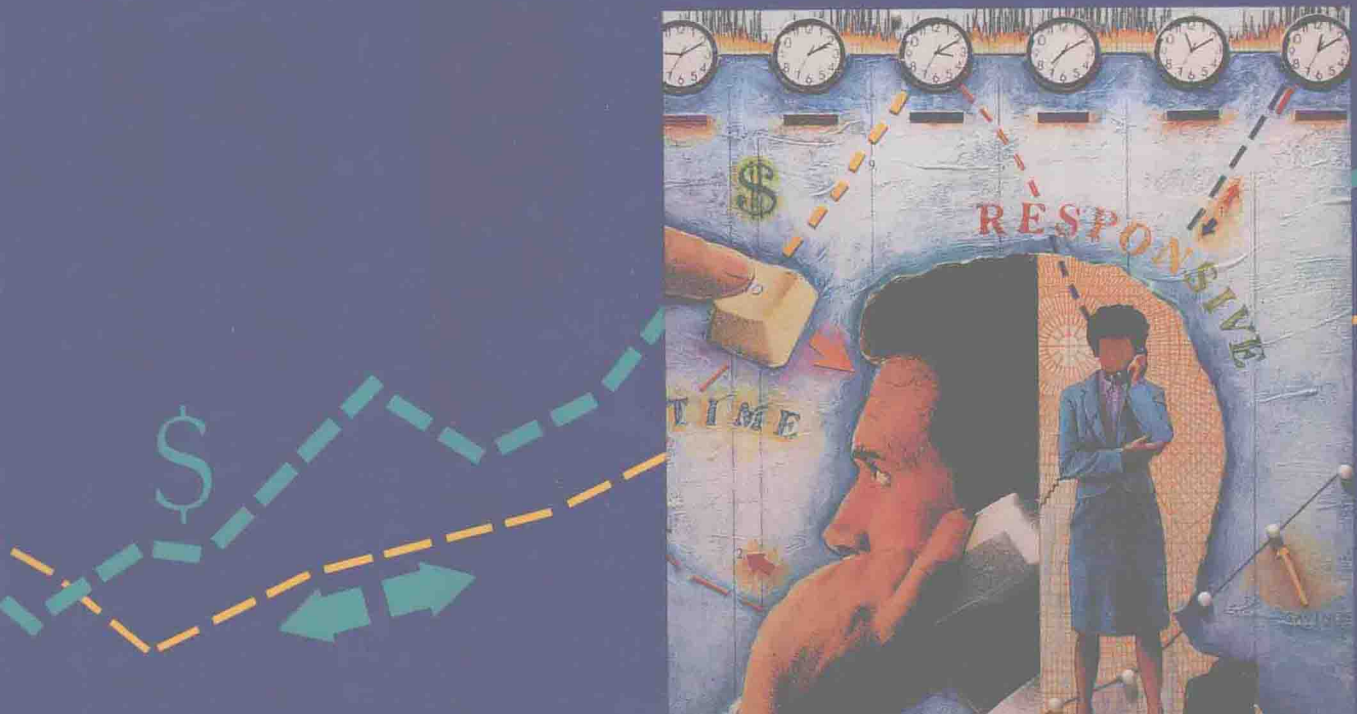


JAMES M. COMER

SALES MANAGEMENT



People and Profit

JAMES M. COMER

University of Cincinnati

ALLYN AND BACON

BOSTON LONDON TORONTO SYDNEY TOKYO SINGAPORE

THANK YOU

Wallace G. and Mary E. Comer for providing the basic training.
Dorie, Kevin, and Melissa Comer for adapting to the stress and
long hours it takes to write a book.

Series editor: Henry Reece
Series editorial assistant: Katherine Grubbs
Editorial-production administrator: Elaine Ober
Editorial-production service: Sally Stickney
Text designer: Deborah Schneck
Cover administrator: Linda K. Dickinson
Manufacturing buyer: Louise Richardson



Copyright © 1991 by Allyn and Bacon
A Division of Simon & Schuster, Inc.
160 Gould Street
Needham Heights, MA 02194

All rights reserved. No part of the material protected by this copyright notice may be reproduced or utilized in any form or by any means, electronic or mechanical, including photocopying, recording, or by any information storage and retrieval system, without the written permission of the copyright owner.

Credits

Extract on page 56 used with the permission of Business Week; extract on pages 62–63 from “On the Job with a Successful Xerox Saleswoman,” *Fortune*, © 1984 Time Inc. All rights reserved; extract on page 67 from Hugh D. Menzies, “The New Life of a Salesman,” *Fortune*, © 1980 Time Inc. All rights reserved; Figure 5-5, page 135, top left, adapted with the permission of Human Resources International and Van Dorn Plastic. Cartoons on pages 52, 246, and 559 reproduced with the permission of Matt Berninger.

In regard to the software disk accompanying this text, the publisher assumes no responsibility for damages, errors, or omissions, without any limitation, which may result from the use of the program or the text.

Library of Congress Cataloging-in-Publication Data

Comer, James M.

Sales management: people and profit / James M. Comer.

p. cm.

Includes bibliographical references and indexes.

ISBN 0-205-12596-4

1. Sales management. I. Title.

HF5438.4.C655 1990

658.8'1—dc20

90-1275

CIP

ISBN 0-205-12596-4

ISBN 0-205-12599-9 (5¼" disks)

ISBN 0-205-12974-9 (3½" disks)

Printed in the United States of America

10 9 8 7 6 5 4 3 2 1 95 94 93 92 91 90

Sales Management

SALES MANAGEMENT

Preface

There are those who advocate that the best place to learn sales management is not in the classroom but in the field. They contend that only actual field experience can teach a person how to deal with the day-to-day complexities of managing a sales force.

There are three weaknesses with this perspective. First, trial and error is not necessarily the most efficient or effective way to learn a managerial position. The economic and legal consequences of an error can be substantial. Second, a sales manager is responsible for people's lives and careers, and his or her decisions must be based on more than instinct and limited managerial experience. Third, the benefits of research findings in sales management and other disciplines can often be usefully applied by sales managers. A practicing manager does not have the time to locate these findings and decide how to integrate them into daily operations.

Classroom education is not suggested as an adequate substitute for experience. Rather, being a successful manager in this complex, technologically driven, legalistic environment requires an intelligent blend of formal education and practical experience. The purpose of this book is to provide the framework and the start on that education process.

Focus of the Book

The book is designed to be used primarily in the undergraduate sales management course. It presumes that the student has had introductory courses in marketing, accounting, and finance. The book may also be used at the MBA level with additional readings and perhaps a few cases that are more strategic and policy oriented. I will provide a list of these on written request sent to me at the University of Cincinnati, Lindner Hall, Mail Location #145, Cincinnati, Ohio 45221.

Book Concept and Design

The book's basic concept is that the sales manager functions essentially as a CEO, with responsibility for achieving profit goals as well as for managing people. The basic difference is that the sales manager's position is narrower in scope and essentially

tactical in nature. The book is designed so that each of the five parts contributes to the development of this concept.

Part One is designed to provide the student with an overview of personal selling and sales management. One chapter on the position of personal selling and sales management in the organization, two chapters on personal selling, and one on sales manager activities and responsibilities supply the student with the appropriate preparation for subsequent chapters.

Part Two furnishes a detailed discussion of the skills necessary for a person to become an outstanding sales manager. Each chapter concentrates on a different set of skills that a manager may use to improve his or her operational efficiency and effectiveness. The material learned in these chapters provides the basis for decision making in the two areas of sales management: team building and managing the sales team.

Part Three concentrates on recruiting, selecting, and training as separate aspects of one managerial function—building a coherent and productive sales team. An overview chapter is followed by a chapter on the specifics of recruiting and selection, a chapter on training program development, and, finally, a chapter on training sales representatives in how to sell.

Part Four focuses on how the knowledgeable sales manager can use compensation, motivation, and appraisal to successfully manage the sales force.

Part Five attempts to identify how some of the tidal forces of change in the business environment may affect sales management practice in the upcoming decade.

Why Another Sales Management Text?

Like so many other authors, I began to write this book because I was dissatisfied with the texts available at that time. My dissatisfaction stemmed from four sources: (1) the isolation of ethical discussion; (2) the lack of clarity on the limits of the sales manager's authority and responsibility in the corporate context; (3) a need to portray more clearly the interdisciplinary nature of sales management; and (4) my desire to demonstrate the interdependencies that exist among sales management decisions.

Ethics. Too many sales management texts confine the discussion of ethics to a single chapter relegated, almost as an afterthought—"we have to have it"—to the last chapter. This book, however, weaves the discussion of ethics into as many chapters as seem relevant and supports it with review questions and discussion questions that will provide some very interesting class exercises.

Corporate Context. A field sales manager is the first level of supervision. As a consequence many of the manager's actions are carefully constrained by corporate policies and procedures. For example, a field sales manager rarely, if ever, designs a sales quota system; formulates policy on recruiting, selecting, and training; or constructs a sales force compensation plan or evaluation program. Thus, while the range of a field manager's activities may be broad and is certainly substantive, his or her authority and responsibilities are essentially tactical. The text carefully delineates how

a sales manager's role as the "person in the middle" between upper management and the sales force limits the manager's decision-making options.

Interdisciplinary Perspective. Sales management as an area of study is at the confluence of academic streams of research in sales management, applied psychology, and organizational behavior. In addition, it is a vibrant area of broadly published day-to-day business exploits that meld well with the academic research. As a result, this text incorporates research results reported in such journals as the *Journal of Marketing*, *Journal of Personal Selling & Sales Management*, *Journal of Marketing Research*, and the *Journal of Business Research*. Sales management is also applied management and organizational behavior, so research contributions from such sources as the *Journal of Applied Psychology*, *Personnel Psychology*, *Organizational Behavior and Human Performance*, and *Research in Organizational Behavior* are cited in almost every chapter. Finally, since sales management is a living applied field, professional sources such as *Sales & Marketing Management*, *The Wall Street Journal*, and the *Sales Manager's Bulletin* have been mined for their insights and anecdotal evidence on "how we did it in our company."

Interdependencies. In my dealings with sales managers I am always struck by the fact that each event, each problem, each decision the manager makes, reverberates across the sales district like a finger flick on a huge gelatin mold. Some interdependencies are obvious—recruiting affects selection, selection affects training, and compensation affects motivation. Others are more subtly linked, such as the relationship between a manager's ethical views and certain sales force behaviors, or between territory design and sales representative motivation and compensation.

The failure of many sales management textbooks to clarify these linkages is understandable. By the very nature of written communication, any text is forced to isolate functional activities in individual chapters. Unfortunately this isolation contributes to the notion that they are operationally separate. To combat this perception, this text employs an overall model of sales management to guide the presentation of course material and relate it to other sales management concepts and activities. The graphic representation of this model, with the relevant section colorfully highlighted, is used to introduce each part of the book. Moreover, the two parts of the book that concentrate on detailed exploration of manager activities are introduced by a chapter designed solely to relate functions and activities to one another.

The use of graphic models in this text, supplemented by integrative chapters preceding detailed topic discussion, facilitates student understanding of both the concepts and their interdependencies and the ease with which they can be communicated.

Pedagogical Design

Each chapter begins with a topical chapter outline, a preview of the material covered, a list of learning objectives, and some key terms to watch for as the chapter is read.

The body of the chapter contains many brief scenarios depicting problem situations a student might encounter as a sales manager. These scenarios provide practical

reference points that allow the student to relate to the concept or procedure being presented. Most chapters also contain at least one *Sales Management in Action* feature that often is drawn from sources such as *Sales & Marketing Management*. The intent is to present field experiences that illustrate the everyday application of the concept or procedure being discussed.

Review Questions to reinforce what was learned in the chapter and Discussion Questions to provide students with the opportunity to see if they learned enough to apply the concepts are at the end of each chapter. All concepts, procedures, and examples are clearly documented in an extensive Notes section that provides the student and the professor with the opportunity to pursue a more detailed investigation of material cited. Finally, the Additional Readings identify sources that provide more extensive information on many of the topics covered in the chapter.

Cases. The text contains forty cases. Twenty-seven of them are end-of-chapter cases designed to capture the essence of that particular chapter. There are also ten comprehensive cases that are at the end of the four major parts of the text. These cases require the student to be able to apply the concepts from more than one chapter in a part to solve the case problems. Finally, there are three integrative cases that encompass issues that are woven throughout the fabric of the text.

Supporting Materials

This book is available in two different formats—with a disk and without a disk. Instructors may order the version that best meets their teaching requirements. These disks may be ordered in either 3½- or 5¼-inch versions. For more details, consult your Allyn and Bacon sales representative.

The student disk is compatible with Lotus 1-2-3[®] architecture. It contains examples from the text as well as data from some of the cases. This provides the student with the opportunity for self instruction as well as the vehicle for more sophisticated case analysis.

An instructor's disk, with instructions for use, is provided in every copy of the Instructor's Manual. In addition, the following supplementary materials are available for the instructor: an Instructor's Manual, with case notes; a Test Bank; and reproducible Transparency Masters.

Acknowledgements

A textbook is the author's thoughts amalgamated with the contributions of many other people. It is not possible to thank everyone personally, but some are particularly noteworthy. Many thanks to the following people: Henry Reece, senior editor at Allyn and Bacon, for taking a chance and being willing to listen; Katherine Grubbs, formerly of Allyn and Bacon, for making certain the deadlines were met; Sally Stickney, whose copy editing challenged me to say it better; Paul Tavenner, former editor of Business Publications, Inc.; Professor Bob Boewadt, DePaul University, who first encouraged

me to start the project too many years ago; Professor William Cron, Southern Methodist University, and Professor Hiram Barksdale, University of Georgia, for some insightful comments on the early drafts; the sales managers at Allyn and Bacon (Bob Dillman, John Gilman, Jerry Higgins, Judy Shaw, and William Tomlinson) for their practiced professional opinions; Dean Jerry Schnee and my department head, Professor Fritz Russ, for their patience and understanding of the time required to create a quality textbook; the parade of undergraduate students who suffered through the typos and non sequiturs common to the interminable preliminary drafts, whose comments provided often painful insights into the book's strengths and weaknesses; Professors Allen J. Wedell, Colorado State University, and John Withy, Indiana University, South Bend, for their professional courtesy in identifying some useful cases; Professors Allen Bush, Memphis State University; David Good, Central Missouri State University; and Kay Keck, University of Georgia, for their valuable reviews.

All authors must live with the nightmare that they have made a major error that will live in print forever. Regardless, as always, the author is responsible for the inevitable, hopefully minor, errors that slip through even the finest grained review.

Sales Management Foundations



SALES MANAGEMENT: WHAT'S THE PAYOFF?

Personal Profiles

FOCUS OF THIS TEXT: PEOPLE AND PROFIT

People-Centered Performance Goals / Sales- and Profit-
Centered Performance Goals / Text Approach

SALES MANAGEMENT: AN INTEGRATED PERSPECTIVE

Macro Environment / Text Overview

Brief Contents

	CHAPTER 1	Sales Management Foundations	1
PART ONE		Understanding Sales Management and Personal Selling in the Corporate Context	12
	CHAPTER 2	Sales Management: Where It Fits in the Organization	14
	CHAPTER 3	The Nature of the Selling Profession	48
	CHAPTER 4	Special Selling Situations and Sales Management	84
	CHAPTER 5	The Professional Sales Manager	116
	PART ONE	COMPREHENSIVE CASES	150
PART TWO		Skills for Successful Managers	170
	CHAPTER 6	Leadership: Developing the Skills	172
	CHAPTER 7	Analytical Concepts and Tools	208
	CHAPTER 8	Sales Forecasting, Quota Setting, and Budgeting	242
	CHAPTER 9	Managing for Sales Territory Productivity	284
	PART TWO	COMPREHENSIVE CASES	330
PART THREE		Building the Sales Team	352
	CHAPTER 10	Team Building Process	354
	CHAPTER 11	Recruiting and Selection	374
	CHAPTER 12	Training: Developing the Program	406
	CHAPTER 13	Training: Customer Needs and Selling Techniques	448
	PART THREE	COMPREHENSIVE CASES	492
PART FOUR		Managing the Sales Team	500
	CHAPTER 14	Managing the Sales Team: An Integrated Perspective	502
	CHAPTER 15	Sales Force Compensation: Implementing Strategy	518
	CHAPTER 16	Motivation and Management of the Sales Force: The Interpersonal Dimension	554
	CHAPTER 17	Performance Appraisal	590
	PART FOUR	COMPREHENSIVE CASES	639
PART FIVE		Future Developments in Sales Management	656
	CHAPTER 18	To the Year 2000: The Changing Environment of Selling and Sales Management	658
		INTEGRATIVE CASES	669

Contents

Preface *xv*

CHAPTER 1 SALES MANAGEMENT FOUNDATIONS **1**

Sales Management: What's the Payoff?	2
Focus of This Text: People and Profit	4
Sales Management: An Integrated Perspective	6
Summary	10
Review Questions	10
Discussion Questions	10
Notes	10

PART ONE

**Understanding Sales Management and Personal Selling
in the Corporate Context** **12**

**CHAPTER 2 SALES MANAGEMENT: WHERE IT FITS
IN THE ORGANIZATION** **14**

Strategic Perspectives	16
Designing the Sales Organization	23
Changing the Organizational Design: Two Examples	33
Ethics, Marketing, and the Organization	39
Summary	40

Review Questions	41
Discussion Questions	41
Notes	42
Additional Readings	44
<hr/>	
CASES 2-1 Schmitt Meats	45
2-2 Shady Dealings	45
2-3 Medical Instruments, Inc.	46

CHAPTER 3	THE NATURE OF THE SELLING PROFESSION	48
-----------	--------------------------------------	----

Understanding the Basics	50
Sales Reps: What They Do	56
Selling: Its Many Faces	62
Personal Selling: Opportunities and Problems	66
Ethical Issues	72
Summary	74
Review Questions	75
Discussion Questions	75
Notes	76
Additional Readings	81
<hr/>	
CASES 3-1 Robert Fells Makes a Choice	81
3-2 Making the First Choice	83

CHAPTER 4	SPECIAL SELLING SITUATIONS AND SALES MANAGEMENT	84
-----------	---	----

National Account Selling	86
Manufacturers' Representatives	94
Telemarketing	100
Trade Show Selling	104
Summary	107
Review Questions	107
Discussion Questions	108
Notes	109
Additional Readings	111
<hr/>	
CASES 4-1 A Rep's Tale of Two Manufacturers	112
4-2 Alliance Farm Equipment	112
4-3 Software Services, Inc.	114

Sales Management: What Is It?	118
From Rep to Field Sales Manager	127
Field Sales Management to General Sales Management	134
Ethical Issues	141
Summary	143
Review Questions	143
Discussion Questions	143
Notes	144
Additional Readings	147

CASES 5-1 Michael Herschel	148
5-2 Wilson Freight	149

PART ONE COMPREHENSIVE CASES

Wiley Products, Inc.	150
Dun & Bradstreet: "Man's Faith in Man"	154
Extell Corporation	166

PART TWO

Skills for Successful Managers	170
--------------------------------	-----

CHAPTER 6 LEADERSHIP: DEVELOPING THE SKILLS	172
---	-----

Leadership: What Is It?	174
A Leadership Model for Sales Management	178
Leadership: Using Rewards	185
Communication Skills: The Fuel for the Leadership Model	186
Leadership in Action	196
Summary	199
Review Questions	199
Discussion Questions	199
Notes	200
Additional Readings	203

CASES 6-1 Revelle Corporation	204
6-2 Benson Corporation	205

Problem Solving	210
Planning for the Sales Manager	214
Analysis: The Basis of Planning and Problem Solving	220
Sales and Cost Analysis for Sales Managers	223
Financial Analysis	232
Selecting the Analytical Method	235
Summary	236
Review Questions	236
Discussion Questions	237
Notes	237
Additional Readings	239
<hr/>	
CASES 7-1 Prochemco	239
7-2 Sobi Company	240

**CHAPTER 8 SALES FORECASTING, QUOTA SETTING,
AND BUDGETING**

242

Integrated Perspective	244
Forecasting	245
Quota Setting	263
Budgeting	272
Summary	276
Review Questions	276
Discussion Questions	277
Notes	279
Additional Readings	281
<hr/>	
CASE 8-1 U.S. Telle	282

CHAPTER 9 MANAGING FOR SALES TERRITORY PRODUCTIVITY

284

Sales Force Productivity	286
Increasing the Availability of Productive Time	288
Allocating Available Effort More Efficiently	293
Increasing Productivity Through Territory Design	302

Increased Productivity Through Customer Performance	314
Sales Force Automation	316
Summary	319
Review Questions	319
Discussion Questions	320
Notes	322
Additional Readings	325
<hr/>	
CASE 9-1 Ron Hatch	325
<hr/>	
PART TWO COMPREHENSIVE CASES	
Hewlett-Packard Sales Force Automation: "What If . . ."	330
Hanover-Bates Chemical Corporation	339
The Goldman Chemical Company	346

PART THREE

Building the Sales Team	352
-------------------------	-----

CHAPTER 10 TEAM BUILDING PROCESS	354
----------------------------------	-----

Understanding the Context of Team Building	356
Environmental Strictures	356
Corporate Considerations	361
Team Building: Integrating the Activities	370
Summary	371
Review Questions	371
Discussion Questions	372
Notes	372

CHAPTER 11 RECRUITING AND SELECTION	374
-------------------------------------	-----

Profiling	376
Recruiting	378
Selection	383
Evaluating the Recruiting and Selection Process	394
International Recruiting and Selection	394