be impacted negatively, which will in turn affect sales to the customer and the firm’s efforts to gain a competitive advantage.

2. **At Separis, field salespeople call on major accounts, and a call center handles medium-sized accounts. Small accountholders place orders through the website. Each channel is operated as a separate profit center, meaning that each channel manager is evaluated on how well each channel performs in terms of delivering a profit. What are the potential problems with this approach? What are the benefits? What needs to happen to maximize the company’s benefits and minimize its problems?**

Customers don’t really care if each channel is operated differently; they expect the company to act as one company. When each channel is measured separately for profit, then the tendency is to not handle problems that may have started in another channel; after all, that adds cost and the revenue went to the other channel. The benefits are that each channel director can manage the business as a business and be more entrepreneurial but that doesn’t outweigh the negatives from the customer’s perspective and may also add layers of cost. If the goal is to enable innovation and entrepreneurship, as well as responsibility and accountability, then build those values into compensation and evaluation processes explicitly.

3. **Separis has also separated the sales function from the after-sale service customers receive. Service issues are handled by a separate contact center established strictly for that purpose. If a major account calls its salesperson with a service question, the representative is supposed to direct the customer to Separis’s contact center. Why would a company take this approach to customer service? What possible problems could arise from such a policy?**

If the kind of service required is very specialized the salesperson may not be the best person to carry out the customer service as he or she may not be trained for it. In such a case a separate department take care of customer service. If the service needed does not require a specialist, then the salesperson can carry it out.

- 4. Microsoft, among others, has created chatbots that interact with potential buyers on the web. The goal is to move a sale far enough along so that when a human gets involved, the probability of closing the sale is very high. Some prospects, though, push back. Not realizing that they've been dealing with a bot, they don't want to get transferred to someone new. These types of situations have led some people to believe that technology will, ultimately, replace salespeople. Others believe salespeople will always have a place. What do you think? Why?**

Answers may vary but expect most students to agree that sales will have a place. People want human interaction and need human interaction to develop trust, in most instances. In addition, the role of salespeople is changing to be as much about managing the business as about persuasion. Some sales jobs may go away, but according to the U.S. Dept. of Labor, the number of salespeople in the U.S. has held constant for the past 20 years. This statistic suggests that the job is changing to still add value, in spite of technology replacing many functions that salespeople used to do, such as inventory management (say in grocery stores), billing, and others.

- 5. When you choose insurance for your automobile, you can select from any number of options. How many channels can you list in terms of the way you can buy car insurance? Identify a couple of companies for each channel. Are there some that seem to use a lot more channels, or do they seem to focus on just one channel or a few channels? Pick two very different companies and consider why their strategies might differ. Which strategy would you prefer, and why?**

Students can easily identify GEICO as an example of a web-based company but may not realize that Progressive is both web- and agent-based. State Farm is entirely agent driven. Answers will vary but web-only is typically cost-driven with little desire for a relationship, whereas agent channels are more about the relationship and trust, concern over service, a desire for relying on the agent's expertise, etc.

- 6. Would you trust someone more if you knew your salesperson was an employee of the company that made the product or an employee of a company representing many different product lines? Would it matter to you whether that salesperson was paid a commission? What types of products might change your response?**

While preferences might vary, the point here is for students to consider what will bring them the best solution. A multi-line salesperson can be likened to a retail store — most carry multiple brands. Some students may be quick to say that they want someone who is expert in one product line and can provide the service that comes with being an employee. In terms of commission, most will likely say they would not want that because they feel the rep won't have their best interest at heart. What is the value of reputation and can that help protect the consumer? Can legislation or regulation?

7. **Have you noticed that when you buy a product at a store and get home to put it together, inside the box is often a piece of paper that says “Have a problem or part missing? Don’t take this back to the store — call us!” Why do the manufacturers and retailers do this? Is this an example of seamless integration? Is that what you would want to do as a consumer? Now, think about a B2B situation and Koehler, which was discussed in the chapter. Does your plumber, having purchased a part from a distributor only to find it is missing a piece, want to receive a message such as this? What effect would that have on Koehler’s sales?**

No, this would not be an example of seamless integration because it prevents customers from communicating with the company in the ways they prefer. Companies who are not fully aligned might choose to handle customer service issues this way because they have separate customer-interfacing functions handling different parts of the customer experience.

A plumber is not going to want to have to go through various channels to take care of a product issue and might avoid purchasing Koehler products.

8. **You sell a new technology that requires customers to significantly change how they operate in order to fully reap the benefits. What functions will salespeople play in getting this technology accepted by the market? How will buying processes be affected, and how will those effects change or influence how salespeople interact with buyers?**

Salespeople will engage in selling, managing account relationships, and market sensing. Additionally, they will need to be focused on after-sale service to make sure customers who have adopted the technology are receiving the full benefits.

Salespeople will want to have a facilitative or integrative relationship with customers and will need to be involved early in the buying process to help buyers in the problem recognition and information search stages.

9. **Your aunt designed an apparatus that lengthens the life of electric motors. However, she’s an engineer and not a business person. How would you advise her to get her product to market, using what you learned in this chapter?**

Answers may vary, but students should discuss multi-channel options and the various options for outsourcing the sales function.

ROLE PLAY

Gartman Insights

Assignment: Break into pairs, with one person taking on the role of Louise and another Rusty. Louise should develop a list of objectives (using the SMART format from Chapter 1), as well as a list of concerns regarding outsourcing the selling effort. Rusty should develop a particular sales format (telephone, field, etc.) and prepare a list of advantages for that format. Once prepared, then role play the sales call Rusty makes to Louise.

Louise

Examples of objectives:

- To increase the subscriber base by 10% within the next year
- To increase the advertising sales by 10 % within the next year

Examples of concern for outsourcing:

- Fear that Rusty's company may not focus on Louise's customers or afford them the same attention that Louise's company would, leading to customer dissatisfaction and a decline in sales
- A feeling of loss of control over the selling process because Rusty's firm will be in charge of the sales and subscriber management

Rusty – Sales format

Example of a sales format: Telephone

Advantages:

- Reach a large number of people without having to physically visit them
- Good way to maintain a good relationship with existing customers, giving them a more personalized service

ANSWERS FOR CHAPTER CASELETS

Caselet 2.1: Iota Gamma Group

Case Question:

1. What alternatives for growth might Takia consider? What multichannel options might she pursue?

Takia might consider how to retain the customers she has as well as how gain new customers. Most students will focus on growth only, because of the question, but if you discuss this in class, encourage students to think about how to free-up current salespeople so they can acquire new business.

Multichannel options:

- *Internet:* She could pursue the option of having a customer portal, particularly for customer retention and re-ordering, if that can also free up salespeople to make more new account calls. Hiring an additional salesperson would be an expense she cannot afford right now. Customers can order online on a website that provides each customer with customized information. The customers could track their orders online.
- She could also set up a call center to handle customer orders and complaints, as well as possibly bring in new accounts or prospect for the salespeople. Alternatively, she could hire a call center company to perform the function for her, either on a per-call basis or perhaps on some form of performance-based compensation.

Caselet 2.2: New South Apparel

Case Questions:

1. Is Alex Del Reyes being too critical of his coworkers? Why or why not?

Answers may vary, but it does not appear that Alex is being too critical especially when the customer is reconsidering doing business with NSA.

2. How aligned do you feel New South Apparel is with regard to its customer service? Please provide an example from the caselet.

NSA does not appear to be aligned when it comes to customer service. An example would be that the production department appears to be incentivized on speed of completing shipments over completing orders correctly.

3. To whose attention should Alex bring his concerns? Or said differently, who should be fighting battles with other company functional areas?

Alex should discuss his concerns with his sales executive.

4. How important is a firm's alignment to the company's success?

It is important the entire customer experience is positive and consistent. Alex or the salesperson cannot be the only function providing good customer service. What happens after a sale is made is also really important.

5. What might happen if Alex continues to experience misaligned customer management?

Ultimately, if customers are having poor after-sale experiences, it could result in Alex losing repeat business and impact his ability to hit his sales targets.

OTHER IN-CLASS EXERCISES

Functional Approach: One possible in-class exercise is to have students list functions that salespeople could fulfill. Divide the class into product categories; depending on class size, you can do several specific products like insurance, office equipment, etc. assigning one product to each person in a group. Then have them individually list all of the functions or tasks that a salesperson for their product is likely to fulfill. When complete, they can compare within the group and across the sales positions. Did anyone add to their list based on the conversation? What were some of the tasks that were not on all lists? Why is that? Could those be outsourced or delegated to someone else in the company?

Chapter 3: Leadership and the Sales Executive

INTRODUCING THE CHAPTER

The topic of leadership is of great interest to everyone, from world leaders to sales managers, but is too often overlooked by students and employers. Research shows that too few companies believe they have the leaders they need and have difficulty recruiting them. A good way to introduce this chapter is to ask students to describe their leadership styles. Often, we will find that while they may have heard discussions about leadership, they have not looked at how the topic applies to them personally.

The chapter looks at a historical review of the major approaches to studying leadership and the contributions made by each. Within each of the five major approaches, several individual theories or approaches are described. Each school of thought has contributed and has set the stage for further research. The most recent approaches have incorporated past contributions and brought forward a focus on more personal leadership qualities. One idea for a class discussion would be to identify whom they consider to be good (and not so good) leaders and why they chose this person. A visit with past issues and the websites of *Selling Power* or *Sales & Marketing Management* may help them define the topic from a sales perspective.

Given that sales executives have noted shortcomings in the leadership demonstrated by their sales managers, we believe that this chapter will help students begin the process of actively shaping their own sales management leadership skills — regardless of which leadership model they prefer to follow.

The chapter closes with a discussion of future challenges for sales leaders and executives. Many of the issues identified are tied with leader-member interactions and the development of salesforce members.

Chapter 6: “Supervising, Managing, and Leading Salespeople Individually and in Teams,” is an extension of this chapter. It focuses more heavily on the application of behaviors by sales managers, with sections on coaching, mentoring, and virtual leadership.

Chapter Objectives

After completing this chapter, students should be able to:

- Understand the historical development of leadership and its different approaches.
- Recognize the contributions made by contemporary leadership approaches.
- Identify issues that today’s sales leaders face.
- Use the information in this chapter to develop your own leadership skills.

Chapter Outline

- I. What is Leadership?
 - A. Leading versus Managing
 - B. Understanding Leadership: An Historical Perspective
 - C. The Trait Approach: “These are the Traits You Need to Be a Leader”
 1. Intelligence
 2. Self-confidence
 3. Determination
 4. Integrity
 5. Sociability

- D. The Behavioral Approach: “This Is How a Leader Behaves”
- E. Situational Approaches: “Assess the Situation, and then Fit the Behavior to It”
 - 1. Contingency theory of leadership
 - a. Leader-member relations
 - b. Task structure
 - c. Position power
 - 2. Situational leadership model
 - a. Directing
 - b. Coaching
 - c. Supporting
 - d. Delegating
- F. Contemporary Perspectives of Understanding Leadership: “Motivate Your Followers Through Leadership”
- G. Emerging Concepts of Leadership: “Develop Your Followers.”
 - 1. Be proactive.
 - 2. Begin with the end in mind.
 - 3. Put first things first.
 - 4. Think win-win.
 - 5. Seek first understand, then to be understood.
 - 6. Synergize.
 - 7. Sharpen the saw.
 - 8. Find your voice and inspire others to find theirs.
- H. Emergent Leadership
 - 1. Time
 - 2. Connection
 - 3. Authority
 - 4. Cooperation

II. Managing Your Career

- A. Get involved.
- B. Generate ideas.
- C. Be willing to collaborate.
- D. Be willing to lead initiatives.
- E. Develop leaders as you develop.
- F. Stay current.
- G. Anticipate market changes.
- H. Drive your own growth.
- I. Be a player for all seasons.

III. Summary

MANAGING YOUR CAREER

This listing of “good advice” can help open a discussion of what students have heard from other leaders and most importantly how they can translate them into actions.

SUPPLEMENTAL VIDEOS DISCUSSION SUGGESTIONS

Sales Management & Leadership: This video is a good overview of sales management and leadership. It covers a lot of topics where management and leadership could overlap. Have students discuss the differences between leading, managing, and coaching/mentoring. Ask students about the characteristics of good coaches/mentors? Another good topic is to discuss the other side of the leadership dyad – what does it mean to be a good team player or what do we mean when we say someone is “coachable?” Why is being coachable important? How can someone improve their coachability – what impact will this have on developing their leadership skills?

This video is a good introduction to the rest of the text because it intersects leadership with management practices.

How Great Leaders Inspire Action: Have students discuss how the different leadership approaches would apply the Golden Circle theory and create a shared understanding for an organization’s why.

What It Takes to be a Great Leader: Why are organizations unable to “grow” great leaders? Does your school cultivate strong leaders? What can students do while in school to foster the characteristics and practices of great leaders? Ask students to be specific on ways they can improve their leadership skills now using the 3 questions she discusses: Where are you looking to anticipate change? What is the diversity measure of your network? Are you courageous enough to abandon the past?

QUESTIONS AND PROBLEMS

- 1. Think about the people you believe are effective leaders. What actions do they take, and what traits do they display? Contrast those actions and traits with a person you believe is an ineffective leader.**

This question should generate a great deal of discussion. Encourage students to think of several people and why they thought of this person as a leader. Answers to this discussion question will run the range from pop celebrities to politicians and (hopefully) some business leaders. Typical answers might include: Oprah Winfrey, Bono, Madeline Albright, John McCain or Barack Obama, Mary Kay Ash, Sam Walton, Warren Buffet, Steve Jobs or Bill Gates.

Once the names are volunteered students need to offer what leadership behaviors they believe this person has displayed. Are they identifying management skills or leadership skills – or both? Another option would be to drop back and consider the individuals highlighted in the chapter opening.

What about ineffective leaders? What about Martha Stewart (who spent time in prison for her illegal insider trading) or Ken Lay (of Enron fame who died before his day in court)? Some might consider these two ineffective and some might consider them effective.

The ultimate ineffective leader is probably the one who no one remembers or the leader of a company that is no longer in business

- 2. According to Patty Reidl of Hormel Foods, what behaviors or actions can you engage in to help develop your leadership skills when you begin your employment?**

Students should be able to volunteer a number of good examples ranging from finding a company culture that fits their passion to asking managers for additional projects to seeking mentors.

3. What is the difference between managing and leading? Give some examples of each for a sales manager. How are the two concepts interrelated?

Management is involved with planning and budgeting, organizing and staffing, and controlling and problem solving. The focus is on results that keep things working efficiently. Managers organize and direct work assignments. Management is needed to accomplish many business tasks.

Leadership is involved with establishing direction, aligning and communicating direction and motivating and inspiring. The focus is on change. Leaders communicate what needs to be done and motivate followers to accomplish it. Leadership is needed to help companies address and accomplish difficult challenges.

A successful organization needs sales managers who possess both good management and leadership skills to prosper.

4. How well are organizations doing developing leadership skills among their employees, and, in particular, their sales leaders?

Research results indicate that companies are not doing a very good job at developing leaders. It may be due in part to the fact that most organizations are involved in activities which are focused more on managerial tasks and less on leadership development. Without good role models, many individuals may not observe good leadership behaviors at work. Many companies have now acknowledged the importance of leadership and what they think constitutes it.

5. What traits are important for a leader's success? Why is looking at someone's traits not necessarily a good way to gauge the person's leadership abilities?

From a historical perspective important leadership traits have run the gamut from height to masculinity to intelligence. More recent studies typically identify intelligence, self-confidence, determination, integrity and sociability. No universal list of leadership traits has been assembled and no research has demonstrated the relationship between traits and leadership outcomes. Additionally, even with an identified list it might be very difficult to incorporate them into leadership training.

6. What behaviors should a leader exhibit according to the behavioral approach to leadership? How does the behavioral approach to leadership differ from situational leadership? Provide examples of each in a sales-management situation.

The behavioral approach examines how a leader interacts or behaves with their subordinates. Several different groups of researchers identified two similar dimensions, one focusing on social interaction between the leader and followers and the second on completion of the group's task(s). The social interaction dimension would show how the leader focuses on issues such as availability and ability to perform the job. The task-centered dimension would focus on getting the job done, such as when a job would be performed or reporting results.

Situational leadership adapts behaviors depending on the situation along two dimensions: directive behaviors and supportive behaviors.

7. What types of activities do transformational leaders engage in? Describe someone you believe displays these characteristics.

Transformational leaders stimulate their followers intellectually, encouraging them and supporting their development. They offer personal attention to each of their followers and make them feel valued and

important. There are no set behaviors that a transformational leader should follow. In some situations it may be working on a personal relationship and in others it might be laying out the steps and activities needed to help make for a rep's successful sale.

Students may offer a number of examples of a person with these characteristics. This person may be a college or high school teacher, a coach, an employer, and sometimes even a parent!

8. What is the focus of Steven Covey's principle-centered leadership? How can you apply these principles to your situation as a student? As a sales manager?

The focus of Covey's principle-centered leadership is the initial seven principles (one additional principle was added later) that should guide a leader's behaviors. They are:

1. Be proactive.
2. Begin with the end in mind.
3. Put first things first.
4. Think win-win.
5. Seek first to understand, then to be understood.
6. Synergize.
7. Practice self-renewal.
8. (Added later) Find your voice and inspire others to find theirs.

Student examples will focus on how they can apply the principles to themselves. As a sales manager students should be able to generate examples of how these behaviors might be displayed between a sales manager and one of several sales representatives.

9. Visit the websites for Nordstrom, Starbucks, and The Container Store. How is the servant leadership approach conveyed in the mission statements of these firms? What servant-leadership behaviors might a sales manager engage in?

All three of these companies clearly state that they place an emphasis on making sure their employees (i.e., sales people) develop both personally and professionally.

Nordstrom – servant leadership is about serving others, Nordstrom's focus on making decisions that help their employees as part of their management mission

Starbucks – has six guiding principles. The one principle that most displays servant leadership is: "Provide a great work environment and treat each other with respect and dignity."

Another related principle is: "Embrace diversity as an essential component in the way we do business."

The Container Store – their vision statement "At The Container Store, we're working to build a business where everyone associated with it can thrive together!" expresses their alignment between serving customers and their employees

A sales manager demonstrating servant-leadership behaviors would likely spend time reviewing a sales representative's past performance in an effort to support what they did correctly and work on the challenges they were facing. Their actions and comments would reflect respect and foster trust.

10. If a sales manager follows the principles of ethical leadership, what behaviors and actions will the manager be demonstrating?

Leadership researcher Peter Northouse has observed a movement that advocates that leaders are those who build a more just and caring society. In order to promote the good of their followers, leaders must act ethically to influence others and engage them in accomplishing mutual goals.

The five principles of ethical leadership that can be seen throughout history include respect, service, justice, honesty and community. Whatever actions that a sales manager takes, they have an obligation to act in a manner that incorporates these guiding principles.

11. How would you describe the leadership behaviors exhibited by a person who follows the principles of emergent leadership? How does it differ from Level 5 leadership?

Emergent leaders do not have formal elections or appointments and are identified by their connections and associations within their teams. Authority is given by those they lead by building trust.

A Level 5 Executive is modest, humble, and diligent and helps ensure that their successors are positioned for greater success.

12. Why is understanding leadership across countries difficult?

Just as business practices change depending upon the culture, so does leadership. Much of the early research identifying leadership traits was conducted on U.S. companies with U.S. employees. Today there is a growing understanding of the cultural differences between what leadership traits and behaviors are considered important depending upon where you live. While there are many differences between cultural groups, it might be surprising to note there are some universal, similar findings on effective and ineffective leader characteristics.

ROLE PLAY

Pelotrak

Each of the two sales managers needs to develop a list of three questions that they believe will help them identify these potential leaders and the answers they would hope to get.

Many companies are also including questions about ethics in their interviews. They typically present the candidate with a scenario and ask them to explain how they would handle things.

You may wish to encourage students to discuss the advantages of using a question that reveals behaviors about the interviewee. What did you do? How did you accomplish that? What difficulties did it present? How did you handle those?

ANSWERS FOR CHAPTER CASELETS

Caselet 3.1: The Charmer

Case Question:

- 1. Put yourself in Stephanie’s position. Based on what you know about different leadership approaches, how would you describe your leadership style?**

Many students may find that they really are a lot like Stephanie. They really haven’t thought much about how they would implement a comfortable leadership style. This is an opportunity for students to ‘try on’ a leadership approach and see which one ‘fits’ them the best. Answers will range from a trait theory (a rather simple response) to others that will require a little more thought. When students suggest that they may prefer some of the newer approaches that encourage development of their followers, follow-up by asking if they have had an opportunity to do this? Consider encouraging students who haven’t to set a goal to do so during the term they are taking your course.

Caselet 3.2: The Newbie

Case Questions:

- 1. Getting Marty’s salespeople off his back wasn’t part of Julie’s objectives. What were her objective(s)? Why are they important?**

Julie’s objectives are to develop her team so that they can do their jobs better and ultimately grow. Developing the people around you is important so that there is someone to fill a gap when you are promoted.

- 2. What other practices can Julie and Marty undertake to accomplish the same objective(s)?**

Other ways to reduce the number of repeat questions could be to create a FAQ document for common or repeated questions. They could encourage their salespeople to work as a team to help new salespeople get adjusted.

- 3. What was it about Emily’s preparation of Julie that made her a proficient sales manager?**

Emily was able to set an example for Julie and gave her tools on how to take control on her own learning and create relationships within the company.

- 4. As a “newbie” salesperson, what lessons could you learn from Marty and Julie’s conversation?**

Answers may vary, but students may compare the two managers and discuss the differences between managing and leading.

OTHER IN-CLASS EXERCISES

Which leadership training would you send your salesforce to?

Below are four commercial suppliers of 'leadership' training? Ask your students, as sales managers which ones they would most likely consider sending members of their salesforce to? What are the strengths and weaknesses of each? Would level of sales experience make a difference in their choices? Which one would they consider for the most experienced members, average level of experience and little experience? If they had a sales-force of seven people how much would it cost to implement their leadership training? What does that say for larger-sized salesforces?

- The Center for Creative Leadership has conducted research on leadership as well as offering leadership training for many years — <http://www.ccl.org/leadership/index.aspx>
- Grid International — <http://www.gridinternational.com/foundations.html>
- Steven R. Covey, *Seven Habits of Highly Effective People: Restoring the Character Ethic* — <http://www.stephencovey.com/>
- Robert K. Greenleaf Center for Servant Leadership — <http://www.greenleaf.org/>

What is Their Leadership Style?

In several of the questions and caselets, students are encouraged to explore what leadership approach they prefer. Most salespeople are not grounded in leadership research but when asked to describe their style may have a pretty good idea.

In the course of a sales manager interview (or other school mates if it is more convenient), students should ask the manager to give three examples of how they lead. Compile the class responses first, and see if they have given examples of management or leadership. From the leadership examples, ask the students which approach they think this person best exemplifies? What style is most frequently and least frequently observed? Why might this be the case?

Revisiting Good Websites

Discussion question 11 refers to the websites of Nordstrom, Starbucks, and The Container Store. All three of these offer some interesting insights into each company's philosophy.

Assign students to teams and let them summarize what they see as worthy goals and others that might be considered as "just talk." Another option would be to have them identify other companies they might consider which follow a servant-leadership approach (i.e., Southwest Airlines, Medtronic). An online search should help them easily identify several.

Chapter 4: Recruiting and Selecting the Right Salespeople

INTRODUCING THE CHAPTER

This chapter introduces the recruiting and selection process that firms use and discusses the key processes that sales managers use. The chapter opens by describing the planning process involved with determining hiring numbers, developing the ideal candidate profile, and writing a job description.

Developing a candidate pool may prompt a sales manager to recruit candidates from within the company. However, the internal candidate pools may not be large enough to satisfy the hiring needs. Sales managers need to use a series of tools to recruit a pool of candidates from outside the company. The chapter discusses the pros and cons of using a variety of recruiting sources, such as advertisements, third-party recruiters, colleges and universities, job and career fairs, and online postings.

Once sales managers have identified their pools of candidates, they need to work through a goal-directed process that involves screening candidates, assessing their fit to the organization, determining their will and ability to do the job, returning to screening again, and then selecting their winners. Using a variety of tools from applications forms, testing and a battery of various interviews, sales managers determine their top candidates for their open positions.

They need to avoid common hiring mistakes such as rushing to hire someone, failing to conduct a proper job analysis, not generating a sufficiently large enough hiring pool, conducting interviews that are poorly planned and/or executed, and not performing a background check. Companies need to also evaluate the success of their recruiting and selection efforts by tracking their numbers of applicants generated, hired, and retained in ratio to their performance.

Chapter Objectives

After completing this chapter, students should be able to:

- Understand why having a formal recruiting and selection process improves the quality of newly hired salespeople.
- Discuss why it's important to define the right people for the organization, and include that information in the ideal candidate profile and job description.
- Compile a strategic list of sources (internal and external to the firm) for recruiting a pool of sales candidates.
- List common recruiting mistakes and ways to avoid them.
- Explain the goal-directed focus of the selection process stages.
- Explain why it's important to have a diverse salesforce.

Chapter Outline

- I. Successful Hiring Requires an Ongoing Process
- II. Planning to Hire
 - A. Calculating the Turnover Rate
 - B. Conducting a Job Analysis and Ideal Candidate Profile Research
 - C. Writing a Job Description
 - D. Ideal Candidate Profile
- III. Finding and Recruiting Applicants
 - A. Recruiting Internal Applicants
 - B. Recruiting External Applicants
 - 1. Referrals
 - 2. Advertisements
 - 3. Third-Party Recruiters
 - 4. Educational Institutions
 - 5. Job Fairs, Career Conferences, and Tradeshow
 - 6. Online Postings
- IV. Selection Procedures
 - A. Examining a Candidate's Fit
 - B. Creating a Goal-Directed Selection Process
 - C. Application Forms
 - D. Testing
 - E. Personal Interviews
 - 1. Structured Interviews
 - 2. Semi-Structured Interviews
 - 3. Other Types of Interviews
 - F. Background Verification
 - G. Physical Exams and Drug Testing
 - H. Making the Job Offer
 - I. Transitioning New Hires
 - J. Why a Diverse Salesforce is Important
 - K. Avoiding Common Hiring Mistakes
 - 1. Rushing to Hire Someone
 - 2. Failing to Conduct a Proper Job Analysis
 - 3. Not Generating a Sufficiently Large Applicant Pool
 - 4. Poor Interview Planning
 - 5. Not Conducting a Comprehensive Interview
 - 6. Not Performing a Background Check
- V. Evaluating the Success of the Firm's Salesforce Recruiting and Selection Efforts
- VI. Managing Your Career
- VII. Summary

MANAGING YOUR CAREER

Understanding the recruiting and selection process that companies design will help students who are engaged in career search opportunities. They will take selection processes, such as applications, to heart knowing that the firm uses such tools to winnow down their pool of candidates. Engage in a discussion with students about what words they think are stronger to include on a resume and/or application form enabling them to make it through the early screening processes. Pair up students in the class and have them conduct mock interviews with one another for an entry-level sales role. Add a third person to each pairing to be the observer, providing feedback to both the interviewer and the interviewee.

SUPPLEMENTAL VIDEOS DISCUSSION SUGGESTIONS

The One Question You Must Ask When Hiring a Salesperson (Anthony Iannarino): Anthony talks about the one question that you must ask when hiring for an open territory without a salesperson in place: Will my customers in this territory want to buy from this person? You can use this video to kick off a discussion about how involved managers need to be in their salespeople's territories and how they can maintain strong understanding of customers. Have students develop an action plan that will help a manager stay current with their salespeople's customers.

LinkedIn's Sales Leader's #1 Interview Question (Mike Gamson): Mike talks about two interview questions that he relies upon. He used to rely heavily on asking *how heavy is the earth?* He has since moved onto asking *what's the first thing you did for money?* Ask students to discuss what might be the inherent value in asking a question for which the candidate has no answer (weight of the world). Steer the conversation toward the value of understanding how well people think of their feet might be when recruiting and selection salespeople (but the thinking on the feet does not involve lying or making up data). Then use Mike's second question (his current #1 interview question) and have each student answer that question while their peers are writing down the characteristics cued by each person's story.

Recruiting and Hiring Great Salespeople — Top 5 Traits of Salespeople (Steve Suggs): Steve talks about the five top traits that managers should look for in the best salespeople: (1) attitudes, (2) motivations, (3) character, (4) personality, and (5) sales skills. Ask students to think about all of the selection tools they read about in this chapter, then ask them to identify the tools that will help them assess attitudes, motivations, character, and personality. How should they be involved with these assessments?

QUESTIONS AND PROBLEMS

1. What is a shortcoming of most firms' recruiting processes according to Chris Corcoran with memoryBlue?

The firm must be assessing *and* selling during the recruitment process. Some firms focus too much on assessment and not on ensuring that the candidate understands the benefits of joining the company.

2. Explain why an organization should have an ongoing selection process in place as opposed to only when needed. How does the size and type of a firm impact this process?

Firms should have an ongoing sales recruitment and selection process in place because the longer an open territory goes without a competent salesperson working it, the more revenue the company loses to a competitor.

3. How would you determine the turnover rate for a salesforce with 146 employees if five people left for higher-paying positions, three retired, two were dismissed, and two moved because of their spouse or partner's job?

Annual turnover rate = $(5+3+2+2)/146 = 8\%$

4. What can be learned from investigating the reasons for turnover? Why would you want to know an industry's average turnover rate?

Investigating turnover can allow a firm to determine if the firm is offering insufficient compensation and rewards. They may also learn if there are leadership issues in the firm (incompetence or lack of connections). Insights may also suggest that the firm's product offerings are insufficient for the market. Such analysis can reveal whether the turnover is concentrated among a specific segment of representatives (e.g., higher turnover among new reps may suggest more training is needed). Knowing the industry's average turnover rate allows a firm to determine if environmental or organizational issues are at play, or the turnover may simply be reflective of what's happening in the industry.

5. How would a firm benefit from conducting a job analysis? How and why should a sales manager be involved?

Having an accurate and current job analysis and job description that lists job qualifications allows the sales manager to better select the right candidates for the position from the pool of applicants. Because a job analysis involves interviewing current salespeople and their supervisors, the manager can quickly learn where she or he has blind spots about the role. By conducting the interviews, the manager is not only gathering the data for updating the job description, but he or she is also signaling to the people in the organization that their work is important enough for the manager to be involved and gathering stronger understanding.

6. What is the difference between a job analysis and a job description? What job elements are typically included in a job description? What departments in a firm might use it?

The job analysis is the examination of the duties, activities, and behaviors expected of a person employed in a position. The manager learns what the salesperson does on the job, and how the salesperson should ideally spend his or her time. The job description includes the salesperson's specific tasks and responsibilities, products that the person will sell, customers on which they will call, and other demands of the job. The job description results from a synthesis of the data gathered through the job analysis.

7. What is the value of the ideal candidate profile? What type of research is needed to develop a robust ideal candidate profile? Why do higher performing firms focus on determining an ideal candidate's profile?

The ideal candidate profile is personal characteristics reflective of the top-performing salespeople who do a specific job. The model recommended for identifying the ideal candidate profile is called the four forces model: (1) backward-looking approach taps historical data to identify characteristics of high-performance salespeople, (2) forward-looking approach ensures that the firm is thinking about characteristics necessary for the organization's position in market five years from now, (3) strategic-focus approach ensures that the ideal candidate profile is aspirational and signals to the firm and its associates the vision for the future associate's role, and (4) operational-focus approach ensures that the ideal candidate profile is not "too far removed" from the current profile so the criteria are attainable. High-performance sales units focus on the ideal candidate profile as a tool because it is useful for purposeful signaling, suggesting that the unit's leader is moving the organization forward. Talking about the ideal candidate profile can help to change the culture of the unit in alignment with the desired culture for the future.

8. An organization needs to hire five new salespeople. It offers jobs to 15 percent of those it recruits, and 60 percent of those accept the offer. How many applicants does the company need to recruit?

$X = (5 / (.15 \times .60)) = 56$ applicants need to be recruited

9. What are the pros and cons of recruiting internal versus external candidates for sales positions? What are possible recruitment sources that can be used to identify candidates outside the firm?

Internal candidates understand a lot about the firm, its products, and its markets. Managers hiring from within can access a lot of information about internal candidates that can be useful for the selection process. However, the internal candidates are likely coming from other areas of the company (engineering, marketing, customer service, manufacturing) and they may lack sales knowledge and skills. External candidates can be generated through a large number of recruiting sources, so the manager may have access to higher quality sales talent. That talent pool may also attract more diverse candidates thereby allowing the firm to address diversity objectives.

10. What types of tests can be used to select candidates? What is the difference between a selection test with high validity versus low validity?

Psychological tests, personality tests, intelligence tests, ability tests, aptitude tests. A test with high validity means that the test differentiates applicants based on who will be successful and unsuccessful on the job.

11. What goals frame the selection process? What is the relationship between the selection tools and the ideal candidate profile?

The goals which frame the selection process of more-productive sales units includes: (1) screening, (2) determining fit, (3) determining will and ability to do the job, (4) returning to screening, and (5) selecting winners. The selection tools must be mapped onto the various goal stage of the selection process. The manager lists the ideal candidate profile characteristics and then identifies at least two selection tools that will be used to assess each characteristic.

12. Discuss the advantages and disadvantages of different types of interviews. What are some ways to improve the interview process and thereby identify successful candidates?

Type of Interview	Pros	Cons
Structured	<ul style="list-style-type: none"> • Easy to record and compare responses • Ensures all applicants treated the same way • Ensures all important areas are covered 	<ul style="list-style-type: none"> • Inexperienced managers may fail to probe
Semi-structured	<ul style="list-style-type: none"> • Provides discussion-based insights 	
Stress	<ul style="list-style-type: none"> • Assess call reluctance • Assess handling of confrontational customers 	<ul style="list-style-type: none"> • May discourage interviewee • Interviewee may view firm negatively
Field observation	<ul style="list-style-type: none"> • Gives realistic job preview • Assess fit to customers & culture 	

13. Why is a background check important, and what is the best way to conduct one?

Candidates may exaggerate or lie about their past performance, so background checks allow a manager to verify the information gathered during the recruiting and selection process. Background checks may involve contacting the references provided by the applicants and asking how best to manage the candidate. To go beyond the references given by the candidate, a hiring manager might ask that reference if he or she might suggest others who also know the candidate.

14. Why does the diversity of a salesforce need to reflect the differences in the racial and ethnic consumer base?

Demographic shifts reflect changes in the buying community served.

ROLE PLAY

Fisan Medical Devices: Salesperson Interviews

Students are organized into groups of three where each student takes on one of three roles: Whitney Johnson (sales manager), Mark Jahns (marketing manager), and Carlos Lopez (human resources director). Each student is to develop a plan for conducted the structured, unstructured, and ride-along interview components. Before the students begin the role play, make sure that each student brought a recommended plan of action. Those plans will include sample questions for the structured and unstructured interviews as well as an observation form that the sales representative will complete following the ride-along.

ANSWERS FOR CHAPTER CASELETS

Caselet 4.1: Securian

Case Questions:

- 1. What recommendations would you offer Roger Myers for evaluating the current recruitment and selection process at Securian?**

To reduce the overall territory turnover rate, Myers should conduct an examination of the salespeople who left the firm, probing beyond their stated reasons. Each salesperson provided a legitimate reason for leaving, but what forces/characteristics may have motivated them to leave? Myers should construct a spreadsheet and determine applicant source (inside vs. outside medium — Internet, college interviews, job fair, salesperson recommendation etc.), test scores (marginal vs. high and comparison of results if more than one test was administered), type of interview (structured, unstructured), examination of answers given if records exist, and reference checks. The key is to analyze all the steps in the hiring process and make changes so that the best person is selected for the sales position.

- 2. How would it help to compare the performances of all salespeople who either resigned or were let go?**

Actual sales performance vs. forecasted and/or quotas would help understand the salesperson's motivation and ability to perform. Were turnovers performing below expectations (as two apparently were)? Then, are there indicators in the selection process that might predict marginal performance? Were test scores, ride-along comments, etc. also marginal? Managers might be less concerned if low performers are leaving for other opportunities. Conversely, a sales manager wants to keep top performers.

- 3. Would it be helpful for Myers to know how each salesperson was originally recruited? Why?**

Myers should consider the firm's ideal candidate profile. This might show that the ideal candidate was recruited from a specific source: university sales centers, private sales recruiters, a specific Internet search engine, etc. The same is true of those leaving the firm. If the majority of turnovers were recruited from the same source, this implies that the source attracts applicants who are unlikely to have long-term tenure at Securian.

- 4. Should Myers scrutinize the notes from the former salespeople's personal interviews or study their preemployment test scores? Assuming these items were available, what insight might they provide him?**

Absolutely, Myers should examine any information/data that are available. Possible insight includes: how closely did the salesperson provide answers to correct ones in structured interviews, were the answers well thought out or random in nature, and did the test scores indicate the interviewee possessed the required personality or attitudes to succeed?

- 5. How would you recommend that Securian recruit and select new salespersons?**

After conducting a thorough analysis of salespersons who left the firm, Myers should recommend that Securian continue to follow an adjusted (if warranted) sales recruitment process as discussed in

this chapter. That said, more firms are adopting the Goal Directed Sales Process discussed on page 97. Research shows that firms that added two additional steps in the recruitment process were more successful. Those two steps include: (1) adding the assessment of fit and (2) a return to screening. This second step allows managers whose instincts or intuition told them something was not right to pass on any candidate. It is important to remember that sales managers often hire the best candidate even when there are doubts rather than leaving an open territory that is highly competitive!

Caselet 4.2: Tri-States Bottling Company

Case Questions:

1. How typical was Jones's interview? Was any part of the interview unexpected?

More typical than one might expect. Basically, the applicant met with the sales manager and his assistant, had lunch, and then went on a ride-along with a veteran salesperson. Perhaps Jones was not expecting the ride-along, but given her professional sales major, she should have known a ride-along was possible.

2. What personal qualities are explored in a double interview, over lunch, and on a ride-along?

The double interview allowed Allen and Chin to compare answers to questions and impressions, over lunch gave insight into Jones' personality and social intelligence, and the ride-along allowed Jones to see what the job would entail and permitted Contento to evaluate Jones' interactions/reactions during and after a sales call. All are important because it is difficult to assess a sales candidate in a single interview.

3. What mistake did Jones make? Was it preventable?

Jones exhibited poor judgement by (1) making up an excuse to go to the bathroom and (2) not apologizing to Contento and explaining that it was a restroom emergency. Anyone who has been a salesperson knows that such an emergency can and will happen. Bill Contento likely got the impression that Jones left the sales presentation for no good reason and this behavior reflected poorly on himself and his distributorship!

Yes, the mistake was preventable. All salespeople, including Jones, must use their time wisely. If you have a sales call, then make sure you make bathroom stops even when not absolutely necessary. If with another person from your company or a customer, be contrite and do your best to not let it happen again.

4. Can you suggest a more appropriate way of handling the situation Jones faced?

The direct approach is best. At a good time, if there is one, say: "I'm so sorry, but I must go to the bathroom." Go to the bathroom as quickly as possible and return to the sales call.

5. What do you think Contento told Allen?

It is not clear, but it is likely that Contento said: "You won't believe what Jones did? Right in the middle of my sales presentation she walked out to get a Coca-Cola — can you believe that?" If Jones had handled the situation as detailed in question 4, Contento would have understood and at worst case said: "She had to go to the bathroom in the middle of my presentation, BUT she was honest, apologized, and explained herself!"

6. If you were the hiring manager, would you proceed with the recruiting Jones? Why or why not?

Not given the current facts. First, this was an abbreviated interview. Second, an additional interview will allow a more thorough evaluation of Briana Jones' potential. Third, it would be instructive for sales manager, Allen, to send an applicant on more than one ride-along. Fourth, what did Allen expect Jones to do on the sales call? Perhaps Allen should call Jones and ask her how she thought the interview went? Then, say Bill Contento was surprised when you left the call for a soda — was there some reason you did this? Bottom line: sales managers need to understand why applicants do something, not just judge yes/no; hire/not hire!

Note to instructor: This situation happened to a student of one of the authors and the student was not hired. Whether this incident was the main reason or whether it was the entirety of the interview is not known.

OTHER IN-CLASS EXERCISES

Interviewing Day

Have every student come to class prepared to conduct and to be interviewed. Each student should arrive to class with a copy of his/her resume and an outline of an interview script. In advance of class, prepare a “fish bowl” containing small slips of paper, with one slip of paper per student. On the papers, number the slips as 1-Interviewer, 1-Candidate, 2-Interviewer, 2-Candidate, etc. After everyone has drawn a slip of paper (on the way into the classroom), ask the students to find their partners and conduct their interviews. Allow 15 minutes for the first interview. Students conducting the interview must prepare feedback that is submitted to the professor. Complete a second round of interviews where students switch “sides” of the table and pair up with a different student. Allow 15 minutes for the second interview. Students conducting the interview must prepare feedback that is submitted to the professor. In the follow up to the class (either in the next class session, as a learning management system post, or via an e-mail, send the student a summary of the positive and constructive feedback that all students can take away to improve their skills as a candidate.

The Value of Job Descriptions

Ask your Career Center professionals to provide you with 4-5 different job descriptions for positions being advertised to students that involve the sales function. Set up 4-5 stations in the classroom where one of the job descriptions is displayed. Have students visit each station with a group of students, review the job description, identify the key characteristics that the company will likely be screening for, and identify the likely selection tools that the company might use to assess those characteristics. After the students have visited all 4-5 stations, ask the teams to summarize the characteristics that were in common across the job descriptions and identify those unique to a specific role. Have a full class discussion about the commonalities that firms appear to be seeking when hiring sales professionals. Also discuss the types of selection tools that the students will likely encounter as firms engage in the recruiting and selection process

Chapter 5: Training and Developing the Salesforce

INTRODUCING THE CHAPTER

This chapter helps students to understand how to develop training and development programs for the sales organization. Managers must first identify the firm's training needs by assessing the firm's strategies and key initiatives to make sure that they identify the training needs that match firm's organizational-level needs. They also need to determine how salespeople's knowledge, skills, and abilities might be shaped through new training and development initiatives. Strong managers also consider what training might be needed at an individual salesperson level.

Once the manager identifies the firm's training needs for a particular group of salespeople, the manager has a number of steps to take develop the training program. For each group that needs to be trained, the manager must determine the objectives as well as the content of the training program. Given the objectives of the program, the manager needs to determine the most effective delivery method to use as well as who will be delivering the training and staffing the training program. After delivering the training, it is important to have an assessment process in place to ensure that the training delivered value to the individual trainees as well as met the organization's objective.

The training cycle can be considered complete once the results are compared with the program's initial objectives. However, most training programs are considered ongoing in nature and will be reviewed and modified as needed before another round is offered.

Chapter Objectives

After completing this chapter, students should be able to:

- Identify factors that help determine the types of training salespeople need.
- Summarize the inputs needed to design and deliver an effective sales training program.
- Explain why it's important to assess the effectiveness of a firm's sales training and how it is assessed.
- Recognize the elements that contribute to effective and ineffective training programs.

Chapter Outline

- I. How Important Is Sales Training?
- II. The Training Process
 - A. Identifying a Firm's Sales Training Needs
 1. Determining Sales Training Objectives
 2. Determine Who Needs Sales Training
 - B. Designing and Developing the Training Program
 1. What Content is Needed?
 2. Developing the Objectives of Sales Training: Changing Ideas into Action
 3. Selecting the Training Delivery Method

- 4. Staffing or Developing the Training Program
 - a. Internal versus External Staffing Resources
 - b. Time Pressures
 - c. Costs
 - C. Delivering the Training
 - 1. Scheduling the Training
 - 2. Facilitate the Transfer of Learning
 - D. Assessing the Firm's Training Efforts
 - 1. Determine the Value of Sales Training to the Individual
 - a. Reaction (Level 1)
 - b. Learning (Level 2)
 - 2. Determine the Value of Sales Training to the Organization
 - a. Behaviors (Level 3)
 - b. Results (Level 4)
 - E. Completing the Sales Training Cycle
- III. Managing Your Career
- IV. Summary

MANAGING YOUR CAREER

Asking students to think about their personal investments in their personal and professional development can be an interesting way to begin discussions of this chapter. What types of investments have they taken seriously? What opportunities for learning did they perhaps “miss out on” because they are not thinking about fully engaging? If your students are seniors who have had internship experiences, ask them to describe the training programs and tools to which they were exposed in their internship programs. Discuss how companies use a variety of different types of training (in the classroom, online, in the field, etc.) to help their sales professionals strengthen existing and develop new skills for future positions.

SUPPLEMENTAL VIDEOS DISCUSSION SUGGESTIONS

Think Fast, Talk Smart: Communication Techniques (Matt Abrahams): Matt talks about the fact that we are asked to speak spontaneously far more frequently than we have the opportunity to give a planned presentation. To begin, we have to get our anxiety under control. Use the topic of anxiety management as an opportunity to ask students, by show of hands, if they are fearful of speaking in front of others. Then ask about anxiety about speaking in the classroom. In which classrooms are they more comfortable speaking and why. Help them to understand that this module is very helpful to think about when considering the area of training and development.

How To Coach (by asking questions) (#CoachingLeaders): This module focuses on asking the right questions. Instead of asking Does that make sense? (99% of the time, this question yields “yes” because the respondent either doesn't want to hurt your feelings, or doesn't want to say something doesn't make sense to him or her). Instead, focus your questions, particularly in training sessions on *how would you apply this information to a scenario*. Use this video as a basis for a brainstorming session on ways to making coaching, classroom, or training situations more engaging. You might be surprised at that you take away for your own class.

How to Manage and Improve Sales Performance (Jason Jordan): Jason is a leading consultant in industry in the sales management area and the training that sales managers need. Use this podcast as an opportunity to have a discussion beyond the contents of this chapter (which focuses on training salespeople) to discuss the types of training programs that sales managers might need.

QUESTIONS AND PROBLEMS

1. Haley Mareno mentioned the importance of developing a sales training program. What elements does she consider?

Gather feedback from the people being trained and develop. Managers must provide feedback by (1) regularly assessing development plans, (2) conducting surveys of training and development programming and materials, and (3) having day-to-day feedback mechanisms.

2. When does implementing a sales training program not make sense?

Companies who see sales training as being too expensive or too time-consuming, but that's really short-sighted thinking. Smaller firms typically do not have the resources or specialized expertise to offer training needed by their sales representatives.

3. Describe the four steps in the sales training cycle.

(1) Identify the firm's training needs (who needs training, what are the objectives of the training), (2) develop the training program (what will the training cover, who will staff the training program, how will the training be delivered), (3) deliver the training (how will the training be facilitated, when will the training be held), and (4) assess the training effort (is the training valuable to the individual salesperson, is the training valuable for the organization).

4. Why is it important to assess training needs at the organizational, task, and individual level?

First, at the organizational level, managers need to understand how the training program is aligned with the firm's goals. Second, at the task level, managers need to understand how the training program must be designed to develop the knowledge, skills, and abilities that salespeople need. Third, at the individual level, managers need to understand how the training program matches the salesperson's need for training.

5. Sales managers at small and larger organizations are likely to experience different tasks when conducting sales training programs. Explain what those differences could be.

In larger organizations, training and development personnel and sales managers may not be as cued into the strategy changes that a large firm is making that has important implications for the sales function.

6. Explain the concept of customer journey mapping. How is it done?

Customer journey mapping is the process of creating a visual representation of a customer's decision process as it relates to a specific product category. The goal of the mapping process is to understand the customer's perspective.

7. Besides language issues, what are some of the challenges of training a global salesforce?

Managers need to determine if they are going to offer the training in a centralized location and require people from various countries to travel for the training to a different part of the globe. Or, alternatively, they can offer the training in different countries using a decentralized model. Beyond language, it is important to determine how best to localize materials to take into consideration differences in culture, sales processes, and market operations. Follow up and coaching after the training also must be considered.

8. What are typical content areas for new hires? What content is more useful for an experienced salesforce?

For new hires, the content typically includes an orientation to the company, steps and behaviors used in the selling process, product and market information, procedures to monitor the progress of a sales, using sales-related technology and software, networking, internal sales process, social selling, and on-the-job training. Refresher courses for experienced salespeople include advanced sales skills, working with larger cases and/or customers, and advanced product or service training.

9. Other than in-person sales training, what are some other options? Compare in-person training to virtual training. What are the advantages and disadvantages of each?

<i>In-person</i>	+ Flexible, interactive, networking, collaborative, engaging, skill
Instructor-led training	development, feedback
	- Can be expensive (travel, housing, meals, missed selling time)
<i>Virtual</i>	+ Limits expenses due to travel, housing, meals and missed selling time
Instructor-led training	+ Can be highly engaging and effective
Webcasts/webinars	+ Can be self-paced and flexible
Web meetings	
E-learning	
Simulations	
Gamified training	
On-demand training	
Podcasts	

10. Why is assessing a training program important? What methods are available to assess a sales training program? Why might some organizations be hesitant to assess their sales training programs?

The training cycle is not complete until its results are compared with the program's initial objectives. Training programs can be assessed via within-person analysis (pre-test and post-test knowledge and skills), between-person analysis (compare results across persons to see which group benefited the most), and at a macro level of analysis (assessing the training's effectiveness across the entire salesforce and document the benefits for the entire firm). Specific assessments that are available to assess training programs include feedback from participants/trainees, supervisors' feedback on trainees' behaviors after the training, self-assessments or appraisals, customer feedback, performance tests, course evaluations, subordinates' appraisals, pre- and post-training measurements, and knowledge tests. If firms did not set specific objectives for a training program, they may be hesitant to assess the program (as they are unable to properly evaluate the program).

ROLE PLAY

Developing a Sales Training Plan

Split the students into three equal groups. Take five minutes to coach each group and give the groups about ten minutes to prepare for the role play.

For the first group, coach these students to play the role of the retiring district manager. Ask this team of students to collectively develop short (2-sentence) profiles and names for each of the 14 sales representatives. How well is each person doing relative to their quota? What are their weaknesses and strengths?

For the second group, coach these students to play the role of the new district manager. Ask them to consider that the corporate announcement of your promotion will be received differently by different people in the organization. What do you need to learn from the retiring manager of the district about the individual players on the team? What do you need to learn from the vice president of sales about the current training programs and budgetary allowances for training?

For the third group, coach these students to play the role of the vice president of sales. In their role, they can share that the company is really looking to examine their onboarding and initial sales and product training programs as they are unsure of whether the current programs are hitting the mark. Their goal should be to enlist this enthusiastic new manager to take on work (unpaid) that the training team has not been doing.

In the debrief, explain to the students that when you are new in a role, you can enthusiastically take on more responsibilities as others in the organization “allow” your enthusiasm to work against you. It’s important in these early conversations, when you are new, to ask more questions and gather more information than to commit to specific outcomes. Your first 90-days in a new leadership position need to be filled with fact-finding exchanges *before* you commit to specific strategies or programs.

ANSWERS FOR CHAPTER CASELETS

Caselet 5.1: Remaining a Top Sales Training Organization

Case Questions:

- 1. What challenges did the new product and brand mix mean for Shaw’s traditional sales training program?**

Shaw is adapting to a new and changing marketplace from one that was relatively stable in the past. Hopefully, marketing research and the CRM systems will provide continuing customer insights. With new products we can assume the salesforce will require new training and such training will require additional funding for training development and delivery to trainees. In addition, all members of the salesforce will need to be skilled at adapting to new systems of tracking of customer behaviors and resulting sales.

- 2. How can a trainee be expected to become a functional subject matter expert across so many product categories?**

This will be a challenge, especially given that the salesforce is inheriting new and existing sales teams. Some teams will likely have members with specialized product understanding and skills who can

assist other less skilled members when the need arises. Training materials will need to be interactive and available on demand so that sales personnel can easily access information that they may need. Additionally, reward programs may need to be adjusted.

3. Shaw's territory managers are now calling on the same accounts to sell different brands and products. How can Shaw better prepare trainees to become part of that team?

Trainees need to be comfortable working with the marketing enablement tools to be knowledgeable about customer needs and past communications. It may be that they will be working as a team member with other territory managers and require training as to the best teamwork practices.

4. What are the potential pros and cons of Shaw's new training and territory placement strategy?

The key advantage of the new training and placement strategy is that the salesforce should be positioned to be responsive to a changing customer base and marketplace. The downside of this change would include an increased understanding of the products and brands, and teamwork and communication skills. Failure to address these issues will likely result in a less skilled salesforce which can result in lost sales, increased levels of frustration, and ultimately higher levels of turnover and associated costs.

5. What enhancements should Shaw consider making to its sales training program? What business partners need to be involved in the process?

Assuming the amount of time devoted to training is not increased, the new system needs to be interactive and available on demand. New delivery formats should allow for increased flexibility for trainees. Trainers, who are frequently drawn from the salesforce, will also require training on new systems. New delivery technologies and new vendors need to be monitored to ensure efficiency of all parties.

6. How can Shaw maintain trainee attention and enthusiasm without lengthening the training curriculum?

Bloom's taxonomy provides insight on some foundational skills for the training curriculum. The higher levels of behaviors require higher levels of interactivity between trainees, trainers and technologies and are likely to help keep the salesforce focused. Additionally, measures of effectiveness will need to be monitored and rewarded accordingly.

Caselet 5.2: What Is Sales Training Really Worth?

Case Questions:

1. How can companies ensure training is effective when people learn in different ways and at different speeds?

First, a mix of training delivery methods (e.g., virtual, remote and face-to-face) could be beneficial when accommodating different learning styles. Second, some organizations offer internship programs, which allows the organization to vet candidates over a few months without having to extend a fulltime offer. During the internship, the organization could better understand the learning style of the candidate and make any necessary adjustments prior to extending a fulltime offer. Third, training evaluation procedures could be useful to ensure each salesperson is learning the training material whether in an internship or fulltime training program.

- 2. Jenna had more previous knowledge of the sales process relative to Grant. Should companies focus on hiring people who have foundational knowledge from sales classes like Jenna does? Or should they also continue to hire people like Grant, who have other types of related sales experience?**

This is a paradox that many companies face. Some companies find it beneficial to hire exclusively from institutes of higher education that have sales programs because of the reduced turnover and faster ramp-up time. However, depending upon the level of customization, the length of training, and the degree to which the environment is team-based, college students like Grant could be set up for success.

- 3. Traditionally, managers are more easily able to engage in regular face-to-face coaching and developmental conversations with their inside salespeople. How can managers offer the same level of development when they rarely see their salespeople in the field face-to-face?**

Some argue that virtual interactions cannot replace face-to-face interactions. However, many companies are increasing their virtual inside salesforce due to the cost savings for the company and the potential increase in productivity/quality of life due to reduced travel time. For companies that rely solely on virtual development, it is recommended that sales managers schedule weekly meetings with each individual salesperson. In addition, it is recommended that sales managers are available to salespeople via networking tools such as Microsoft Teams, Slack, or text message.

- 4. How can companies ensure the effectiveness of their sales training for multiple generations by utilizing a variety of training delivery methods (e.g., remote learning and classroom learning)?**

In many cases, the answer depends on the training class size and length. In a best-case scenario, the company adapts training to each salesperson's learning style. However, for larger companies that have multiple training classes per year consisting of 20+ salespeople, it might not be cost-effective to fully customize training for everyone. Therefore, organization could utilize a multi-method approach (e.g., mix of remote and face-to-face training). Mentors could also be useful to supplement classroom training. Mentors typically spend time with each individual salesperson and fill in any gaps that the salesperson missed in training.

OTHER IN-CLASS EXERCISES

Creating an Initial Sales Training Program for College Hires

Ask students to assume that they have been hired as new sales representatives for a company that sells lighting fixtures and supplies to architectural and interior design firms. Place students in groups of 4-5 and ask them to identify the step-by-step process that they would need to take to develop that initial training program.

Leveraging Existing Training Resources

Divide the class into three groups (if the class involves 45 or fewer students; if teaching a larger class, ensure that the groups are not larger than 15 people). Assign one group to focus on training needs for new hires with no or limited sales experience. Assign a second group to focus on the training needs for experienced sales professionals having five or more years of experience. Assign the third group to focus on first-line sales managers having less than 5 years experience as a manager. For each of the three groups, ask them to search the training programs offered by LinkedIn Learning to identify their top ten choices for their target audience.

Chapter 6: Supervising, Managing, and Leading Salespeople Individually and in Teams

INTRODUCING THE CHAPTER

This chapter helps students distinguish between supervising, managing, and leading by giving them a greater understanding of the goals and activities associated with each role. They will understand how those responsible for new sales representatives must engage with supervisory activities and focus on activity-based outcomes to support the development of these new representatives.

The chapter provides a rich discussion regarding the bases of power that managers and leaders tap, from formal types of power (legitimate, reward, coercive, political, and informational) to informal types of power (expert, referent, charismatic, connection and moral). Prompting to think about what it takes to be an ethical leader, the chapter also instructs students to recognize that when they step into the role of sales manager for the first time, their boss will be looking for very specific information from them.

Continuing with the practical theme of how to approach supervising, managing, and leading salespeople, the chapter highlights the kinds of behaviors associated with “bad” sales managers. Learning how to be a good boss as a first line sales manager is necessary in order to be tapped for promotion to higher levels of leadership. The chapter then discusses leadership in terms of three theoretical, yet again practical, perspectives: leadership through systems or control, leadership styles, and the cultural or network perspective of leadership. Practical discussions of coaching, mentoring, and leading teams segues into the final discussion of the “new normal” for sales management, post-pandemic.

Chapter Objectives

After completing this chapter, students should be able to:

- Explain and describe the difference between sales supervision, management, and leadership.
- Consider how sales managers might use different sources of power or influence to problem-solve for the organization and serve as barrier-busters for their salespeople.
- Identify the skills and abilities a person needs to be a good sales manager.
- Understand how to successfully lead teams, including those that are virtual.
- Recognize the ethical challenges facing leaders and teams in the sales environment.

Chapter Outline

I. Supervising

II. Managing

A. Sources of Power

B. Your First Sales Manager Role: What Your Boss Will Be Looking For

C. Avoid Being a Bad Sales Manager: What Your Salespeople Will Be Looking For

III. Leading

1. Systems or Control Perspective
 2. Cultural or Network Perspective
- A. Coaching
 - B. Mentoring
 - C. The Ability to Organize and Work Effectively with Teams

IV. The Future of Sales Management: What Is the New Normal?

V. Managing Your Career

VI. Summary

MANAGING YOUR CAREER

Asking students to reflect on the styles of leadership to which they have been exposed in their part-time jobs, internships, volunteer work, and even within the family is a good way to open the chapter discussion. Given what students have been learning about in this course, ask them to share their perspectives on what they have learned that will help them be a better employee reporting to a manager. Again, if your students are seniors who have had internship experiences, ask them to describe the types of good and not-to-good supervisory, management and leadership practices to which they were exposed in their internship programs.

SUPPLEMENTAL VIDEOS DISCUSSION SUGGESTIONS

How Great Leaders Inspire Action (Simon Sinek): Simon introduces his conceptual model — the golden circle — including What, How, Why. He shares how great leaders focus on the why behind what and how people do their work. Prompt students to engage in a conversation about times when their “why” was absolutely clear and other times when their “why” was not clear and how a leader might have impacted the situation.

How to Fuel a High-Performance Sales Team (C. Lee Smith): Lee discusses the importance of curiosity and listening in order to lead others. Have students brainstorm ways in which they can improve their listening skills and boost their natural curiosity to a higher level.

Best Practices for Developing Sales Managers (Sales Readiness Group): The video begins with a discussion of why the sales manager role is so difficult and then describes the transition from creating success by yourself (as a salesperson) to creating success through others (as a sales manager). To parallel the video’s categorization of the sales manager’s work – the four categories are hiring the right people, managing these people, coaching for performance, and leading for a high-performance organization — ask students to brainstorm in small groups how they might set up an activity plan for themselves if they were promoted to the sales manager role. How can they put systems in place to ensure all of this work gets done?

QUESTIONS AND PROBLEMS

1. What leadership elements does Nichole Wiley-Marks believe are important for a sales leader?

She recommends that leaders focus on coaching and leading by example. They must also set a burning vision for the team that helps team members understand the overall goals and strategy of the organization and how their work fits in.

2. When would a sales manager be involved in supervision? What behaviors would this involve? When would a sales representative most benefit from supervision?

Sales managers primarily engage in supervision activities with new hires since most of the salesforce works independently. Supervising new hires involves observing and directing them toward carrying out their selling and non-selling activities. New sales hires need supervision to understand what levels of activities (behaviors) are necessary to ensure success.

3. Describe the type of activities sales managers do as part of their jobs.

At a very broad level, sales managers are responsible for managing the efforts of other people whose performance impacts the managers' unit performance. Sales managers are also responsible for organizing and allocating the resources to ensure that the unit's goals are achieved. In addition to organizing and managing, sales managers are responsible for motivating their salespeople and solving problems on their behalf. Sometimes that problem solving behavior looks like breaking through barriers which might be blocking people from achieving their goals.

4. Describe the bases of power a manager has. How do they differ from those of a leader? Which power bases do you believe are most effective? Describe the power bases you might have experienced at work or in a classroom. Which are most and least effective?

Two different categories of power are *formal* power (legitimate, reward, coercive, political, and informational) and *informal* power (expert, referent, charismatic, connection, and moral). Presumably a manager would have lower levels of power than a leader because of differences in experiences, skills, spans of control, access to resources, etc.

Legitimate	Power associated with a position	Moderately effective (title alone does not yield respect)
Reward	Ability to distribute rewards	Can be extremely effective if rewards match recipient
Coercive	Use of force to create followership	Least effective, creates relational distance between parties
Informational	Ability to access and control info	Less effective as withholding info breeds distrust
Political	Socially & behaviorally derived power	Effectiveness depends on type of organization
Expert	Based on knowledge and skills	Quite effective as competence breeds respect
Referent	Based on likability	Typically very effective
Charismatic	Based on strong admiration	Very effective as persuasion skills are high
Connection	Connections with powerful others	Very effective as manager transfers connections to others
Moral	Based on perceived moral stature	Can be effective as one's persuasive skills increase

5. What does it mean to be an ethical leader?

Strongly ethical leaders practice a combination of transformational leadership behaviors (purposeful leadership focused on higher-order goals) and transactional leadership behaviors (encouraging others to engage in the right behaviors based on a well-constructed set of standards). Operating as an ethical leader requires that these standards are vetted across key constituents, including the salespeople impacted by any changes. Ethical leaders can pulse between the big picture and the daily details in engaging with their subordinates. They focus on sales results AND a broader set of outcomes (including salesperson behaviors, not just outcomes). They also seek to foster a fair culture.

6. What responsibilities would a new sales manager be expected to conduct?

Be prepared to provide very specific information to their supervisors in terms of sales unit results, people, and selling situations. They must also be able to discuss the status of the prospecting pipeline and how people are performing relative to their goals. New sales managers must be aware of issues or barriers that are blocking their people's goal attainment. The new sales managers must also be able to identify their top and bottom performers and also articulate their coaching plans. In discussing the health of the unit's business, the new sales managers must think about the probability of the unit's goal attainment, the realistic attainment of the unit's goals, whether activity levels are sufficient for meeting those goals, new sales strategies that support goal attainment, and trends that might be surfacing in the marketplace.

7. Leadership systems have been categorized as those involving control, leadership style, and dealing with an organization's culture or network. Explain at least two elements of each.

Let's start with the systems or control perspective. Activity-based control systems focus the salesperson's attention on making the right number of activities happen. These types of control systems are crucial for new salespeople who are learning about the cadence of a new role. Outcome-based control systems rely on compensation, motivation and reward systems to guide and direct salesperson behavior. Newer salespeople may struggle operating under a fully outcome-based model (e.g., 100% commission) since they are still learning. Capability control systems focus on ensuring that systems are in place to monitor the skills, abilities, and knowledge of the salesforce so that appropriate training and development opportunities are available as salespeople need them.

Now, let's look at the leadership-style perspective. Transformational leaders focus on serving as strong role models for their people and engage them intellectually and emotionally. The results among salespeople reporting to a transformational leader are higher than those reporting to a transactional leader, which is a leader who focused on distributing rewards and punishments as a result of salesperson performance. Servant leaders prioritize serving both the customer and the salesperson. Servant leadership appears to operate in tandem with transactional and transformational leaders. Through the three styles of leadership, the sales manager influences outcomes (transactional), shapes the emotional landscape (transformational), and focuses on others' needs (servant leader).

Finally, based on a cultural or network perspective, we find leaders who recognize that true growth and development happens when you intentionally surround your salespeople with other important influences. The leader recognizes that s/he is not the only person who can spur such development. As a result, leaders who operate through a cultural or network perspective seek to serve as architects of their salespeople's networks.

8. What behaviors contribute to making a good coach? If you just observed one of your representatives make a substandard sales call, how would you go about giving the person feedback?

Good coaches prepare for the coaching session and then really focus on observing the sales representative before offering feedback. When giving feedback, good coaches ask open-ended questions and provide very specific, actionable feedback. Good coaches recognize that coaching is more than talking, you must also be a good role model for the salesperson. Coaching involves putting together an action plan with goals, metrics, a timetable, and work plan. Through the coaching process, good coaches will consistently to build value and trust with the people being coached. In the case of observing a single, substandard sales call, the coach should ask the salesperson to assess the call first. What went well? In what ways was this call like other calls you've done? In what ways was this call unique? Looking back over the call and the way that it unfolded, what changes would you make now that you've experienced the full call?

9. What is involved with being a mentor and a mentee, and what value do these roles offer? What does someone potentially lose if they don't have a mentor?

Typically, a mentoring relationship involves a senior person who is supporting a more junior person. In this relationship, the mentor serves as a teacher and trusted advisor. Mentoring relationships can be formal or informal. The value of the role to the mentee is rapid learning and insight from someone much more experienced. The value of the role to the mentor is keeping current and obtaining energy and excitement from the mentee. People operating without a mentor typically do not perform as well as those who are being mentored.

10. What are the differences between managing an in-person salesforce rather than a virtual salesforce?

All managers need to constantly look for better ways to do the job, set clear expectations, and support employees in reaching their goals. Managing virtually does not require new skills, but refined skills coupled with an employee engagement strategy that does not become a micromanagement approach. Important to managing any salesforce is maintain human connections with people who do not work in the same office every day. That's true of virtual salespeople but it's also true of outside salespeople who do not typically report to an office setting.

11. Describe some of the challenges future sales leaders will face.

Challenges of future sales leaders include the ability to futurize and humanize the work. To futurize, sales leaders need to be looking at the work ahead and not dwelling on the past. To do so, leaders will have to pulse between the quarterly focus for driving sales result and the longer-term focus for future success. Technology will play a key role as the future unfolds so sales leaders will have to anticipate future technologies. Futurizing also requires sales leaders to stay adaptable, learning focused, and risk-accepting. In the midst of the futurizing work, sales leaders will have to also humanize the work and help their people prepare for these market and organizational changes. Humanizing work involved embracing diversity, attracting talent in competitive markets, reskilling existing employees as required, leading a purpose-driven organization, and balancing the focus on results *and* people.

ROLE PLAY

Work Colleagues and Friendships – Dilemmas

1. Where should Kevin’s loyalties lie? What do you think is going on with Cassy?

Kevin needs to be loyal to both the company *and* to Cassy. In that vein, during the first scene that students role play, Kevin needs to have the difficult conversation with Cassy about the time demands of the sales management role. He needs to help her understand that “things come out of left field” when you are in a management role, such that a call on Friday night at 7pm could unravel your weekend.

2. Should Kevin take it upon himself to ask Cassy about what’s causing her performance to decline? Or should he mind his own business?

Kevin needs to be upfront with Cassy and let her know that when people are considered for sales management roles, the organization seeks input from others in these roles. He needs to tell Cassy that the company will likely ask for him input. Since the company system documents everyone’s performance, he needs to be direct and clear with Cassy.

3. What other actions should Kevin consider taking?

Kevin could consider telling Cassy that he has the capacity, in his situation, to provide information that the company’s leaders may not know. So, if there are other extenuating circumstances that Cassy wants people to consider in her application for a sales manager role, she might share with Kevin such information.

ANSWERS FOR CHAPTER CASELETS

Caselet 6.1: The Comeback Kid

Case Questions:

1. What would you advise Dan to focus on, given the circumstances he is facing at Swets?

Internal focus

People: Dan could adopt an internal focus and have a discussion with existing sales team members and managers where they are able to assess their qualities and learn about their view on the situation Swets is facing.

Process: Dan could also focus on analyzing the existing sales processes within Swets’s sales organization. It might be that it is not the salespeople who are causing the lagging sales results but it could also be that the company is using an outdated sales process design, for example they are not using online channels and/or social selling.

Products/services: Dan could focus on the products and services Swets is selling, or more broadly on the value proposition.

External focus

Dan could also adopt a more external focus and talk to customers so that he can learn about their changing needs and use this information in building a new sales team.

One question you might ask the group is whether Dan should focus on talking to existing customers or ex-customers. The advantage of talking to ex-customers is that they are usually more open about the reason they left and/or chose a different supplier.

2. What are the advantages and disadvantages of focusing on building the team's social cohesion?

Advantages

Social cohesion has a positive effect on individual well-being. Members of a team with a strong social cohesion experience lower levels of stress and have lower rates of absenteeism.

Disadvantages

One of the disadvantages of focusing on social cohesion is potential group allegiance with dissatisfied members and/or leaders. Strong social cohesion within a group could also lead to alienation from other groups and/or individuals, for example new sales team members. A last disadvantage is that, within a group with strong social cohesion, attenuation of critical judgments within the group that are sometimes necessary for course correction is more likely to occur.

3. What are the advantages and disadvantages of focusing on building the team's task cohesion?

Advantages

A focus on building the team's task cohesion will result in a greater range of perspectives and problem-solving approaches. Diversity is an important factor in building task cohesion. In a changing marketplace having these different views could lead to better solutions for the customer. Also, a focus on task cohesion could result in members of the sales team experiencing greater job satisfaction as they are challenged more by others in their way of thinking.

Disadvantages

A focus on task cohesion could result in a lower social cohesion. Very different people in the sales team are less likely to have a strong personal bond. And one might argue that they are less likely to trust each other. It could potentially lead to excessive competitiveness with others inside the group. This lack of personal bond or even friendship might cause members to leave Swets's sales team.

Caselet 6.2: Health-Care Horizons (HCH)

Case Questions:

1. What are the advantages and disadvantages of handing the lead to Lisa, the veteran account manager?

Handing the lead to Lisa would appear to increase the likelihood of a successful sale, which would ultimately result in added income for all members of his team. The disadvantage is that it may appear to be rewarding her inattention to a new customer — a customer whom she should have contacted earlier.

2. What are the advantages and disadvantages of handing the lead to Kayla, the newer account manager?

Allowing Kayla to secure a new customer — at a time when the team needs a sale — should help build her confidence. It would help her team have faith that she can perform up to the challenges of the sale. Additionally, it would help in her development in becoming a more experienced salesperson. If the sale is made, she can glow in the light of her accomplish that she was responsible for achieving the team's goal. One disadvantage of handing the lead to Kayla is that, if she fails, all members of her team will lose

potential income. Furthermore, this failure may result in a diminished level of self-confidence. Even if the sale were made, some may have concerns over the level of customer service Kayla will provide. Handing the lead to Kayla might also cause Kayla to have increased doubts about her capabilities to perform in a tight situation.

3. If you were Priscilla, how would you make this decision?

This will be a tough call. This also seems like a perfect opportunity for Lisa to become involved in a coaching situation with Kayla.

4. How do you think your decision would affect the rest of the members on the team?

Priscilla's decision will impact the potential income of one team in light of the confidence she has in one of the team members. It is a perfect opportunity to help Kayla's development but may come at the cost of income to the rest of her team.

OTHER IN-CLASS EXERCISES

Creating a Scene to Demonstrate Violations of Power

Set up a student in advance of class to be your "confederate." After class gets underway, have that student "act out" and challenge you on something that you've pre-determined. Once the uncomfortable interaction plays out and the student has stormed out of the classroom, ask the remaining students to share their perspectives on what they just witnessed (after pretending to be a little shaken up). Then, segue into a rich discussion about how violations of bases of power create unusual and/or uncomfortable contexts. In this instance, the professor has legitimate power and the student violates social norms by ignoring both the legitimate power as well as the fact that the professor holds reward power (grades) over the student.

Chapter 7: Setting Goals and Managing the Performance of the Salesforce

INTRODUCING THE CHAPTER

This chapter helps students understand how goals and metrics play a key role in leading a sales organization. The chapter explains the inter-relationships between goals, quotas, benchmarks, and targets. Students will learn about input- or activity-based goals as well as output- or outcome-based goals. The chapter explains the role of the CRM and pipeline analysis for understanding where behaviors might not be driving the desired outcomes. To ensure that students understand that sales is about both quantity and quality results, there is a rich discussion about customer experience (CX), customer satisfaction (C-Sat), and the net promoter score (NPS). The chapter also discusses the process for setting goals that are meaningful for shaping individual, unit, and organizational results.

Chapter Objectives

After completing this chapter, students should be able to:

- Describe how organizations and their managers use goals to guide and control the efforts of their salesforces.
- Summarize the elements of an effective goal.
- Determine when different outcome and behavioral sales goals should be used.
- Identify informational resources used for making effective decisions about goals.
- Apply goal-setting theory in order to improve managerial and motivational practices.

Chapter Outline

- I. Why Are Sales Goals Important to an Organization?
- II. Using Goals to Manage the Performance of Individuals, Teams, and Firms
- III. Different Types of Goals
- IV. Choosing the Right Metrics to Track for Goals
- V. Choosing the Right Time Period to Track
- VI. What About Almost Meeting a Goal?
- VII. Should Salespeople Be Involved in Setting Their Own Goals?
- VIII. When Is a Sale a Sale?
- IX. Should Everyone Achieve Their Sales Goals?
- X. Can Sales Goals Be Changed or Altered?
- XI. What Happens When Salespeople Don't Achieve Their Sales Goals?
- XII. The Process of Setting Good Goals
- XIII. Managing Your Career
- XIV. Summary

MANAGING YOUR CAREER

Asking students to reflect on three goals – all taking place at different levels – is a good way to open discussion of this material on goal setting. Ask students to identify a goal related to this class, a goal related to their college experience, and a career goal for post college. Discuss how actionable the various goals are that students share and ways in which the goal statements can be improved.

SUPPLEMENTAL VIDEOS DISCUSSION SUGGESTIONS

Why the Secret to Success is Setting the Right Goals (John Doerr): John begins the video with the provocative statement that real leaders set meaningful and audacious goals. Such goals must have purpose and include a compelling why. Like the speaker challenges the audience, the instructor can challenge students to write down their values, their key objectives, and their key results as it relates to their college experience. Then, engage in a discussion around their individual perspectives.

How to Rescue a Struggling Salesperson (Victor Antonio): Victor explains that salespeople, like all human beings, know logically what they need to do and they understand the emotional issue associated with not doing what they need to do. The challenge associated with reaching goals for salespeople and others is not having a clearly laid out plan. Have students work in small groups to create an implementation plan for one specific goal as it relates to this class. Then have each team share with the entire class.

3 Questions to Ask Yourself About Everything You Do (Stacey Abrams): Politician Stacey Abrams (first black governor in the US) explains that jumping from the “what” to the “do” is meaningless if you don’t know “why.” Use this video as an opportunity to engage your students as citizens. Ask them to share examples of politicians who provide strong rationale (why) for the actions that they are proposing or supporting.

QUESTIONS AND PROBLEMS

- 1. What does Mitch Bettis mean exactly when he asks himself: How do we reach for one rung higher on the ladder? Do you agree with what he considers to be the most important performance metric?**

This phrase also means: how does the organization grow? I agree with Mitch who says that the most important metric is activity – an activity focus is crucial for people new to their roles. As one becomes more experienced, the quality of the activity or strategy being enacted can become more important than sheer activity.

- 2. Alicia is a sales manager who prefers to use input measures for goals. Jai, another sales manager, prefers to use output measures. Summarize the advantages and disadvantages of both approaches. What products and services will work best for each type of goal measure and why?**

Input-based goals or what might be called activity-based goals are the observable behaviors that a salesperson makes. The advantage of using input- or activity-based goals is these are directly controllable by the salesperson. Another advantage is that sales managers can easily access these types of metrics in the company’s CRM system which makes it relatively easy to assess the representatives in the sales unit. A key disadvantage of activity-based goals is that the quality of the activity can vary across salespeople. Therefore, activity-based goals do not tell the whole story.

Output-based goals are the selling-related results a sales representative is expected to achieve. A key advantage to this approach is that sales dollars and units sold can be easily counted. Salespeople can easily understand what these numbers mean – to them for their compensation and to the company. However, output-based goals do not accurately reflect the effort needed to produce the sale. These output-based measures may set up a situation where salespeople minimize important behaviors, like providing good customer service.

3. Customer service receives a lot of lip service and press, but when it comes down to using it as a sales goal, it presents some problems. Recently firms have developed customer experience (CX) metrics. What are they, and do you think they are a fair measurement method?

CX metrics relates to how customers perceive their interactions with a brand, such as their interactions with sales professionals. As such, these metrics represent a summary view of the collective experiences of customers. They are a fair representation at a global level but may not be as fair at the individual response level. The Net Promotor Score (NPS) is easy to use, however the company must follow up with respondents to dig deeper and understand the “why” behind the score.

4. Madison, Wisconsin, is frequently cited as one of the “Best Places to Live” in the United States. Due to the city’s great publicity, it and surrounding areas have experienced a significant amount of growth. As a sales manager, you knew the time would come when there would be more potential clients in Madison than your present salesforce can handle. Your organization has authorized splitting its two Madison sales territories under your supervision into four. What types of goals do you think would be the most important to focus on given the situation?

The goals that need to be considered when splitting the two territories into four territories include the sales volume and profitability. In addition to these two goals, it might also be important to consider either customer density and/or industry segments.

5. The sales goal for one of the regions you manage has been set at \$6.3 million for this year. There are three sales representatives in the region: Luis, who is one month out of training; Nathan, who has five years of experience and is considered an average performer; and Taylor, who has 12 years of experience and is a top performer. Set three goal levels for each representative and explain your rationale for each.

Taylor might be assigned a goal of \$3.3M due to her experience and performance track record. Nathan might be given a goal of \$2M and Luis, a goal of \$1M. Luis’ goals will be communicated as \$250,000 per quarter because research shows that shorter, more frequent time periods help low-performing or new sales reps with goal attainment. Taylor would be given the annualized goal since a short-time horizon on a goal set can prompt a high-performing salesperson to sell more opportunistically than strategically.

6. A number of factors can impact a salesperson’s ability to achieve his or her goal. What are some of these factors?

Some of the factors that impact a salesperson’s ability to achieve goals include: poor skills, lack of motivation, flawed sales projections, changes in the firms marketing mix, promotional campaigns that don’t produce expected results, distribution or supply chain delays, environmental factors that impact demand, new competitors, and changes in the way firms do business.

- 7. Do you prefer courses with many graded assignments or those with only one or two? The same situations could be said to exist in sales. As a sales representative, which end of the continuum would you prefer? As a sales manager, which end would you prefer? In each case, explain your rationale.**

Many graded assignments because they provide greater opportunity to excel. However, as a sales manager it is easier to monitor only one or two items. So, the salesperson and sales manager — like the student and the professor — benefit from different ends of the continuum.

- 8. Do “all or nothing” goals work? What problems do you think a sales manager might encounter by rewarding salespeople who only partially meet their goals?**

Not really because this approach to goal-setting prompts people to discredit the other 95% of actions that they might have done correctly. However, companies do use a threshold level that a salesperson needs to achieve in order to validate an employment contract. That type of approaches ensure that the salesperson covers the expenses (automobile, insurance, legal, etc.) that are expended to employ the person. Rewarding students who only partially reach their goals might encourage salespeople to quit when things get difficult or when they “earn enough” to make it that period.

- 9. Industry studies show that most companies only expect 60 to 70 percent of their sales representatives to achieve their goals. Shouldn’t everyone be able to reach their sales goals? Explain your rationale.**

If goals are unrealistic, such goals can lead to pessimistic outcome expectations for salespeople. However, goals should have an aspirational element to them so that salespeople are motivated to work hard to make an impact. Somewhat difficult, but not overly difficult, goals lead to higher levels of performance.

- 10. As a sales manager, you know that goal setting can be motivational for sales representatives if their goals are set correctly. What are the characteristics of well-set goals?**

Well-set goals are difficult, but not overly difficult, goals because they lead to higher levels of performance. And, goals that are specific and difficult lead to higher levels of effort than do goals that are difficult but very general. A framework to remember strong qualities for goals is the acronym, SMART, which means that goals are specific, measurable, achievable, realistic, and time-based.

ROLE PLAY

Brickyard Healthcare

As one student adopts the role of Mary, ask that student to identify the changes that might have transpired in Mary’s life which might be impacting her complacency (where she now settles for being in the middle of the pack, rather than at the top -of-the-leaderboard where she used to be. For the student taking on the role of Charles, who is Mary’s manager, ask that student to put Mitch Bettis’ recommendations into practice in the role play. Specifically, ask the student playing Charles to engage Mary with a conversation about connecting her performance to the greater good of the organization.

ANSWERS FOR CHAPTER CASELETS

Caselet 7.1: Pony Express Bank Needs Higher Profits

Case Questions:

1. What drives a firm like Pony Express Bank to adopt a new sales strategy?

All firm managers want to increase sales and profits to increase their stock prices, receive higher bonuses, and to please Wall Street. The question is: what is the best strategy to employ to increase sales and profits? In this situation, Pony Express Bank executives decided that a sales-focused strategy was the best way to increase sales. Perhaps their thinking was that if sales were increased to current clients by 10-20 percent, then profits would also increase by 20 percent. What perhaps was not well thought out was whether the customers actually needed or wanted a high-pressure sales effort to convince them to adopt additional bank products? If a client conservatively manages his money, there is little or no need to enroll in over-draft protection, take out a personal loan, or establish a home-equity line of credit. There is a fine line between offering bank services that clearly benefit a client and pushing services that are not needed and result in higher cost and no clear benefit to the client.

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

One could argue the program to push bank services toward existing customers was not evaluated from all perspectives. Yes, the bank is in business to make a profit and the customer service personnel work to earn a salary, but no one seemed to ask about long-term client satisfaction or the potential push back from the CRM department. The same can be said for how PEB clients would react to the new program. When adopting any new sales strategy, managers are wise to consider the response from all constituents — both internal and external.

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

One of the major shortcomings of the strategy is that it is a sales strategy. Looking at different approaches this one emanates from management viewing the sales team role as being able to generate additional sales by working harder and pressuring customers to buy more. Little thought appears to have been given to how the client will benefit and how this strategy will enhance the bank's brand. Certainly, all firms should look for potential business when dealing with existing clients. A CRM expert should ask where the clients have their credit cards and whether it would make more sense to combine their financial accounts together, especially if they could receive lower interest rates, higher rebates, or other benefits. Clients are likely to appreciate a CRM agent trying to save them time, money, or worry. Conversely, if the client feels the CRM agent is simply trying to move them into higher cost accounts and services, this approach will likely backfire on the firm. And, once clients lose trust in a bank, for any reason, they are more likely to move all their accounts.

4. What factors must be considered when setting quotas?

Quotas, like goals, must be SMART (Specific, Measurable, Attainable, Realistic, & Timely). Upper management likely considered their goals to be SMART, if sales met their goals of signing up clients for more services. The sales team was given specific goals that were measurable and for a specific time

period. No one would argue that the sales team did not know they were supposed to increase sales to existing customers by 10 percent over the next 12 months. The rub comes when the sales team sees goals imposed upon them that they view to be unrealistic and unattainable.

When adopting such a strategy, management should monitor closely the number of attempts at cross-selling, the number of conversions, and objections clients gave for declining cross-selling efforts. If the same general objections surface repeatedly, then management must offer the sales team a rejoinder for the objection. Management should have known through monitoring that clients were complaining about being enrolled for unwanted services and one way to monitor for fraud is to measure the number of cancelled services by the time the service was in effect. Said differently, if services were being cancelled after 1-2 months, then upper-level management would want to know why this was occurring.

5. What actions would you take if you were Roberta's supervisor?

It is unlikely that we will ever know the reasons unethical behavior occurred, but here is a plausible scenario. First, the sales team was mandated to cross-sell unattainable numbers of additional bank services to existing clients. Second, no one explained what the benefit was for the clients because there was likely little benefit, just higher fees and service charges leading to higher bank profitability! Third, when the bank told the sales team to either make quota or find another job, agents began to take shortcuts and act unethically. Considering the article this case is based upon, over 5,300 sales reps and their managers were caught cheating and were fired! Fourth, the bank got into trouble with the federal government for fraud and the negative publicity diminished their brand. As a result, bank managers were fired and/or forced out. Lastly, the bank is more likely to lose clients and sales due to the actions of the sales team that were a result of poor strategy and poor implementation by the bank's managers.

Caselet 7.2: Tough Times During the Pandemic

Case Questions:

1. How do company goals impact sales rep goals and actions?

Company goals have direct impact on sales representatives' goals and the actions they need to execute to achieve those goals. Many companies utilize a combination of input (activity based) and output (outcome) goals that sales management assign to individual sales representatives. An example of this would include number of customer contacts, number of new client meetings and presentations, as well as sales volume, sales margins, new accounts secured and accounts lost. If the salesforce is not making their goals, the company is going to fall short of achieving their goals.

2. How does a personal situation affect a sales representative's goals and, in turn, the person's company?

A company would have to be pretty heartless not to consider personal situations of their sales representatives. Fortunately, most companies are understanding of issues such as those faced by Jamie. Economic situations are going to impact all members of the situation, but some consideration needs to be made when an individual's situation deals with personal setbacks. These setbacks, however, cannot be long term, as some remedy for the sales representative needs to be accomplished.

3. What advice should you give Jamie on immediate versus long-term sales and his relationship with the potential new client?

As a sales manager you might want to first be sure that Jamie is fully aware of all company benefits that he is entitled to and may provide him with some financial and time-saving relief.

Jamie's company's business is not based on a transactional approach but more of an integrative approach. Achieving a short-term goal that destroys the ability to form a long-lasting relationship will ultimately lead to failure. Involve the students in how they would feel as the buyer in this situation in both situations.

4. How important for future business is building client relationships?

There are two old adages that comes to mind about client relationships, "You are only as good as your word" or "You are only as good as your last sale". Different levels of client relationships were discussed earlier in the text. If you want to have a growing relationship you know that it must be a win-win situation for all parties.

OTHER IN-CLASS EXERCISES

Creating Goals for Career Success

Have students work in pairs to develop goals and action plans for securing 15 interviews for either an internship or a full-time position. Ask them to first set their output goals and then work backwards into activity goals.

Chapter 8: Motivating and Rewarding Salespeople

INTRODUCING THE CHAPTER

After introducing the key academic theories published in the area of motivation research, the chapter highlights the broad motivational differences that exist across the generations. Then, students will learn about financial versus nonfinancial rewards as well the rich components of a rewards program. Delving further into the financial rewards area, the chapter unpacks the various components of the pay plan (base salary, on-target earnings, variable or incentive pay, and the benefits package). A discussion of rewards, recognition and career opportunities round out the chapter.

Chapter Objectives

After completing this chapter, students should be able to:

- Summarize how motivation has been conceptualized, and how the contributions of past studies can be incorporated into managerial activities.
- Explain the different models of motivation, and how sales managers can utilize them.
- Identify generational differences in motivation, and how to adapt motivational approaches for each group.
- Describe how managers can utilize different motivational elements available to sales organizations.
- Determine the financial versus nonfinancial rewards used to motivate salespeople.
- Explain how compensation systems can be utilized to address different motivational needs.

Chapter Outline

- I. What Motivates Salespeople?
- II. Generational Motivational Issues
 - A. Traditionalists
 - B. Baby Boomers
 - C. Generation Xers
 - D. Millennials
 - E. Generation Z
- III. The Dos and Don'ts of Motivating Your Sales Representatives
- IV. Financial and Nonfinancial Rewards
- V. The Components of a Reward Program
 - A. Compensation
 1. Base Salary
 2. Variable (Incentive) Pay
 3. Combination Plans
 - B. Benefits

- C. Work-Life Rewards
- D. Recognition
- E. Expense Accounts
- F. Personal Development and Career Opportunities

VI. Managing Your Career

VII. Summary

MANAGING YOUR CAREER

Ask students to grapple specifically with what type of compensation and rewards package they might find most rewarding. Ask them to share their preferences and rationale with the entire class. As they share their ideas, capture them on the board where they represent the continuum of 100% salary-based, predictable outcomes to 100% commission-based, performance driven outcomes.

SUPPLEMENTAL VIDEOS DISCUSSION SUGGESTIONS

Stop Trying to Motivate Your Employees (Kerry Goyette): Kerry explains that there are myths associated with motivation and then explains the broader perspective that the myth doesn't consider. The first myth suggest that motivation is simply energy. She then uses Charlie Sheen as an example of a person who is highly motivated, but he also represents both positive and negative energy. You can ask students to listen to the myths from this video outside of class and bring their own examples to share with the class.

5 Best Ways to Motivate Sales Team Members (Dave Lorenzo): Dave shares the five things that fire up salespeople as: winning (so hire the right people and share competitive information – track, rank, publish), recognition (which needs to take place in front of their peer group), money (incentive pay and competitive pay are crucial), legacy (want to be known for something or a record), and perks (incentive trips, parking spot, extras). Ask students to use this framework of five motivators for salespeople and ask them to reframe what they are doing for your class to align with these incentives.

Motivating a Demotivated Representative (Kevin F. Davis): Kevin shares three tips for working with this demotivated audience: (1) do NOT be blunt, especially at the beginning, (2) adopt the mentality of a helper, not a critic, and (3) consider if your management style might be part of this problem. You might play Use this short video (less than three minutes) in class and then ask students to share a situation where they might have been demotivated and how someone working with them was helpful to their situation as it relates to the advice in this video.

QUESTIONS AND PROBLEMS

1. **Which motivates you most: intrinsic or extrinsic factors? What intrinsic and extrinsic factors do you think would motivate you as a salesperson? What would motivate a sales manager?**

Student might note that they are much more motivated by intrinsic factors...is the work rewarding and challenging? That said, they want their organization to acknowledge their efforts with variable compensation (merit pay or bonuses) to say that the company also values their work. Salespeople are

motivated by both intrinsic and extrinsic factors. They want meaningful, interesting work. And, they want to be paid well for the value-creating work that they do on behalf of a company. A sales manager is likely to be motivated in his/her role by seeing the growth and development of the salespeople in his/her reporting line. They also want to see their people do well and are motivated by the monetary benefit tied to salesperson performance.

2. Which of the content theories of motivation makes the most sense to you and why? Which of the process theories makes the most sense and why?

Students should summarize one of these theories:

Maslow’s Hierarchy of Needs: classifies people’s needs into levels and indicates that people strive to reach the next level.

McClelland’s Needs Approach: suggests that people are motivated by achievement, affiliation, and power.

Herzberg’s Motivation-Hygiene (Two-Factor Approach): suggests that salespeople need to have jobs with motivators present and with hygiene factors that are either absent or neutral.

Adam’s Equity Theory: proposed that salespeople weigh their perceived input and outcomes relative to others and decide if they are being paid fairly.

Expectancy Theory: suggests that salespeople will choose to behave in the way that gives them the highest motivational force in order to maximize the efforts they find pleasurable and minimize those they do not.

3. Given the following information, what do you think might be going on with each salesperson?

	<i>Sales Two Years Ago</i>	<i>Sales Last Year</i>	<i>This Year’s Sales</i>	<i>Tenure and Achievement Information</i>
Tyler	\$280,000	\$286,000	\$294,500	3 years; outstanding trainee in her first year
Dustin	\$304,000	\$411,000	\$419,000	10 years; 3 years in the \$100k club
Kylee	\$309,000	\$303,000	\$297,500	20 years; first time in 10 years not in the \$100K club

We really don’t know what’s happening here because we don’t have all of the information that we need to make an assessment. While Tyler’s and Dustin’s sales are increasing, we don’t know how their overall markets are doing. Nor do we know what their quotas are. While Kylee’s sales are declining, we don’t know how her market is doing and whether she is navigating market or personal challenges.

4. If you were leading a small salesforce, what behaviors and actions would you use to motivate your employees?

First, I’d make sure that I was hiring well. I’d hire people who are self-motivated and operate with a growth mindset. I’d meet with them on a predictable basis, often enough that they know they are supported but not so often that they feel micro-managed. I want them to understand that I trust them with their work. My job would be to also know each person’s strengths and weaknesses so I can build on their strengths. My goal would be to ensure that they have the information they need to feel like they can manage their

work and own their own decisions. Lastly, I'd make sure that I knew my people well enough to provide them with the kinds of rewards that they value.

- 5. The intent behind a cost-of-living adjustment (COLA) is to allow members of the salesforce to live and work in high-expense locations. Find an online cost-of-living calculator, or use the one mentioned in this chapter: <https://www.nerdwallet.com/cost-of-living-calculator>. Compare the living costs in Minneapolis, Minnesota; Dallas, Texas; and Miami, Florida. Which area has the highest and lowest cost of living? Compare these costs with those of a small city near you. How much more (or less) would you need to earn as a sales representative to live in one locale versus another? Is it fair for a sales representative who lives in a large metropolitan area to be compensated better than one living in a smaller town with a lower cost of living?**

Minneapolis:	\$50,000
Dallas:	\$52,361
Miami:	\$54,202

Yes it is fair for a salesperson living in a large metro area to be better compensated than the one living in a smaller town because the company has asked the individual to live in that area and provide value for the company.

- 6. What advice would you offer a fellow student who is considering accepting a position with a firm that uses an incentive-only system? What about one who is considering a salary-only plan?**

Be sure to understand the sales cycle and if salespeople must navigate wide changes in demand. In a 100% commission role, there is no safety net for the salespeople if market conditions change. Conversely, if I had a friend seeing a sales job that had no variable compensation, I'd ask the person to explain to me why sales. It makes no sense to be in a position where you are creating value for the company and you don't experience any financial rewards as a result of your efforts.

- 7. If you were to hold a sales contest and offer a trip as an award, what location would you pick? For each generation, identify a location you believe a sales professional would find particularly motivating, and explain why.**

I would pick the location after conducting research on past trips and seeing the level of participation in each. The interests in locations will vary based on the history for the field salesforce as well as the age groups represented in the sales team. Some U.S.-based locations that might be of interest to these various age groups include:

Traditionalists	Palm Springs (recognition in the form of an important, elegant trip)
Baby Boomers	Chicago (allow choice of activities)
Generation Xers	Orlando (family setting)
Millennials	Orlando (family setting)
Generation Z	Miami (young vibe)

- 8. What type of performance recognition program would motivate you the most? The least?**

Students will likely select a number of items from Exhibit 8.6 and describe their personal reasons for the selection.

9. What are some of the advantages and disadvantages of sales managers using gift cards or cash to award their salespeople for performing a new skill?

Sales managers must have a well-thought-out recognition program. Awarding gift cards or cash may not feel personal or “big enough” to have real impact on the psyche of a salesperson. If the gift cards are simply “distributed” and not “bestowed” (given away publicly), they may simply appear to be an after-thought. The research shows that public recognition may be even more powerful for reinforcing results than the actual “item given” in recognition of performance. Since a new skill represents a new competency, sales managers may detract from the intrinsic motivation that results from learning the new skill by placing emphasis on the financial reward (gift card or cash).

10. How might a recognition program for marketing students work within your college’s business school? What would you use as motivators if you had an unlimited budget? What if your budget were \$300?

Again, students are likely to select items from Exhibit 8.6 to build the recognition program. They are likely to have more meaningful ideas for the limited budget context. Answering the question using an unlimited budget context will help them recognize the limits that such rewards might have on learning-based performance.

ROLE PLAY

Motivating Salespeople for Top Performance

Students are split into groups of three each, with one person serving as Adrian (the sales manager), one as Enrique (rep with deep but fewer client relationships) and Lai (rep with many, more shallow client relationships). The group is to have an initial conversation to gather the information needed to develop a rewards program that will motivate high performance behavior which is marked by many, deep client relationships. A good way to bring this conversation back to the full class level is to debrief all of the needs as a class. Then regroup students into groups of 5-6 where they are to use the class discussion and Exhibit 8.6 to identify the recommended components of a rewards program as well as the results and activities that should be measured for making the awards or rewards.

ANSWERS FOR CHAPTER CASELETS

Caselet 8.1: Motivation to Complete Corporate Sales Training

Case Questions:

1. What are the advantages and disadvantages of sales training overall? Is training necessary for a high-performing team?

If you needed a significant medical procedure, would you prefer to have a team of medical personnel who received the latest training or one that hasn’t? How about a dental procedure? Airplane flight? Work on your new car? Seems likely that most of us would prefer the scenario with trained personnel.

Sales representatives who have received training are going to be up to date on the products and services they offer as well as how they compare with others in the marketplace. These KSAs are likely to position the sales representative, as well as the customer, for a successful sales experience. A perceived disadvantage of sales training is the time (and effort) it takes the sales representative away from important activity of selling. Whether or not this is the case depends on the actual value the training delivers to the representative.

Consider the impact on the team when a member of the team performs poorly or is incapable of providing value to the customer. The more the team needs to interact with each other to provide value to the customer, the more likely it would seem that sales training would help the sales team better perform their roles.

2. Lindsey has no budget for monetary rewards for completing the training. What types of reward systems could she implement to support the use of the sales training assets?

While having extrinsically motivating items (e.g., money, prizes, PTO, etc.) certainly can help engage some individuals, it seems likely that sales training that helps you improve your sales skills would be intrinsically motivating. Lindsey needs to share the company's sales training effectiveness measures that show the value of the training with her team members. Knowing that the training you will receive has resulted in higher performance by other teams should help individuals recognize the value of spending time on the training. She is authorized to reward individuals by praise, recognition, and additional time with her or her superiors.

3. If you were Lindsey, how would you convince Zac to invest time in training when he is already excelling at closing sales?

Zac desires to be one of the company's top 10 sales representatives. He also is one Lindsey's best salespeople. Lindsey needs to show the value that training has had with the other teams outperforming her (and Zac's) team. Perhaps she could do a simple value analysis of training time vs. additional sales. She also could share the investment (and the importance) that her company has placed on training. Taking time for training would seem to be in line with the thinking of upper management. Believing that it is not worth his time, may put Zac in a negative light by upper management and not helpful for his desire to be the best.

Lastly, Lindsey needs to remember that her responsibilities as a sales manager aren't always going to keep everyone happy all the time. At times, she may have to show a little tough love. If these suggestions don't work, as a last result, she could assign the training as part of Zac's (as well as all sales representatives) responsibilities. She might also make the training a requirement for receiving some other desirable reward.

Caselet 8.2: Motivating and Rewarding a Sales Team

Case Questions:

1. Is it a coincidence that the average number of closes per month for sales representatives coming out of their guaranteed commission periods is three times the standard?

No. It isn't a coincidence that new salespeople close three times the average of their seasoned counterparts. In fact, the new salespeople are incentivized to reserve introducing these sales until they complete the guarantee period.

2. Do you believe the two instances of sandbagging are unusual or do you think this phenomenon is more systemic throughout the company's salesforce?

No, the two incidences are related. It appears that the goals are easy to hit since 90% of those who attain their goal more than doubled what they were required to sell. And only 4% of the experienced salespeople failed to meet their goals. In essence, the organization is incentivizing their salespeople to forgo sales today to receive the orders sometime in the future (up to 9 months) and still pay the commissions.

3. Should the compensation plan be changed? If so, how?

Yes, the compensation plan should be changed. It is good that the organization provides a guarantee for new sales associates. The guarantee helps attract the right salesperson and keeps them "whole" financially as they develop their sales pipeline. However, to incentivize their teams to close business quickly, the organization should consider paying the sales representatives for all sales during the guarantee period, allowing them to "double dip." This strategy rewards salespeople to close as much business as early as possible. It also:

- grows company sales
- prevents customers from seeking a competitor's product
- encourages sales early, which increases overall profitability based on the time value of money

4. Will the company be able to attract the caliber of candidates needed without the commission guarantee?

Most likely not. It is doubtful that the company would be able to attract industry niche players with deep knowledge and personal connections without an initial commission guarantee.

5. If the company exceeds profit goals, should sales managers' commissions be enhanced?

Conversely, if the company fails to meet its profit goals, should sales managers' commissions be reduced given that the expansion was approved at such a high percentage?

Yes, and yes. Sales managers are the profit-generating engines for the organization. Therefore, when they deliver strong results, they should be compensated accordingly. In addition, it takes significant time to develop sales talent, drive sales, enforce company policy, while driving overall customer satisfaction. Conversely, if the company does fail to meet its profit goals, the sales managers' commissions should be reduced accordingly. However, a greater weight should be placed on management by objectives. Such action will ensure sales managers are investing the necessary time, energy, and focus to their newly acquired salesforce.

OTHER IN-CLASS EXERCISES

Be the Person You Needed When You Were Younger

To help students understand how motivational needs can differ dramatically throughout one's life, ask students to describe their answer to this question: What type of person did I need in my life to motivate me to achieve my best? Have them describe the ways in which this person would have motivated them effectively. Have them discuss the type of person that they need in their lives now to help them achieve their best.

Chapter 9: Ethics, the Law, and Sales Leadership

INTRODUCING THE CHAPTER

Salespeople, as boundary spanners, may find themselves faced many ethical challenges because they have to represent both the company and their customers. Common ethical issues specific to sales can include misrepresentation, bribery, and encouraging rogue purchasing.

Companies and sales managers can reduce unethical behavior by creating the right ethical climate. Codes of ethics are also useful tools, not only because these can provide guidance to salespeople when faced with ethical challenges but also in the creation of the right kind of ethical climate. Companies may also create different forms of systems for identifying and responding to ethical breaches.

Laws also govern salespeople's and sales managers' actions. Such laws include the Uniform Commercial Code, which defines when a sale occurs, the limitations of warranties, and other important elements in selling. Also important are laws such as state laws governing business defamation, the CAN-SPAM act, the FTC's Do Not Call registry, and the Federal Corrupt Practices Act. Managers also have to worry about labor laws, such as those protecting employees from sexual harassment.

Chapter Objectives

After completing this chapter, students should be able to:

- Identify the more common ethical dilemmas that face salespeople, sales managers, and sales executives.
- Distinguish between those organizational policies and practices that support ethical behavior and those that enable unethical behavior.
- Explain how principled leadership can foster a firm's ethical principles and corporate culture.
- Be able to develop an appropriate course of action when you are personally faced with an ethical dilemma.

Chapter Outline

This chapter explores ethics in the sales profession and the actions sales managers can take to support ethical behavior by their employees.

- I. Causes of Unethical Behavior
- II. Approaches to Ethics
 - A. The Golden Rule
 - B. The Conventionalist Approach
 - C. The Protestant Ethic
 - D. The Market Imperative
 - E. The Libertine Ethic
 - F. The Utilitarian Ethic
 - G. Virtue

III. The Salesperson as a Boundary Spanner

A. Common Ethical Issues Facing Salespeople

1. Ethical Breaches Affecting Customer Issues Associated with the Salesperson's Customers
2. Ethical Breaches Affecting the Salesperson's Company

IV. Creating an Ethical Sales Climate

1. Identifying and Responding to Ethical Breaches
2. Due Process Systems
3. Dealing Personally with Ethical Breaches

V. Sales-Related Laws

1. The Uniform Commercial Code
2. Other Important Laws

A. Laws for Sales Managers

B. Leadership Challenges for Sales Managers and Executives

MANAGING YOUR CAREER

This section can easily lead to a stimulating discussion about what ethical practices in job searches. Having two sides (pro/con) assigned to present their points is a 'safe' way to get the discussion flowing. Consider including the discussion with the hiring of a faculty member who quits at the last minute and the implications that may have.

SUPPLEMENTAL VIDEOS DISCUSSION SUGGESTIONS

Ethical Leadership: Before showing this video, ask students what ethical leadership means to them? Write these answers on the board. Then watch the video and discuss how their list matches up with Heiser's perspective. You can also refer to the leadership approaches discussed in Chap 3 and ask students to identify the ethical challenges that each approach might face.

Heiser talks about some leaders do not want to engage in ethical issues. What are the implications when a leader avoids dealing with ethical issues? Ask students to identify ethical breaches in the news, what was leadership doing when these breaches occurred? What role did they play in creating the ethical climate that allowed for the behavior?

Creating Ethical Cultures in Business (Brooke Deterline): Sometimes acting ethically means one has to act with courage. When discussing ethics, students often say they would never act unethically, would refuse if their boss told them to do something unethical, or quit their job. This video is a good opportunity to have a practical discussion of the potential consequences of acting ethically and how easy it to "go along to get along."

Ethics: Yes, Even When Nobody is Watching (Dawne Ware): Prior to the video, ask students where they get their ethics? How do they make ethical decisions when no one is watching or there is no clear "victim"? (This video is a good segue into a discussion about the different ethical approaches). After the video, ask students what they would want students/faculty/staff to think about them at graduation? Probe to get students to talk about how they can act on campus to leave the legacy they hope – does their current actions/behavior match the image they want to leave.

QUESTIONS AND PROBLEMS

1. How does Glenn Gaines work to ensure his salesforce is ethical?

Glenn prioritizes setting expectations and accountability through his organization's training and compliance processes. The ethical principles of his organization are discussed, agreed upon, and communicated, and then reinforced during annual performance reviews. Employees who stray from the organization's ethical principles are encouraged to view the situation from different perspectives to better understand the importance of behaving ethically.

2. Describe the three factors that contribute to many ethical concerns.

Individual factors: specific characteristics, values, and views of an employee and are often driven by self-interest

Issue-specific factors: situation-based and so behavior will vary depending on who will know, who might be hurt, or who will judge the behavior

Environment factors: organization and institutionalized systems and processes that encourage individualistic behavior instead of doing what is best for others

3. Which approach to ethics works best for you? Explain your rationale using an example. How does this approach compare to virtue as an approach?

Answers should vary but a lot of students will choose Golden Rule without really thinking it through, simply because they are already very familiar with it. The challenge is to then pick the one that is the most opposite.

4. If a salesperson is considered a boundary spanner, who does the person represent?

Answers may vary, but they should include the organization they work for, customers, themselves, and family.

5. Do you believe a customer who receives two tickets to a company's suite for the Super Bowl is accepting a gift? Explain your position

Students may take different positions (e.g., gift or bribe) and likely it will be based on the intent behind the sharing of the two tickets.

6. Explain how puffery differs from misrepresentation? Use an example to illustrate your rationale.

The key difference between misrepresentation and puffery is dishonesty. Puffery is a vague general exaggeration while misrepresentation is a lie. An example, it would be puffery to say, "we deliver super-fast" because "fast" can have different meanings to different people, but if a salesperson claims that orders are shipped in 24 hours, knowing that it takes 2 days to ship, then they are misrepresenting their product.

7. Which of the following are legal practices versus illegal practices? If you determine that not enough information is provided, what would make the practice legal or illegal?

a. **A salesperson offers a discount to a small drugstore if the store will set up a special display of his product at its entrance**

This practice is legal and fairly common.

b. **A salesperson sends two bottles of wine, valued at \$100 each, to a customer as a thank-you gift after making a large sale.**

This could be considered illegal. The sale was large, so thank you gifts worth \$200 might be ok, but the value of the gifts is certainly more than the IRS would allow as a reasonable expense.

c. **A buyer asks the salesperson out for drinks after work.**

Not enough information is provided. If the buyer is just taking the salesperson out after a successful sale, then there might be nothing wrong. If the buyer is using it as a condition to offer the salesperson business, then this might be considered unethical but would be difficult to prove as a bribe.

d. **A buyer provides a salesperson with a competitor's proposal, including pricing information.**

If the competitor's proposal were marked "confidential, for the customer's eyes only," then the competitor could take civil, not criminal, action. If the buyer is a buyer for the government, then there may be laws dealing with the situation that might make it illegal. For example, it would be illegal in certain instances to open a competitor's bid early and then use that to leverage other prices down.

8. As a sales manager, you find yourself faced with the following situations. Identify the ethical or legal issue in each and discuss how you would handle the problem. (All of these were experienced by former students.)

a. **Your boss, a regional sales manager, forwards several ethnic jokes and lewd e-mails to you and your entire sales and support staff. Two of your salespeople complain to you.**

This practice creates a negative work environment and the salespeople could take legal action. A possible way to handle the problem is to tell the regional sales manager that the e-mails are offensive and some employees have already complained and not to do it again. Further, the instance should be documented and placed into the manager's permanent file with the warning that if done again, the manager would be terminated. Alternatively, the manager could be terminated immediately if there is a clear computer use policy forbidding such behavior.

b. **A customer has called and asked you to send someone else to his office as he does not want to be called on by his currently assigned salesperson. When you ask why, he says it is because he objects to the salesperson's sexual orientation.**

If discussing in class, note that this type of situation has occurred for many reasons – sexual orientation, race, ethnicity, and faith are just a few examples. While there are no legal ramifications for the customer, the manager has to tread carefully. To comply with the customer's wishes may win the company business, but if the salesperson who owns the account is penalized as a result, then the company has also discriminated against that salesperson and legal action could ensue. In many situations, the manager has left it up to the salesperson to decide whether anyone should call on that account and how credit for the account is awarded. A key point is to document any and all conversations regarding the situation.

- c. **You have asked a salesperson to create a training session for your entire sales team. The task will require the salesperson to spend about \$60 on extra materials that the company policy expressly prohibits salespeople from charging on their expense report. She agrees, then submits an expense report with the \$60 listed as entertainment for a client, which is an acceptable expense. You notice the \$60 on her expense report; she hasn't said anything about it, but you know she was conducting the training session on the day in question and couldn't have entertained a client that day.**

The manager should deny the expense because it cannot be documented. We've seen managers turn a blind eye to such a practice because the company policy is wrong; however, such a choice carries the potential consequence of the manager being reprimanded or fired as a result.

- d. **A company has introduced a new product and requires all salespeople to memorize a demonstration script related to it. To encourage salespeople to learn the script, your boss will award new HDTVs to the team that makes the best presentation. Two salespeople come to you and say, "Let's just let Beverly represent our team, we don't have time for this. We need to be out selling." Do you let Beverly represent the team? And if the salespeople don't bother to learn it because they won't win, what do you do? Are ethics involved here?**

As a side note, Beverly won the demonstration contest anyway. However, what is the purpose of the contest? That purpose still needs to be accomplished. To skip the competition may not be a violation of ethical principles but it isn't sound management. However, to put Beverly forward as the winner is lying if there has been no team level competition and would degrade the trust management would have in you.

9. Your boss has asked you to do something you believe to be unethical. What are your options?

Answers will vary. A lot of students will say they will refuse to do the behavior, explain the ethical issues to their boss, or leave their job. This is a good discussion opportunity to talk about how hard it is to handle ethical issues when it is a boss or leader making the request (i.e., is it easy to just quit a job? What are the implications if you walk away?)

10. Which of the laws discussed in the chapter do you think salespeople are most likely to violate? What about their sales managers?

Answers will vary. Salespeople might find themselves breaking UCC laws with regards to warranties, business defamation laws when bad-mouthing a competitor, privacy laws, or engage in tying agreements, thus violating Sherman Act.

Sales managers could be most likely to violate the 1964 Civil Rights Act if they fail to prevent or address sexual harassment. Managers also need to worry about laws around labor and hiring issues.

ROLE PLAY

Axis Manufacturing

Break into groups of three. In each group, one person is Tisha, the buyer for American Spice, and another is Pat, the salesperson who is responsible for the American Spice account. Don't worry about matching gender to the names in the case. Discuss strategies for how to handle American Spice (the client) and how to respond to the regional vice president. Have the third person in your group play "devil's advocate." This person's job is to suggest unethical strategies to each of the other two people. The "devil" should do so by calling timeout and whispering a suggestion to each person, who must then act out that suggestion. The other person should listen to the unethical suggestions, explain the implications of those choices, and then present alternatives.

Strategies Pat can use to handle American Spice and respond to the regional vice president: to the regional vice-president, tell the truth about what is happening and ask for help. With American Spice, Pat can probe to determine whether costs are higher than Califra's, if there are supply chain issues that Pat can help with, and similar ideas to help American Spice win the business legitimately.

An example of unethical strategies from the "devil's advocate": Suggest to Pat to offer free "samples" as a way to get the price down. Suggest to Tisha to request to see Califra's prices or proposal, or to raise prices to Califra.

ANSWERS FOR CHAPTER CASELETS

Caselet 9.1: Bienestar SA

Case Question:

1. How would Shelby's response vary under different ethical approaches?

- a. Golden rule approach – There could be a conflict on how different people want to be treated; therefore the Shelby might face a challenge in deciding how each party wants to be treated.
- b. The conventionalist approach – There are gray areas where it would be difficult to tell whether certain acts are legal or illegal. Further, what is conventional within a company may be different than what is conventional in general society.
- c. The Protestant Ethic – Shelby might focus on doing what can be defended, not what is right. Thus, a great deal of effort might be spent on arguing or developing arguments to support activities.
- d. The Market Imperative – What might be right for the customers might not be right for the organization and vice versa.
- e. The Libertine Ethic – Some customers can be harmed indirectly by Shelby's actions even though the she performed those actions in good faith. The question then becomes how to resolve those fairly for everyone involved.
- f. The Utilitarian Ethic – It can be difficult deciding what would be the best outcome for all who are involved. Further, means are not an issue, which means that there could actions that are questionable but undertaken in order to achieve objectives.

Caselet 9.2: Magnitron Security Systems

Case Questions:

- 1. Is the real root of Magnitron's problem its new compensation plan? If not, what is it? If so, what do you do about it while growing the sales from new accounts?**

It is unlikely that the root of the problem is the compensation plan, but rather the company culture that supports unethical behavior and the compensation plan is just one part of that culture.

Some students may argue that the culture shifted with the hiring of the CSO and the implementation of the compensation plan. Their discussion should include ideas for how the compensation plan can be shifted to reward ethical behaviors and growth.

- 2. Given that the lack of an ethics policy is something that should be addressed, what should Manny have done differently, if anything? What role, if any, should Magnitron's CSO play? What type of approach to monitoring, investigating, punishing, and implementing an ethics policy should Manny suggest to the committee?**

Student answers will vary. Students should have specific examples of what Manny can suggest to the committee (e.g., suggest an employee board system).

- 3. What should Manny do to get salespeople to support the need for a clear ethics policy?**

To get the employees to support the need for clear ethics policies he could talk to them and assure them that while he does not doubt their honesty, having an ethics policy would provide an official guideline for standards of conduct. He could ask the salespeople to give their contribution on how the policies can be structured and how to deal with misconduct, if any.

Students may develop other choices; the issue is to make sure that they have thought it through carefully.

OTHER IN-CLASS EXERCISES

An interesting debate is whether ethics can really be a function of a corporate culture (i.e., leadership) or whether the best route is to hire ethical people. This exercise can be started by briefly debating that question. But while interesting, the debate serves little practical value because the Federal Sentencing Guidelines (FSG) require that companies develop policies and practices that encourage and support ethical behavior. Companies that fail to do so face significantly greater penalties should problems arise. Thus managers have to operate as if ethics can be a function of corporate culture.

One mechanism for illustrating the various ethical approaches is to divide the class into groups and assign each group an ethic: The Golden Rule, the Libertine, the Protestant ethic and so forth. Using that approach and that approach only, develop policies and procedures for the following behaviors:

- Dating subordinates who report directly to you
- Personal use of company equipment and materials
- Loaning equipment to customers that you intend to later sell as new
- Entertaining customers

Any policies and procedures must include limits as to what is and is not acceptable, mechanisms for reporting and evaluating potential violations, and punishment if determined guilty of a violation.

Each group can then report out its recommendations. Ask if differences or similarities are due to personal preferences or the nature of the ethical philosophy.

Chapter 10: Managing Sales Technology and Sales Enablement Successfully

INTRODUCING THE CHAPTER

Technology has dramatically changed how salespeople are managed and how they manage their time and territories. This chapter discusses how technology such as sales technology stacks, mobile phones, wireless broadband, and laptops turn any location into a virtual office. Salespeople use unique technology to manage information ranging from which technician knows how to fix best specific problems to which company white paper piques your prospect's interest.

Salesforce automation (SFA) software was among the first software used by salespeople, and through the use of artificial intelligence, it will perform repetitive tasks. Software designed to support customer relationship management strategies includes many features, including chatbots and voicebots, designed to enhance customer communication and management reporting.

Implementing sales technology is fraught with challenges, such as overcoming the resistance of salespeople when it comes to using new systems, establishing metrics that incentivize changes in their behavior, and managing the quality and quantity of the data entered into the system.

To improve the acceptance and use of various technologies by salespeople, many firms rely on training, managerial support, and technical support. Such activities make the transition to new technology easier for salespeople and their managers.

Chapter Objectives

After completing this chapter, students should be able to:

- Explain what sales enablement is and why sales enablement strategies are essential.
- Explain what salesforce automation technology is and its uses.
- Describe the challenges related to successfully implementing sales technology.
- Describe what sales managers can do to encourage their employees to adopt and effectively utilize sales technology.

Chapter Outline

- I. Sales Technology
- II. Sales Enablement
 - A. Convenience
 - B. Knowledge
 - C. Collaboration
 - D. Access
 - E. Salesforce Automation
 - F. Reports and Analysis
 - G. Team Collaboration
 - H. Customer Relationship Management Strategy

- III. Trends in Sales Technology
 - A. Robust CRM Systems
 - B. Artificial Intelligence
 - 1. Chatbots
 - 2. Voicebots
 - C. Contact Center Software
 - D. Speech Recognition and Call Analytics Technology
 - E. Mobile Technology
 - F. The Internet of Things (IoT)
- IV. The Challenges of Implementing Sales Technology
- V. Sales Technology Training
 - A. Managing Sales Technology Roadmaps
- VI. Managing Your Career
- VII. Summary

MANAGING YOUR CAREER

Most students are very adept at using their personal technology and have personal experiences with various forms of technology and social media. This section asks them to change their focus from a personal focus to a more professional focus. A conversation on what this means and what changes might be required can be very enlightening. Also, encourage your students to think which skills, certifications, and sales technology experiences will give them a competitive advantage when seeking career opportunities.

SUPPLEMENTAL VIDEOS DISCUSSION SUGGESTIONS

Sales Influence – Why People Buy (podcast with Victor Antonio): Aaron and Victor discuss how sales managers can use data to better create sales processes and strategies. Further, they discuss how to create systems and a culture that is designed to increase predictable sales results by providing consistent, scalable services that allow customer-facing professionals and their managers to add value in every customer interaction. The video provides real-life examples of how sales managers can use sales technology to coach sales representatives.

6 Sales Tools: The right sales tools can make all the difference in sales performance. Just like Batman needs his utility belt or a track star needs the right shoes, sales representatives are most productive when they have the right sales tools and sales technology stack. Here are the six tools discussed in the video:

1. [00:17] **CRM Platform**
2. [01:14] **Sales Readiness Platform:** Sales readiness tools deliver the training, coaching, and practice content.
3. [01:54] **Social Media:** Social channels are essential for positioning your reps as trusted advisors and connecting to customers on a human level.
4. [02:24] **Sales Engagement Platform:** Sales engagement tools help you with buyer interactions.

5. [03:15] **Sales Enablement Platform:** This platform empowers reps with the content, training, and guidance they need to elevate customer conversations.
6. [04:20] **Productivity Tools**

4 Attitudes toward Digital Technology Adoption: This video explores the attitudes that sales managers encounter when introducing new technology to sales representatives. It also discusses effective strategies on how to manage sales representatives' attitudes to facilitate adoption.

QUESTIONS AND PROBLEMS

1. **Based on Doug Pace's profile at the beginning of the chapter, what challenges does a sales manager who is trying to incorporate new technologies into the sale process face?**

Doug Pace states that change is often accompanied by a resistance to change. It is important that sales managers communicate to their salespeople the purpose of adopting new technology and its benefits to them. The technology must be seen as an enabler and a help.

2. **Explain the concept and benefits of sales enablement from the customer's perspective versus a salesperson's perspective.**

Students should explain that customers will view sales enablement as improving purchasing and re-purchasing convenience. It provides customers with multiple ways to purchase products. Further, sales enablement will provide knowledge and information that is specific to their situation, increased collaboration or integration between the buying organization's functions and the selling organization pre- and post-purchase. Sales enablement will also increase the access that customers have to service and support from the organization.

When viewing SFA from the salesperson's point of view, students should mention that sales enablement is a tool that will help keep their efficiency and allow them to focus on selling. Further, sales enablement tools will organize and present information in such a way that very little, if anything, is missed or overlooked. Sales enablement has the potential to increase the number of customers and size of sales that a sales representative can support.

3. **Compare the sales process of a salesperson who is working with the benefit of SFA with the sales process of a salesperson who is not. What are the disadvantages of not using SFA?**

When students are answering this question, they should make the distinction that manual processes require a significant amount of time and can be inefficient. SFA increases the salesperson's efficiency and responsiveness to customers. Further, it allows them to focus and spend more time on activities that more directly increase sales revenues. Possible sales tasks that can be automated include training, checking in with management, reporting and analysis, team collaboration, opportunity management, lead generation and prospecting, task management, and entering data.

4. **SFA implementation is not without challenges. Identify some of them from the perspectives of salespeople and their managers.**

It is important for students to answer the question from the two different perspectives. For example, the manager is concerned about how implementation affects the organization, so the managerial issues

listed by the student should discuss how the various stakeholders of the organization are affected by SFA, i.e., training and adoption by the salespeople, changes in customer services, changes to salesforce management including salesforce evaluation and hiring. When reviewing SFA from the salesperson's perspective, the student should discuss how SFA will change the salesperson's daily task and relationship with the customer.

5. What is the purpose of a CRM system? List the benefits from the perspectives of sales representatives, sales managers, and sales executives? What information would you expect to see in such a database? What information should not be included?

CRM solutions help sales, marketing, and customer service professionals personalize their interactions with customers, provide opportunities for multichannel communications, offer data and analytics about the customer's journey. The benefits for the sales representative include, but are not limited to, efficiencies in dealing with customers, immediate access to customer and prospect data, as well as having an effective tool for time management. Sales managers also have instant access to sales representatives and customer activity. Managers can also use CRM to coach sales representatives and develop more accurate forecasts. Sales executives can get a quick overview of the organization's performance and activity. Further, it allows the sales executive to develop strategies that are data-based. Sales executives can also "mine" the data to gain new insight as to how to improve business operations.

6. Using your crystal ball, what technology trends do you see in the near future? How does this impact the role of the salesforce?

Encourage students to do a google search on sales technology or digital technology in general. Students should look for technology that would improve communication, increase time efficiency, and gain insight on potential customers. Students should relate how the future technologies automate aspects of the sales process.

7. One barrier to the full use of CRM software is that sales managers sometimes don't understand how they can use CRM for more than just tracking the activities and performance of salespeople. As a result, the sales managers expect their salespeople to learn and use the technology more fully than they do themselves. If you were a sales executive, how would you overcome this barrier?

Students' answers should include activities that address accountability and frequency of usage. Examples should include such things as including CRM results in executive meetings, using CRM data to make daily business decisions.

8. Considering a company with a global salesforce, what accommodations can be made to help make sure the representatives are "pulled into" the organization's sales technology?

When answering this question, students should consider that the dispersion of technology differs globally. Accommodations should be made based on bridging the gap on cultural differences and availability of technology. For example, spreadsheets that can be uploaded into the system might be an accommodation that could be made for countries that do not have the infrastructure to support CRM. Also, training classes should be developed for those countries on technologies that are specific for their country.

9. You encourage your salespeople to use social media to find new potential buyers, to learn what is on their minds, and for other such applications. You follow your salespeople on Twitter and LinkedIn and have seen some disturbing tweets and posts. One salesperson tweeted: *How much beer can I drink? Find out after the sales meeting Monday! #blitzedagain #coparty*. Another posted a beach-and-bikini profile photo on LinkedIn. These are just a few examples of what has bothered you, but your company has no policies on social media use. What do you do?

Students should talk through how they would develop a corporate policy. Further, they should indicate that they would talk with the representative and discuss how such posts hurt their ability to connect with prospects and generate more sales. The students should provide specific examples of why the posts are detrimental. It is important to note that, because there is no policy in place, punitive actions cannot be taken until a policy is in place.

10. What fairness issues are involved for a salesforce with 24/7 connectivity? Would your perspective of what is fair change if your sales staff were paid a straight salary versus a straight commission? Why or why not?

Students should discuss the need for boundaries and compliance with organizational policy. They should also discuss how the boundaries may differ between the representative and their manager versus their customer. The autonomy of the sales representative should be discussed with regard to straight salary versus commission. Specifically, how the level of autonomy affects how the boundaries of accessibility are drawn. You would expect that those paid on straight commission would have more control on setting boundaries concerning accessibility than those that are paid a straight salary.

11. What steps do sales managers in a small organization without a dedicated information technology department need to take to ensure their salespeople benefit from sales technology?

Students should point to cloud-based software systems that have IT support associated with the technology. Further, they should look at the training and support services offered by those companies and the different modes of communication that are available through their customer support.

ROLE PLAY

SASO Analytics

Organize the students into groups of three and assign one of the following roles to each student: VP of Marketing, VP of Sales for solutions, and VP of sales for services. Prior to starting the role play, the students should briefly review the responsibilities of their department and how they currently interface with the other departments. Next, they should list three ways in which customer efficiencies will be improved if they were responsible for the account. Prior to the role play, students should consider their answers to the following questions:

1. What are the benefits to the other departments if they took responsibility for the account?
2. What sort of information and analysis will you need from the other departments in the CRM system to effectively operate your department?

3. What role would other departments play in managing customer relationship if your departments were in charge of the account?

Assign a different method of customer categorization to each group and have the groups discuss how ownership of customer accounts would change. For example, one group can look at customer “size” as a categorization of customers while another group considers categorizing customer accounts by their sales potential or customer lifetime value. If time permits have each group report their solutions.

ANSWERS FOR CHAPTER CASELETS

Caselet 10.1: Bainbridge Solutions

Case Questions:

1. **Should Mike create penalties for not using the new program or rewards for using it?**

Students should discuss how, after training, using the technology should be an expectation. Using the technology should yield rewards in higher sales. Mike should look for ways to require the software usage in their daily operations.

2. **How can he make sure managers get trained?**

Students should discuss how most software companies offer free online training or provide additional customer support. Given the amount of money Mike spent on the software, it is highly unlikely that a service contract does not accompany the purchase. Another option is to train someone internally and have them train the other sales managers.

Caselet 10.2: Zeron Corporation

Case Question:

1. **If you were a sales manager for Zeron, how would you go about developing a rules-based campaign covering all 120,000 e-mail addresses?**

Students should focus on how the rules for handling the e-mail addresses should affect sales and sales prospecting. Their answer should focus on how to filter the e-mails so that sales representatives can use them to prospect and/or develop small customers into larger customers. Possible solutions students could present would be as follows: Separate by type of customer or where they are in customer journey. For example, feedstore and trainers would get an e-mail that would target how the website could meet the needs of their specific industry and direct them to the appropriate website, while the other 60,000 e-mails collected at the website would receive an e-mail asking about their interests and purchasing behavior. If the purchasing size is significant, then the e-mail should be directed to a sales representative for follow-up.

Caselet 10.3: Greseth-Jackson Manufacturing

Case Questions:

- 1. Put yourself in Dean's position and, based on what you know, develop a technology roadmap for introducing CRM.**
 - a. Students should develop roadmaps that discuss how people processes and tools would have to be changed or adapted to effectively utilize the technology.
 - b. Students should discuss what goals are sought in terms of people and their productivity, the responsiveness of the processes, and how other tools used by the business will be integrated into the system.

- 2. What information would be compelling in getting Dean to move forward? What do you anticipate some of his concerns might be?**

Students should present or talk through information/data across the three areas that might be compelling to Dean. For example, information around improved workplace happiness or organizational commitment when work processes are streamlined, information that addresses the elimination or reduction of bottlenecks in the process or how tools can be more effectively used to help the sales representative respond to customers better. Students should refer back to the case to gain insight into Dean's concern. His reluctance to move forward without a clear strategy would suggest that execution against goals is important. Therefore, he would be concerned that the organization would move forward without any clear goals or strategy for implementation. Students should list specific goals that must be defined and outline the characteristics of a successful strategy. Things like cost or time to implement were not the concerns Dean mentioned in his rebuttal to the president.

OTHER IN-CLASS EXERCISES

Building a Technology Stack

Divide students into groups of three or four people and assign each group a step of the sales process (i.e., one group will be assigned prospecting, another getting the first meeting, etc.). Each group should search the Internet and identify at least three technologies that could make their assigned step more efficient or automated. Encourage the students to be specific and not generalize. For example, mobile phone or Salesforce is too general. However, Coveo — an AI-powered search and recommend system app — within Salesforce would be the right level of specificity. Once students have selected the three technologies, they should present their findings to the larger group along with their justification for making the selection.

Capitalizing on Future Trends

Divide students into groups of three or four people and ask each group to identify a technical trend that could impact sales, i.e., digital trust and block chain, augmented reality, Internet of Things. Doing online research, the groups should briefly describe how the new technology will affect the duties of the sales representative and the manager. Each group should report back with their predictions on how the technology could be used by sales representatives and sales managers.

Chapter 11: Turning Customer Information into a Winning Sales Strategy

INTRODUCING THE CHAPTER

Deciding what to offer to which market requires understanding customers. However, making that understanding actionable requires more. Creating customer knowledge competence — that is, the ability to gather, analyze, and utilize customer knowledge effectively at the organizational level — is an important goal to which salespeople can contribute. The first step to developing that competency is customer data integration (CDI).

Many areas of the firm rely on customer data gathered by salespeople and through other means. Manufacturing, product development, marketing, sales management, human resources, and others rely on customer data to create forecasts for their areas of operations. Sales forecasting is a vital role for the salesforce.

First, a company tries to estimate a market's potential or overall demand, which is affected by numerous factors: elasticity and the economy, laws, regulations, social factors, demographic factors, and others. Sales potential, or what the company can sell if all goes well, is another estimate. The company leadership will also forecast what is likely to be sold, which will be different from sales potential.

The methods used to generate these estimates are time series techniques, including trend analyses, moving averages, and exponential smoothing. A correlational analysis is a form of a trend analysis, but instead of basing the trend on past sales, the trends of other variables are correlated. Variables that trend ahead of sales are called leading indicators. Some of the correlates are variables, such as the Consumer Confidence Index.

Response modeling is a growing area of forecasting. These are statistical models that consider the effects of marketing factors, such as how much the company plans to spend on advertising and sales efforts. A specific form of response modeling is to conduct a market test or a trial of all the marketing factors to see how customers respond.

Judgment techniques are also used, including expert or executive opinions and surveys of customers or channel members. Salesforce composites are judgments by the sales team. Forecasts are limited by the quality of data used to create the forecasts, the degree to which things change rapidly, the length of the planning horizon, and how much the company wants to spend on creating a forecast. No matter how much money and time is available, forecasting is not an exact science. Multiple methods can improve a forecasts accuracy, however. Committing to using accurate forecasting methods as a business practice requires using as much information as possible, planning for various scenarios, and adjusting the forecast as conditions change.

Chapter Objectives

After completing this chapter, students should be able to:

- Identify the significant elements of customer data integration.
- Explain how to develop a strategy for customer data integration.
- Understand and apply various types of sales forecasting methods.
- Identify external factors that affect the accuracy of sales forecasting.
- Understand the factors needed to increase the accuracy of the sales forecasting.

Chapter Outline

- I. The Challenges of Creating Accurate Sales Forecasts
 - A. Knowledge Generated by the Firm's Salesforce
 - B. Users of Sales-Generated Knowledge
 1. Manufacturing
 2. Product Development
 3. Finance and Accounting
 4. Marketing
 5. Sales Management
 6. Human Resources
- II. Sales Forecasting
 - A. Estimating a Market's Potential
 - B. Estimating a Company's Sales Potential
- III. Forecasting Methods
 1. Time Series Techniques
 2. Consumer Spending Correlates
 3. Business Spending Correlates
 4. Response Models
 5. Market Tests
 6. Judgment Techniques
 - a. Executive Opinions
 - b. Expert Opinions
 - c. Customer and Channel Surveys
 - d. Salesforce Composites
 - e. Opportunity (Pipeline) Management Estimates
- IV. Factors that Affect Forecasting
 - A. Data Quality
 - B. Length of the Horizon
 - C. A Firm's Ability to Leverage External Data

- V. Guidelines for Forecasting
 - A. Use Multiple Methods
 - B. Pick the Right Method(s) for Your Business
 - C. Use as Much Information as You Can
 - D. Plan for Multiple Scenarios
 - E. Track Your Progress and Adjust the Forecast

VI. Managing Your Career

VII. Summary

MANAGING YOUR CAREER

There are many different career paths in sales. If you like numbers and have excellent communication skills, you might want to consider including a sales forecasting analyst role as part of your career path. Sales forecasting analysts function as a conduit of information. They have highly visible roles and frequently make presentations to all levels of the organization. They also collaborate with others throughout the organization to communicate relevant information to the firm's leaders.

Sales forecast analysts are responsible for analyzing data, improving its quality and visibility, and the efficiency of a firm's processes, forecasts, and profitability. The position also gives a person exposure to the firm's top executives or C-suite, which can be a great opportunity when it comes to networking and moving up in an organization.

SUPPLEMENTAL VIDEOS DISCUSSION SUGGESTIONS

How to Create a Forecast: [26 mins] This video reviews step by step how to forecast with five different quantitative methods: naïve approach, moving averages, exponential smoothing, trend projection, and linear regression.

Forecasting Methods: [5 mins] This video provides a general overview of forecasting methods.

How to Create a Business Data Report from the U.S. Census: [4 mins] This is a short video on how to use U.S. Census data to create a business report.

QUESTIONS AND PROBLEMS

1. **Ryan Hoffman discussed the importance of forecasting at Marsh McLennan. What elements does Ryan consider to be crucial for developing useful forecasts?**

Students should be able to relate sales forecasting to staffing, budgeting, and predicting growth for the business. When developing a forecast, the following elements are needed to develop a forecast: objective historical data, industry and market trends, the economy, the perceived strengths and weaknesses of the company, its individual teams and sales representatives.

2. What impact does overestimating forecasts have? What impact does underestimating demand have?

When discussing overestimating forecasts, students should discuss inventory costs, the negative impact on the metrics to assess company health like inventory turns, and the reduced access to capital associated with overestimating forecasts. When underestimating demand, students should discuss the costs of underestimating forecasts (i.e., overtime and increased purchasing costs of raw material). Students should also consider how overestimating vs. underestimating affects their ability to compete. Overestimating has the ability to hurt stock analysis assessment of company health because of the increase in the time it takes to turn inventory. Underestimating provides competitors an opportunity cost of gaining additional market share.

3. What roles do salespeople play in terms of developing accurate forecasts? What are the challenges of assembling useful data?

Salespeople are responsible for providing information about the purchasing behavior of customers. Further, salespeople can provide qualitative information about customers and their intent concerning future purchases. Students should discuss how customer data integration is important to forecasting. Further they should discuss data suitability and quality.

4. What departments within an organization utilize forecasts, and how do they use this information?

Students should discuss how sales forecasting is used by the following departments:

- Manufacturing to plan production schedules
- Product Development to plan and develop new innovations and establish the timing of their release
- Finance and Accounting to plan for budgeting and expense control
- Sales Management so they can plan staffing and workloads
- Human Resources to develop hiring and/or plan for potential layoffs

5. Consider all the establishments that sell fresh pizza around your campus or where you live. Describe the difference between the market potential, the sales potential, and a sales forecast for a particular seller within this market for pizzas.

Students should explain that the market potential relates to the number of people in town who eat pizza and how much they eat is a way of measuring the market potential. When discussing sales potential, students should mention the number of other companies that sell pizza in that area and how that impacts a pizza's company sales potential and forecast for the next year.

6. One of your college friends just started a company that sells a protein supplement designed to help serious bodybuilders gain muscle. What factors might affect the market potential for the business's new product line?

Students should discuss how the economy, technology, laws and regulator oversight, social factors, the economy and demographic factors will affect market potential.

7. What are the best and worst methods for forecasting the sales of the following products and services? Why?

Students should first discuss the source and characteristic of the demand for the product or service.

a. Electric batteries for vehicle manufacturers

Demand for electric car batteries is derived demand; it is dependent upon the market for cars.

b. Home security systems

Could be seen as derived demand in that it will often be linked to the number of new home builds or rises in neighborhood crime rates. Consequently one of the quantitative methods would be best to use in that situation, any of the qualitative methods would be the least desirable method.

c. Active adventure trips, such as trips to the Galapagos Islands

Not derived demand, unless there is historical data; quantitative methods would not be the best method for determining demand.

d. A new dorm for your campus: How many rooms should it have? How big of a cafeteria should it have?

This sort of forecasting comes from derived demand. It will be dependent upon enrollment size and the number of students on campus. Determining the size of the dorm and the cafeteria would be best determined by quantitative methods; qualitative methods would be the least desirable option.

8. What factor(s) would you use to estimate the market potential for the following goods and services?

Students should discuss the demographic variables and external factors that would affect the market potential and demand for the products listed.

a. Gerber baby food

The market potential of Gerber food would depend on the number of expected births, the population of children under the age of one, the percentage of mothers that use baby food, and the amount of baby food used by the mother.

b. Fitbit smartwatches

A few of the variables that would affect market potential for Fitbit smartwatches would be associated with such factors as the number of smartphones purchased by consumers and the number of health conscious consumers.

c. Tesla cars

A few of the variables that would affect the market potential for Tesla cars would be the number of people planning to buy a new car, income level, and those who are concerned with global warming or pollution.

d. A Virgin Galactic flight in space

Variables that would affect the market potential of the Virgin Galactic flight in space would be income and number of people who have an interest in space.

e. Viagra

A few variables that would affect the market potential of Viagra include access to medical care, gender, age, and general health characteristics.

f. Home screening kits for colon cancer

A few of the variables that would affect at-home colon cancer screening would include access to medical care, age, and propensity to receive medical check-ups.

9. You have been working for the ABC company, which specializes in furniture for campus classrooms and common areas. In your new position, you are responsible for forecasting. You know that your firm's sales forecasts are inaccurate because the company has annually added 15 percent to the quotas assigned to the firm's salespeople — which, collectively, they have always met or exceeded. But you need an accurate forecast for various purposes, including budgeting. How would you change the situation so that you get accurate forecasts? Why would a company follow a practice of simply adding 15 percent to the forecast to set the quota?

Students should discuss the various forecasting methods that are used by the company. They should discuss the external factors that affect furniture demand which in turn affect forecasting. Students should also discuss the challenges of getting good information to create a forecast. Also, while a great deal of effort and cost may go into creating a forecast, it still may be inaccurate.

10. Accurate forecasting is a combination of art and science. What practices should you follow to ensure you have the best forecast possible?

Students should discuss the different types of forecasting and the principles of creating an accurate forecast. Creating an accurate forecast means that not only is a business collecting good data but they are also abreast of any changes in the marketplace and plan for various scenarios so that the forecast can be adjusted when necessary. Students should also discuss the time horizon of the forecast noting that the longer the time period the less accurate.

ROLE PLAY

Health-Based Ingredients (HBI)

All students should review briefly the different roles of the wholesaler, industrial buyers, and food service operators. Divide students into groups of three; assign them one of the three roles listed in the sales role play. Prior to beginning the role play, have each student think through at least three external factors that could be affecting demand in each of their areas. Prior to, or as a part of the role play, students should research healthy and organic oils industry and the forecast prediction made by experts in the field (<https://www.ers.usda.gov/publications/pub-details/?pubid=44416>). Based on those forecasts students should answer the following questions:

1. What portion of the marketplace do they expect to capture?
2. Will they need extra sales representatives to capture additional share in current markets or expand to new markets?
3. If they are going to increase advertising, how should the money be spent? Should it be focused on industrial or consumer advertising?

ANSWERS FOR CHAPTER CASELETS

Caselet 11.1: Kenlen Office Supply Company

Case Questions (compute the following):

1. Use two different trend analysis methods and determine how much the company will sell next year. How confident are you that this is an accurate forecast?

Encourage students to use Excel to do trend analysis. The following screenshots will show the formulas that are used in Excel to do the analysis.

Forecast Command in Excel

D2				
=FORECAST(C2:C11,B2:B11,A2:A11)				
	A	B	C	D
1	Year 2022	Sales	Year 2023	Sales 2023
2	22-Jan	110	23-Jan	98.2200457
3	22-Feb	85	23-Feb	113.707912
4	22-Mar	95	23-Mar	100.527581
5	22-Apr	120	23-Apr	101.740015
6	22-May	120	23-Apr	101.740015
7	22-Jun	80	23-Jun	104.125772
8	22-Jul	55	23-Jul	105.299096
9	22-Aug	150	23-Aug	106.511529
10	22-Sep	120	23-Sep	107.723963
11	22-Oct	100	23-Oct	108.897287
12				

Trend Analysis with Excel

C2			
=TREND(B2:B13)			
	A	B	C
1	Year 2022	Sales	Projected sales 2023
2	1-Jan	110	97.2579849
3	22-Feb	85	98.73366229
4	22-Mar	95	100.2093397
5	22-Apr	120	101.6850171
6	22-May	120	103.1606945
7	22-Jun	80	104.6363719
8	22-Jul	55	106.1120493
9	22-Aug	150	107.5877267
10	22-Sep	120	109.0634041
11	22-Oct	100	110.5390815
12	22-Nov	113.676031	112.0147589
13	22-Dec	115.814496	113.4904363
14			

2. **What additional information or methods would you like to incorporate in your forecast? Think of at least two variables not mentioned in the chapter that you think might affect the demand for office supplies; find forecasts for those variables using U.S. Census Bureau data, and adjust your forecast with the new information. Show how you arrived at the new forecast and justify your choice.**

When students visit the U.S. Census Bureau website, they can search and find a trend analysis for office supply sales sold through the retail store. Using the data from those trends, students can adjust their sales forecast to match the fluctuations in sales at the retail store. Another variable that could be considered could also be the fluctuation in the number of white collar jobs.

3. **If the office supply company expanded globally, what would be the best country in which to set up its new operations? Use data from the U.S. Commercial Service to justify your decision.**

Students should go to U.S. Commercial Service and look at industry reports. Encourage students to look for countries where there are few barriers to entering into the retail space and there is significant growth in the business sector. Students can also search by country and get industry reports. When evaluating the best places to expand, students should indicate if they are expecting to establish a virtual vs. physical presence.

Caselet 11.2: Annual Forecast Meeting at WRT, Inc.

Case Questions:

1. **What is the purpose of a sales forecast? How honest with its forecast was the WRT's sales team initially?**

Students should discuss how a sales forecast is used by many different departments in an organization and how they affect operations. Further, the student's answer should discuss how the forecast informs the company strategy. Students should recognize the risk that employees take when presenting a forecast that is unfavorable or lower than previous forecasts.

2. **Why did the sales team increase its forecasted numbers?**

Since the forecast changed with pressure from the management I would expect that the second forecast was developed to appease the hierarchy. Students may want to draw parallels between this and the Wells Fargo incident mentioned in the chapter.

3. **Why did Allison react the way she did? Does she understand derived demand?**

Students should discuss how a reduction in forecast impacts perceptions of the company's overall health and stability. Further, pressuring the sales person to sell more is a "knee jerk" reaction. When answering this question, students should recognize that management need to look at the external variables like derived demand to assess how to diagnose the causes for changes in the forecast.

4. **What positive and negative aspects can be attributed to a "stretch" forecast?**

Students should discuss how stretch forecasting challenges all aspects of the organization and not just the sales representatives and their managers. On the positive side of stretch forecasting, aggressive goals require that each area of the operation becomes more strategic and focused on increasing market share. On the negative side of stretch forecasting, aggressive goals without a strategy for accomplishing the goals could lead to undesired behaviors at all levels of the organization.

5. How might the final forecast negatively impact other WRT departments?

The answer provided in this question should address how manufacturing and its production scheduling are affected, marketing and promotion strategies may have to look for new markets or determine how to get current customers to purchase more products, and human resources may have to consider hiring more sales representatives to increase the organization's ability to meet a stretch forecast.

6. Was Allison's behavior a positive way to manage? Why or why not?

In their answer, students should address how Allison critically analyzed the forecast data that was presented. Students should also discuss how Allison used data to solve the problem. The answer should also address how well threats work when motivating and managing employees.

OTHER IN-CLASS EXERCISES

Divide students into 5 separate groups and provide them with historical data on school enrollment. Assign each group a quantitative forecasting method and have them create a forecast on school enrollment for the next 5 years. Discuss what other external variables are affecting the enrollment forecast. The groups then should research the trends with those external variables in the future and use that to adjust their forecast. Finally, have each group present their findings, discuss the differences in the forecast. The class should decide which forecast is more accurate and why.

Divide the students into groups of three. Have them identify a particular product or industry they like, i.e. fast food chain, Apple watch, etc. Working in groups, the students should research the U.S. Census data and the U.S. Commercial data to predict the industry trends and identify opportunities for expansion. Each group should briefly report their findings to the larger group.

Chapter 12: Designing and Organizing the Salesforce

INTRODUCING THE CHAPTER

Salespeople greatly impact the satisfaction and long-term relationships their organizations have with their customers. To increase buyer satisfaction levels, firms must structure their salesforces so that their customers can purchase what they want, when they want it, and from the channel(s) that is (are) most convenient for them. Although many companies employ geographical, product, market, or functional salesforce structures to serve the marketplace, buyers also utilize electronic, multichannel, or hybrid supply chains. This chapter explains the myriad options firms must navigate between to successfully serve their customers.

It is important how you introduce the students to this chapter because, otherwise, it may seem abstract. One way to get their attention is to discuss selling a relatively simple product like toothpaste. Toothpaste is (was?) fairly simple to understand — it came in a tube and everyone used it daily to clean their teeth and mouth. Initially, consumers purchased toothpaste in grocery or drug stores. Thus, a salesperson for Procter & Gamble® was assigned a geographical territory to call on grocers, drug stores, and dentists. But with the advent of superstores, purchasing for large distributors of toothpaste was switched to their national headquarters (Example: Walmart in Bentonville, AR). The same is true now for large drug store chains like CVS, Walgreens, etc. This means it is more difficult to organize sales by geographical territory since purchase decisions are made at higher levels or by computer interfaces.

Next, ask the students where they buy their auto/truck tires (or any product you are familiar with). Again, consumers used to buy their tires at a local gas or repair shop, but today consumers purchase from specialty tire stores, via the web, at superstores like Sam's® and Costco®, in addition to gas, repair, auto dealers, etc. Thus, tire manufacturers like Michelin®, Goodyear®, and Firestone® must have different sales organizations to service large superstores, small repair shops, and national repair shops. Then, the sales situation becomes even more complicated when you add in large truck tires, off-the-road tires, etc. Based upon the different products and markets in the tire industry, it is easy to see that selling tires has become specialized. Each of these market segments have distinct needs and want to purchase their tires for resale differently. It is the sales organization's responsibility to meet those needs by correctly organizing their salesforce(s). When manufacturers want to open up new territories, it is often most economical to partner with a selling agent until the product is adopted and selling well in the new territory. This means manufacturers may have their own salesforce(s) as well as independent sales representatives. Lastly, as territories and customer needs change so must the organization of the salesforce.

Chapter Objectives

After completing this chapter, students should be able to:

- Explain the link between a firm's goals and the organization of its salesforce.
- Understand that a salesforce can be organized in multiple ways that match the way customers want to buy.
- Explain the advantages and disadvantages of different salesforce organizational structures.
- Describe the various reporting relationships salesforces typically have.
- Understand the advantages and disadvantages of outsourcing a firm's salesforce.

Chapter Outline

- I. How a Firm's Goals Affect the Design of Its Salesforce
- II. Organizing the Members of the Firm's Salesforce
 - A. The Size of the Salesforce
 - B. Specialists versus Generalists
 - C. Geographical, Product, and Market Structures
 - D. Key Account Structures
 1. Utilizing the Existing Salesforce Structure
 2. Assigning Company Executives
 3. Building a Separate Salesforce Division
 - E. Inside Sales
- III. Reporting Relationships within a Firm's Salesforce
 - A. Span of Control
 - B. Adding Independent Sales Representatives to the Sales Structure
 - C. Company Salesperson or Sales Agent?
- IV. Managing Your Career
- V. Summary

MANAGING YOUR CAREER

Students often think the focus of a salesperson is primarily on “making the sale,” “any” sale without much regard for sizing up the fit with the customer. This unit asks students to think beyond that perspective and take a closer look at what the ideal supplier would look like and how sales personnel work to serve buyers. For multiple reasons, some customers are really more valued than others.

SUPPLEMENTAL VIDEOS DISCUSSION SUGGESTIONS

The Definitive Guide to Sales Territory Management: This video is divided into 5 sections and it teaches how to understand, reevaluate and optimize your entire sales territory management strategy. The following topics are discussed:

1. Defining sales territory management
2. Evaluating your sales territory management
3. Sales territory goal setting
4. Territory sales cadence management
5. Tracking and managing sales territory performance

How to Use Salesforce.com to Plan Territories: This video reviews how to plan territories using Salesforce.com.

How to Manage Territories and Plan Sales Calls: This video provides advice on managing territories and planning sales calls.

QUESTIONS AND PROBLEMS

1. How is Fastenal's salesforce organized to best meet customer needs? Why would Fastenal choose not to hire independent sales representatives?

Fastenal has 75% of their employees servicing customers, which demonstrates the firm's customer focus. The company sales effort is organized into regional centers overseen by a sales manager. Customer solutions experts are positioned at the next level to ensure buyer satisfaction. For national accounts located in a region, dedicated salespersons are assigned the account. Every company has a dedicated salesperson. Smaller accounts are serviced by inside sales. Due to the complexity of products and desire to provide outstanding service Fastenal prefers dedicated sales personnel, rather than independent sales reps, who receive needed training and provide the best service for their clients.

2. How does a business's strategic plan impact its sales structure?

Sales managers are responsible for organizing the salesforce so that company and sales goals are accomplished and the salesforce operates as efficiently as possible. Organizational sales structures serve a number of important purposes that include:

- Serving buyers effectively in ways they want to be served:
 - Contacting the buyer at preferred times
 - Allowing the customer to order when and in a way that best meets their needs
 - Providing high quality customer service levels
 - Developing an appropriate relationship level with different types of customers, based upon their value to the firm.
- Operating efficiently as measured by cost and customer satisfaction:
 - Achieving a competitive advantage as measured by the firm's market share, profits, and buyer feedback.
 - Offering customers stability and sales continuity over time as measured by customer retention levels.

3. Calculate how many sale representatives will be needed for ABC company to best serve its customers using the breakdown and workload computations. Forecasted sales for next year are \$115 million, and a typical salesperson sells \$10 million annually. ABC has categorized existing accounts into 43 "A," 111 "B," and 215 "C" customers. "A" accounts are visited weekly, "B" accounts monthly, and "C" accounts every other month. Salespersons are required to make four calls per day, and to be in the field four days per week. Because of vacation, training, and holidays, each salesperson works 48 weeks a year. In addition to calling on existing accounts, salespersons are assigned a 10 percent quota of calling on new accounts and devoting 5 percent of their time to information-gathering duties.

Breakdown Method: Divide forecasted sales \$115 million by Average Sales per SP or \$10 million:

$$115/10 = 11.5 \text{ salespersons}$$

This provides a rough estimate, but recalling the 80/20 rule about 20 percent of the salesforce will generate 80 percent of sales. Thus, average sales per salesperson can be misleading.

Workload Method:

Step 1: Determine the total workload to service existing accounts:

A = 43×48 weekly visits or 2064 calls on “A” accounts

B = 111×12 monthly visits or 1332 calls on “B” accounts

C = 215×6 bi-monthly visits or 1290 calls on “C” accounts

$2064 + 1332 + 1290 = 4686$ calls need to serve existing customers

Step 2: Compute total calls average SP can make annually:

Salesperson works 48 weeks a year, on the road 4 days each week, and makes 4 calls a day =

$48 \times 4 \times 4 = 768$ calls per year

Step 3: Divide total workload calls by annual calls made by SP:

$4686 \text{ total calls} / 768 \text{ calls per SP} = 6.101$ salespersons needed at this workload

Step 4: Factor in additional duties and responsibilities:

The SP is also expected to work 10% of their time on new account generation and five percent of their time gathering information for CRM. This equals 15% additional workload. To compute additional duties, divide 6.101 salespersons by .85 or $6.101 / .85 = 7.17$ salespersons needed to satisfy workload of 4686 calls to existing accounts and 15% additional work responsibilities. **The answer is: 7 salespersons needed in this workload situation.**

4. Why would a company want its salesforce to be specialized? What are the disadvantages of doing so?

A specialized salesforce can give the firm the advantage of selling expertise. For example, computer manufacturers organize their salesforces by consumer, B2B, and education markets because each market purchases and utilizes the products differently. Likewise, sales managers also understand that, based upon internal and external conditions, partnering with distributors, sales agents, and resellers can improve the effectiveness and profitability of their own sales organization. A specialized sales structure offers the firm expertise advantages over a generalist salesforce. That said, the sales manager must safeguard against a number of potential problems caused by over-specialization. First, all sales efforts must be coordinated and integrated to address and satisfy buyers’ needs. This is necessary because as firms increase the specialization of their salesforce, the addition of personnel both inside and outside of the company who interact with the buying firm increases the complexity of its operations. Second, the sales function must be integrated and coordinated with other company organizational functions.

5. Create a table with five rows and four columns. List the five potential ways to structure a salesforce in the lefthand column, and then identify advantages and disadvantages of each sales structure in the next two columns. Provide examples of each in the last column.

Territory Structure	Pros	Cons
<i>Geographical</i> (generalist approach)	<ul style="list-style-type: none"> » Simplicity » Efficiency » No duplication 	<ul style="list-style-type: none"> » Unbalanced territories » Product and market knowledge » More difficult for representatives to master broad product lines » Coordination issues
<i>Product</i> (specialist approach)	<ul style="list-style-type: none"> » Better representative product knowledge » Better representative product-application knowledge 	<ul style="list-style-type: none"> » Duplicate sales effort
<i>Market</i> (specialist approach)	<ul style="list-style-type: none"> » Better representative customer knowledge » Better representative product-application knowledge » Better representative market knowledge 	<ul style="list-style-type: none"> » Duplicate sales effort » More complex to work with product managers
<i>Functional</i> (specialist approach)	<ul style="list-style-type: none"> » Job expertise achieved by representatives 	<ul style="list-style-type: none"> » Coordination issues
<i>Combination</i> (specialist approach)	<ul style="list-style-type: none"> » Better representative customer knowledge » Better representative market knowledge 	<ul style="list-style-type: none"> » Economies of scale issues » More complex to manage duplicate sales effort

6. What options are available to manage national or key accounts? What is the best option for a smaller firm? For a large multidivisional firm?

Principal ways to manage key or national accounts include: (1) employing the existing salesforce structure, (2) assigning company executives, and/or (3) building a separate salesforce/division. Smaller firms often assign company executives to key accounts while larger multi-division firms are more likely to establish a separate salesforce/division.

7. Explain why an inside sales position is often where new salespeople begin their sales careers.

Firms may start a new salesperson inside, where they can be trained and coached, learn the product line, and get to know customers/buyers large and small. For example, inside sales will serve smaller accounts but they also assist outside or field salespeople with requests and larger customers who call for customer service. Inside positions also allow sales managers to better evaluate and advise prior to assigning to a distant sales territory.

8. What should sales managers coach their salespersons to do prior to sending blanket e-mail messages or texts to customers and potential customers?

It is advisable to seek permission of the recipient and only send essential e-mail to existing and potential customers. One important question to ask is: “will the e-mail further my current or potential relationship with this account.” Most “blanket” e-mails are sent to huge numbers of e-mails hoping for a response rate of 1–5% purchase. What salespersons may not see is that you are potentially alienating 95–99% of e-mail recipients!

9. What is spam? What conditions does the CAN-SPAM Act impose on the sender of e-mails and texts?

The word “SPAM” generally refers to unsolicited bulk e-mail. The CAN-SPAM Act was enacted in 2003 and sets four conditions for sending e-mail to current clients and potential buyers:

- The subject lines of e-mail should not be misleading
- The “From” line should contain a functioning e-mail address
- The body of the message should list a valid physical postal address
- There should be conspicuous instructions to opt out of future mailings

If these requirements are not followed, firms face penalties of up to \$2 million or more imposed by the U.S. Government.

10. You have been working for the ABC company, which specializes in furniture for campus classrooms and common areas. In your new position, you are responsible for forecasting. You know that your firm’s sales forecasts are inaccurate because the company has annually added 15 percent to the quotas assigned to the firm’s salespeople — which, collectively, they have always met or exceeded. But you need an accurate forecast for various purposes, including budgeting. How would you change the situation so that you get accurate forecasts? Why would a company follow a practice of simply adding 15 percent to the forecast to set the quota?

There are several ways to increase accuracy. Require the sales team to submit a forecast for the following year or period and to explain any changes. For example, IBM sales will decrease by 10% due to elimination of Product Y. Sales managers must spend time and discussing the forecasts with their sales team to ensure the salesperson is thinking logically and honestly. Lastly, firms can add a potential bonus for sales that are within 5% of their forecast.

Sales managers have been known to add a percentage to the forecasts in order to “stretch” the sales team’s efforts. Some managers feel the sales team might offer a lower forecast or “sandbag” their numbers to make their workload lighter! Salespersons, on the other hand, might forecast a lower number because they know their managers will increase the forecast regardless of the accuracy! Accurate forecasts are essential to help with hiring, budgets, and assignments.

11. In what situations would a company want to use an independent sales agent, and in what situations would the firm want to use a company salesforce?

Independent sales representatives offer firms a number of advantages, including:

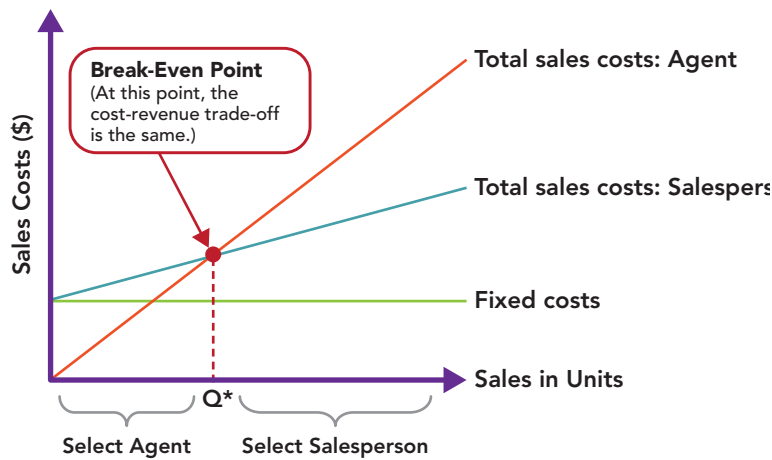
- An “in-place” or existing salesforce
- Established buyer relationships
- Little (or no) fixed costs
- Experienced sales personnel
- Lower costs per sales call
- Long-term stability in the territory

However, given all these benefits, firms that hire independent sales reps often complain they do not receive equal time for their products. Agents are also blamed for shifting their sales call focus to another product line when a buyer’s need is not easily identified. Independent sales reps are also criticized for: not opening new accounts, not following up on leads, representing too many manufacturers, and communicating poorly with the firms they represent. That said there’s a tendency for manufacturers to take credit for positive sales outcomes accomplished by their agents and assign blame for negative outcomes when they lack control over the outcomes. For example, if a sales agent is doing a super job the manufacturer will assume that an internal salesforce will work better at a lower cost and the agency will be dumped. This suggests that a sales agency will likely be criticized when its performance is either too high or too low.

12. What are some unique ethical issues of using independent sales agents that firms might face?

A company “partners” with independent sales agents to cost effectively increased their sales coverage and effort in the marketplace. Independent sales agents take on partners that they believe will increase their overall sales and commissions. Theoretically this is a win-win situation. Because firms will switch to a company salesforce once sales reach a profitable level, this means the independent rep will lose their business once the territory takes off! Thus, firms must have an ethical agreement for disengagement to prevent unethical behavior by both parties. For example, each party must give notice of dissolution within 90, 180, or 1 year. Also, what information will be shared and how the commissions will be handled for current and future sales initiated by the independent sales agents.

13. Draw a break-even analysis diagram and assume that Q^* is 500 units. If 450 units a month are forecasted for a territory, which sales structure — an independent agent or a company salesforce — would be most economical? What other factors, other than costs, might influence your decision?



ROLE PLAY

Big River Software: To Outsource or Insource?

Divide the class rooms into pairs. In each pair assign, a person to portray Jackson or Pat. Have the students list the options for ways to organize the sales and marketing function. Prior to the role play, students should consider the positives and negatives of each option:

1. Would the benefit from each option outweigh the option of changing nothing and selling the business for \$500 million one year later?
2. Would they be able to continue to make \$10 million in sales if they do nothing at all?

Jackson and Pat should agree to a plan, outlining the potential risks and benefits to each plan.

ANSWERS FOR CHAPTER CASELETS

Caselet 12.1: Should Givens Reorganize Its Salesforce?

Case Questions:

1. List the pros and cons of Marcus's options for organizing the salesforce.

Marcus might ask if Givens has a “dedicated” salesforce since they allow inside “specialists” to service customers. This situation is not unusual since the firm likely grew from a small company run by Mr. Givens and a few employees to become a \$50 million dollar business. That said, Jenny Givens has taken over and her goal is to double annual sales to \$100 million. The firm has, to date, used inside sales to handle customers so two important questions are: (1) Will a salesforce help increase sales? (2) How should the salesforce be structured?

The total number of customers is unknown, but most customers appear to be smaller needing or using Givens 2 times or less per year. Only 5% purchase three or more times! When we consider the 20/80 rule that 20% of customers purchase 80% of a product or service this relationship would not appear to hold true. Most customers are physically located close to the home office. Port traffic is growing faster on the West Coast from Asian shipping and Givens relies on agents to book their trucking service and adds a service charge. All facts must be considered when making a decision.

What are Marcus's options? First, inside vs. outside salesforces. Since the number of heavy users is small (5%), then outside sales might be appropriate for these companies. Marcus will need to tease out whether current customers are also using other logistics competitors. This can be done by calling these firms. If Marcus finds that most customers are small in size, a dedicated inside salesforce would work best for the least cost (value). A second option is the partner with an independent salesforce that represents Givens and receives a commission for each sale. This is an economical way to grow sales without having to hire, train, manage, and compensate a salesforce that may or may not bring in enough sales to pay their salary/expenses. Independent sales reps might work on the West Coast in the short-term and if sales become significant, then a company sales team could be put in place. A company salesforce allows more control but they are not cost-effective unless total sales/profits exceed the break-even point. Said differently, a company salesforce is not economically viable unless they generate profits!

2. Pick one of the options. How would you go about determining the appropriate number of salespeople who should be hired?

A likely option is for Marcus to analyze/compare the inside/outside sales option. That is, use inside salespersons for smaller accounts. An inside salesforce could handle incoming orders and also make outgoing calls to push Givens products/services and gain a better understanding of customer needs and wants. Likewise hiring one or two local salespersons to call upon larger accounts and identify and penetrate other large accounts in the state of Virginia would generate higher sales. If further analysis indicates local sales will not allow Givens to reach sales of \$100 million over a specified time frame, then hiring an independent sales rep partner on the West Coast should be considered.

For inside salespeople, Marcus should current calls per day to Givens and add needed outgoing calls per day for inside sales. For example, 25 incoming calls per day + 25 outgoing calls per day x 220 workdays = 11,000 calls. Divide this number by average number of calls per year by inside salesperson: 30 calls per day x 220 workdays = 6,600 per year. Then divide 11,000/6,600 = approximately 1.75 salespersons to generate this workload. Marcus could recommend hiring one inside salesperson now with specialists handling the overload until business increases to justify a second inside salesperson. Likewise for the outside salesperson, compute the total number of sales calls and divide by reasonable number of sales calls made by outside salesperson. Then divide total number of sales calls by number made by salesperson.

Caselet 12.2: Palladium Manufacturing: It's Not Working

Case Questions:

1. What options does June have? What additional data should she gather to assess those options?

June has 3 options: switch to a different European sales partner, add an inside sales team, and/or establish their own European salesforce. June needs information on number of potential customers and cost per sale. June must realize that an independent rep seldom makes the same number of calls or the same level of sales as a dedicated, company salesforce! This is because an independent sales firm represents 8-12 companies and must give time to all. Whereas, a dedicated salesforce devotes 100% of their time to a company's single product line. If an independent rep partner performed the same as a company salesforce then no firm would employ a company salesforce!

2. June has decided that some form of inside sales is needed for the European operations. Should she hire a European firm? Add people to her U.S. call center and devote the early part of the day to outbound calls to Europe? How should she make that decision, and what are the factors she should consider?

A European inside sales firm would make the most sense because these individuals would better understand the language and culture(s) of potential customers. The main question is what is their product knowledge? Adding an inside sales team will need to be coordinated with Fournier SA if that firm's customers would be approached by the inside sales effort. Likely, Fournier would expect to receive full or part-commission for any sales made to existing customers and this agreement would inflate sales costs. A U.S. call center, likely located in Utah, might work — here the cost and knowledge of products would be major determinants.

3. While doing her research, she found that she could hire a call center in Ireland to replace her U.S. operations, which would result in a savings of nearly 25 percent. How does that change things in terms of the decision she should make?

Yes, June should consider the call center in Ireland, but a principal question is: Would the Irish call center sales team have knowledge of languages and cultures of Europe be sufficient (the countries to be called upon)? June must consider cost, but cost per sales dollar is a more important metric to consider.

OTHER IN-CLASS EXERCISES

These in-class exercises allow students to work in groups or by themselves to reinforce the criteria for organizing the sales effort by geography, product, market, functional, a combination approach, or use sales agents.

What type of salesforce organization would you recommend for the following sales environments?

1. WRT sells five distinct product lines that are different in their applications and technologies.
Product or Product/Market
2. White & White, Inc. sells basic office supplies.
Geographical
3. G&T offers customized software for physicians, dentists, and veterinarians.
Market
4. GE provides consumer appliances, aircraft parts, and medical equipment.
Product or combination depending upon the marketplace
5. Clean Clothes provides uniforms to garage mechanics, factory workers, and other potentially dirty work locations.
Functional

A second in-class exercise is listed below that can be used independently or combined with the five scenarios above.

Territory Management

How should the salesforce be organized under the following conditions?

1. The company wishes to expand into a new territory that has few existing customers and will take 3-5 years to establish a significant customer base.
Sales agent or manufacturer's representatives
2. A firm that just merged with another technical company. The combined product offering includes 150 products that fall loosely into four product categories.
Product or combination sales organization
3. A global firm that sells computers. Sales are highest in the Triad (U.S., EU, and Pacific Rim). How should sales be organized in the three primary areas? In all other areas?
Combination of product/market/geographical; sales agents in other areas
4. A high tech firm that sells to the military, automotive, aerospace, and telecommunications markets?
Market
5. A global firm, like Unilever or P&G, with 5-8 product lines that are sold in more than 100 nations
Combination salesforce organization (Example: baby products for large retailers in Europe)

Chapter 13: Assessing the Salesforce's Performance and Coaching for Performance Improvements

INTRODUCING THE CHAPTER

Sales managers evaluate the activities and accomplishments of their salesforces in order to know what is working, what is not, and, most importantly, why. This information shapes the daily decisions a sales manager makes to improve the performance of the salesforce. Of course, the sales manager's decision-making quality will be higher if the information emanates from objective evaluation efforts. To increase the probability that the salesforce will reach its goals, sales managers analyze their firms' sales, costs, and profitability measures. Sales information provides managers with an understanding of the revenue the firm generated. Cost figures relate the company's sales expenses relative to its sales goals. Profitability figures tell supervisors if a sales effort paid off. The analyses help managers identify deviations from the firm's plans. The deviations can then be investigated to understand why they occurred. If the firm's plans and goals are not achieved, sales managers must determine whether the plans were incorrectly set and/or if the salesforce did not perform up to par. Finally, based on the results of their analyses, sales managers can decide what aspects of the sales function, and the firm as a whole, need to be changed.

To ensure their sales representatives are on track, sales managers continually monitor their performance. Formal appraisals of representatives are usually conducted once or twice annually to evaluate their performance, potential for advancement, and qualifications for bonuses and raises. Because the duties of salespeople are complex, they are generally evaluated based on a broad set of metrics that include the inputs or efforts they make to sell the firm's products, plus the outcomes they achieve, such as the revenues and profits they actually generate. Professional development criteria are also included in the evaluations. By utilizing multiple measures, sales managers gain a more comprehensive picture of their salespeople. Sales managers must also be aware of the potential for bias to enter into the assessment process and must take steps to reduce it.

When sales managers perform regular, objective, and comprehensive evaluations, they will be more cognizant of both their salesforces and the markets for their products. This will allow them to make more informed decisions and improve the odds of success for themselves, their salespeople, and the firm as a whole.

Chapter Objectives

After completing this chapter, students should be able to:

- Explain why it is important to evaluate the overall performance of the firm's salesforce.
- List the advantages and disadvantages of sales, cost, and profit analyses.
- Understand the importance of profitability and the application of ROI and ROAM.
- Explain both input and output objective sales performance measures.
- Explain the differences between performance and effectiveness.
- Compare formal and informal evaluations.
- Describe how a sales manager can implement an effective performance review.

Chapter Outline

- I. Evaluation and Metrics: How Sales Managers Know What Is Working and Why
- II. Evaluating the Performance of the Organization and Its Salesforce
 - A. Sales Analysis
 - B. Cost Analysis
 - C. Profitability Analysis
 - D. Ratio Measures for Evaluating the Organization and Its Salesforce
 1. Return on Investment (ROI)
 2. Return on Assets Managed (ROAM)
 - E. Relating the Performance of the Salesforce to the Firm's Salespeople
- III. Performance Evaluations for Sales Representatives
 - A. Quantitative Measures of Sales Performance Evaluations
 - B. Activity Sales Metrics
 - C. Pipeline Sales Metrics
 - D. Sales Outcome Metrics
 - E. Ratio Measures for Performance Appraisals
 - F. Qualitative Performance Measures
 - G. The Problem of Evaluation Bias
 - H. Informal Evaluations
 - I. Reducing Sales Management Errors in Performance Evaluations
- IV. What Happens When Salespeople Don't Achieve Their Sales Goals?
 - A. Responding to Performance Appraisals
- V. Managing Your Career
- VI. Summary

MANAGING YOUR CAREER

As a new salesperson, it is imperative that you understand how and when you will be evaluated. Most firms identify and track data that tells them how you are performing as a salesperson. Often it is fairly basic information, like sales revenues generated, selling costs, the number of new customers, and the number of lost accounts. By understanding what is important to your employer, you will know where to allocate your time and effort. In effect, if you understand how and when you will be evaluated, there should be few surprises when you are evaluated.

Also, as a future sales manager, you now understand the different ways to evaluate your sales team and the positive and negative aspects of each evaluation process. By understanding the importance of evaluating your sales team on a regular schedule (annually or biannually), you will know to reduce the bias you may experience and will consider the same information for the same period for all members of the sales team. Although informal evaluations can provide salespeople with feedback, they are no substitutes for a formal assessment process designed to provide the members of the sales team with objective feedback on how they are doing — good and not so good — and why.

SUPPLEMENTAL VIDEOS DISCUSSION SUGGESTIONS

How to Fuel a High Performance Sales Team: Gerhard Gschwandtner from Selling Power interviews C. Lee Smith, CEO of Sales Fuel, about coaching a high performance sales team.

Why the Secret to Success is Setting the Right Goals: Venture capitalist John Doerr speaks on how organizations are often leading us toward the wrong objectives. In this practical talk, Doerr shows us how we can get back on track with “Objectives and Key Results” (OKRs), a goal-setting system that’s been employed by the likes of Google, Intel, and Bono to set and execute on audacious goals.

How to Rescue a Struggling Salesperson: This is an excerpt from the *Sales Influence* podcast with Victor Antonio who talks about sales training and motivation. This episode addresses “How to Rescue a Struggling Salesperson – B2B Sales Management.” The podcast addresses the following issues: Why is it that a salesperson can know what to do but still fail to execute? Why is it that a salesperson can understand the negative impact of not performing, but still isn’t “motivated enough” to perform? What is the “Hawthorne Effect” and how can you use it to rescue a failing salesperson?

QUESTIONS AND PROBLEMS

1. What is the relationship between managerial control and sales team evaluations? When managers make decisions without the benefit of accurate information, what is the likely outcome?

Students should recognize that the managerial control systems provide data to diagnose opportunities for improved performance as well as identify outstanding performance that can be modeled by other sales representatives. Therefore, when evaluating sales representative performance, the managerial control systems can inform managers on opportunities to improve an individual’s performance as well as calibrate individuals on their performance relative to the rest of the team. When managers make decisions without the benefit of accurate information, bias as well as ineffective coaching is the result. Managers may also be rewarding wrong behaviors. Students should discuss the type of bias that could affect the sales representative’s performance evaluation.

2. When sales managers detect a deviation from the performance expected by the firm, what are the two most common aspects they investigate?

Answers to this question should discuss sales representative ability and motivation. In either instance, the sales manager should devote additional attention to the sales representative to identify what specifically needs to be done to improve the sales representative’s performance.

3. What are the different goals of evaluation and assessment? That is, what types of decisions must a sales manager make, and how are these decisions linked to the type of evaluation information needed?

Students should mention that the role of evaluation and assessment is to make sure that sales representatives are aligned and contributing to the organization’s sales strategy. Further, it provides valuable feedback to the sales representatives on how they can improve their performance and/or advance their career. Further consistent feedback increases an employee’s commitment to the firm. Students should mention that a sales representative’s performance appraisal informs sales managers on how to coach sales representatives, making promotion decisions, and assigning territories. Students should also

discuss how performance metrics inform sales managers regarding policy, specifically those policies concerning sales expenses.

4. Why are sales revenues most likely to be used to evaluate the performance of salespeople? What are some limitations of considering only sales revenue generated?

Students should note that the purpose of sales representatives is to generate sales revenue for the company. However, by only focusing on sales revenue as a measure of performance, other things like sales costs, customer service, and organizational culture may weaken.

5. List three managerial decisions that are possible based on a cost analysis.

Three managerial decisions that could be based on cost analysis are budgeting for the sales department, the sales strategy, and product pricing

6. Review the data presented for Amira, Miguel, and Brent in Exhibit 13.8. In what areas do they excel? Which areas, as their sales manager, would concern you?

The question should refer to figure 13.5 and not 13.8. When you review the overall score of the sales representatives, students should note that Miguel has the lowest performance score. They should look further into the data and find that while Miguel had the lowest score he has the highest sales numbers. What is concerning about his numbers is that the number of new customers and demonstrations are below goal. It could be that Miguel needs support managing his customer relationships so that he is able to obtain new customers. Amira has the highest performance goal but the lowest in sales volume. The manager should make sure that Amira is pursuing larger-sized deals so that the sales volume increases in proportion to the number of new customers. Brent should focus on reducing his costs. He missed his goal of obtaining new customers by one account but he exceeded the sales costs budgeted for him by 10K.

7. Global positioning systems (GPS) allow a sales manager to track exactly where each sales representative has been and where the representative is at the moment. What do you think the pros and cons of using this technology might be? As a sales manager, would you use it?

Students should discuss the legalities of tracking employees. What are the expectations of privacy? Do the rules change if the company owns the car and the GPS systems that are being used by the sales representative? Students should consider the benefits gained by tracking employees' movements versus the effort it takes to analyze the data; further, it could be a deterrent to attracting and retaining sales representatives. Oftentimes individuals choose a sales career because of the independence typically given to people in this role.

8. If a salesperson made 123 sales calls and received 32 purchase orders during the month, what is the person's close rate?

The close rate would be 26%. (32/123)

9. In what ways can salespeople affect the profitability of their territories?

Students should know that sales representatives can affect the profitability of their territory by effectively managing their expenses. They could also use technology to reduce the costs of obtaining a sale or providing customer service. Examples of things sales representatives can do to reduce costs is to plan customer visits better, reduce customer visits, reduce the time and costs it takes to close a sale.

10. Against what standard should sales managers assess the qualitative measures related to their salespeople? Why?

Managers use the standard of an ideal sales representative if the goal is to improve sales representative performance. Managers will use the standard of suitability for management if the goal is to promote the sales representative to management. The goals of the evaluation are what determines the standard by which sales representatives are evaluated.

11. What challenges arise when firms evaluate a global salesforce's efforts?

When evaluating global salesforce efforts, cultural differences present a real challenge to the performance evaluations. Managers must have cross-cultural interpersonal skills as well as cultural competence and sensitivity to cross-cultural norms, laws, and customers.

12. Explain the common types of bias to which sales managers can fall victim.

The types of sales manager bias include evaluation bias, which means the sales manager lacks objectivity, leniency, or harshness tendency which occurs when they rate their sales representatives in extremes, central tendency bias which is to rate everyone in the center of the scale, and, finally, personal bias which occurs when the sales manager lets their personal feelings towards the sales representative influence their evaluation.

ROLE PLAY

Pittsburgh Industrial Controls Considers Changing Its Assessment Criteria

In this role play, students should design a better sales representative evaluation system. Divide students into groups of three, with each student in the group playing one of the characters. Prior to meeting, each person in the group should summarize a new set of objective and subjective measures of the company's salesforce based upon the priorities of the department. When they meet, the students should discuss points of agreement and conflict. Further, they should discuss how they will collect objective and subjective data on the sales representative's performance.

ANSWERS FOR CHAPTER CASELETS

Caselet 13.1: Happy Hannah: Did the Sales Representatives Meet Their Goals?

Case Questions:

- 1. Based on the performance data shown, what "deviations" would you focus on during your meeting with Ella?**

Ella not meeting sales goals two of three quarters and her lack of meeting demonstrations two of three quarters. Stress the need to increase input activities and determine why outcomes were not being met. Ask Ella for her rationale for not meeting expectations; ask how you can help, but stress the need to meet future expectations. It may also be wise to have Ella report each month to see how she is progressing against her demonstration quota.

2. Based on the performance data, what factors would you focus on during your meeting with Syd?

What approach would you take in your meeting with Syd?

One way to start the meeting with Syd would be to congratulate him on his sports prowess and ask him to explain why he has not met his numbers for the past three quarters. This lets Syd know you are aware that he has been devoting a tremendous amount of time taking his team to the national championships (and thus not giving that time to customers). Syd has met his input requirements, but the sales manager should question the quality of these demonstrations and look at sales to all customers to understand why Syd opened 5 new accounts the first quarter but then new account openings dropped to 3 and 2 respectively, while his total sales figures were below expectations for all three quarters! It appears that Syd is not making input numbers and he is not taking care of existing accounts. I would tell Syd he must improve his numbers and must reach his goals if he is to remain a salesperson with the firm.

3. Is Syd's participation in competitive sports relevant to his evaluation? Why or why not?

Only to the extent Syd's outside activities seem to be impacting his performance. A sales manager might expect that all sales representatives will be involved in outside-of-work activities ranging from child/parent care to fishing to gardening.

4. Would your response differ if Syd's team were sponsored by a religious or a civic organization?

The reason for Syd's not meeting expectations should not hinge upon his motivations. If a salesperson enjoys working for Special Olympics®, their church, or Habitat for Humanity® that is their right. However, starting from a point of neutrality, Syd is not meeting his expectations and the sales manager's responsibility is to help Syd see that he will need to allocate more time to his job or leave the workforce to be a professional athlete.

Caselet 13.2: Moworth Industrial

Case Questions:

1. Are all five categories used for ranking the salesforce equal in importance?

As currently configured they are, but in reality sales and profitability are more important.

2. What are the advantages and disadvantages of a ranking system?

A ranking system forces the sales manager to "rank" each of his sales members from "best" to "worst." However, another way to do this is to assign a weight to each category and then assign a grade for that category to each salesperson. For example, if Gordon exceeded his expected sales revenue he might be given a 10 and the weight for that category might be .3. His score for that category is 3. Rather than a forced ranking, a weight and grade evaluation provides a more valid picture of who is performing and at what level. Said differently, the sales manager would be able to gauge the distance between all salespersons' performances.

3. Under what conditions is it appropriate to rank one's salesforce?

Ranking is appropriate for promotions and retention only. But again, it is best to do such rankings objectively rather than fall into the trap of halo, interpersonal, or outcome bias.

4. What can be concluded if each category receives an importance weight?

That each of the categories' scores reflects the effort that the sales representative should place on achieving it.

5. What recommendations would you offer Fran?

That Puckett switch to a weight and grade evaluation based upon set expectations. Rankings are best for promotions and/or terminations — we need to promote one person to management. Who should we promote? We have ranked the salesforce based upon management criteria and feel that Thyssen is best suited for this promotion.

OTHER IN-CLASS EXERCISES

Divide students into small groups. Provide each group with a copy of a sales representative job description. If possible provide different job descriptions to each group rather than having each group work with the same job description. Have each group develop a 100-day training plan for the job description and develop an onboarding plan for the sales representative.

Have the students divide into small groups using the data from Exhibit 13.4. Assign each group one of the sales representatives Amira, Miguel, or Brent. The groups should decide what feedback they would give each sales representative, write up a performance evaluation and performance improvement plan. When each group presents to the larger group, the other classmates should present possible objections and concerns that employees will raise during the feedback session.

Chapter 14: Effectively Leveraging Culture as a Sales Leader

INTRODUCING THE CHAPTER

This chapter explains how culture — both internal and external to the firm — impacts the way salesforces operate and how people’s cultural beliefs and practices influence their alliances, customer relationships, and management practices.

There are numerous ways to introduce this chapter since it focuses on both internal and external cultural influences. In regard to internal cultures, ask the class to list as many functional areas as possible within the firm. They will say marketing, sales, production, accounting, MIS, customer service, etc. Then ask the class what each does and, when there are responses, ask them how do we know when they are doing an outstanding job. Asked differently, what should be the primary goal of each functional area of the firm? If the firm is aligned, each functional area’s goals for success will revolve around what the area does rather than who they serve. What you should be trying to transfer is that aligned firms focus on keeping their customers satisfied by supporting the needs of the sales and customer service areas.

An introduction related to external culture might be to ask who has studied abroad and then ask if anyone made a *faux pas* or social blunder during the time overseas? Nearly everyone who has lived abroad has chosen the wrong word when asking a question, did not “cue” up for service correctly, gave an inappropriate gift, or misunderstood local holidays, etc. Then follow this up with: “How might these *faux pas* impact a salesperson who is trying to influence the local buyer to make a decision to purchase from their firm? A follow-up question is: would making a social blunder impact an established business relationship? The answer may be: It depends upon the severity of the *faux pas*!

Chapter Objectives

After completing this chapter, students should be able to:

- Define organizational culture.
- List and explain the different cultural categories that guide organizations.
- Discuss how culture impacts a sales organization.
- Offer a strategy for modifying a firm’s culture.
- Discuss how a nation’s culture impacts sales management and personal selling.
- Understand the components of culture and how they impact sales management.
- Explain why a diverse work environment is needed for the success of a contemporary salesforce.

Chapter Outline

- I. How a Firm's Corporate Culture Affects Its Salesforce
 - A. The Firm's Marketplace Orientation
 - 1. Production-Oriented Approach
 - 2. Product-Oriented Approach
 - 3. Sales-Oriented Approach
 - 4. Market-Oriented Approach
 - 5. Relationship-Oriented Approach
 - B. Which Marketplace Orientation Is Best?
 - C. Low- Versus High-Performance Cultures
 - 1. Low-Performance Cultures
 - 2. High-Performance Cultures
 - D. Achieving Internal Alignment
 - E. Misalignment and Entropy
 - F. Sales Managers as Culture Creators
- II. How External Cultures Affect a Firm's Salesforce
 - A. The Different Levels of Culture
- III. Cultural Components
 - A. Communication Style
 - 1. Cross-Cultural Communication Problems
 - B. Religion
 - C. Education
 - D. Aesthetics
 - E. Social Organizations
 - F. Technology
 - G. Time
 - H. Values and Norms
 - 1. Ethnocentrism
- IV. Managing a Global Salesforce
 - A. Designing a Global Salesforce
 - B. Selecting Sales Personnel
 - C. Training Global Salespeople
 - D. Motivating Global Sales Personnel
 - E. Compensating Global Sales Personnel
 - F. Evaluating Global Sales Personnel
- V. The Changing Demographics of Salesforces
 - A. The Benefits of Embracing Diversity
- VI. Managing Your Career
- VII. Summary

MANAGING YOUR CAREER

The impact of an organization's internal culture is huge. What do students see as indicators of culture in their first sales job? What examples of observed culture can they share from their interactions, internships, ride-alongs and/or job interviews with different companies?

SUPPLEMENTAL VIDEOS DISCUSSION SUGGESTIONS

5 Keys to a Winning Sales Culture: [<https://www.youtube.com/watch?v=TMgByrVXcxI>] In this video, keynote speaker Ryan Estis offers five areas for executives to focus on to positively influence sales culture.

Diversity in the Workplace and in Society (Paloma Medina): [<https://www.youtube.com/watch?v=deYUUFak08Y>] In this video, Paloma Medina challenges our paradigm of diversity in the workplace and in society. Paloma Medina challenges us to “find and replace” in our vocabulary challenging the concept of diversity vs. equity.

A Look at Google In-House Lawyer Jack Chen: [<https://vimeo.com/208518795>] This video examines how a blind lawyer at Google manages his workspace.

QUESTIONS AND PROBLEMS

- 1. In the opening profile at the beginning of the chapter, Michael Obernberger noted the importance of recognizing cultural differences. How should an organization go about doing so?**

First, recognize there are cultural differences. Second, employees at all levels should receive active-learning cultural training. Third, sales personnel should approach these cultural differences positively. That is, salespeople should remain adaptable and continue to adjust their behaviors to the context in which they operate. This three-step approach will allow company to guard against poor cultural assumptions and poor outcomes.

- 2. Explain how culture and corporate culture, as a company and marketplace force, impacts a firm. How does corporate culture impact an organization's policies?**

In regard to company/firm and external culture, this includes the beliefs, attitudes, values, assumptions and ways of doing things practiced by customers, employees, and society. When considering company/firm culture this focuses on beliefs of employees regarding what should be done and what will be rewarded. Healthy organizations reward hard work, success, and serving the buyer. Conversely, culturally unhealthy firms fail to hold salespersons responsible and reward/punish people differently based upon their status or functional area. Decisions are often made based upon the individual involved rather than for the health of the organization. In regard to external culture, if you are calling on a customer who was born and/or raised in a different culture, their perceived way of doing things will influence how the sales process proceeds. For example, if the buyer was raised in a culture that does not value a sales-position they might act superior or even refuse to interact with a salesperson. Employees will also view work based upon their cultural beliefs. That is, a salesperson from a collectivist society may not respond well to individual goals!

3. Describe the five marketplace orientations a firm can adopt and the roles they play. How does each orientation impact a salesforce's relationships with other functional areas within the firm — and with those outside the firm?

Firms that are **production-oriented** are most concerned with mass producing products at low prices to achieve economies of scale. This approach allows a firm to offer a limited number of reasonably priced products at multiple locations. As a functional area of the production-oriented firm, the sales area is seldom consulted before product or pricing decisions are made. Rather such decisions may be made by production and financial executives. In a production-oriented firm, the salesforce is more of an afterthought. The company's managers believe that the salesforce's job is to communicate with potential buyers about the specifications of the firm's products and their availability and to take customers' orders. Production-oriented firms are more likely to prosper when market demand for their products exceeds their ability to supply them.

A **product-oriented** company focuses on the newest technology or latest product feature. Sometimes called the "better mousetrap syndrome," the firm's goal is to differentiate its products from those of its competitors by constantly upgrading the products. In product-oriented firms, engineering and research and development (R&D) are accorded superior status, and the firm's focus centers on the product rather than the buyer. The role of the salesforce is to notify buyers that the latest product models have been released and convince buyers that they are better than competing products.

When the supply of products exceeds the demand for them, firms often become **sales-oriented**. For example, when multiple competitors enter the marketplace and there are few noticeable differences between their products, customers tend to focus on the prices of the products. As a result, some sales managers will coach their salespeople to practice "hard sell" tactics regardless of customer needs. Management is likely to use a "carrot and stick" approach to motivate the salesforce. In this company culture, salespeople receive bonuses for reaching their assigned sales goals, but face punishment or dismissal when desired sales levels are not reached!

By contrast, a **market-oriented** firm pursues the dual goals of satisfying their buyers while maximizing the profits of their firms. In market-oriented companies, senior executives are more active in sales and customer activities. As a result, salespeople are expected to satisfy the needs of their buyers in addition to meeting their sales goals. These goals can come into conflict, however, whenever short-term sales goals are achieved at the expense of customer satisfaction.

As we have explained in Chapter 5, more firms have become **relationship marketing oriented**, whereby they seek to establish long-term relationships with their customers. Salespeople are expected to act as consultants to fully understand their buyers' long-term needs.⁵ Relationship-oriented firms expect their salesforce to provide high levels of service to profitable accounts and grow business with buyers who are willing to pay higher margins for greater service and the meeting of their needs.

When a firm's organizational culture is aligned with its marketplace strategy, the company's sales managers and the salesforce are more likely to be successful. Thus, each type of orientation we've discussed is appropriate when it is aligned with the market in which the firm operates. For example, in many developing markets in Asia and Africa today, consumers are interested in purchasing high-quality items at affordable prices. However, in more developed nations, like the United States, Europe, and Japan, buyers expect customized solutions to their problems, and they have the economic power to purchase those solutions. The problem arises when the marketplace changes and firms do not adjust their orientations and internal cultures to match the needs of the marketplace. In fact, experts estimate

that about 30 percent of salespeople fail to meet the performance levels that their firms expect of them because there is a misalignment between internal culture and marketplace realities.

4. Identify three reasons why a company's sales and marketing functional areas may not be aligned. What is the major consequence of a misaligned culture?

Many firm's sales and marketing efforts often lack alignment. This misalignment is explainable by two factors: economics and culture. First, the sales and marketing areas often compete over how the company's budget is divided, each believing the other receives too much of the budget. Second, sales and marketing workers tend to exhibit different job cultures. That is, marketers tend to be more analytical, data-oriented, and project focused. The sales team, on the other hand, is comprised of members who are action-oriented, relationship driven, and short-term focused. Perhaps most importantly, the two areas of business are judged differently in regard to their performance. The sales team is often evaluated based upon results — closing sales. Conversely, marketers are judged by the programs they propose, and their success or failure takes much longer to discern. Each group may believe that their contributions are more important than that of other functions. Given these fundamental differences, it is hardly surprising that the marketing and sales areas of the firm find it difficult to work together. When there is an alignment gap within an organization, entropy occurs.

5. How do high-performance cultures operate in contrast to low-performance cultures? How does a sales manager change a low-performance culture to a high-performance culture?

Companies with a strong corporate culture tend to be results-oriented and associated with healthy cultural attributes like those listed below:

- *People-oriented:* Workers are treated with respect and their achievements are celebrated. A full range of rewards and punishments are employed to encourage high-performance standards, and managers at all levels are held responsible for developing workers under their care.
- *Results-oriented:* Workers who excel are identified and rewarded; control systems are developed to collect, analyze, and interpret performance; and sales managers/salespersons who do not meet standards are replaced.
- *Stress achievement and excellence:* Salespersons feel a constructive pressure to be the best, sales managers pursue programs that motivate workers to perform at their highest level, and excellence links cultural metrics to performance measures.

Firms with weak cultures are associated with lower financial performance, and they exhibit a number of unhealthy characteristics that include:

- *Insular thinking:* Members are inward thinking, believing all answers for the firm's problems exist within the firm. As a result, they avoid looking outside the firm for best practices. Managers may behave arrogantly.
- *Resistance to change:* There is a desire to maintain the status-quo. There is little support for new ideas and the firm's leaders discourage change.
- *Politicized internal environment:* Problems are resolved, and decisions are made based upon the individual power of the firm's managers and executives. Rather than doing what is best for the firm, the decisions are based upon what is best personally for individual managers.

- *Unhealthy promotion practices:* Promotions are made without the skills and capabilities of the candidates being seriously considered or matched to the positions to which they are being promoted. For example, a hardworking or long-serving sales representative might be promoted to a managerial position even though the person has no long-range vision or ability to create a new culture.

Modifying a firm's culture so that it aligns with strategy is a difficult undertaking for any manager. There are several actions a sales manager can take to create a strong, high-performing culture that encourages internal unity and an ability to adapt to external changes. First, the sales manager must determine which parts of the firm's current culture support the firm's strategy and which do not. Second, the sales manager must communicate honestly and openly to all workers the cultural areas that need to be modified or whether a completely new culture is required. Lastly, the sales manager must take visible actions that communicate a transformation of the existing culture.

6. What occurs when there is an alignment gap within an organization? What occurs when a salesforce's group values differ from the rules, regulations, and managerial systems that are in place? What type of gap exists?

- *A lack of personal alignment:* Gaps that exist between employees' stated values and their behaviors. An example is when sales leaders do not "walk the talk" or demand that the sales team "do as I say, not as I do." Likewise, a salesperson might not be honest with a sales manager about what happened on a sales call or the reason a customer canceled an order. Any gap in personal alignment leads to a lack of trust between sales managers and their sales teams.
- *A lack of structural alignment:* Gaps that exist between the firm's stated values and the rules, regulations, and managerial systems it puts in place. For example, if a firm says that it encourages its salespeople to behave ethically but then fails to reward ethical behavior when it comes to the reps' raises and promotions, the sales team will become cynical.
- *A lack of a values alignment:* Incongruence exists between employees' personal values and the collective values of the groups within which they work. For example, there will be a lack of a values alignment when a salesperson's ethical values are higher or lower than the overall ethical values of the group within which he or she works. Incongruent employees and collective values can lead to role conflict where the salesperson is unable to satisfy the firm's values without violating his or her own.
- *A lack of mission alignment:* Gaps that exist when the objectives of the members of the sales team fail to align with the firm's goals. For example, a lack of mission alignment exists when a firm instructs its sales team to devote time to relationship-building, but its salesforce members continue to sell products that maximize their income at the expense of those relationships. Mission alignment gaps can detract from a sales manager's ability to channel the efforts of his or her sales team in a unified direction.

7. A sales manager can act as a culture creator. Develop two of your own examples of symbolic and substantive actions a sales manager can take to do so.

Managers who want to change firm culture can take two actions: primary (substantive) or secondary (symbolic). **Symbolic actions** communicate shifts in an organization's culture, whereas **substantive actions** demonstrate that a sales leader is serious about changing the firm's culture. Managers who take symbolic actions communicate the kinds of behavior they are encouraging. For example, the CEO at

infoUSA, a company that maintains and sells databases of North American businesses and consumers, takes symbolic action by meeting regularly with the firm's sales and marketing managers to ask for ideas for business growth. Likewise, a sales manager who wants to encourage a customer orientation might symbolically assume responsibility for a major account while substantively modifying the evaluation criteria for the sales team to include customer satisfaction ratings.

8. What might be considered an appropriate business gift in Japan, Costa Rica, and Egypt? A variety of websites offer some detailed suggestions.

Japan: Expensive pen and pencil set or a business card holder that is professionally wrapped

Costa Rica: Gifts valued \$10-\$50, nicely wrapped. Not local coffee! Gifts to women should be presented from wife or secretary/female employee to prevent misunderstanding!

Egypt: a nice compass to find Mecca or small electronic gadget. Baked goods or chocolates when invited to dinner. All gifts presented with right hand.

Note the dramatic differences about what is "appropriate"!

9. What can salespeople do to increase the probability of successfully interacting with people from different cultures?

The increasing level of global business occurring around the world requires that sales managers and their employees understand cultural differences in order to work together and prosper. The key is to understand cultural differences and take advantage of the broader perspectives they offer in terms of finding managerial solutions. For example, sales managers must understand that in the United States, workers are generally encouraged to act individually; whereas, in most Asian societies, group business decisions are more likely to be made. Also, it is considered healthy behavior in Western societies to compete for promotions and incentives. In other cultures, however, salespeople try to maintain group harmony rather than competing with one another.

The likelihood of developing interpersonal relationships increases when salespersons and managers are sensitive to different cultural practices. For example, when a salesperson enters a sales meeting with a potential customer from a different culture with a general understanding of that person's cultural beliefs, the salesperson's words, actions, and body language can be tailored to maximize the potential of successfully interacting with that individual. Likewise, understanding other cultures allows sales managers to behave correctly in global sales situations, which will minimize conflicts and build better relationships with both customers and their sales team.

10. Think about the uncertainty avoidance component of national culture. What impact might uncertainty avoidance have on a buyer's motivation to purchase and the time the buyer needs to reach a purchasing decision?

Uncertainty avoidance (UA) defines how threatened a society feels by uncertainty or ambiguity. The higher the level of uncertainty, the greater the need for well-defined rules. UA can have a significant impact on a buyer's motivation to purchase when rules are not followed. For example, sales members must understand that in high UA cultures, a buyer may gather information but s/he must allow superiors to approve the purchase. Thus, sales personnel must not pressure the buyer and must allow the process to play out. Likewise, companies are reluctant to switch suppliers until the new entity has proven they are trustworthy and dependable. In many Asian cultures all details are negotiated by lower-

level managers and once satisfied, then and only then do higher-level managers meet to consummate the deal!

11. What role does context play when a salesperson or sales manager tries to understand an action taken by a buyer or partner from another culture?

Cross-cultural communications can vary, depending upon the directness of the words. In low-context cultures, like that of the U.S., words are used exclusively to communicate what is meant. If something is left unstated, the receiver of the message does not necessarily assume that they should read between the lines. In high-context cultures, found predominantly in Asia and the Middle East, details and specifics are often left unsaid; the recipient must gain insight through nonverbal communication.

12. What are some examples of nonverbal communication that might impact sales situations?

When humans communicate nonverbally, the unstated is often as, or more, important than what is clearly articulated. Nonverbal communications are therefore important for both the buyer and seller and can include:

- *Appearance*: different cultures have distinct expectations about facial hair and attire that includes formality of dress. Europeans tend to dress more formally than Americans.
- *Posture*: involves how a person sits or stands. In Asian cultures, a person of lesser status does not tower over or turn their back on a superior. In low-power distance societies, like Scandinavia, such actions are viewed to be less important.
- *Space/Distance*: the physical distance between the customer and the salesperson. Americans generally prefer a larger “zone of comfort” around their bodies than do Latin Americans, for example. Middle Eastern males and Hispanics operate in spaces of 0 to 18 inches. By contrast, most Americans and Western Europeans feel comfortable in zones of 18 inches to three feet. Asians generally prefer a space of three feet or greater.
- *Sense of smell*: refers to body odors and colognes/perfumes. In certain cultures, strong body odor is accepted; in other cultures, body odors are viewed as being offensive.
- *Hand gestures*: can mean something other than intended. The O.K. sign in the United States is considered offensive in most European nations. When conducting business or eating with customers from Arab nations, using your left hand is considered rude.
- *Handshakes*: Americans are more likely to shake hands firmly, whereas the British are more likely to shake hands softly. Hispanics are more likely to offer a moderate handshake and a frequently repeated grasp.
- *Physical contact*: in Spanish cultures, friends touch constantly. However, in most Asian nations, touching is seldom observed and almost never practiced on the head. This is particularly true in Thailand.
- *Eye contact*: prolonged or direct eye contact is considered aggressive in some cultures, while it is a sign of honesty in others.
- *Body angles*: refers to how one positions themselves relative to others. For example, in Japan, the person with the least status, such as the salesperson, bows lower than the customer. In addition, one should never turn one’s back on or tower over a superior in Asia.

13. Explain why it is important for salespeople to understand their own ethnocentric tendencies.

One way for a salesperson to overcome ethnocentrism is to become aware of their beliefs that can distort perceptions and cause misinterpretation of customers or their sales team. In effect, learning about your own cultural beliefs allows you to recognize the incorrect analysis that we engage in when we encounter behavior influenced by another culture.

14. What are the benefits of a diverse salesforce? What is the impact of having a salesforce that is not diverse?

Hiring a diverse salesforce can offer the firm a sales and marketing advantage. Managers today believe that a diverse salesforce can better understand and serve a diverse customer base. Sellers who share similar cultural traits with buyers often form stronger relationships.

Supporting diversity can reduce a firm's total costs. Salespeople who feel valued for what they can contribute will experience greater job satisfaction and longevity with their firms. Thus turnover and hiring costs should be lower.

Hiring a diverse workforce is believed to lead to more creative problem-solving and decision-making. This is because diverse groups of workers are more likely to suggest creative solutions to problems than homogeneous groups. One study reported that innovative companies reported higher levels of diversity than non-innovative firms.

ROLE PLAY

Expatriate Pay and Benefits at International Sales Group

Break students up into groups of three, with one student in each group playing each role. Prior to meeting, have each student review the cost of living in European cities. Visit the following website to find out what the cost of living is in European cities: <https://www.expatistan.com/cost-of-living/index/europe>. Through research, have students determine what other companies are using to compensate expatriates. After research and the role play, students should develop a compensation system for expatriates; they should be able to provide the data and principles they used to develop the system.

ANSWERS FOR CHAPTER CASELETS

Caselet 14.1: Tampa Bay Manufacturing

Case Questions:

1. What symbolic actions should Ebony take?

One example of symbolic action is to override a poor customer decision rendered by TBM. For example, Ebony could watch for a decision in which the firm's customer service does not prioritize for a better customer and then say: "No, we are going to take care of this very important customer." Other symbolic acts would be to raise these issues via e-mails and at the next meeting of the salesforce.

2. What substantive actions should Ebony take?

Substantive actions include making the quarterly goals mandatory OR facing penalties. For example, if the salesperson fails to meet what are fair and attainable goals then they would not earn their commission. Another substantive action would be to identify, counsel, offer to help improve, and then fire a low performing salesperson. This would both communicate and offer evidence that the sales manager is serious about changing the firm's sales culture.

3. How difficult will it be for Ebony to realign TBM's internal culture with its external strategy if upper management is not supportive?

Without the support of TBM's upper management, it will be nearly impossible for Goolsby to change the internal culture to match the external marketplace. Often upper managers have known the sales team for many years and they "cave-in" rather than holding supervisees to clearly set goals. This tells the salesforce and other firm managers that there are no consequences for failing to meet goals. If a firm wants to change their culture, there must be consequences for not meeting assignments and goals.

Caselet 14.2: Going to Europe?

Case Questions:

1. Peter is considering establishing a new subsidiary in Europe or establishing a strategic alliance with an experienced European partner company. How would Thomas evaluate both options?

A strategic alliance with a software distributor from Europe would help the American company to gain easier access to customer groups in the European market. Such a partner company already knows market trends, needs and business habits. This type of cooperation would result in lower fixed costs for the American company compared with the establishment of an individual subsidiary. In contrast, an own subsidiary in Europe would allow Thomas to have greater control over sales activities. He could create exact profiles of the sales reps who should work for the company. Additionally, he could set up sales quotas and minimum selling prices for the department. This requires additional financial resources and a higher commitment from the management board of the American company in order to enter the European market.

2. If a new subsidiary in Europe were created, from where would Thomas recruit people for the new sales organization? Would he hire internal experts from the U.S. market, or would he hire sales experts from Europe? What factors would influence his decision?

Hiring internal experts would help to transfer knowledge about products and the company to Europe. This would also lead to a faster implementation of the corporate business philosophy and business strategy for the new market. Conversely, hiring sales reps from Europe would help the company to develop a better understanding of the local market. Nevertheless, it does not necessarily mean that they speak the language of local customers. 24 different official languages are spoken in the European union.

3. If the company sends its U.S. sales representatives to the European subsidiary, how would Thomas train them to operate (successfully) in the European market?

In Europe, sales reps must interact with more diverse customers and colleagues. This would require the establishment of an intercultural training program. Such a program has to develop an awareness of cultural differences between the U.S. and Europe, and differences within Europe. Sales reps must learn how to respond to communication differences of people at a buying organization. This requires a more flexible conversation and negotiation style. Additionally, sales reps have to learn how to overcome the stress which is associated with such a diverse range of communication approaches.

OTHER IN-CLASS EXERCISES

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. 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 that,” 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 culprit be punished?

Based upon this case, have two students engage in an office meeting between the American manager in Japan and his local counterpart. In the short case, it is evident that the U.S. manager is approaching the breaking of a computer by identifying and punishing the salesperson. Pushing back from a collective cultural perspective the Japanese manager states that all workers have taken responsibility, the individual salesperson has offered to resign, and his teammates refused to let him do so because he was not assisted enough by the others in the office. Try to get the class to understand the U.S. manager is thinking individualism versus the Japanese viewing the situation through collectivism. Perhaps more importantly, how would each approach impact the company overall and the satisfaction of that culture’s sales team?

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!