

Sales and Distribution Management
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Lecture – 11
The Sales Department Relations

[FL] Today we will be beginning with the third module on our course called Sales Management. In this particular module we will be speaking about we will be discussing The Sales Department Relations. We would also be talking about planning, sale forecasting and budgeting. This particular module in 5 lectures shall be covering these two broad topics. In the first two lectures we will be talking about the sales department relations within the marketing function and outside with other functions, we shall also be talking about the relationship with other stakeholders.

And in the subsequent 3 sessions we will be talking about sales forecasting, budgeting say and planning.

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So, let us first begin with this particular lecture where we will be talking about the inter departmental relationships and coordination, the importance of that, the relevance of that. Then you will be speaking about personal selling and other marketing activities, there after personal selling and other departments; relationships between the personal sales force. And, the manner in which they have to co-ordinate with other departments. And

then we will be speaking about the relevance of sales departments relationship with other outside stakeholders. So, this is what we will be covering in this particular chapter ok.

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Basics of the Sales Department Relations

Introduction

- The sales department occupies a place of immense importance in an organization owing to its revenue generation nature.
- Manufacturing good products at competitive prices is not a stand alone function; it involves a huge coordination between other departments like finance, human resource management and others. And very importantly, Marketing and Sales.

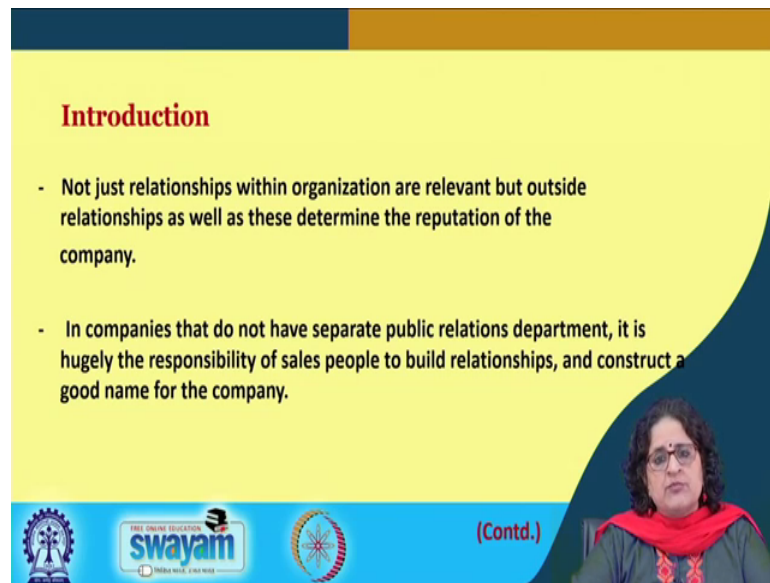
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So, let us start with the basics of the sales department relations. Now, the sales department as we have discussed earlier, it occupies a very important you know position because, of the very fact that it brings in sales and revenue for the organization. It brings profit, it leads to market share. So, the sales department occupies the place of immense importance in the organization. And, the very fact that say the people in the sales department or the sales force; you know is responsible for attaining profits or for sale revenue for the organization. And, the very fact that they maintain relation with outside entities, with outside stakeholders gives them more gives them very important role.

Now, manufacturing a goods and services and you know at competitive prices does not you know suffice for an organization. It is not a standalone function as well, it involves a huge amount of coordination between other departments like finance, HR, purchase you know R and D and very importantly marketing and sales. So, standalone the production function, standalone the production and operations department would not be able to do anything. It definitely needs to work and co-ordinate with other departments in the organization. And, the relationship for the interdependence between the marketing and sales function and the manufacturing in the operations function is extremely important.

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Introduction

- Not just relationships within organization are relevant but outside relationships as well as these determine the reputation of the company.
- In companies that do not have separate public relations department, it is hugely the responsibility of sales people to build relationships, and construct a good name for the company.

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So, also it is not just relationships within the department which are relevant, it is also important that the sales organization or the sales department you know forms relationships with people outside organization. So, relationships within an organization are relevant. They highly important, but outside relationships are also extremely important, as they would help achieve the objectives of the organization and they would also have determined the reputation of a company. So, in (Refer Time: 03:54) you know in those companies, where they do not have a you know public relations department or where in organizations which are small.

And, where you know the public relations itself is managed by the company without a big full fledged department. In those cases it is actually the responsibility of the sales people to develop a relationships to build relationships and build a good name for the organization. Of course, wherever there is a PR department or a public relations department, there as well the sales department must co-ordinate with the public relations department. And, they must work in conjunction to each other to achieve goodwill for the organization, reputation for the organization.

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Interdepartmental Relationships

- ❑ An organization only flourishes when activities of all the departments are coordinated
- ❑ Heads of departments are required to not only just achieve their targets but also harmonize their departmental activities with other departments for achievement of overall organizational objectives
- ❑ For example, what will the sales department do when funds for promotional campaigns are not timely provided by finance department?

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Now, let us first come to inter departmental relationships. Any organization will only flourish when activities of all the different departments are coordinated. In we all know that in an organization there are different functional areas, there are different departments, but all these departments must work together for achievement of organizational goals and objectives. If an organization wants to sell product, if it wants to earn revenues, profit, market shares; it must work you know the production operations department has to work in conjunction with finance, purchase, HR, marketing, sales, R and D.

So, you know the organization will only be able to flourish, will only be able to attain its objectives when all the activities of the various departments are coordinated. The heads of the department are required not only to achieve their own objectives or targets, but they must harmonize their activities with other departments, with other heads of the department for achievement of the overall organizational objective. So for example, let us take you know the R and D. Now, the R and D works in closed you know coordination with both the marketing and sales as well as with the production and operations department.

The sales people get relevant feedback for the R and D for with respect with existing product. The sales people also bring in you know information about marketing trends, about needs, wants, preferences, about competitive strategies to and competitive products

to the R and D. And, then the R and D must design a product or service offering and then of course, it has to gel well with the existing technologies or the machinery or the automation with the R and D with the operations and production.

Now, if in case a certain designs which are proposed by R and D cannot be given a final shape as a product by the op by the production and operations department, then either the production or operation department must import technology or it must update its production facilities. You know so, that the idea can be given a full shape. So, similarly what would the sales department do when funds for promotional campaigns are not kindly provided by the finance department? So, a product may be ready by the production and operations department. It may have been designed by R and D given shape and form by the by the operations and production people.

But, until and unless there are funds available for promotional activities, for you know publicity and public relations, for advertising etcetera what would the sale how would the sales department work. Because, the sales department who is which is in charge of you know getting sales would definitely want the segment to be informed, to be well aware of the product. So, they all have to work in together, it is the marketing and the sales and the R and D and the production and operations and at the head promotion a within the marketing team, pricing. So, everything the head pricing so, everything has to go relation to each other both within the marketing department in and in sales as well as with other departments in the organization.

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Interdepartmental Relationships and Coordination

- As all departments in an organization are interdependent.
- Any change in one department has repercussions on others, hence, interdepartmental coordination is of prime importance.

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So, all departments in an organization are interrelated whether it is R and D and production and operations and marketing and sales. And, within marketing again you know the head promotion and header in market research and the head sales and the head you know product management or brand you know manager or incharge of the pricing strategies of them have to work together. And, any change in any department whether across departments or within the marketing department itself has repercussions on others. And so, interdepartmental coordination, interdepartmental relationships are extremely crucial.

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Methods of Coordination

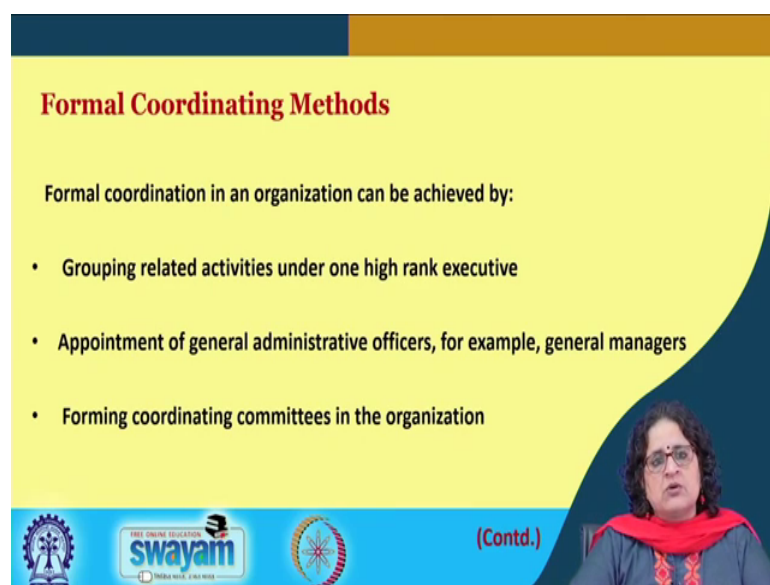
- A. Formal Coordination methods
- B. Informal Coordination methods

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Now, what are the methods of coordination? We may define the methods of coordination into a one a formal coordination methods and second are informal coordination methods. The formal coordination methods are those where a conscious attempt is made to coordinate the activities of the different departments. And, clear cut policies, guidelines, procedures are set in and people follow these and the channel is very formal and clearly well out well laid out. There are lot of things are standardized and procedures are well in place. But, in the case of informal methods we see that it may not always follow a structured factors, much depends on issues with respect to quick decision making, time available in hand, resources available in hand.

And so, informally at you know the managers or the heads of departments may coordinate with each other and arrive at you know day today issue day to day decisions. So, while maybe long term decisions require everywhere we will there a huge you know risks involved and where lot of planning and deliberation, lot of thinking is required; in those cases the formal coordination methods help. But, in the case in cases where quick decision make making is required, it is a crisis situation and get quick decision needs to be taken there is not much time available in hand. In those cases the managers of the dif or the different heads of the department on their own personal relationships very informally take decisions and coordinate with each other. So, let us go into it a little more in detail.

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Formal Coordinating Methods

Formal coordination in an organization can be achieved by:

- Grouping related activities under one high rank executive
- Appointment of general administrative officers, for example, general managers
- Forming coordinating committees in the organization

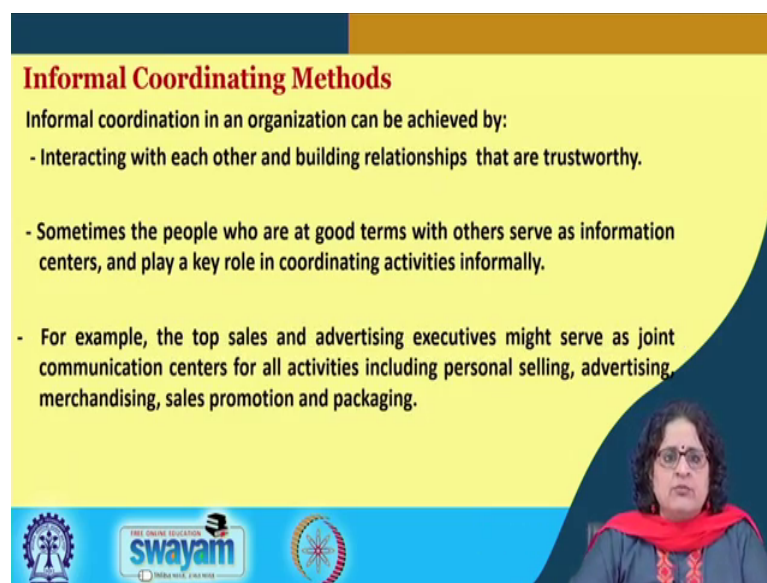
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Now, formal coordination in an organization can be achieved by a grouping the various related activities and having you know clubbing them or under one position which could be a high ranking executive who is in charge of those activities. And, ensures that there is coordination amongst the people dif looking after different activities and or different heads of the department say for example. And, then there could be another way where, if they appoint administrative officers. For example, general managers who take care of different functions, who take care of different activities and coordinate with each other. Again clear cut policies procedures are laid out its very very structured.

Another way in which formal coordination may be achieved is by forming coordinating committees in the organization. So, when you form such coordinating committees their roles and is actually the role and responsibilities to coordinate the activities of different departments and different activity heads. So, if you see because it is you know either grouping or a pointing or forming so, you see they are very very it is a conscious attempt that is made to coordinate things. And so, these are formal methods very clear cut guidelines, very clear cut rules regulations policies procedures which people follow, which departmental heads follow, which activity heads follow. And, coordination is achieved both within the organization and outside the organization, to outside the organization with the stakeholders.

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Informal Coordinating Methods

Informal coordination in an organization can be achieved by:

- Interacting with each other and building relationships that are trustworthy.
- Sometimes the people who are at good terms with others serve as information centers, and play a key role in coordinating activities informally.
- For example, the top sales and advertising executives might serve as joint communication centers for all activities including personal selling, advertising, merchandising, sales promotion and packaging.

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When we talk about informal methods, as I said it is there is no conscious attempt made to towards coordination. It is very informal and people in the activity heads, the branch heads or the department heads; they coordinate with each other, build relationships which are trustworthy relationships. Sometimes people who are at good terms with each others also or act as information centers and they act as you know, they act as people who collect information, who share information, disseminate information with each other. And, they play a key role in coordinating activities very informally. There is no formal channel here, there is no formal code of conduct here, it is actually very very informal how they do it.

Now the for example, the top sales and advertising executives might serve as joint communication partners and they may say that, yes all activities including personal selling, advertising or sales promotion, packaging, merchandising would be handled to together. So, in this way they coordinate their activities also for example, a new product is being launched in a particular territory. There again it may take time till formula approvals are actually obtained. So, in such cases you know the head sales and the head advertising and promotion may you know agree to come up with a short term plan. And, start the process till formal mechanisms or formalization of the policies or of the plans are made.

So, till formal plans are made they would actually bring in something informal so, that the promotional activities can start well it be ahead in time. And, before the product is launched and you know that can be a benefit for the organization that can be a synergetic benefit. So, what we are talking of is that most in most cases is informal coordinating methods prove very useful, when quick decisions are take have to be taken or there is shortage of time. And, because the activity heads or the department heads trust each other or rely on each other; you know they take these joint decisions keeping very well in mind that it is of mutually benefits both of them.

And ultimately it would affect the organization. So, such informal coordinating methods by various department heads are always taken with this aim, with this objective that it would be a synergy. It would be a mutually bank beneficial for both for all the parties or for the various departments, who are taking such informal coordinating methods, who are adopting such informal coordinating methods and it will be helpful for all of them.

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Relevance of Informal Methods

- It has been found to report that informal methods of coordination are much more important and much better than formal methods.
- Informal methods work better when there is an urgency and paucity of time or in conditions where frequent communication is needed.
- As compared to formal solutions, informal solutions many times work as tentative solutions and are subject to modification after formal review process.

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So, that is why we say that in formal methods of coordination are regarded to be much more important, much more much better informed. They work when there is an urgency and there is a paucity of time or in conditions where frequent communication is needed. And, as comp as in contrast to formal solutions, informal solutions many times were tentative in nature. And, as we said there it they are used things that decided policy you know informally and these are given a formal shape later on after you know set after set review is done.

And of course, the arrangement which is agreed to upon these department heads and an informal manner are scrutinized or evaluated are given a formal yes after a review process, but in the short run they are wall is set rolling; so that both the various departments can actually help each other. So, the any and every you know method which is used in formally is something which is short term and needs to be evaluated, examined, reexamined by the other people. By the other you know through formal means and if they are found to be suitable they are they are agreed upon in informal manner.

In else if these need to be revised or reviewed a modification is done to the informal agreed and you know policy and then after subsequent revision these are adopted. So, informal solutions work as tentative solutions, they help in crisis management or they help in situations where quick decisions need to be taken. And, after a while the ball is

set rolling they are you know subject to review, they are adopted or they are modified, and then they are finally adopted as a formal you know shape.

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Problems associated with Informal Methods:

- Could promote organizational politics
- Requires relationships based on trust
- There is no official documentation and hence it can lead to problems
- Requires a climate that allows free exchange of ideas
- Those involved in formal exchanges must understand roles and responsibilities of others involved in exchanges
- Close coordination is required for informal exchanges to be fruitful

So, now there are certain problems associated with in formal methods also: one is it could actually it requires relationship built on trust. So, here because it is highly informal there is nothing written and you know a decision is agreed upon by the department heads or by the activity heads which is implemented. Now, this kind of an arrangement has to be built on trust, has to be built on confidence on each other which sometimes is difficult. Especially when there are issues with respect to the line and staff or there are with issues with respect to you know ego and personality clashes.

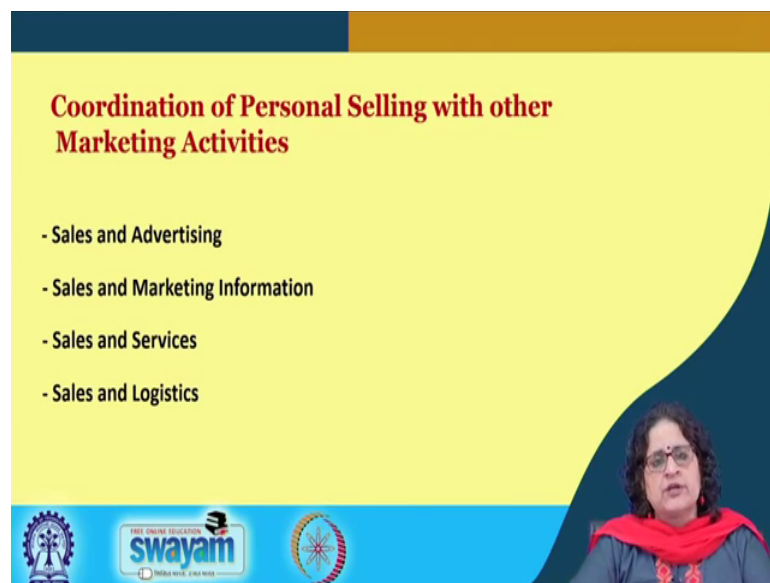
Also, it could promote organizational politics, because there is no official document it can lead to problems. These are they can be misunderstood, people can you know miss understand them and they henceforth the implementation becomes faulty. Also those involved in you know in such using such informal methods must be enclosed coordination with each other. They must understand each other's positions, different activity heads and department heads must understand each other's positions, they must empathize with each other.

And only then a fruitful you know exchange could be fruitful, but that is that seldom happens. Also, those involved in formal exchange is must involved, but must understand the roles and responsibilities of others involved in the exchanges. So, because of this

there could be problems, another problem which can happen with informal method is that it required the climate that allows free exchange of ideas. There should be transparency in communication, people should not hide things from each other and because this and so, this requires huge amount of trust.

Till they are formulized, till they are given till there is official documentation you know there could be problems and so, in formal methods may be used, but they are not without weaknesses. In certain cases there people who have a lot of say and go ahead doing things informally agreed upon, later they could back out when there is a problem or when there is an issue. So, people would not like to take responsibility and also this could lead to organizational politics. Specially, if there are few who are very powerful and take a stand and do not let others talk or do not let others share information and do not let others freely exchange ideas. So, in these cases they could what could develop would be a power centre and there could be problems within the organization.

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Coordination of Personal Selling with other Marketing Activities

- Sales and Advertising
- Sales and Marketing Information
- Sales and Services
- Sales and Logistics

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Now, let us come to coordination of personal selling with other marketing activities. So, we will be talking about the coordination of personal selling with advertising, with marketing information, with services and with logistics. So, let us first start with coordination of personal selling with advertising.

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Coordination of Personal Selling with other Marketing Activities

Sales and Advertising:

- Both these departments aim at increased demand from the segment.
- Sales department thrives on personal selling techniques, and advertising department thrives on non-personal selling techniques. Both assist each other in their efforts.
- Formal coordination is best achieved when heads of these departments coordinates their activities, and report to the same boss.

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Now, the objective of both sales and advertising is basically to educate the customer, persuade the customer to buy and to so, what you are talking of to create demand. And so, what these depart departments aim at is increased demand from the segment. So, the sales department actually uses personal selling techniques. We have discussed earlier how is the sales department or how salesmanship relates to personal selling and the advertisement department thrives on non-personal selling technique; so, both help each other. Sales department is more into face to face, advertising is actually non-personal.

So, the sales department thrives on personal selling techniques and advertising thrives on non-personal selling techniques. Both help each other, both assist each other in their efforts and formal coordination is required. Formal coordination is best achieved when the heads of the sales and the heads of the advertising co-ordinate with each other and the report to the same boss or to the same executive. So, that there so in this way what happens is that both the sales and the advertising go hand in hand in glove and help each other. While, the advertisements help educate, inform the customer. The final push for the sale of closing of the sale or the final persuasive you know effort comes from the sales people.

The sales people persuade the customers to buy or the prospective customers to buy and the advertisement informs them or makes them aware. Of course, the role played by the advertisement department or the advertising department is much stronger in the case of B

to C. However, that their importance even in the B to B is cannot be undermined. Both help each other and both should move hand in glove to be able to help each other achieve the objectives.

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Coordination of Personal Selling with other Marketing Activities

Sales and Advertising:

- The sales department assists the advertising department in designing ads which can better persuade customers to purchase the products manufactured by the company.
- The advertising department supplements the efforts made by sales department in promoting sales.
- Advertising department generates leads for the sales department.

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Sales department also assist the advertisement department in designing advertisements which can better you know persuade the customers to buy products. Sales department understands the segment very well, they would be able to communicate to the advertisement department to decide you know to and we able give inputs to them with respect to the and what about the message to be conveyed or the or the message strategy. Or, even the executional framework and the creative strategy which means; what is to be said and how it is to be said and also about the message source or the credibility of the source. The advertising efforts supplements the efforts by the sales people in promoting sales.

As we said the advertising department or informs the customers, remark keeps reminding them. The objective of the advertisement department could be cognitive affective and behavioral. It could be cognitive to educate the customers about the product, about the brand, about attributes, benefits, features, prices. It could be effective which is trying to create a good feel about the product and about the brand. It could also be behavioral to encourage people to buy or to try and or to you know keep buying. So, patronizing and re-patronizing and this effort on the part of advertising department to inform, to

persuade, to remind the customers or the existing and the prospective customers also helps the sales department.

The sales department in the case of B to C, you know we know it is it relates more to the trade partners or the channel partners. So, the trade partners or the channel partners or the marketing channel members also get benefited out of the advertisements, which are broadcast on print or audio visual or other media. And in the case of B to B, the role of advertising may not be very important, but none the less it helps inform customers of clients and keep them reminded about the product and about the service. Of course, a major role there is played by the sales people to push the product. Advertising gen department also generates leads for the sales department and helps them for perform the function.

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Coordination of Personal Selling with other Marketing Activities

Sales and Marketing Information:

- The information provided by marketing information department can be used by the sales department for identifying leads.
- The marketing information department assists sales department by gathering data required for analyzing sales problems and sales potential.

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Now, the sales department also has to work in conjunction with the marketing information department. And, every organization has a marketing information department and marketing information department further is broken into this the internal information systems as well as the marketing intelligence systems and the marketing research system. So, the information provided by the marketing information department can be used by the sales department for identifying leads, it can also be used by them to study you know the trends etcetera.

Now, let us talk a little bit more about the marketing information system. The marketing information system help study the macro and micro environment. It is a more major role to study what is happening in the environment or in the marketing environment. And, what are current trends, on what would be the future trends and how things would change in future. So, this information is actually collected by the marketing information system through the different elements it comprises. Be it the internal information system which involve which includes the order to payment cycle and thus inventory in the sales system, sales analysis.

Or, it could be the marketing intelligence system which helps collect day to day information or it helps collect information about day to day developments in the market. Or, it is a market research system where the they or responsibly is to you know to study the environment, analyze the environment identify opportunities, threats see how the strength can be used to take advantage of the opportunities and fights the threats. So, the marketing information system keeps the sales people where you know informed and where about what is happening, but lot of this input also comes from the sales people in the form of feedback. So, the sales people provide information to the marketing information system as well. And, the marketing information system through their analysis of the information provided by the sales department, through their information, through there through a specialized role played by the marketing research system helps the sales people forecast sales, decide on the sales potential etcetera.

So, information provided both are information providers and receivers for each other. The marketing information system receive feedback from the sales, the sales and information about they also receive information about the current trends or the development in the market. And, they use this information to analyze this information to provide vital inputs in the form of sales forecast or sales potential to the sales team. Also the market research team may analyze a problem being faced by the sales team and give solutions to this problem. So, both help each other, the sales department and the marketing information department help each other.

And, the information provided by the marketing information department can be used by the sales department for identifying leads. Also, the marketing information department assists the sales department by gathering data for analyzing prop sales problems and sales potential; so both help each other.

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Coordination of Personal Selling with other Marketing Activities

Sales and Marketing Information:

- The sales department also offers raw data to marketing information department for carrying out further research work.
- The marketing information system department may offer insights to sales department for making appropriate decisions on the sales efforts depending on their demand analysis.

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The sales department as we said in provide the raw data to the marketing information system or marketing information department. And, the marketing information department may offer insights to the sales department for making appropriate decisions on the sales efforts depending upon the demand, analysis, depending upon the cost factor. And, the sales department may also provide insights to the sales team with respect to sales potential or sales forecast in a particular you know region or in a particular you know country or in a particular market segment so forth. So, they both help each other.

Now, as I said the marketing information system here will not only be dealing with information within, in terms of order to payment cycles and sales information systems that is you know the when were the orders placed. When were the things delivered and when were when was in when were payments received, but it will also talk about the how the sales team must you know push put in efforts to towards selling and non-selling activities, so that the organization can benefit. Also, the marketing intelligence system and the marketing information system will talk about the happenings in the future while the marketing intelligence system will talk about happenings data what is currently happening.

The marketing research system would provide solutions to future problems or to current problems and how they are to be handled. So, this information from the marketing information system, from the sales information internally and order to payment cycle

plus the marketing intelligence system and the marketing research system will provide a lot of help, will provide a lot of inputs to the sales team. Sales team also would provide raw data in the form of what is happening outside, the current trends, challenges, a competitive strategies as well competitive offerings as well as they would also give inputs with respect to customer feedback. So, that this can be used by this information can be analyzed and used by the marketing information marketing information system to further used to distribute to the R and D or to the production and operations activity heads and to the other. So, they all work and coordination with each other.

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Coordination of Personal Selling with other Marketing Activities

Sales and Service:

- This is most important, in case of companies manufacturing technical products.
- Service is many times presented as an important sales strategy.
- The sales and services department should ideally be located at same locations.

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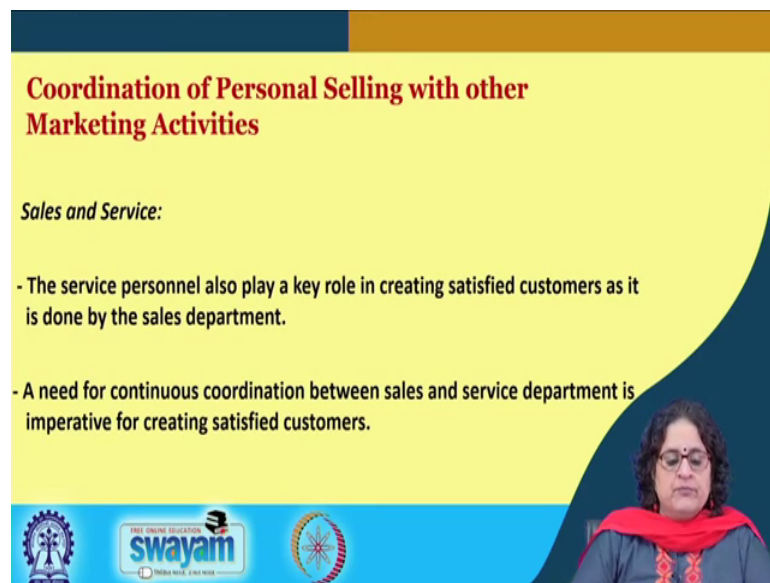
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Coming to sales and service: now in many companies which are which deal with B to B typically and manufactured technical product, service is very important. Even in the case of B to C scenario, the after sales is a very important factor that is taken into consideration by customers when they decide to patronize a brand or re-patronize a brand. So, in that service today is what gives a comp the company or competitive edge and it is at many times it is presented as an important sales strategy. So, the sales and service department must work and coordination with each other and it is very to be an ideal situation, if they are located in the same location.

And they work hand in glove they today because, of the again because of the information systems, customer complaints, customer feedback can be tackled real time. Companies have their toll free numbers, they have their websites, they have the sales people who can

be contacted online. And, these people you know about immediately refer the problem to the service centre or the service people. And so, the customer complaint or the customer problems would be handled immediately. It is very important today, in today's competitive era that customer complaints are addressed as quickly as possible. So, that you know customers feel yes they are being cared for they are being heard, and in case they have a problem there is somebody to look after their problems.

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Coordination of Personal Selling with other Marketing Activities

Sales and Service:

- The service personnel also play a key role in creating satisfied customers as it is done by the sales department.
- A need for continuous coordination between sales and service department is imperative for creating satisfied customers.

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The service people must play a very important role, because they are highly responsible to create satisfied customers. And, need for a close coordination is a must, is it imperative for creating a satisfied customer base to create a loyal customer base.

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Coordination of Personal Selling with other Marketing Activities

Sales and Logistics:

- Logistics fosters selling by making sure products reach the prospective customers.
- Logistics supplements the efforts made by the sales department in making sure that products reach the customers on time.
- Important issues: packaging, order processing, inventory management, transportation, warehousing, and logistics are essential for optimization, helps secure high sales and profits; loyal customer base.

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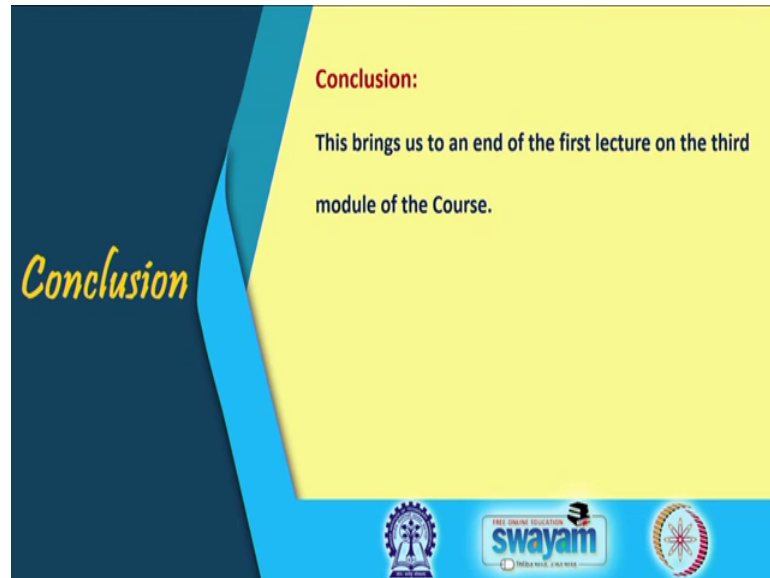
Then we come to sales and logistics: now we all know the prime objective of logistics is to ensure that customers get the right product at the right place at the right time. And logistics fosters selling by making sure that product reach the prospective customers on time. Now, whether it is the B to B or whether it is B to C you know, it is very important that companies actually adhere to this logistic principle of making the right things available to the right people at the right place at the right time.

So, logistic supplements the efforts made by the sales department because, the sales from department would be able to close a sale specially in the case of B to B or secure orders from channel partners in B to C. But, the ultimate delivery of the same depends upon the logistics. So, important issues here with respect to packaging, order processing, inventory management, warehousing, transportation because all of this accounts for optimize all of this would mean of cost optimization.

If they are packaging, order processing, inventory management, transportation, warehousing and logistics are decisions with respect to these are taken carefully; it would lead to optimization of resources, of cost, of time. And, help secure huge profits for the company today also be you know available to generate loyal customer base, a satisfied customer base. And, that is why it is very essential that things are made available at the right time at the right place at the right cost. And, because we are talking of the right cost in optimization as important and decisions with respect to inventory management, order

processing, transportation, warehousing, logistics are extremely crucial. They have to be taken keeping in mind this is the cost, keeping in mind the demand in the market, keeping in mind the potential sales or the orders secured by the sales people.

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So, the sales and logistics must work together. Now, this brings as to an end of the first lecture on the third module of the course. I hope you have found it beneficial.

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The references we have Still, Cundiff, Govoni, and Puri; Sales and Distribution Management 6th Edition, 2017 Pearson India Education Services.

Thank you.