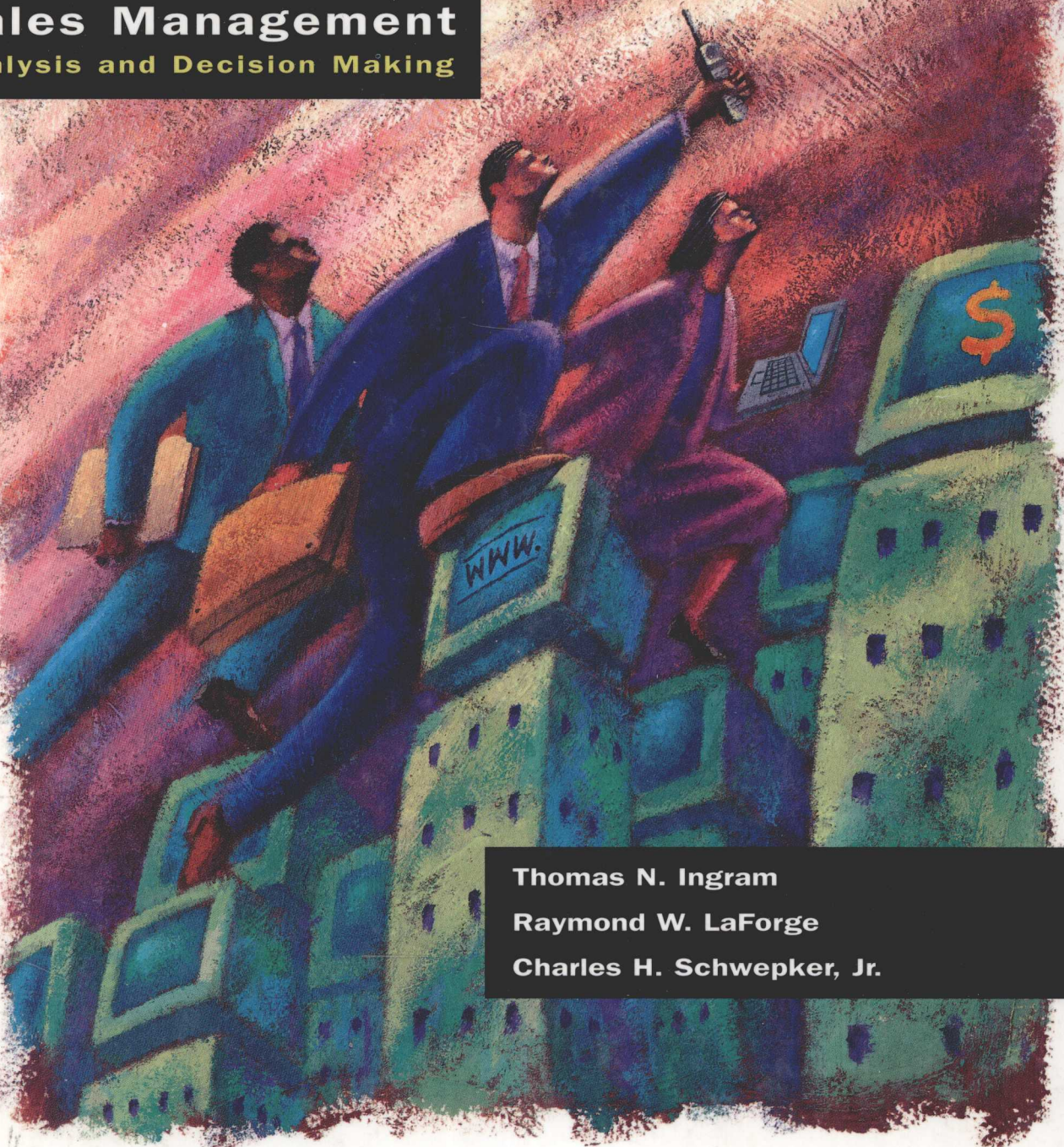


Third Edition

Sales Management

Analysis and Decision Making



Thomas N. Ingram

Raymond W. LaForge

Charles H. Schwepker, Jr.

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To Jacque

—Thomas N. Ingram

To Susan, Alexandra, Kelly, my Dad, and in memory of my Mom

—Raymond W. LaForge

To my parents and Laura

—Charles H. Schwepker, Jr.

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Preface

Our objective in writing the third edition of *Sales Management: Analysis and Decision Making* was to continue to present comprehensive and rigorous coverage of contemporary sales management in a readable, interesting, and challenging manner. Findings from recent sales management research are blended with examples of current sales management practice into an effective pedagogical format. Topics are covered from the perspective of a sales management decision maker. This decision-making perspective is accomplished through a chapter format that typically consists of discussing basic concepts, identifying critical decision areas, and presenting analytical approaches for improved sales management decision making. Company examples from the contemporary business world are used throughout the text to supplement chapter discussion.

Changes in This Edition

Several elements have been added or changed for the third edition of *Sales Management: Analysis and Decision Making*:

- The most significant change in this edition is the addition of a new co-author: Charles H. Schwepker, Jr. from Central Missouri State University. We have worked with Charlie on various projects for a number of years and have always been impressed with his sales management knowledge and interest in education. He also did most of the work on the Instructor's Manual for the last edition. We are delighted to have Charlie on the author team and think he has made important contributions to this edition of the text.
- The number of chapters has been reduced from 16 to 15 by combining the previous chapter on salesforce motivation theories with the chapter on salesforce reward systems. The new chapter is entitled *Motivation and Reward System Management*. We think this approach will help students better understand the theoretical basis for specific salesforce motivation programs.
- The order of the chapters in Part V—*Directing the Salesforce* has been reversed. We now present the chapter *Sales Management Leadership and Supervision* first and follow it with the chapter *Motivation and Reward System Management*. This is a more effective sequence, because the broad leadership and supervision issues are discussed before the more specific aspects of salesforce motivation.
- We have written two new cases for each chapter in a section called "Making Sales Management Decisions." These 30 cases are intended to allow

additional discussion of important concepts in realistic sales management situations. Some of the cases include data for analysis and, almost all, involve some type of interesting people situation that must be addressed. Many of the cases are written so that students can role play their solutions if desired.

- Longer, more comprehensive cases are located at the end of the book. Most of these cases address multiple sales management issues. The Instructor's Manual does, however, present a matrix that indicates the key sales management areas addressed in each case. Additional cases will be available to professors and students from the World Wide Web site for the book.
- We recruited a diverse group of sales executives to provide specific comments for the text. The members of this Sales Executive Panel are introduced in Chapter 1 with a picture and a short biographical sketch.
- Each chapter contains a boxed insert entitled "A Global Orientation" where a comment from a member of the Sales Executive Panel provides an international perspective to the chapter topic.
- Each chapter also contains a boxed insert entitled "A Teamwork Orientation" where a Sales Executive Panel comment provides a teamwork perspective to the chapter topic.
- Several important trends affecting many sales organizations are presented in Chapter 1 and covered in various ways throughout the text. These trends include changes in focus from transactions to relationships; from individuals to teams; from sales volume to sales productivity; from management to leadership; and from local to global.
- The SPREE (Salesperson Review and Evaluation) software has been very popular with professors and students in the past. The software has been revised and improved by updating to a Windows environment.
- A video entitled *Direct Selling on the Global Frontier* is available to adopters. The video was designed by a team of leading academics and executives from the direct selling industry. It presents an overview of the global sales operations of direct selling companies and has a specific case situation for a particular company. Detailed teaching notes with alternative ways to use the video in class are also available.
- New! Internet assignments have been added at the end of many chapters. These assignments will require students to "surf the net" to formulate an answer. Updated assignments will appear periodically on Dryden's Web site for the book.

Level and Organization

This text was written for the undergraduate student enrolled in a one-semester or one-quarter sales management class. However, it is sufficiently rigorous to be used at the MBA level.

A sales management model is used to present coverage in a logical sequence. The text is organized into six parts to correspond with the six stages in the sales management model.

Part One, "Describing the Personal Selling Function," is designed to provide students with an understanding of personal selling prior to addressing specific sales management areas. Colleagues across the country have suggested that available sales management texts do not provide enough coverage of personal selling. We decided to devote three chapters at the beginning of the text to this topic.

Part Two, "Defining the Strategic Role of the Sales Function," consists of two chapters that discuss important relationships between personal selling and organizational strategies at the corporate, business, marketing, and sales levels. Each chapter in this part focuses on how strategic decisions at different organizational levels affect sales management decisions and personal selling practices.

Part Three, "Designing the Sales Organization," addresses the key decisions required to establish an effective sales organization. The two chapters in this part investigate alternative sales organization structures and examine analytical methods for determining salesforce size, territory design, and the allocation of selling effort.

Part Four, "Developing the Salesforce," changes the focus from organizational topics to people topics. The two chapters in this part cover the critical decision areas in the recruitment and selection of salespeople and in training salespeople once they have been hired.

Part Five, "Directing the Salesforce," continues the people orientation by discussing the general supervisory and leadership roles necessary for successful sales management and examining important areas of salesforce motivation and reward systems.

Part Six, "Determining Salesforce Effectiveness and Performance," concludes the sales management process by addressing evaluation and control procedures. Differences in evaluating the effectiveness of the sales organization and the performance of salespeople are highlighted and covered in separate chapters. The three chapters in this part focus on evaluation approaches and the ways they can be used to diagnose problems and develop effective sales management solutions.

Pedagogy

The following pedagogical format is used for each chapter to facilitate the learning process.

LEARNING OBJECTIVES. Specific learning objectives for the chapter are stated in behavioral terms so that students will know what they should be able to do after the chapter has been covered.

OPENING VIGNETTES. All chapters are introduced by an opening vignette that typically consists of a recent, real-world company example addressing many of the key points to be discussed in the chapter. These opening vignettes are intended to

generate student interest in the topics to be covered and to illustrate the practicality of the chapter coverage.

KEY WORDS. Key words are highlighted in bold type throughout each chapter and summarized in list form at the end of the chapter to alert students to their importance.

BOXED INSERTS. Each chapter contains two boxed inserts titled “A Global Orientation” and “A Teamwork Orientation.” The comments in these boxes are provided by members of our Sales Executive Panel and were made specifically for our text.

FIGURE CAPTIONS. Every figure in the text includes a summarizing caption designed to make the figure understandable without reference to the chapter discussion.

CHAPTER SUMMARIES. A chapter summary recaps the key points covered in the chapter by restating and answering questions presented in the learning objectives at the beginning of the chapter.

DEVELOPING SALES MANAGEMENT KNOWLEDGE. Ten discussion questions are presented at the end of each chapter to review key concepts covered in the chapter. Some of the questions require students to summarize what has been covered, while others are designed to be more thought provoking and extend beyond chapter coverage.

BUILDING SALES MANAGEMENT SKILLS. Three application exercises are supplied for each chapter, requiring students to apply what has been learned in the chapter to a specific sales management situation. Many of the application exercises require data analysis. Most chapters also have an additional Internet exercise to get students involved with the latest technology.

MAKING SALES MANAGEMENT DECISIONS. Each chapter concludes with two short cases. Most of these cases represent realistic and interesting sales management situations. Several require data analysis. Most are designed so that students can role play their solutions.

Cases

The book contains a mixture of short, medium, and long cases. The 30 short cases at the end of chapters can be used as a basis for class discussion or short written assignments. The longer cases are more appropriate for detailed analysis and class discussions or presentations by individuals or student groups. The longer cases are located at the end of the book. Additional cases will be available to professors and students from the World Wide Web site for the book.

Supplements

Instructor's Manual, Test Bank, and Transparency Masters. A comprehensive package of supplementary materials is available to make it easy for professors to teach a rigorous and interesting sales management course. The *Instructor's Manual, Test Bank, and Transparency Masters*, prepared by the authors, contain a separate section for each chapter as well as teaching notes for all of the cases. Each section includes a summary; examples, exercises, and materials not covered in the book that could be incorporated into class discussion; and answers to review questions and application exercises. The manual also contains sample course outlines. The *Test Bank* contains multiple-choice and true-false questions and is available in a computerized version for IBM microcomputers.

A large number of *Transparency Masters* are in the manual, more than half of which represent figures and tables that do not appear in the book. Finally, the manual concludes with a user-friendly discussion of the microcomputer software available with the book and the way this software can be used in a sales management class.

MICROCOMPUTER SOFTWARE. The SPREE (Salesperson Review and Evaluation) software has been very popular with professors and students in the past. The software is designed to be very easy for students to use, and everything necessary to incorporate the microcomputer analysis into a sales management class is provided in the *Instructor's Manual*. The software has been revised and improved by updating to a Windows environment.

VIDEOS. A new video package has been prepared to provide a relevant and interesting visual teaching tool for the classroom. Two distinct selling series headline this video package. *Direct Selling on the Global Frontier* presents an overview of the global sales operation of direct selling companies and has a specific case situation for a particular company. *Inc. Magazine videos* show portrayals of "real" sales people and sales calls with "real" clients in a variety of occupations. Companies represented include: Shearson-Lehman, 3M Health Care, and Ben & Jerry's.

NEW! INTERNET SUPPORT. Visit the Dryden Website at <http://www.dryden.com> for the latest support material for the Dryden series in marketing. These resources include annotated articles, resource links, and other pedagogical aids which will be constantly updated. Also, included on the Website is the popular Sales Management Update.

The update will include the latest company examples, new research findings, and other teaching aids geared to each chapter, making it easy for professors to incorporate this current information into their class sessions.

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We would also like to thank Cliff Young (*University of Colorado at Denver*) for doing a terrific job in developing and refining all of the microcomputer software accompanying the book. Cliff also translated the bits and bytes into an excellent, user-friendly discussion of how to use the software in a sales management class.

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Thomas N. Ingram
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January 1997

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