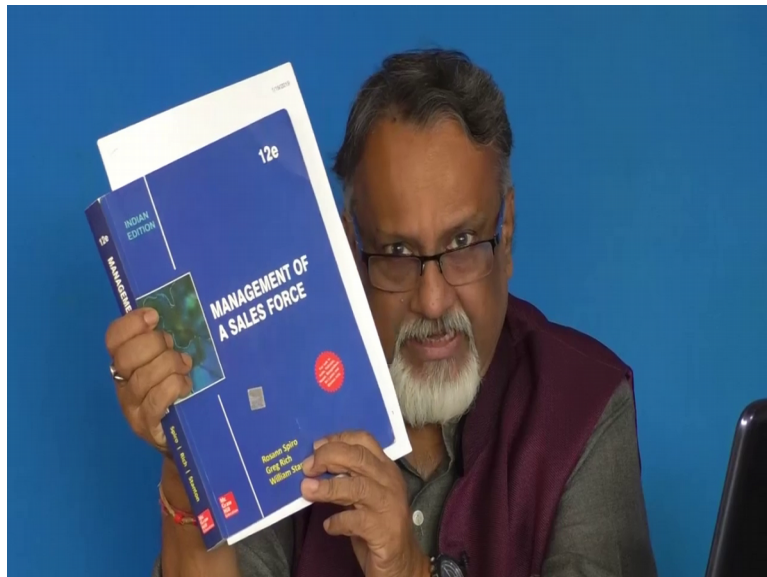


Management of Field Sales
Prof. Jayanta Chatterjee
Department of Industrial & Management Engineering
Indian Institute of Technology, Kanpur

Lecture - 17
Leading the Sales Force

So, this is our second session fourth week on Management of Field Sales. We are discussing the different aspects relating to the sales force organization, sales force management and behavioural issues, organization issues, performance issues, compensation issues these are the kinds of topics we are handling this week.

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Incidentally for most of the discussions this week, I am using this particular book available from McGraw hill as Indian publication it is called “Management of a Sales Force” by Rosen Spiro and Gregg Rich and Williams Santol. Most of the key aspects you will be able to see in the power points that will be available to you; for detail study, I would recommend that you refer to this book. You can also refer to the Manning’s book the main textbook that I had suggested right in the beginning and it is also mentioned in your course announcement on the web Spiro’s book is also mentioned there ok.

Now, we are discussing we call this whole course and as well this management of field sales right, but some specialists some academicians and practitioners, they argue that when it comes to sales force. Because, we are mainly dealing with expert personnel who

are necessarily little different from many other employees, the word management is better replaced by leading or coaching and we will see why these leading or coaching are better words than management when it comes to the sales force.

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Applying Leadership Skills to Sales Management

- **Leadership** is the process of inspiring, influencing, and guiding employees to participate in a common effort.
- **Sales management** is the process of planning, implementing, and controlling the personal-selling function.

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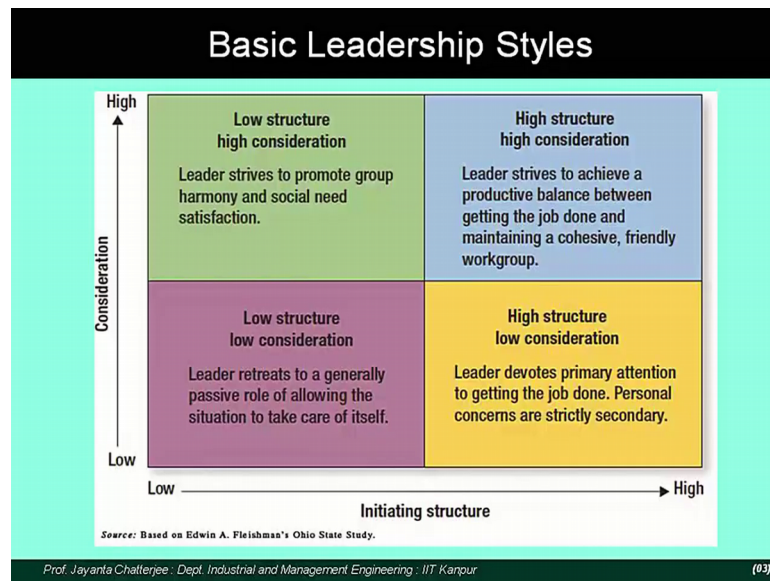
Fundamentally the idea here is that the leadership is a process of inspiring influencing and guiding employees to participate in a common effort; as opposed to management which is planning implementing and controlling the selling function. So, by the very definition you see management is a bit impersonal process, management is more focused on tasks whereas, leadership is still interested in tasks and accomplishment of objectives. But it looks at achieving those objectives through people and therefore, behavioural organizational behavioural aspects, psychological aspects, inspiring processes, confidence building processes are better approaches than mechanistic process oriented task oriented management processes.

So, you can argue that one can mean the other, but generally therefore, if you just say leader or a coach, you can actually get a better I personally quite like this approach of coach because that is exactly the role that today's sales managers perform. Just like in a football team, the goal will be scored by the people on the field by the defence or offense and in combination. But the coach is outside the field, but the coaches contribution is significant because the coach enthuses the team if they are down, the coach works with

them in setting the strategy, the coach makes them aware of the opponent teams strengths and weaknesses.

So, the coach has a very valuable role played in the beginning of the game, in the middle of the game, at the end of the game and the coach in spite of being outside the field plays a huge binding inspiring confidence building enthusing role and that is the kind of role today the sales managers are often asked to play.

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Look at this 2 by 2 matrix, we have this structural on the x axis structure, low structure versus high structure and consideration on the y axis. So, this high structure high consideration here leader strives to achieve a productive balance between getting the job done and maintaining a cohesive friendly work group. So, you see human considerations or people considerations are balanced here by task considerations. So, this is the high structure high consideration. This is the necessary approach to most of the high tech high velocity sales organizations of many industries today.

It is very seldom today to find an organization, where no structure no consideration will work where actually you just kind of let the system flow; I mean some very low performing organizations may have degenerated into this kind of a structure. But this is just the exact opposite of where you want to be today in this high structure high consideration.

There can be still organizations where this low like a club. A club maybe you know in this kind of a situation where there is a low structure, but high consideration. So, you want the club to perform different activities, but you cannot have a very you know directive role there. So, the coach is a good example there and then of course, there are high structure low consideration, this is also something that is not very where the primary attention is getting the job done. Personal concerns are strictly secondary and this kind of organization may be very good for a fire brigade or in the army or in the police, but not may be that efficient in a sales structure.

But remember the these are very general classifications, there could be somebody in a particular organizations where the organization was in a huge decline and he or she comes in as rejuvenator sales person, but the person is initially be very rule oriented to bring the organization back on track and therefore, the high structure high task orientation may be required there. But generally therefore, we will like to be in this blue segment, most organizations achieve try to be there very few organizations today will be this low structure low consideration situation.

Some organizations maybe operating quite fine with low structure and high consideration because for example, if it is an organization like a consultant organization or a professional advisor or a law firm, they will have sales function. But that sales function will be kind of quite embedded in the deliverers. And therefore, there the sales leader will be actually replaced by a role which will promote group harmony and social need satisfaction.

So, some organizations may still be there in certain types of selling situation which is say high end service sale like in a hospital, health care organization in a legal service organization there the sales organization may have this kind of low structure high consideration. But, aim in most cases will be today towards this high structure high consideration.

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Structure and Leadership

Behaviors that provide evidence of structure include:

- Planning takes place on a regular basis.
- Expectations are clearly communicated.
- Decisions are made promptly and firmly.
- Performance of salespeople is appraised regularly.

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And how do you look at the structural emphasis of organization is, look at how they plan, what kind of regularity is followed, what emphasis is paid on planning how expectations are communicated, decisions are made and followed and performances how regularly they are appraised and feedbacks given. This will show us the structural end of the leadership.

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Consideration and Leadership

Behaviors that provide evidence of consideration include:

- Regular and effective communication as a high priority.
- Each salesperson treated as an individual.
- Good performance is rewarded often.

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Consideration end of the leadership we will see how regular and effective are at a personal level communication, how well the sales persons are treated as individuals,

what kind of respect they get within the organization and how the reward system operates.

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Situational Leadership

- **Situational leadership** suggests that the best managers match their leadership style to the situation at hand.
- Flexibility is required
- Character is relevant
 - Honesty
 - Integrity
 - Moral strength

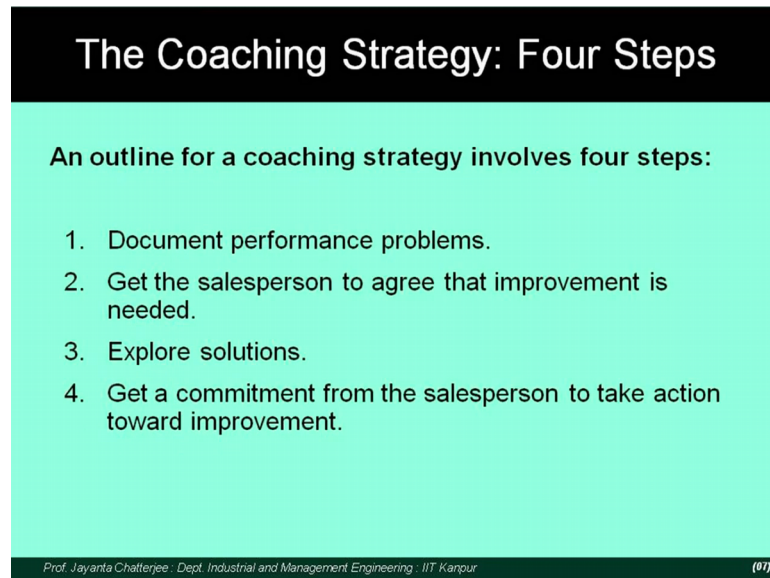
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So, many times particularly if you read that it is a thin book, but a very nice book its called the one minute manager and the salesperson or something like that. There actually very nicely this concept of situational leadership is explained. So, which means it says that, sales leadership will often depend on that nature of your followership. That means, what kind of people you are leading, what kind of sales persons you are leading will determine what kind of leadership style and role you should perform.

So, if you are leading a group of a high level and highly committed experts, then this low structure high consideration may be a functional approach. On the other hand if you are trying to rejuvenate a sagging organization, a failing organization or if you are actually in an emergency type of situation where you are actually trying to book a very large order which is currently poised precariously, then you may actually be looking at a high structure low consideration.

So, the point here is situational leadership means you look at the situation and use the best style and good sales leaders, good sales coaches have the flexibility to change from one mode to the other mode, depending on the team they are leading.

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The Coaching Strategy: Four Steps

An outline for a coaching strategy involves four steps:

1. Document performance problems.
2. Get the salesperson to agree that improvement is needed.
3. Explore solutions.
4. Get a commitment from the salesperson to take action toward improvement.

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But some of the things that a coach will always do is a lot of documentation, as you know you might have seen in movies and all how football coaches in America they do all this game plan you know they make a game book, where you say and this is how different people will play, if this is the kind of attack, then this is the way we respond. All that kind of documents will have to be translated in your context in your industries context.

And the documentation will help in bringing the salesperson than the leader on the same page. So, synchronization of objectives and understanding the nitty-gritties of operational processes will be better done if this four step process of documentation agreement exploring alternatives and solutions and commitment if these four steps are followed to start with.

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Salesperson Recruitment and Selection

Established recruitment and selection guidelines include:

1. Determine actual job requirements.
2. Search for applicants using multiple sources.
3. Select the best-qualified applicant.
4. Use personality and skills testing.

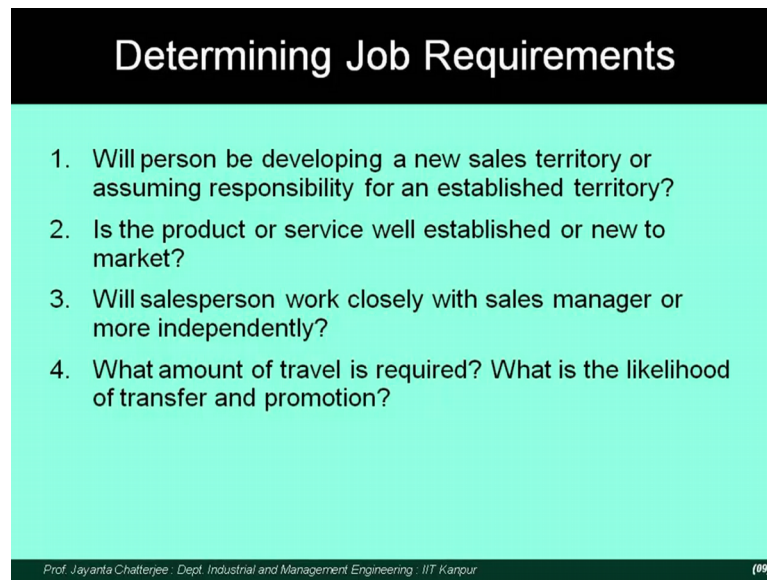
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I am now going to spend a few minutes on discussing that how you recruit salespeople, what kind of processes are followed in recruiting as well as in training. So, salesperson recruitment is a very involved task because as we were discussing a salesperson has a complex role, the person has to be a self-starter. If the person will be most of the time operating out there in the field on his or her own and therefore, we need to be a good self-monitoring person self-motivated person.

On the other hand a person will be facing lot of rejection objection and therefore, should have the psychological stamina to deal with continuous negative feedback or subtle attacks. And so, you when you recruit a salesperson, you look at these abilities if not available today how the potential developing opportunities that will be presented by the candidate. So, you look at that.

And so; obviously, in sales force recruitment, personal interaction or personal interview as well as group discussions are an observation of group dynamics, an observation of individuals in a group situation, individuals in a stressful situation are all very important.

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Determining Job Requirements

1. Will person be developing a new sales territory or assuming responsibility for an established territory?
2. Is the product or service well established or new to market?
3. Will salesperson work closely with sales manager or more independently?
4. What amount of travel is required? What is the likelihood of transfer and promotion?

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So, of course, these are some general remarks, to be exact you have to also assess depending on the. So, we were discussing about hp a little while back, when we were discussing sales organization structure.

So, there; obviously, you will have to take people recruit such salespeople who have the ability already built in as a necessary technical background to be very good in understanding the intricacies of a complex product. So, those are things that you have to add to the personality factors, the group interaction factors, the calm and cool factors, the ability to handle rejection factor all that would that you have to also add the technical calibre and such capabilities.

So, determining the job requirements, the job profile must be very clearly articulated and which part of the job profile needs what kind of expertise that if it is charted and presented to the potential candidates will be very good. So, like for example, it should be right there up front that with how intense will be the travel requirement of the job. So, that there are no dissatisfactions at the later stage.

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Ready for a Sales Interview?

Interviews vary, so be prepared for questions including:

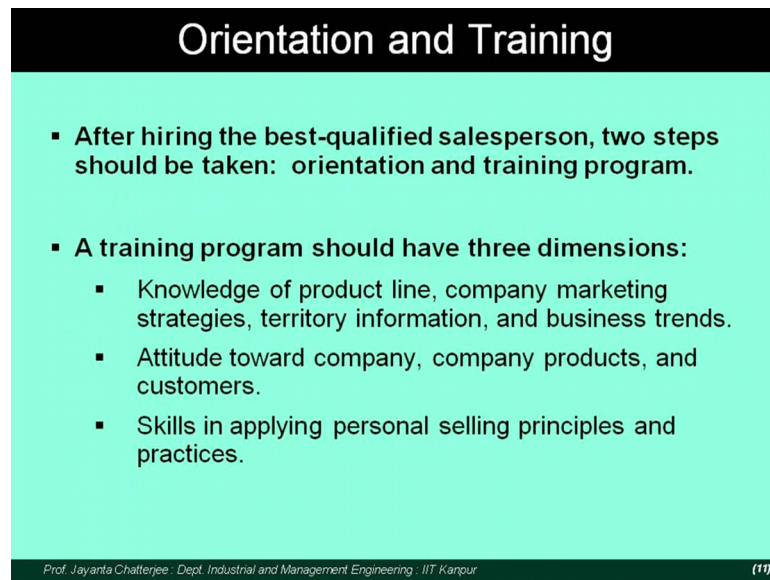
1. Can you describe the sales process?
2. What are your greatest strengths and weaknesses?
3. What sales books have you read lately?
4. What was the most boring job you ever had and how did you handle it?
5. What is the biggest contribution you made to your last employer?
6. Sell me this (pen, computer, lamp, desk).
7. Why should we hire you?

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Some of the typical questions faced by sales persons during the interview I have listed here, I have participated in hundreds of interview situation with sales people. So, this is for you too this is a quick recap of things you should know well if you are getting into a sales interview. Like for example, can you describe the sales process, what are your greatest strengths and weaknesses, what sales books have you read lately, what was the most boring job you ever had and how did you handle it, what is the biggest contribution you made to your last employer or just sell me this pen or this book or this computer or this lamp, consider I am a buyer and you tell me how you will sell it.

So, you may be actually in this kind of an impromptu situation and be prepared for some nice as start up presentation. Usually you will not have to make a 5 minutes presentation, you just start and the interviewer may shift to the next question just making some quick assessment that how you handle the first level of interaction. And of course, the typical question like why should we hire you. You should have some good responses to all these kind of; I would say that this 1 to 7 in combination will be present in almost 80 percent of the sales interview situations.

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Orientation and Training

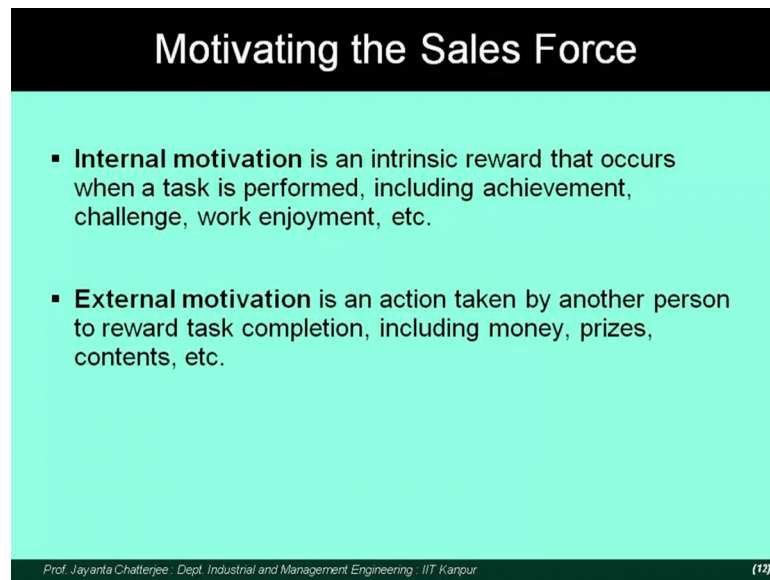
- After hiring the best-qualified salesperson, two steps should be taken: orientation and training program.
- A training program should have three dimensions:
 - Knowledge of product line, company marketing strategies, territory information, and business trends.
 - Attitude toward company, company products, and customers.
 - Skills in applying personal selling principles and practices.

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So, it will be good to prepare for these and after you have taken a good salesperson remember that the training and development post recruitment is a very very important step. If this is not done well, then a good salesperson may actually go astray because the person may not be well synchronized with the organizations culture, organizations objectives all those can be communicated well through the initial post recruitment training and development that is why often that type of training and development is called induction.

That means how you take from somebody from outside and make it part of your team, has to be a process which is sensitive to not only the technical side, but also the human side the organizational culture psychology behaviour side that what are the different do's and don'ts in this organization those should go hand in hand with this is the nature of the product or these are the highlights of the product and such issues

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Motivating the Sales Force

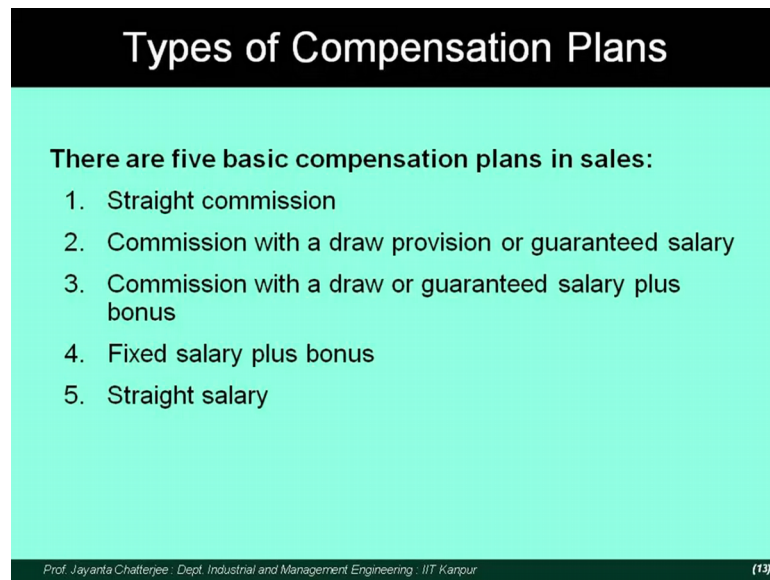
- **Internal motivation** is an intrinsic reward that occurs when a task is performed, including achievement, challenge, work enjoyment, etc.
- **External motivation** is an action taken by another person to reward task completion, including money, prizes, contents, etc.

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My last four slides are dedicated to motivating the sales force. Motivations are of two types; obviously, internal motivations and external motivations. Internal motivations come from the personality of the person how that person deals with, somewhat hostile environment how that organ person deals with operating alone, how that person deals with, what makes the person glad, what makes the person sad.

These are internal motivational factors and external of course, you can always use monetary incentives, prestige incentives task completion joys and I will I am going to present to you some interesting facts coming out of different research.

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Types of Compensation Plans

There are five basic compensation plans in sales:

1. Straight commission
2. Commission with a draw provision or guaranteed salary
3. Commission with a draw or guaranteed salary plus bonus
4. Fixed salary plus bonus
5. Straight salary

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Incidentally compensation plans these are the typical five types of compensations given to sales people. Straight commission; that means, you know more you sell more money you get; so, it totally dependent on your month to month, week to week performance. Then you can have commission with some kind of guaranteed part or some kind of an advance drawdown facility. It can have a fixed part, commission part and a bonus part fixed salary plus bonus can be another alternative to that.

So, fixed salary plus bonus; bonus if you exceed your quota your goal sales goal or it can be some small part will be fixed, then there will be a large part which will be related to commission on sales up to the objective point and then there can be a larger percentage in bonus if you exceed the goal. So, right from straight commission which is one end to straight salary which is the other end there can be these different combinations.

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Strategic Compensation Planning

Compensation plans can be achieved to achieve a variety of sales objectives:

1. Specific product movement
2. Percentage sales increase
3. Establish new accounts
4. Increase sales activity

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Now, the compensation can be compensation plan can be linked to motivational factors and thereby you can actually create subsidiary objectives or you can perform strategic objectives of the organization for example, specific product movement; the more sales for a specific product very important when it is a new product introduction. So, a higher level of incentive provided for higher level of sales of a new product is required because a new product needs a lot more intense sales effort some innovation, some more training understanding expertise development on behalf of the salesperson.

So, it is good that if you give some higher level of compensation for a specific product movement or establish new accounts this is another case where higher level of compensation can be thought of. And then of course, percentage sales increase or general increase in sales activity these are important inputs into the compensation structure.

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Assessing Sales Force Productivity	
Quantitative Criteria	Qualitative Criteria
<ul style="list-style-type: none">• Sales volume in Rupees• Sales volume compared to previous year's sales• Sales volume by product• Number of new accounts• Amount of new account sales• Net profit per account• Number of customer calls	<ul style="list-style-type: none">• Attitude• Product knowledge• Communication skill• Personal appearance• Customer goodwill generated• Selling skills• Initiative• Team collaboration

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The sales force productivity therefore, should be measured in terms of quantitative criteria like sales volume in rupees, sales volume compared to previous year sales, sales volume by product sales volume by new accounts percentage, net profit per account number of customer calls per sale all that should be there and also there should be qualitative criteria. Because sometimes there may be a star performer in terms of the results, but that person can be a toxic, person with respect to the sales team environment within the organization; that person may be very abrasive, that person may be very a depressing encounter for the other members of the team.

So, therefore, you should look at attitude, product knowledge, communication skill, goodwill generated initiative team collaboration all these are as qualitative criteria that should be rewarded or challenged. So, compensation strategy should be performance related as well as structural issues related which means should be based on quantitative criteria as well as qualitative criteria. So, that is where we end today's session and we will discuss more about compensation and some of these other aspects that we have brought up in today's session in the subsequent discussions.

Thank you.