

**Sale and Distribution Management**  
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**Lecture – 03**  
**Functions of Sales Executive and Roles Played by Sales Managers**

[FL] Let us now begin with lecture 3 of the first module on our course the Sales and Distribution Managements. Module is the first module as you know and the steals with their introduction to sales and distribution management. This particular lecture we will be speaking about the Functions of Sales Executives and the Roles Played by Sales Managers.

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So, the different topics which are covered we will be talking about the concept of a sales job. The changing roles of the sales force the functions of sales executives. And, the roles played by sales managers. We will first talk about how the sales job is unique in it is own way? How it is different from other jobs in the organization? And, we will talk about the changing roles of the salespeople, we will be speaking about the different functions that are performed by sales executives in an organization. And we will also talk about the different roles which are played by sales managers.

So, let us start with this lecture.

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**Concept of a Sales Jobs**

- The nature and characteristics of the sales job is unique and different from other jobs in an organization
- The sales force has the core responsibility of representing their companies, and planning their activities (with little or no supervision), to achieve the targets set by their superiors
- They must work judiciously for the benefit of the company keeping in mind concerns of their employer organization, customers and the society

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Now, the nature of the sales job in fact the very natured very characteristics of the sales job is very different, it is very unique to other jobs in the organization. It is highly challenging where you know the sales person, the sales executives, the sales managers are perform varied roles they are employees of the organization.

They themselves are customers of the product and services very often they are their own companies customers, they are also you know members of the society. And so, they play different they as a players executive he plays different roles. He has the core responsibility of representing his organization his company. He must plan activities very often the top management sets the targets, but the execution and fulfillment of the plans. And you know the achievement of the targets lies on the responsibility of this lies on the shoulders of the sales executive sometimes with supervision sometimes without supervision.

Now, in large organizations where the corporates have their headquarters or the corp you know and they have their regional offices zonal offices, they have their different branch offices. In such organizations the sales executive or the frontline salespeople, field salespeople, do not have much of a role in the planning. Of course, they do provide some inputs with respect to you know you know estimates or when the top management asks them for you know their inputs, you know regarding the estimate of sales that could happen in a particular year.

Apart from that the sales executives or the field sales persons do not have much role in goal setting. This kind of an approach was also seen only in a in the bottom approach, where which we will talk of in subsequent sessions. Where some amount of you know input is taken from the field sales persons and this input is taken into account while, you know targets are set by the top management and further you know taken care of by the middle management.

But, apart from that you know or in cases where it is a top down approach the sales executive had hardly any role. He does not have any role in the planning and in setting of goals or setting of targets or as we said the setting of sales quotas, but he is majorly involved in only in only you know implementing the strategies which have been formulated above or in achievement of the targets which he supposed to achieve in his territory.

So, he you know and in this case sometimes he receives supervision from his sales managers at the branch or at the regional levels, and sometimes he does not receive much of supervision or much of guidance; and on the other hand in smaller organizations, where we do not have this kind of a big structure with corporate or with the region and the zones and the divisions etcetera. In such cases where organizations are small, the sales executive is just supposed to make his own plans, and implement his own plans, and set his own targets, and achieve his own target.

So, there he is hardly got any you know guidance he hardly gets any direction he hardly gets any direct guidance. And, he must actually attain the targets on his own, he is the targets are set often by himself and his team members and he must achieve them as far as possible. So, as to be able to you know get the organization keep going and you know sustain itself in business.

Nevertheless whether it is a big organization, large organization, or if it is a small organization, sales executives must work judicially for the benefit of the company. Keeping in mind the concerns of the company, keeping in mind the concerns of customers, and keeping in mind there is a social and ethical you know issues with respect to society, with respect to the environment.

So, here if we look at it he must actually be he has different roles to perform as a salesperson, as an employer of the organization and the salesperson, as a customer

himself, as a society members or the society. So, he himself is accountable to various stakeholders and he must be very careful in performing the various functions.

So, that in no way does he harm the interest of his organization or of the customers or of the society and of the environment. So, in this way his job is something which is very unique, because there are often conflicting interests between interests of the various stakeholders.

For example, the company or the employer organization his own organization their interest would be profits, you know market shares and the customer interest here would be a lower cost products, high quality products, you know good quality products and robust products, good after sales service, which could mean that is the company you know may have to incur higher costs to give that both a cost of the product as well as the after sales.

So, but that cost and if the costs of the goods sold or manufactured by the company are high, in that in that case keeping profit margin similar to you know a small profit margin keeping so, that the final prices are similar to competitive products. So, the organization may have to forego you know it is own profits. And so, there is a conflict of interest; the employer organization would want his own organization would want as much profits, as much as possible market shares as much as possible, sales must be possible. The customer wants something which is a good product a good value proposition at a decent prices. And then the third important thing which we see here is the environment, where social and ethical and natural environment we have to take care of the social issues, the ethical issues, the natural environment. So, that our resources are not depleted there is lesser damage to the environment there is lesser pollution.

So, often are the interests of the 3 stakeholders which we are mentioning here may conflict with each other. So, in this case what does the salesperson do he must sell his product a profit, he must also satisfy the customers and give them what the customer give the customer what he wants? He must also take into account the fact that his organization; you know is not responsible for environmental damage or depletion of resources. So, all these could be really you know pose a challenge meeting interests of all the various stakeholders, the conflicting interests of the various stakeholders could be a big challenge for the sales executive.

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**Changing Roles of the Sales force**

**Value creation for customers**

In the present scenario, the job of sales personnel is not just limited to achieving targets but is about creating value (benefits offered in return of amount spent) for the customers

The objective of sales-personnel should not be limited to maximizing benefits but minimizing costs as well which is beneficial for both company as well as the customers

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Now, in you know we come now to the changing roles of the sales force and we will see, that what customers want is value. And, to create value for customers the job of the salesperson is just not limited to achieving the targets, but about creating this value, you know amount trying to see; that what is the kind of benefit that he can give to the customer in return for the amount spent by the customer.

So, it is about creating value for the customer value here being defined as a ratio what of what the customer gives to what he gets? So, the any and every customer would want a value proposition. What does a value proposition the value proposition is the entire set of benefits or the bundle of benefits which a company can offer to the customer. So, it is the product and the services and the benefit at the right price, at the right place, at the right time, and continually providing satisfaction to the customer not once, but always.

So, the job of the salesperson here is not limited just to sell, but it is actually to create this value. And so, this is important because if the salesperson contributes to creation of value, the company would be able to get a sustained profit long term profit. Now, how does the salesperson contribute to this value? He is most important you know input would be in terms of understanding customer needs and wants, communicating with the customers be it B 2 B or in case of B 2 C he would communicate with the members of the trade channel, get feedback, get inputs, about how the customer would be satisfied maximally.

So, you know this is one way where he can actually contribute he will what the kind of feedback that he takes you know he gets, and he communicates to his company that this kind of input could be immensely beneficial towards creation of value. The objective of the sales person is not just limited to only maximizing benefits, but it is also minimizing the costs, which is beneficial for both customers as well as for the company.

Now, when we are talking about value we are talking about the ratio between inputs and outputs. On one hand we are talking about the benefit or the output for the customer, but we also have to think about the inputs you know that, the benefit that the customer gets out of the purchase is one part. The other part is what does the customer pay in any and every customer would want to pay as little as possible. And, get as much as he would can get. Now, to get this value or to be able to get maximum benefit by paying the minimum you know is a customer's interest, but the companies interest would lie in earning as much profits as possible.

So, where do where does the decision where could be where what brings that brings us to a situation, where we have to think about a benefit that the customer gets, and at the less price that he pays, and keeping in mind the companies motive, or the objective of earning profits large market shares, what becomes importance is minimization of cost. Now, the sales people also can help minimize the cost of the product in you know by suggesting what actually is in demand what is sell, what is selling, what are products that sell, what are products that do not sell?

So, that those products which do not sell can be pruned rather than being kept in the product mix and the such products need not be manufactured need not be so, stock that you know with the retailers and such products could be out. So, that would be one way how costs are minimized? And, other and the non-profit making products can be pruned. Another, way by which costs could be minimized would be by ensuring that the trade channel or the main channel members are kept in control and the kind of costs that are incurred in maintaining longer channels can be minimized.

Because a huge amount of money today we see actually goes in maintaining a distribution channel. So, channel birds who are efficient could stay and be a part of the distribution channel, but those who are not could be kind of removed.

That again input of feedback would come from salespeople where the salespeople is able to provide inputs into what does customers prefer as a channel is it online, is it offline, if it is offline who are favored retailers, who are favored stockiest. So, who are the ones who give maximum business to a company? So, that feedback also would come from the sales people. Also the sales people by minimizing their own selling expenses can contribute to reduction in costs.

As we have seen yesterday that the gross profit you know which we obtain from the revenue minus the cost of goods sold can be further which gives us the gross profit. This gross profit would actually is one parameter which; but if we actually look at another important accounting formula which is the net profit, the selling expenses subtracted from the gross profit will give you the net profit.

So, if the selling expenses here with reference to boarding, lodging, travel, local advertising or even entertaining clients giving them gifts etcetera is reduced again the cost would be minimized. So, the objective of salesperson is not only limited to providing value to the customer maximizing benefits for the customer, but also lies in minimizing the costs which would be beneficial for both the company as well as the customer.

Once the costs are minimized keeping in mind a certain level of profit margin the company would still be able to gain a price advantage over competitors. And, in this way they would be able to gain a competitive edge in the market ok.

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**Changing Roles of the Sales force**

**Value creation for customers**

- The sales staff should focus on maximizing profits for the company. But this should not be done at the cost of over-charging the customers
- Payments should be collected on time to maintain a healthy working capital for the company
- Proper credit history analysis should be done before offering huge credit payments to customers

So, now talking about value addition to the organization the sales staff should focus on maximizing profits for the company, but again as I said this should not be at the cost of overcharging customers. Payment should be collected you know should be collected on time to maintain a healthy working capital for the company, it is very important that the company gets a good inflow of working capital.

So, that it is able to manage it is production cycle and there is no deficit of funds in any way. So, an important task of the sales force is to ensure that there is cash is received or payments are received by that you know from the various members of the channel to the company; and the receivables maintaining a record of order to payment cycles as to when orders were received, when the consignment was delivered and when payments were received.

So, maintaining a record of this order to payment cycle is an important function of the sales force. The sales force also has a task of following up on payments with their members of the trade channel, in the case of B to c, in the case of B 2 B they also have to follow up with their major clients or to B to B customers about receivables and about payments. So, that the company is able to you know ensure a good working capital and can actually fulfill or can actually keep on going with the production cycle. So, proper credit history analysis should be done before offering huge credit payments to customers.



And, while this is being this is done by companies again the customer they think that the salespeople have an important role to perform. Also, while negotiations are done especially in the case of B to B scenario, where the you know prices may be negotiated upon, terms of delivery may be negotiated upon, receivables may be or cash receivables and timely payment, you know payments may be negotiated upon with long say long with low interest rates or with longer repayment or payment terms.

In such cases companies seek inputs again from salespeople, because while on the one hand the company would want big clients, big customers, but on the other hand it would also want that payments are received on time. And, hence salespeople are asked for such inputs to give information on and credit history analysis of the customers or the big client. So, that companies get keep getting their inflow of funds and there is no risk of losing out on any money.

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Now, when we are going to talk about the various functions of sales executives; let us first talk a little bit about the levels of sales management positions. So, if we look at the sales level we have the lower or the first level sales managers, who actually operate at the territories and at the branch? And, then we have the middle level sales managers who operate at the regional or the zonal level? And, then we have those who operate at the national level and going up to the vice president and the CEO level.

So, we have the first or lower level sales managers who are those, who operate, who are either sales trainees or sales persons or sales representatives. And, they function in the field they work in the field, they you know take care of the grass root. And, then we also have people at the branch sales as branch sales officers, or area sales managers, or district sales managers.

So, these are those who are the first or lower level sales managers. Then, we have the middle level sales managers who are who work at the zonal level or the regional level or the divisional level. And, then we have the top level sales managers, who are the national sales managers or the vice president sales, vice president marketing, or the president of the CEO of the company.

So, these are different levels of sales manual positions and as you see at the lower level we have the sales executives, the sales trainees, the sales personnel, but as they move above in into from the middle to the top level, they assume more you know important titles and positions as managers. And, their activities are not only you know not only relate to sales, but they relate to the marketing function.

So, while at the first and lower level we see more the dominance of the selling activity and the dominance of the sales function, as they move up the middle and the top level we see marketing assuming a more important role.

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**Functions of Sales Executives**

**The sales executive has two sets of functions:**

- a) Operating functions
- b) Planning function

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Now, what are the functions of sales executive? Sales executives have 2 broad sets of functions they are the planning function and the operating functions. So, let us discuss these a little more.

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**Functions of Sales Executives**

Operating functions include:

- sales force management
- handling relationships with executives in other departments
- communicating and managing relationships with customers (actual and prospects) and with members of the trade channel
- communicating and coordinating with other marketing executives

Planning function include:

- those related with the sales program, the sales organization, and control

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Now, what are the operating functions operating functions here relate to sales force management. Yesterday, we did discuss in the first lecture about sales force management, which means going in for a analysis of the manpower requirement, recruiting, selecting, training, motivating, performance appraisal, directing, guiding, setting up of quotas or sales targets and territory management. And, this is one big operating function which our sales executives perform apart from that they handle relationships with executives and other department in the company.

Because, marketing or sales does not operate in a watertight compartment, they have their relationships with executives in the RND, with executives operations, and production department, with people in the finance department, in the purchase department, in the HR function and so forth.

So, they also handle relationships with executives in other departments. They communicate and forge relationships with their customers and they maintain these relationships, whether it is their actual customers, existing customers, current customers, or whether it is their prospects. And, they also maintain HR relationships with their

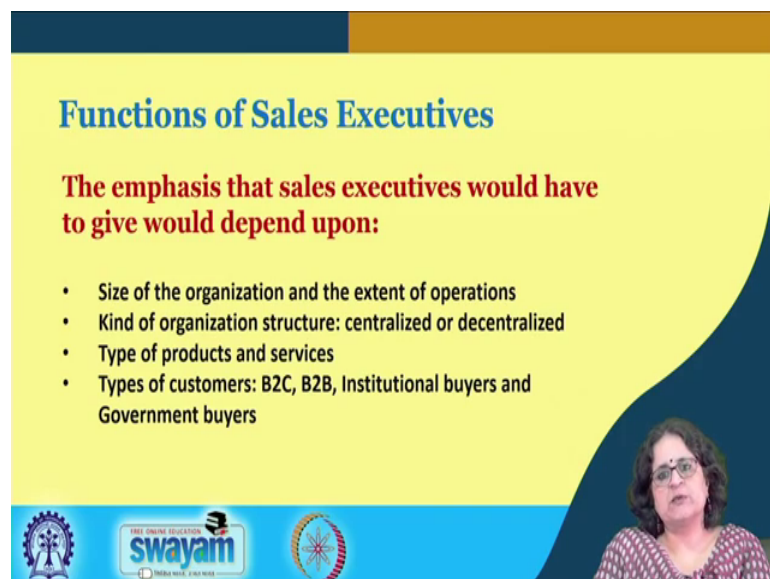
members of the trade channel, their wholesalers, the retailers, the brokers, the agents, the transporters, the warehouse providers.

And, and so, they also communicate with and coordinate with other marketing executives not only in their branch, but also in other branches, other districts, other territories, and so forth. On the other hand the planning function more relates to the sales program, formulating the sales program, the strategies, the tactics to be employed, which are we shall be discussing in the subsequent session.

It also includes the organization function which is how do you organize a sales department? Is it good is it centralized or is a decentralized and do they prefer you know structure which is a more product based structure, or a customer based structure, or a geographical based structure, or a hybrid structure. And, then also dealing with sales forecasting, sales budgeting, and the control element; so, these are what constitutes planning function for sales executives.

So, the planning functions is more a strategic while the operating function is more tactical. The planning function needs to setting up of targets and arranging for a sales organization to be able to achieve those targets, but the operating functions include more tactical functions of a day to day dealing with customers, with clients, with members of if it other with other executives in the organization in the marketing department, outside the marketing department and the entire sales force management.

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**Functions of Sales Executives**

**The emphasis that sales executives would have to give would depend upon:**

- Size of the organization and the extent of operations
- Kind of organization structure: centralized or decentralized
- Type of products and services
- Types of customers: B2C, B2B, Institutional buyers and Government buyers

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Now, the emphasis that the salespeople or the sales executives would give to with good we have to give would depend upon, whether they give importance to the planning function or to the operating function. The emphasis that they would have to give would depend upon one, the size of the organization the extent of operations.

So, it is organization large or small is a dealing with you know domestic operations or is it dealing with international operations as well. Is it you know is it does it have an extensive network or does it have an you know very selective network. So, in terms of distribution channels etcetera, so that is one.

Second is the kind of organization structure is it centralized is a decentralized the kind of products and services that the organization makes and sells is also a factor which will determine whether say executives must focus more on the planning function or the operating functions. Apart from that the type of customers, whether it is a dealing with the B 2 B or the organizational buying one you know selling to you know industrial buyers, or whether it is selling to institutional buyers, or whether the main major segment is their B 2 C, or whether it is the government buyers who are the major types of customers. This would also determine whether our com sales executives must focus on the planning function or he must focus on the operating function.

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**Roles played by Sales Managers**

- Changing role of a modern sales manager
- Instead of the demanding, controlling, volume-oriented sales manager, the modern sales manager acts as a team leader rather than a boss to the salespeople
- The modern sales manager directs and advises salespeople by working with them and provide them required authority to take decisions.

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Now, let us come to the various roles played by sales managers. See, today initially as we spoke yesterday as well, that we have moved from a transaction approach to a value added and to a partnership approach. So, there has been a big change in the role of the modern sales manager. Instead of a demanding controlling a volume oriented sales manager. The modern sales manager acts as a team leader.

He cannot be a boss to his sales persons, when we talk about a transactional approach the orientation of the sales executive is just to sell. And, if we talk about the traditional sales person his focus is to gain credit for himself to earn incentives for himself, but if we go beyond and talk about value added partnerships with clients, or if we talk about consultative selling with clients, or if we talk about partnerships with customers and clients.

In that sense the salesperson cannot behave in a traditional manner he has to work with in teams he has to work with cross functional teams. He has to complement his skills with other people's skills. So, as to be giving maximum value to the customer or to the client, and in and so what becomes important is that the success is shared by all team members.

So, he cannot afford to be one who just sets targets and feels that sales people should actually fulfill those targets, but then he what his approach has to be is to work with his sales people as a team to guide them, to motivate them, to complement their efforts with his own knowledge, with his own experience, with his own skills, and so share the you know the reward share the you know appreciation.

And so, the modern sales manager has to direct an advisor salespeople by working with them. And, providing them with the required authority to take decisions he must empower them. Rather than being a boss he must also he must and other than being a boss and ordering them. He must actually empower them, he must enrich them, and he must give them some level of you know independence to take this important decisions and of course, within the prescribed limits.

So, that they work as a team and they rather than as a boss to the salespeople.

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**Roles played by Sales Managers**

**Some of the important changes in the roles of the modern sales manager are as follows:**

- Part of the strategic management team
- Member of the corporate team
- Working as a team leader and guiding team members
- Dealing with multiple sales/ marketing channels
- Building and maintaining buyer-seller relationships
- Monitoring, collecting and disseminating information about changes in the macro and micro environment faced by a company

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Now, some of the important changes in the roles of the modern salesperson today are enlisted as follows and we will be discussing them in the subsequent slide. He has to be a part of the strategic management team a member of the corporate team, he has to work as a team leader, he has to deal with multiple channel members, and sales and marketing channels, he must build good buyer supplier relationships. And he must monitor collect and disseminate information about changes in the macro and micro environment which are faced by a company.

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**Roles played by Sales Managers**

- **Part of the strategic management team:**
  - Sales managers provide inputs for developing long-term marketing and sales plans
  - Constituents: Sales forecasting; Planning and implementing sales plans; Salesforce management; Controlling the sales budget
- **Member of the corporate team:**
  - Sales managers work as members of the corporate team to achieve the various strategic and tactical objectives

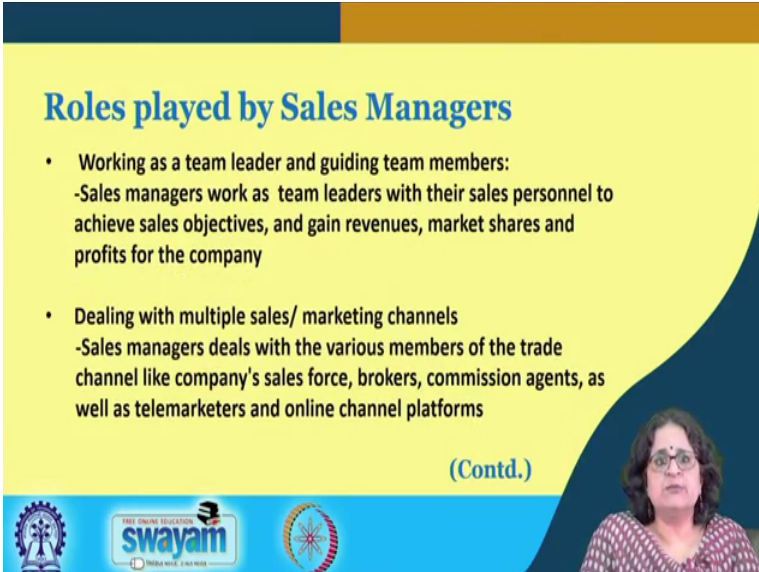
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So, if we go a little more beyond as a member of the strategic team he must provide inputs for developing long term marketing and sales plans, which would involve constituents constants of which would involve, sales forecasting, planning and implementing sales plans, sales force management, controlling the sales budget etcetera. And, as a member of the corporate team he has to work to achieve the various strategic and tactical objectives. It is the strategic objectives are set, but the implementation at the various levels and the achievement through tactical you know tactical plans and objectives needs to be taken care of by the sales managers.

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**Roles played by Sales Managers**

- Working as a team leader and guiding team members:  
-Sales managers work as team leaders with their sales personnel to achieve sales objectives, and gain revenues, market shares and profits for the company
- Dealing with multiple sales/ marketing channels  
-Sales managers deals with the various members of the trade channel like company's sales force, brokers, commission agents, as well as telemarketers and online channel platforms

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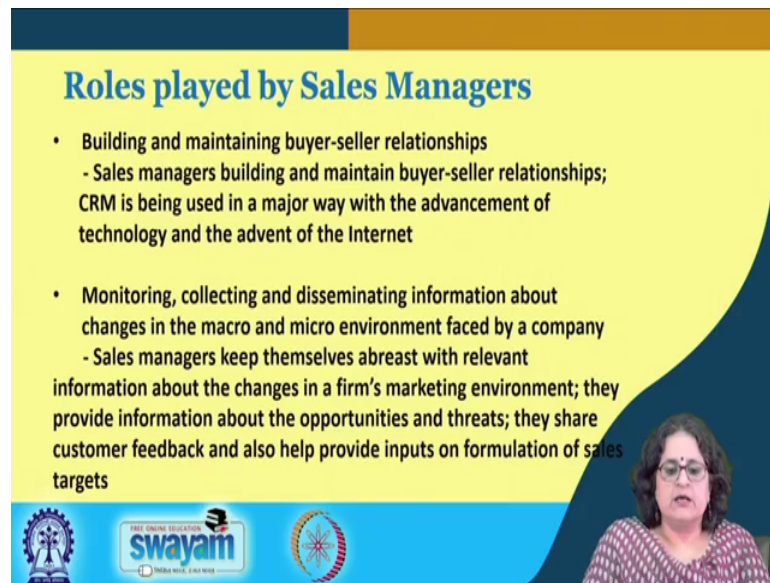
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He must work as a team like leader; he must guide his salespeople to achieve the sales exact objectives, whether it is to gain revenues market shares and profits for the company. He also has to deal with members of the trade channels be it the sales force be it brokers, be it commission agents, be it telemarketers, be it online channel platforms.

So, he must also deal with these people.



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**Roles played by Sales Managers**

- Building and maintaining buyer-seller relationships
  - Sales managers building and maintain buyer-seller relationships; CRM is being used in a major way with the advancement of technology and the advent of the Internet
- Monitoring, collecting and disseminating information about changes in the macro and micro environment faced by a company
  - Sales managers keep themselves abreast with relevant information about the changes in a firm's marketing environment; they provide information about the opportunities and threats; they share customer feedback and also help provide inputs on formulation of sales targets

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And, again build very you know important relationships not only build, but maintain buyer seller relationships. CRM is or Customer Relationship Management is being used in a big way with the advancement of technology and with the advent of the internet. Another, important role that has to be played by the sales manager is monitoring, collecting, and disseminating information about the changes that are taking place in a firms macro and micro environment.

So, sales managers must keep themselves abreast about information you know about the changes in our companies marketing environment, with respect to opportunities, threats, they must share customer feedback, they must also provide inputs to on the formulation of the sales or targets.

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So, with this we come to a conclusion of this lecture on the on the roles played by the sales managers and the functions performed by sales executives. The references are still are as follows still Cundif Govoni and Puri, Sales and Distribution Management, Pearson Education. Havaladar and Cavale Sales and Distribution management texts and cases Tata McGraw Hill; Panda and Sahadev Sales and Distribution Management Oxford University Press, Futrell, Fundamentals of Selling the McGraw Hill companies.

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**Conclusion:** This brings us to an end of the third lecture on Introduction to Sales Management.

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Now, this brings us to an end of the third lecture on the introduction sales management. I hope you have found this to be beneficial.

Thank you.