BBA(CAM)

GGS Indraprastha University

BBA (CAM)301-Sales And Distribution Management

COURSE CONTENT:

UNIT 1: **Credits10**

Managing and Planning Sales

The field of Sales Management: Concept, Evolution of Professional Selling, Objectives of Sales Management, Exchange Process, Key Decision areas in Sales Management, Sales Management Cycle.

Sales Strategy Formulation: Market Analysis, Setting Sales Objectives, Designing Sales Strategy.

Planning for Selling efforts: Personal selling Concept, Situations conducive to personal Selling, Diversity Of Personal Selling situations, Strategies Used by Salesmen, Process of Personal Selling, Choice of basic Selling Style, and New Approaches in Selling.

UNIT 2: **Credits 10**

Personal Selling:

AIDAS Theory of Selling, "Right set of Circumstances" Theory, "Buying Formula" Theory, "Behavioral Equation" Theory

Salesmanship and Sales-Promotion

Concept, Essential Qualities of Successful Salesman

Motivating & Compensating Sales Personnel

Motivation "Help from management", Financial Motivation Techniques, Non-Financial Motivation Techniques, Devising a Sales Compensation Plan, Types of Compensation Plan, Fringe Benefits, Negotiating Skills.

UNIT 3: **Credits 10**

Sales Control

Sales Expenses Management, Reimbursement of Sales Expenses, Policies & Practices.

Sales Budgeting & Control

Preparation of Sales Budget, Budget Implementation and Feedback Mechanism, Sales Control.

Sales Meeting & Contest

Planning & Staging of Sales Meeting, Sales Contests, Specific Objectives, and Contest Prizes.

Managerial Evaluation of contest

UNIT 4: **Credits 10**

Relationship Management

Customer Relationship, Application of Relationship Marketing, Marketing Strategy, Internal Marketing

Ethics in Sales Management

Ethics Defined, Factor influencing the ethics of Sales People, Primary Area served by ethics of sales management.

UNIT-1

CONCEPT OF SALES

Efforts put forth to attain a company's sales objectives. Sales management can involve any of the following activities:

(1) formulation of salesstrategy through development of account management policies, sales force compensation policies, sales revenue forecasts, and sales plan,

(2) implementation of sales strategy through selecting, training, motivating, and supporting the sales force, setting sales revenue targets, and

(3) sales force management through development and implementation of sales performance, monitoring, and evaluation methods,and analysis of associated behavioral patterns and costs.

This is another common business orientation. It holds that consumers and businesses, if left alone, will ordinarily not buy enough of the selling company's products. The organization must, therefore, undertake an aggressive selling and promotion effort. This concept assumes that consumers typically sho9w buyi8ng inertia or resistance and must be coaxed into buying. It also assumes that the company has a whole battery of effective selling and promotional tools to stimulate more buying. Most firms practice the selling concept when they have overcapacity. *Their aim is to* sell *what they make rather than make what the market wants.*

"Sales management" as the term implies means management of sales. Often it is considered synonymous with the management of personal sales. It involves an understanding of the effort that goes into the management of the sales force and the various processes of sales. Sales management initially was meant to be the direction of sales force personnel. Later the term took on a broader significance apart from personal selling and the term "sales management" included managing of all the sales related activities including below the line advertising, sales promotion, physical distribution, pricing and product merchandising. **Sales management** is a business discipline which is focused on the practical application of sales techniques and the management of a firm's sales operations. It is an important business function as net sales through the sale of products and services and resulting profit drive most commercial business. These are also typically the goals and performance indicators of sales management.

Sales manager is the typical title of someone whose role is sales management. The role typically involves talent development and leadership.

EVOLUTION IN PROFESSIONAL SELLING

Professional selling has evolved yet many operate with methodologies and practices that belong in last century. Understanding history is a way of ensuring that the mistakes of the past are not repeated.

Professional selling has existed for thousands of years and can simply be described as commercial influence. The terms 'hunter' and 'farmer' were coined by the insurance industry in the 1870s to describe 'producers' (those who wrote new business) and 'collectors' (those who collected the weekly premiums). Contrary to stereotypes in enterprise selling, the best farmers are actually hunters within existing complex accounts. Modern corporate selling began to take shape following World War II and in the 1950s there were two forces that combined to forever change the sales industry; one was psychology and the other was process methodology. These disciplines conjoined to manifest in a five step method that worked when selling simple products or commodity services in short sales cycle environments. The process was described by Dale Carnegie in the acronym AIDCA and, in the illustration to the right, shows how the seller works through the five steps to secure a buying commitment. This methodology works best in commodity, retail and direct consumer selling but fails to address complexity and strategy. Amazingly, there are still sales people today that practice this style of selling in complex corporate sales environments and they transparently adhere to the AIDCA steps:

- **A**ttention; through 'sizzle'
- **I**nterest; aroused through features and benefits
- **D**esire; by linking the above to needs and wants

• **C**onviction; from the seller in overcoming objections

• **A**ction; by actively and assertively closing for commitment

This was later abbreviated to **AIDC** with the C standing for Close. In the 1960s and 1970s psychological techniques became more sophisticated but the approach was still one of manipulating the sale and persuading the prospect. There was much emphasis on personality and charisma and the only substantive new element to be added to sales practice back then was greater analysis of the statistical aspects of success. Problems persisted however in large complex selling and in the 1970s AIDCA was usurped with a focus on Features (and Functions), Advantages and Benefits (FAB). But this new **FAB** emphasis meant that sales people often became trapped below the level of real power due to the bottom-up approach. In this era, discipline in sales process inputs became the hallmark of effective sales management while sales people focused on conveying the message of features as benefits. Vendor 'benefits' however rarely translate to tangible business value and the sales person's audience often consisted of recommenders and influencers within corporations rather than real decision makers.

Values-based selling is in stark contrast to the AIDC and FAB methods from last century and this modern and ethical approach is aligned with the customer. The best professional buyers define their relationship with sales people as the process of reaching progressive agreement concerning the purchase of something they need and can afford. In this customer-centric model, the sales person's role is to fully understand the customer's requirements and conditions for complete satisfaction. They then validate the suitability of what can be supplied to exactly meet the customer's needs. Outdated or manipulative sales techniques should have no place in the life of today's sales professional. Values-based selling instead adopts a customer-centric approach which is focused on understanding, solving problems and helping people make mutually beneficial buying decisions.

Objectives of Sales Management

Sales management entails numerous objectives which are executed by sales managers. There are mainly three such objectives
Sales Volume

Contribution to profits

Continuous Growth

The sales executives in this case are the ones who help implement these objectives. However it is the top management who has to outline the strategies to achieve these objectives of sales management. The top management should provide products which are socially responsible and are marketed in a manner which meets customers expectations and does not break it. Thus sales management involves a strong interaction between Sales, marketing and top management.

Sales Management and financial results

Financial Results are another objective of sales management and are closely related and therefore sales management has financial implications as well.

Sales – Cost of Sales = Gross Profit

Gross Margin – Expenses = Net profit.

Thus the variation in Sales will directly affect the Net profit of a company. Hence maintaining and managing sales is important to keep the product / service / organization financially viable.

The Objectives of sales are therefore decided on the basis of where the organization stands and where it wants to reach. It is a collaborated effort from the top management along with the marketing managers and sales managers to provide with a targeted estimate.

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• Assertive or persuasive is usually perceived as aggressive or pushy

• Persistent is often perceived as annoying and not listening

• 'Positive questions' are perceived as rhetorical and manipulative

• Positioning features and benefits equates to not understanding or being too expensive

Throughout the 1980s there was greater awareness of the fact that aggression from the sales person created defensiveness with the customer; but that trust and understanding created cooperation. It was in this context that the psychological practice of Neuro-Linguistic Programming (NLP) came to the forefront of the sales training industry. Although not invented by Anthony Robbins, he leveraged and enhanced **NLP**, applying the principles to the sales profession. This new trend matured in the 1990s and focused on subconsciously building trust and influence with others.

But during this period there was also serious research being done concerning successful sales behaviors measured from the perspective of professional buyers. This research was led by Neil Rackham from Huthwaite who developed **SPIN** Selling, the forerunner of today's value-based approach to professional sales. Huthwaite documented a methodology that revolutionized professional selling by focusing on problems, the implications and the specific business benefits of resolving them by implementing solutions. Neil Rackham's influence and contribution to professional selling is second to none. But even with his revolutionary approach many sales people continued to operate below the level of real power and the vast majority persisted with their feature, function, advantage, benefit (FAB) mantras. Old habits really do die hard but things were changing. A number of sales process methodologies emerged in the late 1980s and 1990s as best practice for qualifying, managing and formulating strategy for complex sales opportunities. They remain highly relevant today and promote a top-down approach aligned to the political and economic power in a buying organization.

The most successful sales professionals see themselves as problem solvers with specific domain expertise. They value their time and the time of others, so they don't waste valuable resources or emotional energy trying to convince people to buy something not genuinely needed. This is because to do so, they would violate their personal values and professional integrity. High achievers carefully invest their time with the right people and ask the right questions. Consider the following summary of today's values-based approach which is predicated on trust, understanding and integrity expressed through:

• Genuine interest in the customer

• Thorough enquiry concerning their problems and opportunities

• Full understanding of the implications and needs

• Identifying specific benefits and priorities

• Negotiating how to proceed and implement

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OBJECTIVES OF SALES MANAGEMENT

Every business firm has certain objectives to achieve. These objectives may be very explicit and definitive, or they may be implicit or general. Although, firms have different mixes of objectives, and they do place differing emphasis, on individual ones, the typical objectives include (i) profitability, (ii) sales-volume, (iii) market share, (iv) growth, and (v) corporate-image. While all these objectives are important to a business firm, the objectives, relating to sales-volume, market share and profitability, are greatly affected by the effectiveness and efficiency, with which the sales-function is managed. Business firms, have, in fact, found that it is the most effective management objective of the firm; that must emanate out of its overall business or corporate objectives. The sales-management objectives of a business firm, generally relate to the areas of (i) achieving sufficient sales-volume, (ii) providing sufficient profit, and (iii) experiencing continuing growth. Generally, objectives of sales-management have to cover various sales-functions, in an integrated manner. These objectives are to be expressed, as far as possible, in measurable and quantitative terms, and should also be realistic and achievable. Since, there are more than one objective, these should be put, on a hierarchical manner (most important, down to the least important). To ensure their flawless realization, they must be congruent, i.e., they must fit together, and not to be in conflict with each other. For example, suppose you ask a salesman to cut his travelling expenses, and asks him to spend more time, in the field. To make these two requirements, more meaningful, they must be linked with specific time-element. The setting of objectives should not be based only on the judgment of the top-management. Rather, it should be formulated and finalized, with the involvement of the sales-force, at the grass-roots level. In addition, the process of setting of sales-objectives should begin, only after the company has conducted benchmark studies, to find out, as to where it stands in terms of product, brand and market-sales and market share trends (all in measurable terms).

KEY DECISION AREAS IN SALES MANAGEMENT

Coordination with marketing departments.

Managing channel relationships

Feedback mechanism to be adopted

Performance appraisal and control system

Compensation of sales force

Task allocation

Recruitment and training procedures

Territory designing

Designing the sales organisation

Decision regarding type and quality of sales force required

Determining the size of the sales force

SALES MANAGEMENT CYCLE

What is a Sales Cycle?

Sales cycle refers to the various processes which help the products reach the end users. Customers go through a sequence of activities before the product finally reaches them. Such activities are a part of the sales cycle.

A sales cycle has the following steps:

Identifying Prospects

The first step in the sales cycle is to make a list of potential customers.

Try to gather as much data as you can. Ask your team members to visit markets, shopping malls, restaurants to map potential customers and collect information about them

Placing canopies at strategic locations also invite potential customers.

A sales professional should ideally spend his maximum time outside office meeting people. Interact with as many individuals as you can.

Distribute questionnaires amongst the potential customers to know them better.

2. **Setting Appointments**

- The next step is to make the people aware of your product and its offerings.
- Try to get in touch with the people. Call them and seek an appointment.
- Don't arrange meetings at your convenience.
- Take his address and courier relevant information brochures beforehand for him to know more about your product and its benefits.
- Marketers also depend on cold calls to inform the customers about their products and services. Don't be after the individual's life to fix an appointment.

- Do take care of your pitch while speaking over the phone. Make your speech interesting. Don't drag conversations.

3. Know Your Customer Well

- It really helps if you know something about your client before meeting him.
- Try to gain some information about him from social networking sites like facebook, orkut, linked in, twitter and so on. These networking sites do give some information about the client which definitely helps in preparing the sales pitch.
- Understand the customer's needs and expectations from the product. Check whether the customer has the potential to purchase a particular product or not. There is no point selling an air-conditioner to someone whose monthly income is Rs 10000/-. Find out more about the background of the customer.

4. Determine Client's Solution

- Suggest the right option for the customers. A sales representative must never lie to the customers. Say what your product actually offers.
- It is unprofessional to make false commitments. Sit with the customer and help him with the best solutions. Don't always think about your own targets and incentives. Think from the customer's perspective as well. Don't prompt him to buy something which you yourself feel is not right for him.

5. Written Proposal/Document

- Once the customer decides on the product, present a proposal to him with the proposed rates and other necessary terms and conditions.

6. Negotiation Round

- There should always be room for negotiation in deals. Don't be too rigid. Negotiate with an open mind.
- The customers should be aware of even the minutest details. For higher customer satisfaction, give him the best deal.
- A sales professional should always aim to close the deal as soon as both the parties accept the terms and conditions.

7. After Sales Service

- Make sure customers are satisfied with your service.

- Find out whether all his demands are fulfilled or not.
- Be in touch with him even after the deal is over.

SALES STRATEGY FORMULATION

Strategy formulation refers to the process of choosing the most appropriate course of action for the realization of organizational goals and objectives and thereby achieving the organizational vision. **The process of strategy formulation basically involves six main steps**. Though these steps do not follow a rigid chronological order, however they are very rational and can be easily followed in this order.

1. **Setting Organizations' objectives -** The key component of any strategy statement is to set the long-term objectives of the organization. It is known that strategy is generally a medium for realization of organizational objectives. Objectives stress the state of being there whereas Strategy stresses upon the process of reaching there. Strategy includes both the fixation of objectives as well the medium to be used to realize those objectives. Thus, strategy is a wider term which believes in the manner of deployment of resources so as to achieve the objectives.

While fixing the organizational objectives, it is essential that the factors which influence the selection of objectives must be analyzed before the selection of objectives. Once the objectives and the factors influencing strategic decisions have been determined, it is easy to take strategic decisions.

2. **Evaluating the Organizational Environment -** The next step is to evaluate the general economic and industrial environment in which the organization operates. This includes a review of the organizations competitive position. It is essential to conduct a qualitative and quantitative review of an organizations existing product line. The purpose of such a review is to make sure that the factors important for competitive success in the market can be discovered so that the management can identify their own strengths and weaknesses as well as their competitors' strengths and weaknesses.

After identifying its strengths and weaknesses, an organization must keep a track of competitors' moves and actions so as to discover probable opportunities of threats to its market or supply sources.

3. **Setting Quantitative Targets -** In this step, an organization must practically fix the quantitative target values for some of the organizational objectives. The idea behind this is to compare with long term customers, so as to evaluate the contribution that might be made by various product zones or operating departments.
4. **Aiming in context with the divisional plans -** In this step, the contributions made by each department or division or product category within the organization is identified and accordingly strategic planning is done for each sub-unit. This requires a careful analysis of macroeconomic trends.
5. **Performance Analysis -** Performance analysis includes discovering and analyzing the gap between the planned or desired performance. A critical evaluation of the organizations past performance, present condition and the desired future conditions must be done by the organization. This critical evaluation identifies the degree of gap that persists between the actual reality and the long-term aspirations of the organization. An attempt is made by the organization to estimate its probable future condition if the current trends persist.
6. **Choice of Strategy -** This is the ultimate step in Strategy Formulation. The best course of action is actually chosen after considering organizational goals, organizational strengths, potential and limitations as well as the external opportunities

SETTING SALES OBJECTIVES & DESIGNING SALES STRATEGY

Jumping into selling your product or service without planning how you will go about it is likely to yield far poorer results than if you adopt a strategic approach to your sales. Use your sales strategy as part of your business plan to help you convince your bank manager or potential investors, and make sure you update and review your sales strategy regularly.

What is a sales strategy?

- A sales strategy sets out in detail how you will get your product or service in front of people who need it. Looking at it strategically will give you a comprehensive, methodical approach to ensuring you marketing your business correctly and you are approaching the right clients.
- A sales strategy can be based on your business and marketing plans. It looks at how you will deliver objectives set out in your marketing plan, as well as how you have chosen to segment your target market and how you will fund you marketing activities.

- A sales strategy is not the same as a marketing strategy. Whereas marketing is about getting your name out there and tempting new customers or rekindling interest in your business, a sales strategy is more about how you close the deal.
- In order to build a comprehensive strategy for your entire business, you will need to sit down and come up with adifferent sales strategy for each of your product lines. While they may all end up looking very similar, but it's important to be aware of subtle differences between your products and the customers who pay for them.

Set out your sales objectives

- Start by setting out sales objectives for each of your products. What do you want to sell, who is your target market and what are the timescales involved? Decide where your focus will lie - whether that's on a specific product or a client base, and what needs to change for you to meet these objectives.
- For each sales objective, list the steps you will have to take in order to meet them. There should be five or six steps for each objective. Think SMART when you are coming up with them:
- Specific
- Measurable
- Achievable
- Realistic
- Time-sensitive
- Consider how you will remove barriers to sales rather than asking how you will make sales when you're coming up with your objectives. Barriers can be anything from not making enough calls or customer visits to the need to give your sales team better training or the need to recruit another sales person.
- Look at the marketing and sales activities your business has undertaken and try to work out what your most profitable activities have been. This could be over the course of the last month, three months or year.

Analyse your market

- Find out why your clients need your company. Find out who they are and the problem they needed to solve when they first approached your business. Identifying why your customers use your business will help you to approach new customers.

- Make a list of five or six reasons why customers are better off using your business. Differentiate between your business' features (what it has) and benefits (what it does). Put yourself in your customer's shoes and try to work out what they are looking for, and then try to match your proposition to their needs. Make sure you emphasise the benefits as well as the features in your promotional material.
- List your clients' similarities and differences to help you create profiles for each type of client. If you are starting a new business, try to find out about competitors' clients: who are your existing, potential and key customers? Rank the groups in order of profitability to give you an idea of where you should be aiming to spend money.
- If a client is costing you more than you are making from them, make sure you have a good reason for selling to them. For example, if you are selling to a large company, it might be that they are providing you with regular revenue or drawing attention to your business in their promotional activities.
- Analyse your sales costs and try to cut down on your sales costs to unprofitable customers. This might be by using an alternative distribution method or cheaper sales channels.

Decide on your sales channels

- Reaching the right customers is easier said than down. Once you have worked out what your market is and how it's broken down, you need to decide which sales channels to use:
- Direct or on-site sales are face-to-face, and is the model used by most retailers
- The internet is a versatile way to sell
- Telesales can be effective for business-to-business and repeat sales, but generally has a low conversion rate
- Direct mail also has quite a low conversion rate but is less intrusive than telesales
- If you are a manufacturer, you might want to sell through an agent or intermediary. This could be a retailer, or it could be an agent abroad.

PERSONAL SELLING CONCEPT

Personal selling is a method in which salesperson uses his skills and techniques for making personal relationships with the customer. According to American marketing Association, "Personal Selling is an oral presentation in a conversation with one or more prospective purchaser for the purpose of making sales". Personal selling involves personal contact, face-to-face meetings or via a telephone conversation, Internet including using video conferencing or text messaging (e.g., online chat).

Examples of Personal Selling are as follows:

1. Retail selling: Retail Selling means selling in a retail counter or a shop
2. Field selling: Field Selling means Selling of product by going outside in the market
3. Telemarketing: Use of the telephone as an interactive medium for promotion and sales is known as Telemarketing.
4. Inside selling: Selling of product without going out in the market is called inside selling.

Objectives of Personal Selling

1. Product Awareness: Building awareness using personal selling is most important. A common job of salespeople is to educate customers on product offerings and discuss about new product launch and making aware of them about the new technologies and benefits.

2. Creates Interest: Personal selling involves face to face communication and makes the customer feel and touch the product which result in building interest about for the product. It gives an experience of the product for the first time. Creating interest goes hand-in-hand with building product awareness as sales person can often accomplish both objectives during the first encounter with a potential customer. For example, free test drive of a car.

3. Provide Information: In Personal selling large part of the conversation focuses on product information. Marketing organizations provide their sales staff with large amounts of sales training and technical support through product brochures, research reports, computer programs and many other forms of informational material which should be provided to a customer.

4. Causing Demand: Once customer is aware of the product, showing interest and has sufficient information then most important objective of personal selling is to convince customers to make a purchase.

5. Reinforcing the Brand: A strong relationship can only be built over time and requires regular communication with a customer. Personal selling is intended to build long-term relationships with customers, Meeting with customers on a regular basis allows salespeople to repeatedly discuss their company's products and strengthen customers' knowledge of what the company has to offer.

7. To increase the volume of Sales: The objective of a sales person to increase the volume of sales through its customers.

Functions of personal selling

1. To Make Sales to both old and new customers.
2. Service to customers and remove doubts.
3. Keep Sales Record.
4. To give presentations.
5. Develop goodwill of the company.
6. To achieve sales target.

Advantages and Disadvantages of Personal Selling

1. It's a two-way form of communication which helps customer to fully understand and clear doubts about the product or the services with the salesperson
2. Builds strong long-term relationship with customers.
3. Personal selling is the most effective promotional option for reaching customers who are not easily reached through other methods.
4. Personal selling helps in getting reference and building strong database.
5. Personal selling is more flexible.

Disadvantages of Personal Selling:

1. Personal selling is more expensive because cost of maintaining efficient sales force is high.
2. Customer may misunderstand a sales person by his behavior and can face some bad experience with them.
3. It's not easy to recruit right kind of a salesman who has the ability and potential to sell a product or service.
4. Once a salesperson leaves the jobs then all the good relationship of customer with which has been built gets along with him.

TYPES OF SALES PERSONS

1. Order Takers

Order takers are repeat sales seeker who does not require more sales effort. They arrange displays, restock, and answers phone call. Order Takers can be classified as:
· Inside Order Takers: Who receives orders by mail/phone, sales person in a retail store.
· Field Order Takers: Who travel to customers place and close the order. Some sale person use laptop computers to improve tracking of inventory and orders etc.

2. Order Getters

Order getters sell to new customers and increase sales to present customers; sometimes they are called creative selling. Generate customer leads, provide information, and convince customers and close sales.

3. Support Personnel

Support personnel are those people who facilitate the selling function. They distribute information regarding new goods or services, describe attributes and leave materials, but do not close sales. They spend much time helping customers, especially retail stores, to promote the product. Restock the shelves, set up displays. Technical Salespersons offer technical assistance to current customers. Service Salespeople interacts with customers after sale is complete.

STRATEGIES USED BY SALESMAN

Increasing sales revenue growth in today's challenging economy is not easy. These 8 **sales growth strategies** are simple and proven tactics used by sales top performers to improve their business performance.

These simple sales growth strategies have been proven to help companies improve sales revenue growth in as little as 30 days.

1. Bigger revenue comes from bigger offerings. Offer super sizes, volume discounts, extended contracts, offering bundles, etc.

2. Try small "Early Buy" incentives to increase volume, but keep them small with a time limit. You want to attract customers quickly without diluting the offering pricing structure.

3. Stand strong on the value your offering provides and stick with the original price. Do not discount pricing on your offerings if they truly provide the value described.

4. Increase sales revenues by providing three options or price points. Customers are more likely not to choice the lowest price. Use a set of three options to move customers from the lowest to the middle price range. Make sure each range is well defined and the differences stand out.

5. Successful selling to an "Dynamic, Entrepreneurial" company. The buyer in this organization is inclined to make independent decisions. Focus on building trust with the customer, your offering, and your company. Make the information and process simple and straightforward.

6. Successful selling to a "Long Term Visionary" company. Concentrate on the technical features and benefits of your offering. Leverage team selling by matching up your management and technical experts with theirs. Focus on the complete solution that matches or exceeds their long term business needs.

7. Successful selling to a "Bureaucratic" company. Decisions are usually based on past preferences, policies, and regulations. These are the toughest organizations to get your foot in the door. Make them aware of your offerings, be competitive on pricing, and stay in touch by providing customer success stories. These companies love to follow others.

8. After a customer has made a purchase, offer a special deal on the higher grade model.

PROCESS OF PERSONAL SELLING

Personal selling is the most expensive form of advertising and to be effective one should use a step by step process to gain the most benefit. Personal selling can adjust the manner in which facts are communicated and can consider factors such as culture and behaviour in the approach. They can ask questions to discover the specific need of the customer and can get feedback and adjust the presentation as it progresses.

The Personal Selling Process

The personal selling process is a consecutive series of activities conducted by the salesperson, the lead to a prospect taking the desired action of buying a product or service and finish with a follow-up contact to ensure purchase satisfaction.

Step One

Prospecting - the first step in the personal selling process.The process of looking for and checking leads is called prospecting or determining which firms or individuals could become customers. Up to 20% of a firm's customer base can be lost for reasons such as transfer, death, retirement, takeovers, dissatisfaction with the company and competition. A steadily growing list of qualified prospects is important for reaching the sales targets.

Qualifying a prospect: A lead is a name on a list. It only becomes a prospect if it is determined that the person or company can benefit from the service or product offered. A qualified prospect has a need, can benefit from the product and has the authority to make the decision.

Step Two

The Pre-approach This stage involves the collecting of as much relevant information as possible prior to the sales presentation. The pre-approach investigation is carried out on new customers but also on regular customers. Systematic collection of information requires a decision about applicability, usefulness and how to organise the information for easy access and effective use.

Step Three

The Approach

The salesperson should always focus on the benefits for the customer. This is done by using the product's features and advantages. This is known as the FAB technique (Features, Advantages and Benefits).

Features: Refers to the physical characteristics such as size, taste etc.
Advantages: Refers to the performance provided by the physical characteristics eg it does not stain.
Benefits: Refers to the benefits for the prospect. Eg. Saves you 20% on replacement cost.

Step Four

The Sales Presentation After the prospects interest has been grasped, the sales presentation is delivered. This involves a "persuasive vocal and visual explanation of a business proposition". It should be done in a relaxed atmosphere to encourage the prospect to share information in order to establish requirements. Some small talk may be necessary to reduce tension but the purpose always remains business.

Step Five

The Trial Close The trial close is a part of the presentation and is an important step in the selling process. Known as a temperature question - technique to establish the attitude of the prospect towards the presentation and the product.

Step Six

Handling Objections are often indications of interest by the prospect and should not be viewed with misgiving by salespeople. The prospect is in fact requesting additional information to help him to justify a decision to buy. The prospect may not be fully convinced and the issues raised are thus very important. It also assists the salesperson to establish exactly what is on the prospect's mind.

Step Seven

Closing the Sale This is the last part of the presentation. Many salespeople fear the closing of a sale. Closing a sale is only the confirmation of an understanding. Fear will disappear if the salesperson truly believes that the prospect will enjoy benefits after the purchase of the product.

Step Eight

The Follow-up the sale does not complete the selling process. Follow-up activities are very important and are useful for the establishment of long-term business relationships. It is important to check if the products have been received in good condition, to establish the customer is satisfied etc.

CHOICE OF BASIC SELLING STYLE

Think through these things before determining what methods might work for your product or service. It goes without saying that a sales method that works for office supplies won't work for management consulting services. Although they are both targeting a similar market, the knowledge and understanding of your prospects will be much different. They have to be educated about how much they can benefit from consulting services, whereas, they already know they have to have binders to put their reports in, or paper for their copiers. So, even though there are many sales methods, the choices are narrowed as you think about your market and what their needs are, as well as what their expectations may be. With that said, let's just go over some things that are beneficial in almost any market. These tips are basic guidelines that most any sales person can benefit from.

- *Listen to the emotional side of your prospect or client:* Emotions are tied into almost everything we do even if we don't realize it. Your client may mention off-hand that they are really stressed-out about a particular project they are working on (even if it doesn't relate to what you're selling them). Make a note of this and see if there is anything you can do to assist them. You may have another client who had a similar dilemma and found a good solution. Make those connections and help where ever you can. You'll be rewarded with loyalty from all of your clients.
- *Focus on your prospect or client's needs:* We've talked about it before, but it's worth mentioning again. You may be tempted to sell your client your top-of-the-line model gadget when they really only need the mid-line model. By selling them more than they need, you may be cutting off future relations with them. Once they realize (and they will eventually) that they don't need most of what you sold them, they'll feel bitter and resentful toward you for wasting their money and not looking out for their best interest. They'll see you as a "salesperson" and not as a resource.

- *Use language that focuses on your prospect or client:* Simply changing the way you speak may also make a difference in how you are received by your prospect. Using "you" and "yours," or "you'll find..." rather than "I think" or "Let me tell you about," brings your message a little closer to home and may grab their attention more quickly.
- *Help your prospect see the bottom line:* If you know your product can help clients save money, or increase profitability, then make sure they understand that. Your product may have an edge in that it includes features that save time. Time is money as the saying goes, and if you can save time your can often sell your product.
- *Find out your prospect's priorities:* You can save yourself a lot of wasted time and effort by simply knowing how important your product and its benefits are to your prospect. If you've listened to them and determined the need, but still aren't getting anywhere, find out if there are other elements of their business that are taking priority and pushing your sale aside. If you know they have to implement a program before they can spend time considering (or funds purchasing) your product then you can schedule a call back at a later date that may stand a better chance of getting some attention. To do this you have to ask the questions because the information is not always volunteered. (Again, the key is focusing on the needs of your prospect, and having an open relationship already in place.)

NEW APPROACHES IN SELLING

Demanding customers - fierce competition - breathtaking technological innovation. These are the realities of today's global marketplace... realities that have changed forever the way we do business, especially the way we sell. Gone are the days when salespeople could rely on charming small-talk and aggressive closing techniques alone to generate business. Many traditional selling approaches regard selling as something the seller does to the buyer. They sell them something. The result of this attitude to sales is that many salespeople adapt a manipulative, almost coercive style of selling. Some salespeople think of selling as pushing a customer into buying, and success as a victory. Often, people fear salespeople and distrust them. They think of salespeople as fast talking and slick. They are wary of being sold something they really don't need or want.

Have you ever been sold something, then regretted it later? How did you feel about the salesperson? The more modern and enlightened view of selling is that the role of the sales person is to help the customer make good buying decisions. Someone seen as an ally and advisor. A business partner who can be relied upon to provide valuable help and advice as well as supply vital goods and services. The outcome of a sale is not that one person gains at the expense of the other, but that a win-win outcome is forged by the two parties who both leave feeling good about the transaction and with a positive commitment to each other. The role of the professional salesperson is largely a product of this century. Before the industrial revolution, the people who made things were also responsible for selling their goods. As the availability of consumer goods expanded, the need arose for people who specialized in guiding consumer decisions. The role of salesperson has changed dramatically over the years, largely as a result of the changing relationship between availability of products and services being sold and the demand of the consumer for those products and services. Since World War II, with the increasing growth of enabling technology, and the explosion of competition, we have seen availability outstrip demand. In those situations, we started to see sellers pushing their goods and services at consumers. We began to experience the manipulative salesperson. This is the perception that many people have today of salespeople. The smooth-talking con man so well depicted in movies such as "Used Cars", "Tin Man", and "GlenGarry Glen Ross".

How do we reestablish a more positive relationship between product/service availability and consumer demand? Three strategies:

1. Clearly identify each customer's unique needs and requirements.

2. Tailor your goods and services to meet those needs at a fair price.

3. Ensure a long term relationship by attaining customer satisfaction.

Clearly identify each customer's unique needs and requirements. Manipulative salespeople focus on trying to manufacture a need in a customer where none exists. We may, however, be able to bring existing needs to the surface simply by clarifying the customers understanding of the symptoms they are experiencing. Many people make a very good living out of helping people identify which particular need may be causing a symptom, then advising them on how to alleviate it. This includes not only medical doctors but also good salespeople.

The most skilled salesperson will guide a customer through a discovery process designed to uncover and articulate the customers needs and wants. In addition, the effective salesperson will help the customer reach an understanding of the consequences of inaction plus the value in making a change. The more clearly your customer sees the depth of the ramifications of inaction, plus the range of positive benefits of taking action, the more likely they are to want to do something about it. This is called "tension for change". The customer who has decided that they have a need and that they really wish to do something about it, will then be in a position to seek solutions. Tailor your goods and services to meet those needs at a fair price For most businesses, offering generic products and services is a recipe for disaster. With the vast array of choices available, customers want a solution that is right for them in their own special situation. Frequently, this can be accomplished by listening carefully to the needs and wants of your customers, then packaging a combination of your products and services that specifically addresses those customer's needs.

To do this requires these skills:

* The ability to understand what the customer wants, and recognize the core issues and peripheral issues that are important to them;

* The ability to identify the relevant features of your products and services that are appropriate for this customer;

* ability to communicate the specific benefits, gained by using your products and services, that are meaningful to this customer;

* Willingness to deliver the package of products and services with emphasis on the desired results expected by this customer.

Develop a long term relationship by attaining customer satisfaction Truly effective salespeople succeed because they are genuinely curious and concerned about people in general - and customers in particular. Their desire to understand the customer takes priority over their desire to sell their products and services. The delightful irony, of course, is that the very reason they are successful at selling is because they have made their desire to sell a secondary issue. The primary issue is the relationship they have with their customer.

The surest way to cement a long term business relationship with your customer is to remember that no sale is completed until the customers expectations have been met or, preferably, exceeded. There are many salespeople who take customers for granted. The excitement of new sales often leads to ignoring existing customers. The result is constant pressure to create new business from scratch. Meanwhile, some of your best prospects are right there under your nose, in your own customer base. The "traditional", fast-talking slick sales person is no longer effective in today's global marketplace. Dynamic and highly competitive, our market consists of well educated, savvy consumers looking to the modern salesperson for guidance in making well-informed buying decisions. Those unwilling or unable to adapt not only experience declining sales, but also risk severing long-term customer relationships. The challenge is enormous and the stakes are high. Remember, customers buy for their reasons, not ours. When we strive to form a partnership with our customers, providing them with valuable help and advice as well as supplying vital products and services, we virtually ensure sales success.

UNIT-2

AIDAS Theory of Selling

This theory is the basis for many sales and advertising texts and is the skeleton around which many sales programs are organized. Here AIDAS stands for attention, interest, desire, action and satisfaction. During the successful selling interview, according to this theory, the prospect mind passes through five mental states: attention, interest, desire, action and satisfaction. Implicit in this theory is the notion that the prospect goes through these five states consciously, so the sales presentation must lead the prospect through them in the right sequence if a sale is to result. The goal is to put the prospect into a receptive state of mind. The first few minutes of the interview are crucial. The sales person has to have a reason, or an excuse, for conducting the interview. If the salesperson previously has made an appointment, this phase presents on problem, but experienced sales personnel say that even with an appointment, a salesperson must possess considerable mental alertness, and be a skilled conversationalist, to survive the start of the interview. The prospect's guard is naturally up, since he or she realizes that the caller is bent on selling something. The salesperson must establish good rapport at once. The salesperson needs an ample supply of "conversation openers." Favorable first impressions are assured by, among other things, proper attire, neatness, friendliness, and a genuine smile. Skilled sales personnel often decide upon conversation openers just before the interview so that those chosen are as timely as possible Generally it is advantageous if the opening remarks are about the prospect (people like to talk and hear about themselves) or if they are favorable comments about the prospect's business.

A good conversation opener causes the prospect to relax and sets the stage for the total presentation. Conversation openers that cannot be readily tied in with the reminder of the presentation should be avoided, for once the conversation starts to wander, and great skill is required to return to the main theme.

Gaining Interest

The second goal is to intensify the prospect' attention so that it evolves into strong interest. Many techniques are used to gain interest. Some salespeople develop a contagious enthusiasm for the product or a sample. When the product is bulky or technical, sales portfolios, flipcharts, or other visual aids serve the same purpose. Throughout the interest phase, the hope is to search out the selling appeal that is most likely to be effective. Sometimes, the prospect drops hints, which the salesperson then uses in selecting the best approach. To encourage hints by the prospect, some salespeople devise stratagems to elicit revealing question. Others ask the prospect questions designed to clarify attitudes and feelings toward the product. The more experienced the salesperson, the more he or she has learned from interviews with similar prospects. But even experienced sales personal do considerable probing, usually of the question and answer variety, before identifying the strongest appeal. In addition, prospects interests are affected by basic motivations, closeness of the interview subject to current problems, its timeliness, and their mood-receptive, skeptical, or hostile-and the salesperson must take all these into account in selecting the appeal to emphasize.

Kindling Desire

The third goal is to kindle the prospect's desire to the ready- to - buy point. The salesperson must keep the conversation running along the main line toward the sale. The development of sales obstacles, the prospect's objections, external interruptions, and digressive remarks can sidetrack the presentation during this phase. Obstacles must be faced and ways found to get around them. Objections need answering to the prospect's satisfaction.

Time is saved and the chance of making sale improved if objections are anticipated and answered before the prospect raises them. External interruptions cause breaks in the presentation, and when conversation resumes, good salespeople summarize what has been said earlier before continuing. Digressive remarks generally should be disposed of tactfully, with finesse, but sometimes distracting digression is best handled bluntly, for example, "well, that's all very interesting, but to get back to the subject……."

Inducing Actions

If the presentation has been perfect, the prospect is ready to act that is, to buy. However, buying is not automatic and, as a rule, must be induced. Experienced sales personnel rarely try for a close until they are positive that the prospect is fully convinced of the merits of the proposition. Thus, it is up to the salesperson to sense when the time is right. The trial close, the close on a minor point, and the trick close are used to test the prospect's reactions. Some sales personnel never ask for a definite "yes" or "no" for fear of getting a "no", from which they think there is no retreat. But it is better to ask for the order straightforwardly. Most prospects find it is easier to slide away from hints than from frank requests for an order.

Building Satisfaction

After the customer has given the order, the salesperson should reassure the customer that the decision was correct. The customer should be left with the impression that the salesperson merely helped in deciding. Building satisfaction means thanking the customer for the order, and attending to such matters as making certain that the order is filled as written, and following up on promises made. The order is the climax of the selling situation, so the possibility of an anticlimax should be avoided- customers sometimes unwell themselves and the salesperson should not linger too long.

"Right Set of Circumstances" Theory of Selling

"Everything was right for that sale" sums up the second theory" This theory, sometimes called the "situation-response" theory, had its psychological origin in experiments with animals and hold that the particular circumstances prevailing in a given selling situation cause the prospect in a predictable way. If the salesperson succeeds in securing the attention and gaining the interest of the prospect, and if the salesperson presents the proper stimuli or appeals, the desired response (that is, the sale) will result. Furthermore, the more skilled the salesperson is in handling the set of circumstances, the more predictable is the response. The set of circumstances includes factors external and internal to the prospect. To use a simplified example, suppose that the salesperson says to the prospect, "let's go out for a cup of coffee." The salesperson and the remark are external factors. But are least four factors internal to the prospect affect the response. These are the presence or absence of desires

i. To have a cup of coffee,
ii. To have it now,
iii. To go our, and
iv. To go out with the salesperson

Proponents of this theory tend to stress external factors and at the expense of internal factors. They seek selling appeals that evoke desired responses. Sales personnel who try to apply the theory experience difficulties traceable to internal factors in many selling situation, but the internal factors are not readily manipulated. This is a seller-oriented theory: it stresses the importance of the sales person controlling the situation, does not handle the problem of influencing factors internal to the prospect, and fails to assign appropriate weight to the response side of the situation-response interaction.

"Buying Formula" Theory of Selling

In contrast to the two previous theories, the third emphasizes the buyer's side of the buyer-seller dyad. The buyer's needs or problems receive major attention, and the salesperson's role is to help the buyer find solutions. This theory purports to answer the question: What thinking process goes on in the prospect's mind that causes the decision to buy or not to buy? The buying formula is a schematic representation of a group of responses, arranged in psychological sequence. The buying formula theory emphasizes the prospect's responses (which, of course, are strongly influenced by internal factors) and deemphasizes the external factors, on the assumption that the salesperson, being naturally conscious of the external factors, will not overlook them. Since the salesperson's normal inclination is to neglect the internal factors, the formula is a convenient way to help the salesperson remember. The origin of this theory is obscure, but recognizable versions appear in a number of early books on advertising and selling by authors who had experiential knowledge of salesmanship.

Several psychologists also advanced explanations similar to the buying formula. The name "buying formulas" was given to this theory by the late E.K.Strong, Jr., and the following step by- step explanations adapted from his teaching and writings. Reduced to their simplest elements, the mental processes involved in a purchase are Need (or problem) solution Purchase. Because the outcome of a purchase affects the chance that a continuing relationship will develop between the buyer and the seller, and because nearly all sales organizations are interested in continuing relationships, it is necessary to add a fourth element. The four elements then, are Need (or problem) Solution Purchase satisfaction whenever a need is felt or a problem recognized, the individual is conscious of a deficiency of satisfaction. In the world of selling and buying, the solution will always be a product or service or both and they will belong to a potential seller. In purchasing, those, the element "solution" involve two parts:

i. Product (and/or service) and
ii. Trade name (name of manufacturer, company, or sales person)

In buying anything, the purchaser proceeds mentally from need or problem top problem to product or service, to trade name, to purchase, and, upon using the product or service, he or she experience satisfaction or dissatisfaction. Thus, when a definite buying habit has been established, the buying formula is: Need or product and /or trade name purchase satisfaction/dissatisfaction Problem service To ensure purchase, the product or service and the trade name (that is, the source of supply) must be considered adequate, and the buyer must experience a (pleasant) feeling of anticipated satisfaction when thinking of the product and /or service and the trade name. In many cases, an item viewed as adequate is also liked, and vice versa, but his is not always so. Some products and services that are quite adequate are not liked, and some things are liked and bought that are admittedly not as good as competing items. Similar reasoning applies to trade names. Some sources of supply are both adequate and liked, others are adequate but not liked, still others are liked but patronized even though they are inadequate compared to competing sources.

When a buying habit is being established, the buyer must know why the product or service is adequate solution to the need or problem, and why the trade name is the best one to buy. The buyers also must have a pleasant feeling toward the product or service and the trade name. Then, whenever the buyer's buying habit is challenged by a friend's remark, a competing salesperson's presentation, or a competitor's advertisement, the buyer needs reason to defend the purchase, and, in addition, he or she needs a pleasant feeling toward both the product or service and the trade name. All this is represented by the dashed lines in the formula. The primary elements in a well established buying habit are those connected by solid lines, on the central line of the formula. Most purchases are made with scarcely a thought as to why, and with a minimum of feeling and its association.

Reasons (adequacy of solution) and pleasant feelings constitute the elements of defense in the buying habit. As long as they are present, repeat buying occurs. The answer to each selling problem is implied in the buying formula, and differences among answers are differences in emphasis upon the elements in the formula. Where the emphasis should be placed depends upon a variety of circumstances. Without going into detail, it may be said that::

i. If the prospect does not feel a need or recognize a problem that can be satisfied by the product or service, the need or problem should be emphasized.

ii. If the prospect does not think of the product or service when he or she feels the need or recognizes the problem, the association between need or problem and product or service should be emphasized

iii. If the prospect does not think of the trade name when he or she thinks trade name should be emphasized.

iv. If need or problem, product or service, and trade name are well associated, emphasis should be put upon facilitating purchase and use.

v. If competition is felt, emphasis should be put upon establishing in the prospects' minds the adequacy of the trade-named product or service, and pleasant feelings toward it.

vi. If sales to new prospects are desired, every element in the formula should be presented.

vii. If more sales to old customers are desired, the latter should be reminded. (Developing new uses is comparable to selling to new uses is comparable to selling to new customers.)

"Behavioral Equation" Theory

Using a stimulus-response model(a sophisticated version of the "right set of circumstances"), and incorporating findings from behavioral research, J.A. Howard explains buying behavior in terms of the purchasing decision process, viewed as phases of the learning process. Four essential elements of the learning process included in the stimulus response, and reinforcement, described as follows:

Drives are strong internal stimuli that impel the buyer's response. There are two kinds

i. Innate drives stem from the physiological needs, such as hunger, thirst, pain, cold.

ii. Learned drives, such as striving for status or social approval, are acquired when paired with the satisfying of innate drives. They are elaborations of the innate drives, serving as a façade behind which the functioning of the innate drives is hidden. Insofar as marketing is concerned, the learned drives are dominant in economically advanced societies

Cues are weak stimuli that determine when the buyer will respond

i. Triggering cues influence the decision process for any given purchase.

ii. No triggering cues influence the decision process but do not activate it; any may operate at any time even though the buyer is not contemplating a purchase

There are two kinds

a. Product cues are external stimuli received from the product directly, for example, color of the package, weight, or price.

b. Informational cues are external stimuli that provide information of a symbolic nature about the product. Such stimuli may come from advertising, conversations with other people (including sales personnel), and so on.

Specific product and information cues may also happen when price triggers the buyer's decision. Response is what the buyer does? Reinforcement is any event that strengthens the buyer's tendency to make a particular response.

Howard incorporates these four elements into an equation

B = P * D * K* V

Where

B = response or the internal response tendency, that is, the act of Purchasing a brand or patronizing a supplier

P = predisposition or the inward response tendency, that is, force of habit

D = present drive level (amount of motivation)

K = "incentive potential," that is, the value of the product or its potential Satisfaction to the buyer

V = intensity of all cues: triggering, product, or informational

"This is a condensed version of the explanation contained in J.A. Howard's Marketing Management, Analysis and planning, re Ed. (Homewood, III.: Richard D. Irwin, 1963) we are indebted to the author for permission to include this condensation. This model was later refined further by Professor Howard, working in collaboration with Jagdish N. Seth, See their "A Theory of Buyer Behavior," in Reed Moyer (ed.), Changing Marketing Systems: proceedings of the 1967 winter Conference of the American Marketing Association. 1967. published by the American Marketing Association.

The relation among the variables is multiplicative. Thus, if any independent variable as zero value, B will also be zero and there is no response. No matter how much P there may be, for example, if the individual is unmotivated (D = 0), there is no response. Each time there is a response- a purchase – in which satisfaction (k) is sufficient to yield a reward, predisposition (p) increases in value. In other words, when the satisfaction yields a reward, reinforcement occurs, and, technically, what is reinforced is the tendency to make a response in the future to the cue that immediately preceded the rewarded response. After reinforcement, the probability increases that the buyer will the product (or patronize the supplier) the next time the cue appears- in other words, the buyer has learned.

CONCEPT OF SALES PROMOTION

Sales promotion is one of the seven aspects of the promotional mix. (The other six parts of the promotional mix are advertising, personal selling, direct marketing, publicity/public relations, corporate image and exhibitions.) Media and non-media marketing communication are employed for a pre-determined, limited time to increase consumer demand, stimulate market demand or improve product availability. Examples include contests, coupons, freebies, loss leaders, point of purchase displays, premiums, prizes, product samples, and rebates.

Sales promotions can be directed at the customer, sales staff, or distribution channel members (such as retailers). Sales promotions targeted at the consumer are called **consumer sales promotions**. Sales promotions targeted at retailers and wholesale are called **trade sales promotions**. Some sale promotions, particularly ones with unusual methods, are considered gimmicks by many.

Sales promotion includes several communications activities that attempt to provide added value or incentives to consumers, wholesalers, retailers, or other organizational customers to stimulate immediate sales. These efforts can attempt to stimulate product interest, trial, or purchase. Examples of

devices used in sales promotion include coupons, samples, premiums, point-of-purchase (POP) displays, contests, rebates, and sweepstakes.
the methods or techniques for creating public acceptance of orinterest in a product, usually in addition t o standard merchandisingtechniques, as advertising or personal selling, and generally consistingof the offer of free samples, gifts made to a purchaser, or the like.

ESSENTIAL QUALITIES OF A SUCCESSFUL SALESMAN

'Personality' refers to the dynamic force of a person which attracts and impresses others. Similarly, "Sales Personality" or 'Personality of Salesman' includes his appearance, his characters, his mannerisms, his talk and the general impression which impresses and convinces the prospects. By using these qualities and abilities skilfully, the salesman is able to impress the customers favorably. As a result, the customers are attracted towards the product or service and ultimately purchase it. In other words of H. W. Morten "Personality is that personal distinction or dynamic force which is felt by everyone who comes within the radius."

Essential Qualities/Traits of a salesman:

1. Sound health

A salesman should posses a sound and physique in order to become efficient. A salesman who is not healthy cannot maintain a pleasing appearance. He will also not be able carry on his duties efficiently.

2. Good posture

Good posture enhances the appearance and personality of the salesman. A salesman should maintain an alluring posture, i.e. he should stand erect or sit erect while meeting a customer. It makes a good impression on the customer. Therefore the salesman should try to acquire certain good posture in order to attract customers.

3. Pleasant voice

Voice is the index of one's own feelings than the facial expression. The quality and the tone of the voice also have its influence on the hearer. The salesman should have pleasant, clear and forceful voice. The voice should not be coarse, high pitched, shrill, commanding or nasal. These types of voices generally irritate customers.

4. Good appearance

A good physical appearance is a big asset for salesman. The first impression on the customer is created by the appearance of the salesman. A good appearance generally gives more confidence to a salesman and he is able to convince the customers more easily. The appearance of the salesman may be divided into 3 important segments:

1. Cleanliness, 2. Grooming and 3. Clothes.

5. Cheerfulness

Cheerfulness is the greatest virtue of a good salesman. Everyone wants to be with persons, who are cheerful. If the salesman is cheerful, possesses a good health, vigour and a rich sense of humor, then he can attract large number of customers.

6. Imagination

It is an important consideration which detects the exact need of the customers. This quality helps the salesman to understand the problems of customers in his position. But it is depressing to see in India that many salesmen have absolutely no imagination.

7. Alertness

Alertness refers to active sensitivity to the situation before oneself. It is nothing but presence of mind as to what to say, how to say and on what occasion. It consists of keen power of observation and common sense to take correct decisions quickly.

8. Resourcefulness

It is a mental ability to think and find out alternatives. It includes devising new approaches to make people do what you want them to do. Resourcefulness has great role to play in salesmanship.

9. Initiative

Initiative is the ability to work on his own without any guidance from anybody. It is very useful quality for success in dealing with customers. Of course, in early stages a salesman has to work under the supervision and guidance of senior salesman. But in course of time, he has to depend upon himself and take independent decisions.

10. Observation

Power of observation is another important quality of a salesman. A good salesman must be a keen observer. He should observe the changes in style, fashion of people, activities of rivals, Government policies, general attitude of customers and other things.

MOTIVATION "HELP FROM MANAGEMENT"

Salespeople are most likely to be motivated by two things: money and recognition. The average salesperson is highly competitive, so having their triumphs recognized in front of their peers is really satisfying. And a nice cash bonus will always be welcome!. Of the two, rewarding performance with money is the obvious (and easy) solution. When you sit down with your salespeople and set their quotas, you can set a "bonus" level: for example, if they exceed their quota by 15% then they get an extra 10% commission over and above the standard amount. But sometimes you just won't have the budget to provide enough cash to really motivate your team. That's when recognition becomes a useful tool. For starters, you can post everyone's sales numbers for the month on a white board in the common area and update them every day or two. Publicizing your team's numbers acts as both the carrot and the stick: the most successful salesperson of the month can gloat over their numbers in comparison with the rest of the team, and the less successful ones will be extra motivated to dig up some more sales.

You can have a plaque or trophy that goes to the person with the best performance for the month. Then, next month, they have to hand it over to the new top performer. This also works well with perks like a reserved parking space, or a special chair (as throne-like as possible!). If you have a little more money to spend on your team, you can throw in a free meal for the top performer or performers on your team. This works best if you give the winners a chance to pick the restaurant, rather than pick it for them. You can also bring up successes at your team meetings. If you know that Joe brought in a huge new client last week, then give Joe a chance to describe his victory in front of everyone. A public show of support will make victory all the sweeter... and also remind your team that you appreciate their work. While you're motivating the top performers, don't forget to keep an eye on the less successful salespeople. Everyone has a bad month now and then. But if the same one or two people are coming in last every month, there's a problem. Have a talk with these employees and see if they can explain why they're struggling. It could be that they need more training, or perhaps they need to switch to a new sales strategy. In any event, someone who is failing to make their numbers will need some support from you to help them succeed.

FINANCIAL MOTIVATION TECHNIQUES

People management - Financial methods of motivation

Though there are many reasons why people work for a living, it is undeniable that money, or other financial rewards, play a key role in motivating people in the workplace.

There is a wide variety of ways in which a business can offer **money** (or **"financial rewards"**) as part of the "pay package", including:

- **Salaries**: fixed amounts per month or year for performing a role; these are common for most managerial positions (e.g. Accountant, Payroll Manager)
- **Benefits in kind ("fringe benefits")** – very common in businesses of all kinds; these include staff discounts, contributions to travel costs, staff uniforms etc
- **Time-rate pay**: pay based on time worked; very common in small businesses where employees are paid per hour.
- **Piece-rate pay:** pay per item produced – becoming less common

- **Commission**: payment based on the value of sales achieved.
- Other **performance-related pay:** e.g. bonuses for achieving targets
- **Shares and options**: less common in small businesses, but popular in businesses whose shares are traded on stock markets
- **Pensions** – becoming less common and generous. Small businesses tend not to offer pension benefits.

In most cases, an employee might expect to have a mixture of the above in a pay package. How important is money as a motivator? It is widely accepted that poor or low pay acts as a de-motivator. Someone who feels undervalued or under-paid may soon leave to find better-paid employment. However, it is less clear that paying people more results in better motivation. For most people, motivation (the will to work) comes from "within". More money can help us feel better about out work, but it is unlikely to encourage us to work harder or to a higher standard.

NON-FINANCIAL METHODS OF MOTIVATION

People management - Non-financial methods of motivation

Most businesses recognize the need for non-financial methods of motivation. The main ones are described briefly below:

Job enlargement

Job enlargement involves adding extra, similar, tasks to a job. In job enlargement, the job itself remains essentially unchanged. However, by widening the range of tasks that need to be performed, hopefully the employee will experience less repetition and monotony. With job enlargement, the employee rarely needs to acquire new skills to carry out the additional task. A possible negative effect is that job enlargement can be viewed by employees as a requirement to carry out more work for the same pay!

Job rotation

Job rotation involves the movement of employees through a range of jobs in order to increase interest and motivation. For example, an administrative employee might spend part of the week looking after the reception area of a business, dealing with customers and enquiries. Some time might then be spent manning the company telephone switchboard and then inputting data onto a database. Job rotation may offer the advantage of making it easier to cover for absent colleagues, but it may also reduce' productivity as workers are initially unfamiliar with a new task. Job rotation also often involves the need for extra training.

Job enrichment

Job enrichment attempts to give employees **greater responsibility** by **increasing the range and complexity of tasks** they are asked to do and giving them the necessary authority. It motivates by giving employees the opportunity to use their abilities to the fullest. Successful job enrichment almost always requires further investment in employee training.

Teamworking and empowerment

Empowerment involves **giving people greater control over their working lives**. Organizing the labor force into **teams** with a high degree of **autonomy** can achieve this. This means that employees plan their own work, take their own decisions and solve their own problems. Teams are set targets to achieve and may receive rewards for doing so. Empowered teams are an increasingly popular method of organizing employees at work.

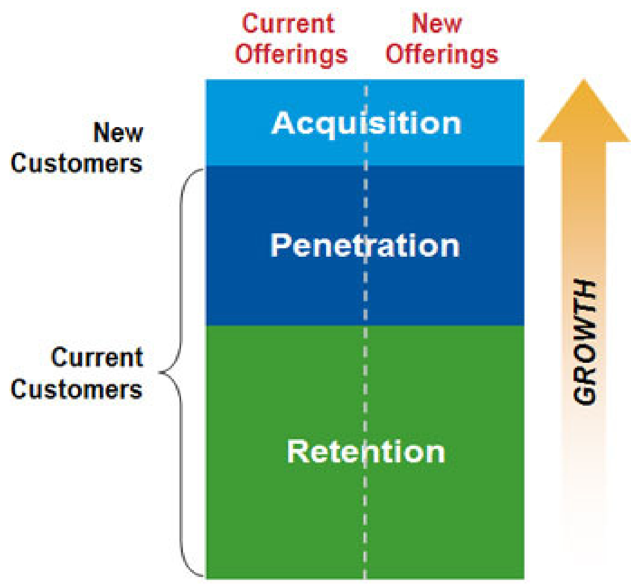
DEVISING A SALES COMPENSATION PLAN

Organizations need to pinpoint exactly how they want to grow and what they need to do to support that kind of growth. Focusing and motivating the sales team to encourage the "right" kind of growth is extremely important to achieve this goal.

Understand the Growth Strategy

The first step in designing an effective sales compensation plan is to understand the company's growth strategy and its implications for the sales function. Those responsible for developing the compensation plan need to be able to answer the question, "Where is the growth going to come from?" As shown in Figure 1, there are various ways a company can grow.

Figure 1. Growth Strategies



Source: Sibson Consulting.

Align Compensation Plan with Growth Strategy

The company's overall growth plan needs to be applied to each role in the sales organization. For example, if growth is to be achieved by gaining new customers and expanding business with existing customers, then focusing the sales compensation performance measures on new customer revenue and the average number of products sold to each customer would support the growth strategy.

The best strategy is to pay for results within each sales rep's span of control. This requires looking at the sales reps' responsibilities, including the customers and the markets they cover, the products they sell and the step(s) of the sales process they own and influence. One good example is basing incentive pay on the number of qualified leads produced by a demand-generation rep—a rep whose sole responsibility is making outbound calls to set up meetings for the company's account executives.

A sales compensation plan contains many components that need to be aligned with the growth strategy, the most important of which are:

• ***Performance measures.*** These are the metrics that drive the incentive part of the plan. Because performance measures (and the associated quotas that control pay) are the heart of the compensation plan, selecting the most appropriate measures is a top priority in achieving alignment. The number of performance measures should be kept to three or less so each one receives sufficient attention. If the individuals who are designing the plan understand the company's growth strategy and its implications for key sales roles, a short list of potential measures should be obvious.

As shown in Figure 2, below, effective performance measures are controllable, actionable and strategically aligned with the company's growth strategy. Although vetting the final measures and getting them approved can take time, especially if new measures are being introduced, the results will be worth the effort.

Figure 2. Effective Performance Measures

Source: Sibson Consulting.

• ***Upside.*** This is above-target pay for people who exceed their goal or quota. Upside should align with and support the organization's growth strategy by being triggered by revenue and/or profit growth. Although many sales functions focus on the thresholds at the low end of the performance distribution curve, paying more attention to top performers' upside is a better way to achieve alignment and drive growth. Designing a payout curve that pays $2 for each $1 of pay at risk for the top 10 percent of performers is the baseline for a growth-focused, pay-for-performance sales compensation plan. This can be adjusted up or down based on many considerations, including profitability, goal setting accuracy and ***compensation cost of sale (CCOS) target.*** If the compensation plan has more than two performance measures, place the most significant upside on the measure or measures that are most closely aligned with the company's growth strategy (*e.g.*, new product revenue or new customer revenue).

• ***Crediting rules.*** These control how people receive credit against their goal or quota. In addition to performance measures and upside, crediting rules can also be used to focus a compensation plan on growth. Because growth often requires the acquisition of new customers, crediting rules can be aligned by favoring new customers. For example, to encourage additional sales, a compensation plan can award a $2 credit for every $1 of revenue sold to a new customer or for new products sold to existing customers. Another example is to pay a car insurance agent an 8 percent commission on policy renewal revenue and a 10 percent commission on new policy revenue.

Extra care and consideration should be taken when using crediting rules, as they can quickly cause confusion and conflict. It is essential to make certain the sales organization can accurately track and measure the crediting rules and that clear criteria exist for how they apply to the various sales reps involved in a deal. As with performance measures and upside, avoid having too many crediting rules. There should be no more than two per plan to avoid confusion, and they should be strictly prioritized.

Could an outsider look at the company's sales compensation plan and understand its growth strategy? This is an excellent litmus test to determine whether the sales compensation plan and the key components of the company's growth strategy are properly aligned.

Use Quotas

Much to the chagrin of compensation plan designers, quota-based plans can be trumped by the quotas themselves because most sales reps will quickly focus on the goal and their perception of its fairness. Aligning quotas to support an organization's growth strategy is commonly accomplished by setting stretch goals that entice sales reps to overachieve and/or setting a specific quota for growth (*e.g.*, in terms of new customer revenue or number of new customers). The following are best practices for setting quotas:

• ***Be fair.*** Because "perception is reality," quotas need to be reasonable in the eye of the sales reps. Thus, they must balance company goals as dictated by the board and what is feasible given market conditions and the company's position within them. If the goal appears too onerous, reps can check out. If it appears too easy, the company's CCOS may rise excessively. To support the compensation plan and its growth incentives, the individuals who are designing the plan need to take the time to resolve the field and corporate views.

• ***Target the average performer.*** No doubt, top performers can carry a significant load of the growth goals, but they are small in number compared to the center of the performance distribution curve. Being able to motivate and move that center a couple of points to the right will be key in helping the company achieve its goals for growth. As such, it is essential to spend time analyzing the target quota and making it as accurate as possible.

Many companies allow quotas to be over allocated—the sum of the quotas exceeds the goal provided for the organization—as they are rolled down the sales organization. By the time they reach the sales reps, they can be unreasonable. Allowing for a maximum overage, or over allocation, of 15 percent from top to bottom is a good benchmark for most business models.

Use Communications for Buy-in

Designing a growth-focused compensation plan is not the end of the solution. Just as a compensation plan supports the company's growth strategy, it must be supported by an effective communication plan that gets off to a fast start and produces results quickly. These communications need to be:

• ***Focused.*** The communication plan must clearly connect the compensation plan's key features to the company's growth strategy, focus on the positives and upside pay for *both* good and great performers and answer their question "What is my reward for growth?"

• ***Multipronged.*** Because people learn in different ways, it is important to use a variety of communication methods and media, including one-on-one plan review meetings with the sales manager, online frequently-asked-questions/tutorials, question-and-answer sessions and, of course, plan documents. It is also important to use a mix of in-person, phone and online vehicles, as well as scheduled and self-service/on-demand events.

• ***Timely.*** Reps in the field should completely understand the plan within 30 days of the start of the plan period. This includes quotas and goals for plans that have them. This provides a foundation by focusing the sales organization on growth at the beginning of the performance period, in time to make progress and achieve results. It is extremely hard to achieve growth goals, especially aggressive ones, after losing 10 percent or more of the time in which the reps have to meet them.

Conclusion

Companies need to achieve the "right" kind of growth. One way to ensure that this happens is to design a sales compensation plan that rewards reps who do the right thing. This requires understanding the company's growth strategy, making sure it and the sales compensation plan are aligned and using quotas and communications to help the plan succeed. Companies that take these steps will greatly increase their chances for success in the months ahead.

TYPES OF COMPENSATION PLAN

Employee compensation and benefits are basically divided into four categories:

1. **Guaranteed pay** – monetary (cash) reward paid by an employer to an employee based on employee/employer relations. The most common form of guaranteed pay is the basic salary.

2. **Variable pay** – monetary (cash) reward paid by an employer to an employee that is contingent on discretion, performance or results achieved. The most common forms are bonuses and sales incentives.

3. **Benefits** – programs an employer uses to supplement employees' compensation, such as paid time off, medical insurance, company car, and more.

4. **Equity-based compensation** – a plan using the employer's share as compensation. The most common examples are stock options.

Guaranteed pay

Guaranteed pay is a monetary (cash) reward.

The basic element of the guaranteed pay is the base salary, paid based on an hourly, daily, weekly, bi-weekly or a monthly rate. The base salary is typically used by employees for ongoing consumption. Many countries dictate the minimum base salary defining a minimum wage. Individual skills and level of experience of employees leave room for differentiation of income-levels within the job-based pay structure. In addition to base salary, there are other pay elements which are paid based solely on employee/employer relations, such salary and seniority allowance.

Variable pay

Variable pay is a monetary (cash) reward that is contingent on discretion, performance or results achieved. There are different types of variable pay plans, such as bonus schemes, sales incentives (commission), overtime pay, and more. An example where this type of compensation plan is prevalent is the real estate industry and real estate agents. A common variable pay plan might be the sales person receives 50% of every dollar they bring in up to a level of revenue at which they then bump up to 85% for every dollar they bring in going forward. Typically, this type of plan is based on an annual period of time requiring a "resetting" each year back to the starting point of 50%. Sometimes this type of plan is administered so that the sales person never resets and never falls down to a lower level. It also includes Performance Linked Incentive which is variable and may range from 130% to 0% as per performance of the individual as per his KRA.

Benefits[

There is a wide variety of employee benefits, such as paid time-off, insurances (life insurance, medical/dental insurance, and work disability insurance), pension plan, company car, and more. A benefit plan is designed to address a specific need and is often provided not in the form of cash. Many countries dictate different minimum benefits, such as minimum paid time-off, employer's pension contribution, sick pay, and many more.

Equity-based compensation

Equity based compensation is an employer compensation plan using the employer's shares as employee compensation. The most common form is stock options, yet employers use additional vehicles such as restricted stock, restricted stock units (RSU), employee stock purchase plan (ESPP), and stock appreciation rights (SAR). The classic objectives of equity based compensation plans are retention, attraction of new hires and aligning employees' and shareholders' interests.

FRINGE BENEFITS

Definition of 'Fringe Benefits'

A collection of various benefits provided by an employer, which are exempt from taxation as long as certain conditions are met. Any employee who receives taxable fringe benefits will have to include the fair market value of the benefit in their taxable income for the year, which will be subject to tax withholdings, and social security benefits payments. Fringe benefits commonly include health insurance, group term life coverage, education reimbursement, childcare and assistance reimbursement, cafeteria plans, employee discounts, personal use of a company owned vehicle and other similar benefits.

NEGOTIATING SKILLS

Negotiation is a method by which people settle differences. It is a process by which compromise or agreement is reached while avoiding argument. In any disagreement, individuals understandably aim to achieve the best possible outcome for their position (or perhaps an organisation they represent). However, the principles of fairness, seeking mutual benefit and maintaining a relationship are the keys to a successful outcome. Specific forms of negotiation are used in many situations: international affairs, the legal system, government, industrial disputes or domestic relationships as examples. However, general negotiation skills can be learned and applied in a wide range of activities.

Negotiation skills can be of great benefit in resolving any differences that arise between you and others.

Why Negotiate?

It is inevitable that, from time-to-time, conflict and disagreement will arise as the differing needs, wants, aims and beliefs of people are brought together. Without negotiation, such conflicts may lead to argument and resentment resulting in one or all of the parties feeling dissatisfied. The point of negotiation is to try to reach agreements without causing future barriers to communications. In order to achieve a desirable outcome, it may be useful to follow a structured approach to negotiation. For example, in a work situation a meeting may need to be arranged in which all parties involved can come together. The process of negotiation includes the following stages:

1. Preparation
2. Discussion
3. Clarification of goals
4. Negotiation towards a WIN-WIN situation
5. Agreement
6. Implementation of a course of action

1. Preparation

Before any negotiation takes place, a decision needs to be taken as to when and where a meeting will take place to discuss the problem and who will attend. Setting a limited timescale can also be helpful to prevent the disagreement continuing. This stage involves ensuring all the pertinent facts of the situation are known in order to clarify your own position. In the work example above, this would include knowing the 'rules' of your organisation, to whom help is given, when help is not felt appropriate and the grounds for such refusals. Your organisation may well have policies to which you can refer in preparation for the negotiation. Undertaking preparation before discussing the disagreement will help to avoid further conflict and unnecessary wasting time during the meeting.

2. Discussion

During this stage, individuals or members of each side put forward the case as they see it, that is their understanding of the situation. Key skills during this stage are questioning**,** listening and clarifying**.** Sometimes it is helpful to take notes during the discussion stage to record all points put forward in case there is need for further clarification. It is extremely important to listen, as when disagreement takes place it is easy to make the mistake of saying too much and listening too little. Each side should have an equal opportunity to present their case.

3. Clarifying Goals

From the discussion, the goals, interests and viewpoints of both sides of the disagreement need to be clarified. It is helpful to list these in order of priority. Through this clarification it is often possible to identify or establish common ground.

4. Negotiate for a WIN-WIN Outcome

This stage focuses on what is termed a WIN-WIN outcome where both sides feel they have gained something positive through the process of negotiation and both sides feel their point of view has been taken into consideration. A WIN-WIN outcome is usually the best outcome, however it may not always be possible but through negotiation it should be the ultimate goal. Suggestions of alternative strategies and compromises need to be considered at this point. Compromises are often positive alternatives which can often achieve greater benefit for all concerned rather than holding to the original positions.

5. Agreement

Agreement can be achieved once understanding of both sides' viewpoints and interests have been considered. It is essential to keep an open mind in order to achieve a solution. Any agreement needs to be made perfectly clear so that both sides know what has been decided.

6. Implementing a Course of Action

From the agreement, a course of action has to be implemented, to carry through the decision.

UNIT-3

SALES CONTROL:

SALES EXPENSE MANAGEMENT

Expense management refers to the systems deployed by a business to process, pay, and audit employee-initiated expenses. These costs include, but are not limited to, expenses incurred for travel and entertainment. Expense management includes the policies and procedures which govern such spending, as well as the technologies and services utilized to process and analyze the data associated with it.

REIMBURSEMENT OF SALES EXPENSES, POLICIES & PRACTICES

Employees

The travel expense reimbursement policy should identify which employees of the business will have travel expenses covered. In some businesses, there may be different levels of reimbursement based on the level of the employee. For example, the CEO may be entitled to all meals being covered as well as the meals of his business guests. However, the junior sales executive may only be reimbursed for his own meals and not those of potential prospects or business colleagues. The policy should clearly state if there are differences in what is covered for different employees. If spouses or family members are allowed to accompany the employee, the policy should also state who is responsible for those expenses.

Expenses

The policy should detail the expenses that will be covered by the business. For instance, instead of saying that all meals will be covered, the small business may specify that breakfast of no more than $10, lunch of no more than $15 and dinner of no more than $20 will be covered every day. This prevents an employee from splurging on a $300 dinner on the company's dime. This part of the policy should also detail when air travel is permissible–for instance, if the destination is more than 500 miles away, the company will cover airfare, otherwise the company covers the cost of a economy rental car.

Rules

The travel expense policy should spell out specific rules. For instance, personal phone calls made from the hotel room, in-room movies or room service outside of the meal expenses will be at the expense of the employee. Also, the company may not allow alcohol to be included with expenses while other companies may also provide an entertainment allowance each night after all business dealing have been concluded. It is up to each business to construct a policy that meets the finances and priorities of the small business.

Payment

Although some businesses may reimburse travel, others may provide an upfront payment to employees based on how long they will be traveling. This policy should be made clear to all employees up front. Employees should also be informed if receipts for each expense will be required to be reimbursed. The policy should also state when reimbursement will happen and how it will be paid to the employee.

Considerations

Adjustments to the travel reimbursement policy will likely need to be made on at least an annual basis. The Internal Revenue Service has mileage rates that people are allowed to deduct on their taxes and many businesses follow this schedule. This mileage schedule is updated at least annually and sometimes more often that that. Also, if specific amounts are listed for meals or lodging, this may also need to be adjusted as years pass and rates for general services increase over time.

PREPARATION OF SALES BUDGET

A sales budget is an important first step in structuring an overall budget for your small business. With an accurate projection of future sales, a small business owner makes well-informed decisions, keeps expenses in line and protects his company from failing. Use a sales budget to structure your company in a way that maximizes profit. If you have been in business for a few years, you can usually make an accurate sales budget. If you are just starting a business, you may have to turn to outside sources to generate a reasonable sales budget.

Step 1

Select a period for your sales budget. While it is common to use an annual sales budget, some companies have quarterly or even monthly sales budgets.

Step 2

Collect historical sales data for your company. If you run an existing business, you should be able to consult past sales records. If you are making a sales budget for anything but an annual period, use sales data for the same period as the current budget you are preparing. For example, if you are working on a budget for your upcoming spring quarter, use data from a previous spring quarter to minimize the effect of seasonal factors on your sales.

Step 3

Locate sales and industry information from outside sources if you are a new company. Search for information on companies similar to yours. You can get actual sales data from the annual and quarterly reports of public companies, but that information is typically only available for large companies. The U.S. Bureau of Labor Statistics can provide you with industry growth estimates and other important financial data about your industry. Your local chamber of commerce can provide information on local companies and put you in touch with colleagues in your industry.

Step 4

Count the number of salespeople working for your company and compare it with past sales periods. If the number of salespeople in your company has risen or fallen, increase or decrease your estimated sales figures accordingly. Ask your salespeople for their own personal projections for the upcoming sales period, as their first-hand knowledge and experience can help you make accurate projections.

Step 5

Research current market trends. While past sales provide a good starting point for your budget, past performance does not always predict future results. If market trends are changing, they will most likely affect your company's fortunes as well. For example, if you make plastic cases for CDs and CD sales are falling, you may have to revise your sales estimates downward as well.

Step 6

Speak with your customers. Their intentions to buy your products are solid indicators of future sales. If your customers tend to buy at certain times during the year, factor this typical buying trend into your sales forecast.

Step 7

Create the forecast. Based on a combination of previous sales, the current state of the market, the strength of your sales force and customer intentions, make your best estimate as to sales during the next budget period.

Step 8

Compare actual results with the sales forecast. After the projected sales period concludes, see how close your projection was to your actual sales. Any variance you uncover can help you prepare future budgets more accurately.

BUDGET IMPLEMENTATION & FEEDBACK MECHANISM

Regularly conducted data collection programmes necessitate careful planning and the provision of human and financial resources to carry out the large variety of functions related to field operations, computerisation and data analysis (Table 8.1). For developing countries initial investment costs may at times be met through foreign technical assistance. Recurring costs nearly always have to be met by the national agency or fishery research institute responsible for implementing the fishery data collection programme, and should thus be planned for and budgeted on a long-term basis. Care must be taken in preparation of the preliminary budgets during the design phase to account for all investment and recurrent costs. Once the collection programme is up and running, the budget will probably have to be adjusted to ensure adequate resources are available to support the programme and meet its objectives.

Incentives

To implement a data collection programme, a reasonable support must be obtained from the informants supplying the data (i.e. fishers, market middle person, factories, traders, consumers, institutions, etc.). There are several ways to achieve this:

· make informants aware about the objective and importance of data collection and its consequent uses (e.g. special publicity campaign, leaflet, meetings);

· provide continuous feed-back on the results from the data collection (see section 8.3.6);

· establish good relationships between enumerators and informants;

· give incentives for co-operation (e.g. free licenses, rewards);

· impose a penalty on those that do not co-operate (e.g. lower quota, suspension of licence, fines).

In general, data collection for scientific purposes should be separated from data collection for enforcement. The reason for this is to remove the incentive for fishers to bias sampling. Enforcement officers will tend to get less co-operation when trying to obtain data since fishers may feel threatened, or may have broken regulations which they will try to hide. For instance, size frequency sampling, where fishers hide fish below the minimum size, will bias the data. Such biased data may result in management decisions that damage the fishery much more than simply catching undersized fish. Data collection needs to concentrate on what is really happening in the fishery, not what is supposed to be happening.

Training

Training is one of the most crucial components in the preparation and successful implementation of data collection programmes, and must always be given high priority.

Adequate training and supervision of staff involved in monitoring are essential if the data collected are to be valid. Data collectors are frequently junior in organisational hierarchies and are rewarded accordingly. However, they are also expected to work in remote areas or as the sole observers aboard ships, often with no contact with their supervisors or colleagues for lengthy periods. It is important that care is taken in identifying appropriate staff that are prepared with adequate training. Every effort should be made to maintain morale and an awareness of the role of their task in the broader fisheries context. Supervisory staff should make regular site visits to maintain data quality, and regular in-service training sessions should be held.

SALES CONTROL

Management policies and practices aimed at ensuring that all sales are recorded, made at correct prices, and fulfilled to customers' satisfaction. Sales control involves an evaluation of all marketing efforts with reference to predetermined standards of performance. Like any other control system, sales control requires the establishment of standards, the evaluation of actual performance and the correction of deviation in performance. Sales control implies not only managerial action with regard to actual sales, but it also embraces all other marketing functions required for the even flow of products or services form producers to consumers. All promotional and auxiliary efforts in marketing require as much control as the actual selling efforts demand. Nevertheless, control of promotional and auxiliary efforts in marketing is more difficult and cannot be exercised with that exactness which is possible in case of actual selling efforts. Because of their intangible performances, ancillary activities in marketing are placed under some broad measures of control, and they are measured and appraised by managerial judgment, skill or experience. The basic tool for controlling these efforts is to be found in the sales expense budget. The basic tool for controlling these efforts is to be found in the sales expense budget. The development of a sales expense budget compels the managers to think analytically for including all possible selling expenses, to make marketing efforts more productive and effective, as well as to keep the marketing cost of products or services within fixed bounds.

For controlling performances of salesmen, the sales budget or in the absence of a sales budget, the sales programme provides the standard for control. Usually, the sales forecast is the first step in sales planning and contains goals to be achieved. These goals are subsequently translated into greater details and are incorporated in the sales budget, or in the sales programme. Final sales planning, whether through budgeting or programming, is the synthesis of a complex group of plans like objectives, policies and procedures in the sphere of sales. Thus performances of salesmen are measured and evaluated against the standards set up in the sales budget or programme. But in most cases, the standards are expressed in terms of money value or rupee figures of sales. Strictly speaking, effective control cannot be exercised in terms of rupee sales alone. The number of product units sold, the number of calls attended, the number of demonstrations give, the number of miles traveled of control. According to the nature of product and market characteristics, one or more control standard are to be used for apprising the performances of salesmen.

SALES MEETINGS & CONTESTS:

PLANNING & STAGING OF SALES MEETINGS

Salespeople don't like meetings. They'd rather be calling prospects, making appointments, closing sales – in other words, doing things that will make them money. Every minute that a salesperson spends in a meeting is a minute he's not using to generate revenue. Regardless, sales meetings are a necessary part of running a sales team. The trick to holding successful sales meetings is to approach them in a way that shows respect for your salespeople. Follow these six guidelines, and your sales team will love you for it.

Have a (Good) Reason

Too many sales managers hold a Monday sales meeting just because it's Monday and they've always had a sales meeting that day. However, the existence of Monday is not in itself a valid reason to hold a meeting. If a regularly scheduled sales meeting approaches and no one has anything of importance to convey, cancel the meeting. The rule of thumb for judging if a given topic requires a meeting? If you can get the message across in a written paragraph or two, cancel the meeting and pass around a memo instead.

Sell the Meeting

Treat sales meetings like prospect presentations. Well before the meeting, write up at least an outline of what you're going to say and have any slides, handouts, etc. done in advance. And in your presentation, show how you're benefiting the sales team by giving them this information. Obviously not every presentation will be good news, but it will still be important for the team to know (or else why are you holding the meeting?). So make sure your salespeople know that you're not wasting their precious time. And apply the same rule to anyone else who wants to hold a meeting or give a presentation at one of your meetings.

Respect the Team's Time

If you tell the sales team that it will be an hour-long meeting, don't allow it to stretch to an hour and a half. The easiest way to do this is to publish an agenda with clearly marked time periods for each phase of the meeting. When the time for a specific event is up, be ruthless in bringing it to an end. If you find that you haven't allowed enough time for one item, and then suggest a follow-up meeting to go into that matter in more detail.

Keep a Group Focus

The point of a sales meeting is to discuss things that are of interest to all of the participants. If an individual is having a problem, then offer to discuss it later one-on-one. This does not apply to answering individual questions about a group issue – for instance, a new compensation plan is likely to spark a lot of questions that many salespeople will share.

Talk About Sales

It seems fairly obvious that a sales meeting should a discussion of sales-related subjects, and yet topics like messy kitchens and parking problems somehow manage to creep into many sales meetings. Appropriate items for a sales meeting agenda would include new product releases, pricing changes, sales training, pre-appointment planning, promotions and sales campaigns and analysis of same, upcoming changes to sales quotas, etc.

Don't Be a Downer

Some of the topics that come up in sales meetings will be unpleasant. Don't let those issues bring the team down. If you have bad news to deliver, put it in the early part of the agenda and always try to end on a high note. For instance, you might close every meeting by congratulating the highest producer of the past week (or however long it's been since the last meeting) and asking them to share a suggestion or two with the rest of the team.

SALES CONTESTS, SPECIFIC OBJECTIVES

A sales contest has a bit of suspense, a bit of a change of scenery to it. It reeks of hope for those that normally don't lead the pack within your organization. Hope springs eternal for those that occupy the lower rungs of the sales ladder. At one of my former places of employment, we had an inventory (bricks) that was *WAY TOO HIGH*. The young Sales Manager had tried being a buddy, he had tried being an ass and had gotten tired of trying. I suggested that he partner up with one of the mortar companies that we dealt with and have a sales contest for colored (pigmented) mortar used with any brick that was already in stock. Grey mortar and brick that had to be brought in were not counted towards the final totals. The prizes were higher commissions for the stock brick, versus any that had to be trucked in, and a cruise from the mortar company for everybody who met their goal. The results were almost comical. All of us who had told the Sales Manager that we couldn't sell any of the brick off the yard were fighting over those sad excuses for bricks. And all of us who had told him that we couldn't sell colored mortar were selling it left and right and at a premium price. Another promotion that I suggested was to put up a **" Brick of the Week "** for the inside sales and customer service reps. The first one to move that lot of bricks got a $50 gift card to a restaurant, where I had negotiated buying $1000 worth of gift cards for $800.

Sales contests that work are hard to devise, but their effects are almost always positive. If you need help coming up with a contest for your organization, I'll be gald to help you, but my daily fee is $600, plus expenses and you don't want to pay that. I normally charge way more than you can afford per hour for phone consultations, and the free consultations are all gone. The two suggestions I mentioned above made well into six figures for the respective companies. I'm sure they'd pay my usual fee for another six figures.

CONTEST PRIZE

Time Frame

Employers can increase employee productivity by offering a reward to whichever employee finishes his allotted workload the fastest. They can hold a monthly contest in which an employee with the best track record of coming to work on time or who arrives at work first receives a privilege, such as a reserved parking space or a better office location. Senior management can offer innovative prizes, such as washing an employees' car or dressing in a costume that the winner chooses.

Teams

Employers can break employees up into teams to foster friendly competition among them. Teams that sell the most products over a set time frame receive a free catered lunch or a day off from work. Business owners can use a contest to teach quarreling employees to work together by placing them on the same team. They should ensure that competition remains friendly and does not damage employee relations.

Service

Service businesses can monitor customer feedback and award a star to the employee who receives the most positive feedback from customers. The employee who receives the most stars in a month receives a plaque with his picture on it displayed in a conspicuous part of the business.

Dress

The dress of employees reflects strongly on the professionalism of a business. An employer can offer a best-dressed award on a weekly basis to encourage employees to meet or exceed the company's dress code policies. The winner receives a casual day when he can dress however he pleases.

Loyalty

A business owner should establish a sense of loyalty in his employees to increase their engagement. On an annual basis, he can reward employees who go beyond their job descriptions to meet the needs of the business by giving them a token of appreciation during a banquet ceremony, such as a custom paperweight or a watch.

Raffles

Employers can offer raffles around the holiday season, such as a Christmas ham or a Thanksgiving turkey, contingent on the performance of employees. Employees can receive a raffle ticket for performing a function within the company, such as making an additional sale, which will then go into a raffle box. At the end of the contest, the employer will draw a random ticket from the box and award the price to the ticket holder.

Rewards

When holding contests, employers should offer prizes for multiple places. A business owner who offers a single prize to a consistently outstanding employee will discourage other employees from participating in a contest. Creative rewards need not cost much. Employees appreciate not only cash bonuses but also little perks, such as an extra break and social recognition.

MANAGERIAL EVALUATION OF CONTESTS

The job of the sales manager is to see whether the sales force is motivated or not, he can also initiate some sort of contest or scheme where he can motivate the sales force to achieve above their target. After finalizing the contest he is the person who is responsible to find out if the contest has been successfully carried out without any hassles.

UNIT-4

CUSTOMER RELATIONSHIP MANAGEMENT

Every business unit emphasizes on spurting a long term relationship with customers to nurture its stability in today's blooming market. Customer's expectations are now not only limited to get best products and services, they also need a face-to-face business in which they want to receive exactly what they demand and in a quick time. **Customer Relationship Management is an upright concept or strategy to solidify relations with customers and at the same time reducing cost and enhancing productivity and profitability in business**. An ideal CRM system is a centralized collection all data sources under an organization and provides an atomistic real time vision of customer information. A CRM system is vast and significant, but it be can implemented for small business, as well as large enterprises also as the main goal is to assist the customers efficiently.

Usually an organization consists of various departments which predominantly have access to customer's information either directly or indirectly. A CRM system piles up this information centrally, examines it and then makes it addressable within all the departments. Lets take an example of an international call center which uses a CRM tool called 'xyz' and is integrated with a phone and a computer system or laptop. Now this system automatically perceives which customer is calling. Before the executive attends the phone the CRM system brings forth the customer details on the computer or laptop screen and also indicates what the opportunity of deals is with that particular customer, what the customer had already purchased or ordered in past and what is the probability of buying in future. Not only this, it can also highlight what all products best suit this customer. For finance department it may show the information regarding the current balance and for accounting department it may pop out the information regarding the recent purchases by the customer. All these pieces of data are stored in the CRM database and are available as and when it is needed. According to this example, **CRM system provides a well defined platform for all business units to interact with their clients and fulfill all their needs and demands very effectively and to build long-term relationship**.

Wangling this kind of relationship with customers is not easy to manage and it depends on how the systematically and flexibly a CRM system is implemented or integrated. But once it's accomplished it serves the best way in dealing with customers. In turn customers feels gratitude of self-satisfaction and loyalty which results in better bonding with supplier and hence increasing the business. A CRM system is not only used to deal with the existing customers but is also useful in acquiring new customers. The process first starts with identifying a customer and maintaining all the corresponding details into the CRM system which is also called an 'Opportunity of Business'. The Sales and Field representatives then try getting business out of these customers by sophistically following up with them and converting them into a winning deal. Customer Relationship Management strategies have given a new outlook to all the suppliers and customers to keep the business going under an estimable relationship by fulfilling mutual needs of buying and selling.

CRM originated in early 1970s when the business units had a manifestation that it would be advisable to become 'customer emphatic' rather that 'product emphatic'. Birth of CRM was because of this heedful perceptiveness. The famous writer and management consultant Peter Drucker wrote; 'The true business of every company is to make and keep customers'. Traditionally every transaction was on paper and dependent on goodwill which created hindrance in clutching customers. People used to work hard in entertaining customers by presenting new products with astonishing services; they were ready to work overtime for grasping more and more customers for increasing business. This too resulted in customer satisfaction and loyalty up to some extent, but at the end of the day there was no such bonding or relation between the two to carry on with future business smoothly.

Previously business was quite easy as it was mere a one-to-one dealing without any specific process. But with time, due to incoming complexities in communication, it found itself in troubled waters. Emerging of new strategies and technologies in global marketplace and a mammoth degree of competition in business, the approach needed to be changed to proactive rather than reactive. Origination of CRM turned out to be a piece of cake for all suppliers and customers due to its advantages. **Customer relationship management came as a process that dealt with relationships with customers surpassing the whole business.** Originally customer relationship management was based on three major principles; shielding the current customers, fostering new customers and enhancing asset value of all the customers. With the advent of CRM which was integrated with high end software and technology, business perspectives were totally changed. A CRM system eventually emerged as consisting of company-full of information which is depicted sophistically to increase business profit and meliorate customer satisfaction and loyalty, on the same hand reduces business cost and investment. **The outgrowth in origin of CRM as a strategic approach is a result of some of the following important perspectives:**

1. The belief that customers are the real assets and not just the people in the audience.
2. The maturation of one-to-one transaction advent.
3. Extensive use of software and technologies to maintain useful information and no manual labor.
4. The realization of the benefits of utilizing information proactively and not reactively.
5. The change of business view to relationship approach rather than transactional approach.
6. The approach of concentrating more on customer values rather than concentrating on how the product is delivered to the customer.
7. The approach of focusing on customer satisfaction and loyalty rather than focusing self satisfaction and profit.

8. The acceptance of the fact that using high end technologies and software the cost can radically be decreased without compromising on quality and service of products.
9. The increasing tendency to retain existing customers and trying to get more and more business out of them.
10. The realization that the traditional trends of marketing and selling are increasingly fading out in the current economic scenario.

These additive approaches helped a lot in building up consequently the modern CRM. Today we have well defined and sophisticated CRM systems into being which are always in process of improvement.

APPLICATIONS OF RELATIONSHIP MARKETING

Relationship marketing was first defined as a form of marketing developed from direct response marketing campaigns which emphasizes customer retention and satisfaction, rather than a dominant focus on sales transactions. As a practice, relationship marketing differs from other forms of marketing in that it recognizes the long term value of customer relationships and extends communication beyond intrusive advertising and sales promotional messages. With the growth of the internet and mobile platforms, relationship marketing has continued to evolve and move forward as technology opens more collaborative and social communication channels. This includes tools for managing relationships with a customer that goes beyond simple demographic and customer service data. Relationship marketing extends to include inbound marketing efforts, (a combination of search optimization and strategic content), PR, social media and application development. Relationship marketing refers to a short-term arrangement where both the buyer and seller have an interest in providing a more satisfying exchange. This approach tries to disambiguiously transcend the simple post purchase-exchange process with a customer to make more truthful and richer contact by providing a more holistic, personalized purchase, and uses the experience to create stronger ties.

According to Liam Alvey, relationship marketing can be applied when there are competitive product alternatives for customers to choose from; and when there is an ongoing and periodic desire for the product or service. Modern consumer marketing originated in the 1960s and 1970s as companies found it more profitable to sell relatively low-value products to masses of customers. Over the decades, attempts have been made to broaden the scope of marketing, relationship marketing being one of these attempts. Arguably, customer value has been greatly enriched by these contributions. The practice of relationship marketing has been facilitated by several generations of customer relationship management software that allow tracking and analyzing of each customer's preferences, activities, tastes, likes, dislikes, and complaints. For example, an automobile manufacturer maintaining a database of when and how repeat customers buy their products, the options they choose, the way they finance the purchase etc., is in a powerful position to develop one-to-one marketing offers and product benefits. In web applications, the consumer shopping profile can be built as the person shops on the website. This information is then used to compute what can be his or her likely preferences in other categories. These predicted offerings can then be shown to the customer through cross-sell, email recommendation and other channels. Relationship marketing has also migrated back into direct mail, allowing marketers to take advantage of the technological capabilities of digital, toner-based printing presses to produce unique, personalized pieces for each recipient through a technique called "variable data printing". Marketers can personalize documents by any information contained in their databases, including name, address, demographics, purchase history, and dozens (or even hundreds) of other variables. The result is a printed piece that (ideally) reflects the individual needs and preferences of each recipient, increasing the relevance of the piece and increasing the response rate. Relationship marketing has also been strongly influenced by reengineering.

According to (process) reengineering theory, organizations should be structured according to complete tasks and processes rather than functions. That is, cross-functional teams should be responsible for a whole process, from beginning to end, rather than having the work go from one functional department to another. Traditional marketing is said to use the functional (or 'silo') department approach. The legacy of this can still be seen in the traditional four P's of the marketing mix. Pricing, product management, promotion, and placement. According to Gordon (1999), the marketing mix approach is too limited to provide a usable framework for assessing and developing customer relationships in many industries and should be replaced by the relationship marketing alternative model where the focus is on customers, relationships and interaction over time, rather than markets and products. In contrast, relationship marketing is cross-functional marketing. It is organized around processes that involve all aspects of the organization. In fact, some commentators prefer to call relationship marketing "relationship management" in recognition of the fact that it involves much more than that which is normally included in marketing.

MARKETING STRATEGY

Marketing strategy is defined by Prophet's David Aaker as a process that can allow an organization to concentrate its resources on the optimal opportunities with the goals of increasing sales and achieving a sustainable competitive advantage. Marketing strategies includes all basic and long-term activities in the field of marketing that deal with the analysis of the strategic initial situation of a company and the formulation, evaluation and selection of market-oriented strategies and therefore contribute to the goals of the company and its marketing objectives. Marketing strategies serve as the fundamental underpinning of marketing plans designed to fill market needs and reach marketing objectives. Plans and objectives are generally tested for measurable results. Commonly, marketing strategies are developed as multi-year plans, with a tactical plan detailing specific actions to be accomplished in the current year. Time horizons covered by the marketing plan vary by company, by industry, and by nation, however, time horizons are becoming shorter as the speed of change in the environment increases. Marketing strategies are dynamic and interactive. They are partially planned and partially unplanned. See strategy dynamics. Marketing strategy needs to take a long term view, and tools such as customer lifetime value models can be very powerful in helping to simulate the effects of strategy on acquisition, revenue per customer and churn rate.

Marketing strategy involves careful scanning of the internal and external environments. Internal environmental factors include the marketing mix and marketing mix modeling, plus performance analysis and strategic constraints. External environmental factors include customer analysis, competitor analysis, target market analysis, as well as evaluation of any elements of the technological, economic, cultural or political/legal environment likely to impact success. A key component of marketing strategy is often to keep marketing in line with a company's overarching mission statement.

Once a thorough environmental scan is complete, a strategic plan can be constructed to identify business alternatives, establish challenging goals, determine the optimal marketing mix to attain these goals, and detail implementation. A final step in developing a marketing strategy is to create a plan to monitor progress and a set of contingencies if problems arise in the implementation of the plan.

Marketing Mix Modeling is often used to help determine the optimal marketing budget and how to allocate across the marketing mix to achieve these strategic goals. Moreover, such models can help allocate spend across a portfolio of brands and manage brands to create value.

INTERNAL MARKETING

Internal marketing is the process of motivating and empowering the employees of a company to work as a team for the overall wellbeing of the customers and thereby the company itself. This is actually the core to success of a company. A harmonized effort within the company is an utmost necessity to provide customers with services at a desired level. If we don't deliver the service we promise in our marketing campaign, we will fail for sure. And we only can keep that promise when all of our employees at all levels realize what actually we are going to deliver. Internal marketing is a means of involving staff at all levels in effective marketing programmers by enabling them to understand their role within the marketing process. Internal marketing programs consist of training and staff development, effective internal communications and integration schemes, designed to enhance knowledge and understanding of the overall marketing orientation within the organization. Internal Marketing (IM) is an ongoing process that occurs strictly within a company or organization whereby the functional process is to aligns, motivates and empowers employees at all management levels to consistently deliver a satisfying customer experience. Commitment to the goal of guaranteeing the best possible treatment of customers participating actively in achieving the organisation's goals creating a potential for long-term success. Internal marketing may be used to place, and gain acceptance of new systems such as the introduction of information technology and new working practices, and other changes. Building Corporate Image: Internal marketing's role is to create awareness and appreciation of the company's aims and strengths - as all employees are potential company ambassadors. Strategic Internal Marketing: which aims at reducing inter-departmental and inter-functional conflict and developing the co-operation and commitment needed to make external marketing strategies work?

ETHICS DEFINED

When we trace the origin of business ethics we start with a period where profit maximisation was seen as the only purpose of existence for a business. There was no consideration whatsoever for non-economic values, be it the people who worked with organisations or the society that allowed the business to flourish. It was only in late 1980's and 1990's that both intelligentsia and the academics as well as the corporate began to show interest in the same. Nowadays almost all organisations lay due emphasis on their responsibilities towards the society and the nature and they call it by different names like corporate social responsibility, corporate governance or social responsibility charter. In India Maruti Suzuki, for example, owned the responsibility of maintain a large number of parks and ensuring greenery. Hindustan unilever, similarly started the e-shakti initiative for women in rural villages. Globally also many corporations have bred philanthropists who have contributed compassion, love for poor and unprivileged. Bill gates of Microsoft and Warren Buffet of Berkshire Hathaway are known for their philanthropic contributions across globe.

Many organisations, for example, IBM as part of their corporate social responsibility have taken up the initiative of going green, towards contributing to environmental protection. It is not that business did not function before the advent of business ethics; but there is a regulation of kinds now that ensures business and organisations contribute to the society and its well being. **Nowadays business ethics determines the fundamental purpose of existence of a company in many organisations**. There is an ensuing battle between various groups, for example between those who consider profit or share holder wealth maximisation as the main aim of the company and those who consider value creation as main purpose of the organisation. The former argue that if an organisations main objective is to increase the shareholders wealth, then considering the rights or interests of any other group is unethical. The latter, similarly argue that profit maximisation cannot be at the expense of the environment and other groups in the society that contribute to the well being of the business.

Nevertheless business ethics continues to a debatable topic. Many argue that lots of organisations use it to seek competitive advantage and creating a fair image in the eyes of consumers and other stakeholders. There are advantages also like transparency and accountability.

FACTORS INFLUENCING THE ETHICS OF SALES PEOPLE

Markets present a clash of interest between various players. There is competition for resources, customers and price etc, which breeds ground for activities that may not get ethical sanctions. A certain code of conduct, policies and practices called ethics are required to manage markets and marketing. Marketing is the heart of all businesses and all other functions depend upon the same for keeping the business moving. It is one business function that interacts the most with markets, in fact markets are meant to sell and they exist only when they sell! In such a scenario there are bound to be multiple players and a clash is inevitable. Such clash leads to malpractices like hoarding, price competitions, brand wars and use of unfair tactics, which is precisely where marketing ethics come into play. Simply put, ethics means principle or values by which marketing ought to be conducted in the market place. Logically also when there are huge number of transactions involved, a certain code or guiding principles are required to ensure that operations and industry competitiveness is fair and beneficial to the end user. **There are different philosophies or schools of thought for ethics in marketing, one is the political philosophy and the other is the transaction focused**.

Whereas one school of thought says that all marketing efforts should be focused on maximizing the shareholder value and that this is the only marketing ethics; the other believes that that marketing and market is equally responsible to consumers, other stake holders and the shareholders. The tactic of targeting targeted segments, creating needs that were inexistent till now, transparency about the source of labor and environmental risks, transparency about the use of source and the ingredients, appropriate labeling, mentioning associated health risks, advertising jurisprudence and not making false promises fall within the ambit of marketing ethics. Lots of marketing and promotion was carried out for goods and services that were not a need till yesterday and only a luxury. Today cell phones have become a need and a status symbol! These are issues that are being discussed in marketing ethics nowadays. Marketing ethics is in its budding stage only considering that it came into being only in late 1990s.

Like other ethical disciplines, marketing ethics is also looked up from various perspectives. There is the perspective of virtue, expediency and other perspectives. But like other ethics there is also the difficulty of deciding the agency responsible for ethical practice. Since there is not one single agency responsible for ethics this gives the independence to an individual or to any marketing agency to act on its own and be ethical! Marketing ethics unlike other business ethics is not only restricted to the field of marketing alone. It influences many aspects of our life and especially in developing perceptions in the minds of people and creating identities, classes and sections in the society. The visual channels of communication used for marketing sometimes lead to closure of knowledge, opinions, ideas and beliefs. It creates prejudices in the mind of people.

PRIMARY AREAS SERVED BY ETHICS OF SALES MANAGEMENT

1. **Define ethics and defend its importance to sales and sales management.** Business ethics determines how companies resolve dilemmas with moral consequences. Sales managers cannot escape dealing with these types of ethical dilemmas and should make sure customers? Vulnerabilities in the exchange are not exploited.

2. **Show how salespeople are boundary spanners.**

Salespeople are considered boundary spanners because they work in the "boundary" between customers and the organization. As such, they perform actions that link the customer to the firm. In this position, the salesperson often faces an ethical dilemma involving the fair treatment of customers, the organization, or both.

3. **Apply a code of ethics to sales and sales management situations.**

Codes of ethics express the values of a firm by specifying in writing specific behaviors that are consistent or inconsistent with those values. Their effectiveness is a debated topic, since the mere existence of a code does not guarantee a more ethical environment. Codes must not only be adopted, but top management must truly epitomize the values embodied by the codes. A sales manager cannot expect a salesperson to conform to a code of behavior the manager openly behaves inconsistently with. There are four basic types of ethical codes: (1) company codes that define ethical boundaries for employees; (2) professional codes that define ethical boundaries for occupational groups such as advertisers, marketing researchers, sales representatives, doctors, lawyers, accountants, and so on; (3) business association codes that define ethical boundaries for people engaged in the same line of business; and (4) advisory group codes suggested by government agencies or other special interest groups. Each industry is confronted with unique ethical issues and must adapt its code to meet the situation.

4. **Apply the criteria for making moral judgments.**

Every person has a particular ethical philosophy. Idealism is a philosophy by which we judge actions against some applicable, universal standard or guiding principle. Relativism is a philosophy by which we judge the acceptability of actions in the context of some situation. Teleology is the philosophy that the end justifies the means. Three dimensions of moral judgments are (1) moral equity, or the fairness or justness of some behavior; (2) acceptability, or how socially or culturally acceptable an employee views certain types of behavior; and (3) contractualism, or whether an act violates written or implied policies, contracts, or laws.

5. **Create and manage an ethical climate.**

Ethical climate concerns the way employees view their work environment on moral dimensions. Four dimensions of ethical climate are policies and rules, trust and responsibility, peer behavior, and a bottom-line sales orientation. In particular, a strong bottom-line orientation?heavy emphasis on making the numbers? is responsible for motivating unethical actions. The sales manager can work toward a more positive ethical climate by emphasizing four workplace outcomes: (1) employees should know and understand ethics, (2) management should measure the ethical climate and use the measure to diagnose potential problems, (3) managers should lead by example, and (4) managers should use an ethics checklist to avoid making poor decisions when faced with ethical dilemmas.

6. **Observe legal regulations that affect the sales environment.**

Observation of legal regulations begins with knowledge. The chapter covers many legal regulations that affect the sales environment. Key regulatory acts include the Sherman Antitrust Act and the Child Protection Act. These regulations are largely intended to make sure that a competitive marketplace is maintained or to protect populations perceived as vulnerable. Sales managers must be aware of key legal regulations that are relevant in their respective industries.

7. **Model good ethical behavior among the sales force.**

Sales managers have many things to teach professional salespeople before they can carry out their individual jobs. Ethics training may not seem to be a high priority, but if the firm has strong ethical values, then ethics training is essential. Even if the salesperson already believes he or she knows the difference between right and wrong, training increases ethical sensitivity and makes the salesperson more aware of potential ethical implications. A positive, healthy, and ethical work climate begins at the top. If the sales manager does not treat salespeople honestly and fairly, salespeople are likely to have low regard for equitable and honest treatment of customers, suppliers, channel partners, or even coworkers. Similarly, sales managers must thoroughly know and practice the company code of ethics (assuming one exists) if they expect salespeople to follow it.

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