

Churchill/Ford/Walker's

INNOVATION

SALES FORCE MANAGEMENT

8th Edition

LEADERSHIP

TECHNOLOGY

Mark W. Johnston
Greg W. Marshall

Churchill/Ford/Walker's

Sales Force Management

Eighth Edition

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of Business
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of Business
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CHURCHILL/FORD/WALKER'S SALES FORCE MANAGEMENT

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This book is printed on acid-free paper.

3 4 5 6 7 8 9 0 CCW/CCW 0 9 8 7 6

ISBN-13: 978-0-07-296183-6

ISBN-10: 0-07-296183-X

Editorial director: *John E. Biernat*

Publisher: *Andy Winston*

Sponsoring editor: *Barrett Koger*

Developmental editor: *Sarah Crago*

Executive marketing manager: *Dan Silverburg*

Lead producer, Media technology: *Victoria Bryant*

Project manager: *Marlena Pechan*

Senior production supervisor: *Rose Hepburn*

Design coordinator: *Cara David*

Media project manager: *Joyce J. Chappetto*

Supplement producer: *Gina F. DiMartino*

Developer, Media technology: *Brian Nacik*

Cover images: © Stock Trek/ Getty Images

Typeface: *10/12 Times Roman*

Compositor: *Cenveo*

Printer: *Courier Westford*

Library of Congress Cataloging-in-Publication Data

Johnston, Mark W.

Churchill/Ford/Walker's Sales Force Management / Mark W. Johnston, Greg W.

Marshall.—8th ed.

p. cm.—(McGraw-Hill/Irwin series in marketing)

title: Sales force management.

Includes bibliographical references and index.

ISBN 0-07-296183-X (alk. paper)

1. Sales management. I. Title: Sales force management. II. Churchill, Gilbert A. III.

Ford, Neil M. IV. Walker, Orville C. V. Marshall, Greg W. VI. Title. VII. Series.

HF5438.4.C48 2006

658.8'1—dc22

2005041974

McGraw-Hill/Irwin Series in Marketing

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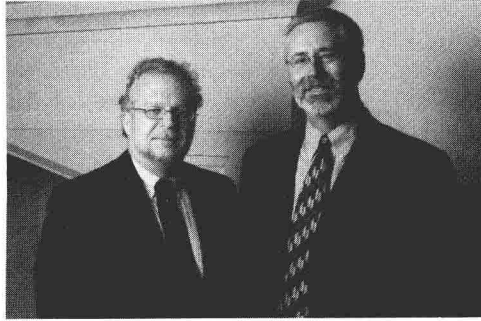
To Susan and Grace

—Mark

To Patti and Justin

—Greg

About the Authors



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Mark W. Johnston is the Alan and Sandra Gerry Professor of Marketing and Ethics at the Roy E. Crummer Graduate School of Business, Rollins College in Winter Park, Florida. He earned his Ph.D. in marketing in 1986 from Texas A&M University. Prior to receiving his doctorate, he worked in industry as a sales and marketing representative for a leading distributor of photographic equipment. His research has resulted in published articles in a number of professional journals such as *Journal of Marketing Research*, *Journal of Applied Psychology*, *Journal of Personal Selling & Sales Management*, and many others.

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Greg is an active researcher in sales management, having published more than 35 refereed articles in a variety of marketing journals, and he serves on the editorial review board of the *Journal of the Academy of Marketing Science*, *Journal of Business Research*, *Industrial Marketing Management*, and *Journal of Marketing Theory and Practice*. He served a three-year term (2002–2005) as editor of the *Journal of Personal Selling & Sales Management*, is on the board of directors of the Direct Selling Education Foundation, and is past president of the Academic Division of the American Marketing Association and the Society for Marketing Advances.

In addition to working together on *Churchill/Ford/Walker's Sales Force Management*, Mark and Greg are the co-authors of *Relationship Selling and Sales Management*, also published by McGraw-Hill/Irwin.

Preface

INTRODUCTION

This eighth edition carries on the tradition from previous editions, incorporating the latest research and management practices into an easy-to-read yet comprehensive learning tool. You will notice many changes, particularly in the amount and format of application-oriented, student-focused learning exercises. This edition integrates new, innovative learning tools and the latest in sales management theory and practice. At the same time, we have taken great care to preserve the excellent framework and principles from editions one through seven. In short, we have taken the best from earlier editions and added relevant, real-world student learning tools and up-to-date sales management theory and practice to create this eighth edition of *Sales Force Management*.

Still without peer, *Sales Force Management* remains the definitive text in the field. Building on the tradition of excellence established by Gil Churchill, Neil Ford, and Orv Walker, in this eighth edition Mark Johnston and Greg Marshall again team up to maintain the quality and integrity of earlier editions while breaking new ground.

WHY WRITE THIS BOOK?

For most of the twentieth century, the practice of sales management was an unfortunate combination of tradition, folklore, personal experiences, and intuition. Sales managers had very little in the way of research or management theory to help better understand the motives and behaviors of their own salespeople. As a result, there was practically no support for the sales manager in the field.

Fortunately, during the 1970s sales academicians and researchers began to conduct empirical studies and develop theoretical models to explain salesperson behavior and motivation. Sales managers found the information invaluable and added their own insights, further refining and enhancing the sales management knowledge base. Today, sales research appears in all the leading marketing journals, and one journal is singularly dedicated to the field of sales management (*Journal of Personal Selling & Sales Management*).

It is not surprising that, as changes were occurring in sales management, the rest of the organization also was experiencing significant transformation. Concepts like strategic alliances, customer relationship management, and value creation brought revolution to every part of the organization, including the sales force. Today, salespeople are expected to have new skills, more information, and instant answers. This makes managing the sales force an even more formidable challenge. Old ways will no longer work—sales force management is undergoing change at an increasing rate, and success in the future will be defined, in part, by how well sales managers learn to manage in this new world.

From the beginning, *Sales Force Management* filled the need for a single, detailed summary of sales management theory, analysis of sales force research, and review of its implications for the organization. Other books provide a cursory appraisal of relevant research or fail to keep pace with current knowledge and trends. Our primary goal in the eighth edition is the same as it was in the first: offer students a thorough, up-to-date, and integrated overview of accumulated theory and research relevant to sales management.

In writing such a book, however, we know that simply presenting a summary of theories and research would be incredibly dull (we were students, too) and, even worse, provide little real insight for students interested in learning how a sales manager can *apply* this information

in the real world. Put simply, our second goal is to highlight how real managers apply these theories and principles in their own organizations. By identifying recent practices, applications, and the use of state-of-the-art technology, we combine real-world sales management *best practices* with cutting-edge theory and empirical research—all in a single source.

STRUCTURE OF THE BOOK

Over the book's history, a framework has been developed that portrays sales managers' activities as three interrelated, sequential processes, each of which influences the various determinants of salesperson performance. The eighth edition continues to use this time-tested and insightful structure.

1. **Formulation of a sales program.** This process involves organizing and planning the company's overall personal selling efforts and ensuring that the selling initiative is integrated with the other elements of the firm's marketing strategy.
2. **Implementation of the sales program.** This involves selecting appropriate sales personnel, providing effective training and development, as well as compensation.
3. **Evaluation and control of the sales program.** This involves employing proper metrics to monitor and evaluate sales force performance so adjustments can be made to either the sales program or its implementation as needed.

Chapter 1 introduces the subject of sales management with an overview of the field, including key aspects of the external and internal environment of selling. The remainder of the book is divided into three sections corresponding to the three processes described above.

- **Part One: Formulation of a Sales Program (Chapters 2 through 5)** This section examines the process of buying and selling, including a strong emphasis on selling as a career and the role of organizational buyers; linkages of sales management to business- and marketing-level strategies; organizing for success in sales management; and the strategic role of information in forecasting, setting quotas, designing sales territories, and conducting sales analysis. A continuing feature of this edition is emphasis on customer relationship management (CRM) and its link to sales management.
- **Part Two: Implementation of the Sales Program (Chapters 6 through 11)** This section provides an overview of the determinants of sales performance with the special focus on a salesperson's role perceptions and motivation. It then proceeds to examine decisions involving the recruitment and selection of sales personnel, sales training, and the design of compensation and incentive programs.
- **Part Three: Evaluation and Control of the Sales Program (Chapters 12 and 13)** This section discusses techniques for monitoring and controlling sales force behavior and performance. It examines various approaches for conducting behavioral and other performance analyses.

THE APPROACH OF THE BOOK

Sales Force Management is designed for use in a course on sales management at either the undergraduate or graduate level. It also complements a variety of teaching approaches. Instructors who focus primarily on the lecture/discussion format will find plenty of material for any teaching calendar in the chapters, end-of-chapter discussion questions, and (new to this edition) short, application-oriented, and discussion-centered student exercises at the

end of each chapter. For those adopting a more case-oriented approach, we have included a number of new cases in both a long and short format. These cases may be found at the end of each chapter as well as the end of the three major sections. These end-of-section cases emphasize issues discussed in a particular section. And, for the first time, a sales management role play is provided for each chapter.

FEATURES OF THE EIGHTH EDITION

We subscribe to the old adage, “if it isn’t broke, don’t fix it.” The philosophy in creating the eighth edition was to begin by updating and enhancing the best parts of *Sales Force Management*. As a result, those who have used previous editions will be comfortable with the eighth edition. However, there are a number of significant changes—most notably in the structure, format and number of cases, the addition of Role Plays, and the coverage of new concepts, ideas, and practices. Feature boxes in the chapters, as well as company examples, have been aggressively updated.

Our first task was to review the literature (both the business press and academic journals) for new ideas, concepts, and practices. From this, a thorough revision of each chapter was undertaken, incorporating new material and updating examples. Discussions in some chapters were expanded to reflect new areas of emphasis in the field. In every case, our goal is to provide a readable, comprehensive discussion.

A signature feature in earlier editions was the cases that allowed students to apply what they were learning. Our goal in this edition is to maintain this important and valuable learning methodology while updating the format, structure, and length of the cases. Feedback from colleagues as well as our own analysis suggested that in addition to the long cases at the end of each section, shorter cases in each chapter allow for greater, more focused classroom discussion as well as the opportunity for individual assignments, offering great value-added learning for students. The eighth edition is full of brand new cases written especially for *Sales Force Management*.

Opening Vignette—New

Each chapter begins with a new opening vignette of a company and its sales management strategy. These profiles were carefully developed for the eighth edition in order to illustrate the practice of sales management relative to the material in that chapter and are integrated into the chapter discussion. Students find these vignettes exciting and enlightening as they highlight concepts and ideas covered in the chapter. Professors enjoy using the vignettes for lecture examples, class exercises, and discussion starters. In addition, professors are encouraged to refer to the textbook’s Web site for updates on the companies.

Learning Objectives—Updated

Following the opening vignette, each chapter has updated learning objectives based on new material. Using active language to emphasize the expected student learning outcomes, these objectives enable professors to guide discussions and develop tests so that students get the most out of the book.

Key Terms—Updated

The key terms have been moved to the end of each chapter and updated to reflect changes to the material. They are highlighted in bold within the body of the chapter to help students focus on key ideas and concepts. Professors find these terms can create the basis for assessing students’ understanding of the chapter.

Feature Boxes: Innovation, Technology, and Leadership—New and Updated

These three themes drive much of sales management theory and practice today and form the basis for the feature boxes throughout the eighth edition. Nearly every box has been revised and in many cases completely rewritten. Furthermore, new ones have been added to highlight the latest trends in sales management. As with the opening vignettes, the feature boxes are designed to illustrate material presented in the chapters in an applied context. Professors will benefit from incorporating these features into class discussion and exercises, and students will find it easier to apply the concepts they are learning in the chapter.

Breakout Questions—New and Updated

Updated discussion questions, called Breakout Questions in this eighth edition, can be found at the end of each chapter. These make for great discussion starters as well good review questions for exams.

Leadership Challenge—New

Leadership is an essential characteristic of successful sales managers. While we include it as a feature box in the text, our goal in this edition is to engage the student more directly in learning and applying leadership issues. As a result and for the first time in any sales management text, a unique set of short leadership cases, one for each chapter, will test the student's ability to make leadership decisions. Short and focused on issues from that chapter, the Leadership Challenges ask students to assess a real situation from a manager's perspective, make decisions, and often develop an implementation strategy.

Role Plays—New

Both in the field and classroom, it is widely accepted that role-playing is a valuable tool for helping salespeople and students apply what they are learning. Brand new for the eighth edition is a set of Role Plays, one for each chapter. Each Role Play enables students to work together to employ important sales management concepts they have learned in that particular chapter.

Minicases—New

As mentioned previously, each chapter now contains a Minicase enabling students to apply directly what they are learning in the chapter. These Minicases, written specifically for *Sales Force Management*, are short and designed to be used in a variety of ways. For example, they are great for discussion starters in class or as individual assignments. Additionally, student teams can be assigned to analyze the case and make a presentation to the class. Feedback from colleagues was a key driver in creating these shorter, more focused cases that will certainly enhance student learning. Key issues from the chapter will be brought out for the students as they analyze the case. Each minicase ends with a set of directed, action-oriented questions that force the student to integrate the chapter material.

Cases—New and Updated

A major revision of the end-of-section cases took place in preparing the eighth edition. Two new long cases have been written specifically for this edition. In addition, we have updated four other favorites from the seventh edition. The cases bring in new technologies and managerial concepts. In addition, spreadsheet analyses have also been updated and included on the CD-ROM with the book.

Suggested Readings—New and Updated

At the end of each chapter is a list of suggested readings for students and professors. These readings have been completely updated for the eighth edition and include many new references that represent cutting-edge ideas and state-of-the-art knowledge on the subjects within the chapter.

Video—Updated

The video offerings in the eighth edition have been updated and expanded. Careful attention was given to providing effective video packages that enhance and expand on the material covered in the book.

PowerPoint Slides—Updated

Many instructors like using PowerPoint to support their in-class presentations, and students have come to find these slide presentations a valuable learning tool. The PowerPoint package for this edition has been greatly enhanced with an updated, new look. The material is presented in an effective and interesting graphic design that complements the graphic elements of the book. The slides are flexible enough for instructors to include their own material yet comprehensive enough to stand alone.

Instructor's Manual—Updated

The Instructor's Manual provides an overview of each chapter, answers to discussion questions, as well as a discussion guide for Leadership Challenges, Minicases, and Role Plays. A comprehensive test bank is also included.

Web Site—Updated

Instructors will appreciate the book's Web site (www.mhhe.com/sfm8e), which has been built specifically for the eighth edition. Here you can communicate with the authors, share teaching ideas and resources, and stay up to date on companies and issues discussed in the text.

ACKNOWLEDGMENTS

Books are the result of hard work from many people, and we very much appreciate the efforts of numerous individuals associated with this new edition. First, as this book is built on the research and hard work of sales management academicians and practitioners, we would like to thank the many scholars and colleagues who have contributed to the body of sales force research over the past 35+ years. We reference their work and honor their contribution to the field.

Kevin Ness worked diligently on the Minicases and Instructor's Manual. Susan Johnston did a great job creating the new PowerPoint slides under tight deadlines. We would also like to offer a sincere thanks to the great people at McGraw-Hill/Irwin, including Barrett Koger, Sarah Crago, and Dan Silverburg for their hard work and support during the revision process. To our friends and academic colleagues we offer a simple but heartfelt thank-you. Creating this eighth edition of *Sales Force Management* was a labor of love, and your insights were essential to the project's success. Finally, to our families who endured not only countless hours spent working into the night but three hurricanes during the writing process, we appreciate your love, support, and encouragement. You are our heroes—thank you.

Mark W. Johnston, Rollins College

Greg W. Marshall, Rollins College

April 2005

Brief Contents

- 1 Introduction to Sales Management in the Twenty-First Century 1

PART ONE

Formulation of a Sales Program 30

- 2 The Process of Selling and Buying 32
- 3 Linking Strategies and the Sales Role in the Era of Customer Relationship Management 70
- 4 Organizing the Sales Effort 106
- 5 The Strategic Role of Information in Sales Management 137

Comprehensive Cases for Part One 185

PART TWO

Implementation of the Sales Program 194

- 6 Salesperson Performance: Behavior, Role Perceptions, and Satisfaction 196
- 7 Salesperson Performance: Motivating the Sales Force 224
- 8 Personal Characteristics and Sales Aptitude: Criteria for Selecting Salespeople 252

- 9 Sales Force Recruitment and Selection 276

- 10 Sales Training: Objectives, Techniques, and Evaluation 303

- 11 Salesperson Compensation and Incentives 333

Comprehensive Cases for Part Two 363

PART THREE

Evaluation and Control of the Sales Program 378

- 12 Cost Analysis 380

- 13 Evaluating Salesperson Performance 410

Comprehensive Cases for Part Three 437

NOTES 455

CASE INDEX 471

NAME INDEX 472

SUBJECT INDEX 478

Contents

Chapter One

Introduction to Sales Management in the Twenty-First Century 1

In the Twenty-First Century, *Small Business Is Where the Business Is* 1

Learning Objectives 3

Sales Management in the Twenty-First Century 3

Innovation Fuels Success in Selling Today 4

Sales Effectiveness Is Enhanced through Technology 5

Leadership Is a Key Component in Sales Management Success 6

Sales Management Is a Global Endeavor 7

Ethics Underlies All Selling and Sales Management Activities 10

What Is Involved In Sales Management 10

Selling Process 10

Sales Management Process 11

Environmental Factors Impact Success in Selling 12

External Environment 13

Economic Environment 14

Legal and Political Environment 15

Technological Environment 16

Social and Cultural Environment: Ethics 17

Natural Environment 19

Summary: Impact of the External Environment 20

Internal (Organizational) Environment 20

Goals, Objectives, and Culture 21

Personnel 22

Financial Resources 22

Production and Supply Chain Capabilities 22

Service Capabilities 22

Research and Development and Technological Capabilities 23

Impact of the Environment: The HP Experience 23

Summary 24

PART ONE

FORMULATION OF A SALES PROGRAM 30

Chapter Two

The Process of Selling and Buying 32

Big Blue Gets Closer to Its Customers 32

Learning Objectives 33

Drivers of Change in Selling and Sales Management 34

What Today's Customers Expect 35

How Sellers Are Responding 36

Overview of Selling as a Career 37

Why Sales Jobs Are So Rewarding 38

Key Success Factors in Selling 44

Selling Activities 48

Types of Selling Jobs 51

Selling in Business-to-Consumer versus

Business-to-Business Markets 51

Classifying Types of B2B Sales Jobs 52

Stages in the Selling Process 52

Prospecting for Customers 53

Opening the Relationship 54

Qualifying the Prospect 55

Presenting the Sales Message 55

Closing the Sale 56

Servicing the Account 56

Participants in the Organizational Buying Process—The Buying Center 57

Selling Centers and Buying Centers 59

Organizational Buying Decision Stages 60

Stage One: Anticipation or Recognition of a Problem or Need 60

Stage Two: Determination and Description of the Characteristics and Quantity of the Needed Item(s) 61

Stage Three: Search for and Qualification of Potential Suppliers 61

Stage Four: Acquisition of Proposals or Bids 62

Stage Five: Evaluation of Offerings and Selection of Suppliers 62

Stage Six: Selection of an Order Routine 62

Stage Seven: Performance Evaluation and Feedback 63

The Nature of Organizational Buying Situations 63

Summary 64

Chapter Three

Linking Strategies and the Sales Role in the Era of Customer Relationship Management 70

Samsung Integrates Sales and Marketing with CRM 70

Learning Objectives 72

What Is Customer Relationship Management? 73

From Mass Marketing to One-to-One Marketing 74

Toward a Relationship-Based Enterprise 78

The Importance of Market Orientation	80
<i>How Market Orientation Affects Performance</i>	80
<i>Internal Partnering to Create a Market Orientation</i>	81
The Process of Strategy Development	82
<i>Company Mission and Goals</i>	82
<i>SBU Strategy</i>	83
Personal Selling's Role in Marketing Strategy	86
<i>Role of the Relationship</i>	87
Personal Selling in the Relationship Era	90
<i>Stage One: Exploration</i>	90
<i>Stage Two: Expansion</i>	91
<i>Stage Three: Commitment</i>	92
<i>The Role of Personal Selling in the Marketing Communication Mix</i>	93
<i>Company Resources, Goals, and Marketing Strategy</i>	94
<i>Characteristics of the Target Market</i>	95
<i>Product Characteristics</i>	95
<i>Distribution Practices</i>	96
<i>Pricing Policies</i>	96
<i>Computerized Ordering and Customer Alliances</i>	97
Improving Customer Satisfaction and Loyalty through Feedback	97
<i>Major Account Teams</i>	98
Summary	100

Chapter Four

Organizing the Sales Effort 106

Abby Kohnstamm Leads Selling and Marketing Renewal at IBM	106
Learning Objectives	108
The Increasing Importance of Sales	
Organization Decisions	108
Purposes of Sales Organization	109
<i>Division and Specialization of Labor</i>	109
<i>Stability and Continuity of Organizational Performance</i>	110
<i>Coordination and Integration</i>	110
Horizontal Structure of the Sales Force	110
<i>Deciding on a Company Sales Force or Independent Agents</i>	111
<i>Geographic Organization</i>	115
<i>Product Organization</i>	116
<i>Organization by Customer Types or Markets</i>	118
<i>Organization by Selling Function</i>	119
<i>The Role of Telemarketing</i>	119
Organizing to Service National and Key Accounts	120
<i>Team Selling</i>	123
<i>Multilevel Selling</i>	125

<i>Co-Marketing Alliances</i>	125
<i>Logistical Alliances and Computerized Ordering</i>	125
Vertical Structure of the Sales Organization	126
<i>Selling Responsibilities</i>	127
<i>Sales-Related Functions</i>	127
<i>The Impact of New Technologies</i>	128
<i>Staff Support and Outsourcing</i>	128
Start-up of a New Sales Force	129
Some Additional Questions	130
Summary	130

Chapter Five

The Strategic Role of Information in Sales Management 137

Ocean Spray Cranberries Forecasts in Complex Marketplace	137
Learning Objectives	139
Using Information in Managerial Decision Making and Planning	140
Introduction to Market Opportunity Analysis	141
Methods of Sales Forecasting	142
<i>Subjective Methods of Forecasting</i>	143
<i>Objective Methods of Forecasting</i>	145
Choosing a Forecasting Method	149
Developing Territory Estimates	149
Purposes and Characteristics of Sales Quotas	151
<i>Purposes of Quotas</i>	151
<i>Characteristics of a Good Quota</i>	151
Setting Quotas	152
<i>Types of Quotas</i>	152
<i>Quota Level</i>	153
Determining Sales Force Size	155
<i>Breakdown Method</i>	155
<i>Workload Method</i>	156
<i>Incremental Method</i>	158
Designing Sales Territories	159
<i>Stages in Sales Territory Design</i>	159
Sales Analysis for Managerial Decision Making	166
<i>Type of Evaluation System</i>	167
<i>Sources of Information for Sales Analysis</i>	168
<i>Type of Aggregation of Information to Be Used in Sales Analysis</i>	169
<i>Illustration of a Hierarchical Sales Analysis</i>	172
Summary	178

Comprehensive Cases for Part One 185

Case 1.1	
<i>The Valley Winery</i>	186
Case 1.2	
<i>Health Care Office Solutions, Inc.</i>	191

PART TWO

IMPLEMENTATION OF THE

SALES PROGRAM 194

Chapter Six

Salesperson Performance: Behavior, Role Perceptions, and Satisfaction 196

- Too Much Managing, Too Little Sales Performance 196
- Learning Objectives 197
- Understanding Salesperson Performance—Why Is It Important for Sales Management? 198
- The Model 199
 - The Role Perceptions Component* 199
 - The Aptitude Component* 200
 - The Skill-Level Component* 200
 - The Motivation Component* 201
 - The Personal, Organizational, and Environmental Variables Component* 202
- Rewards 205
- Satisfaction 205
- The Salesperson's Role Perceptions 206
- Stages in Developing the Salesperson's Role 207
 - Stage 1: Role Partners Communicate Expectations* 207
 - Stage 2: Salespeople Develop Perceptions* 207
 - Stage 3: Salespeople Convert Perceptions into Behaviors* 208
- The Salesperson's Role is Vulnerable 208
 - Boundary Position* 208
 - Large Role Set* 209
 - Innovative Role* 210
- Role Conflict and Ambiguity 211
 - Common Expectations and Key Areas of Conflict and Ambiguity* 211
 - Consequences of Conflict and Ambiguity* 212
 - Managing Conflict and Ambiguity in a Salesperson* 215
- Role Accuracy 216
 - Nature of Role Accuracy* 216
- Summary 218

Chapter Seven

Salesperson Performance: Motivating the Sales Force 224

- Motivation—It's All in Your Head 224
- Learning Objectives 225
- The Psychological Process of Motivation 225
 - Major Components of the Model* 226
 - Expectancies—Perceived Links between Effort and Performance* 226

Instrumentalities—Perceived Links between Performance and Rewards 229

Valences for Rewards 231

- Can the Motivation Model Predict Salesperson Effort and Performance? 232
- The Impact of a Salesperson's Personal Characteristics on Motivation 233
 - Satisfaction* 233
 - Demographic Characteristics* 234
 - Job Experience* 235
 - Psychological Traits* 235
 - Performance Attributions* 236
 - Management Implications* 237
- Career Stages and Salesperson Motivation 237
 - Career Stages* 239
 - The Problem of the Plateaued Salesperson* 241
- The Impact of Environmental Conditions on Motivation 243
- The Impact of Organizational Variables on Motivation 244
 - Supervisory Variables and Leadership* 245
 - Incentive and Compensation Policies* 246
- Summary 247

Chapter Eight

Personal Characteristics and Sales Aptitude: Criteria for Selecting Salespeople 252

- Customer Perceptions Are Critical to Sales Success in the Pharmaceutical Industry 252
- Learning Objectives 253
- Are Good Salespeople Born or Made? The Determinants of Successful Sales Performance 253
 - A Review of Past Research* 254
 - The Costs of Inappropriate Selection Standards* 256
- Characteristics of Successful Salespeople 256
 - Characteristics Sales Managers Look For* 256
 - Research Concerning the Personal Characteristics of Successful Salespeople* 258
 - Overview of Findings* 258
- Job-Specific Determinants of Good Sales Performance 268
 - Selling Different Types of Products and Services* 268
 - Different Types of Sales Jobs* 268
- Implications for Sales Management 269
- Summary 269

Chapter Nine

Sales Force Recruitment and Selection 276

- The Recruiting Challenge 276
- Learning Objectives 277

Recruitment and Selection Issues	277
Who Is Responsible for Recruiting and Selecting Salespeople?	278
Job Analysis and Determination of Selection Criteria	280
<i>Who Conducts the Analysis and Prepares the Description?</i>	281
<i>Content of the Job Description</i>	281
<i>Determining Job Qualifications and Selection Criteria</i>	283
<i>Methods for Deciding on Selection Criteria</i>	283
Recruiting Applicants	284
<i>External Sources</i>	288
Selection Procedures	290
<i>Application Blanks</i>	291
<i>Personal Interviews</i>	291
<i>Physical Examinations</i>	293
<i>Tests</i>	294
<i>Concerns about the Use of Tests</i>	295
<i>Guidelines for the Appropriate Use of Tests</i>	295
Equal Employment Opportunity Requirements in Selecting Salespeople	296
<i>Requirements for Tests</i>	297
<i>Requirements for Interviews and Application Blanks</i>	298
Summary	298

Chapter Ten

Sales Training: Objectives, Techniques, and Evaluation 303

Training at the Speed of Light—Lucent Technologies	303
Learning Objectives	304
Issues in Sales Training	304
Objectives of Sales Training	305
<i>Increase Productivity</i>	306
<i>Improve Morale</i>	306
<i>Lower Turnover</i>	306
<i>Improve Customer Relations</i>	306
<i>Improve Selling Skills</i>	307
The Development of Sales Training Programs	308
<i>Creating Credibility in Sales Training</i>	308
Training New Sales Recruits	312
Training Experienced Sales Personnel	314
Sales Training Topics	314
<i>Product Knowledge</i>	315
<i>Market/Industry Orientation</i>	315
<i>Company Orientation</i>	316

<i>Time and Territory Management</i>	316
<i>Legal/Ethical Issues</i>	316
<i>Technology</i>	317
<i>Specialized Training Topics</i>	318
Sales Training Methods	319
<i>On-the-Job Training</i>	321
<i>Classroom Training</i>	322
<i>Electronic Training Methods</i>	322
Measuring the Costs and Benefits of Sales Training	323
<i>Sales Training Costs</i>	323
<i>Measurement Criteria</i>	325
<i>Measuring Broad Benefits</i>	325
<i>Measuring Specific Benefits</i>	326
<i>Recent Trends in Sales Training Evaluation</i>	327
Summary	328

Chapter Eleven

Salesperson Compensation and Incentives 333

What Motivates Today's Relationship Salesperson?	333
Learning Objectives	334
Overview of Compensation and Incentives	335
Straight Salary, Straight Commission, and Combination Plans	337
<i>Straight Salary</i>	337
<i>Straight Commission</i>	339
<i>Combination Plans</i>	340
Sales Contests	342
<i>Contest Objectives</i>	343
<i>Contest Themes</i>	343
<i>Probability of Winning</i>	343
<i>Types of Contest Rewards</i>	344
<i>Contest Promotion and Follow-through</i>	345
<i>Criticism of Sales Contests</i>	345
Nonfinancial Rewards	346
<i>Recognition Programs</i>	346
Expense Accounts	347
<i>Direct Reimbursement Plans</i>	348
<i>Limited Reimbursement Plans</i>	349
<i>No Reimbursement Plans</i>	349
Making Compensation and Incentive Programs Work	349
<i>Assessing the Relationship Selling Objectives</i>	351
<i>Determining Which Aspects of Job Performance to Reward</i>	353

Deciding on the Most Appropriate Mix and Level of Compensation	354
<i>Dangers of Paying Salespeople Too Much</i>	355
<i>Dangers of Paying Salespeople Too Little</i>	356
Summary	357

Comprehensive Cases for Part Two 363

Case 2.1	
<i>California Credit Life Insurance Group</i>	364
Case 2.2	
<i>On-Time Package Delivery</i>	372

PART THREE EVALUATION AND CONTROL OF THE SALES PROGRAM 378

Chapter Twelve Cost Analysis 380

Cost Analysis and Customer Satisfaction	
Go Hand in Hand	380
Learning Objectives	381
Cost Analysis Development	382
<i>Full Cost versus Contribution Margin</i>	383
<i>ABC Accounting</i>	386
Procedure	388
The Process Illustrated	392
<i>Direct Selling</i>	395
<i>Advertising</i>	396
<i>Warehousing and Shipping</i>	397
<i>Order Processing</i>	397
<i>Transportation</i>	397
<i>Prospects and Problems</i>	399
<i>Return of Assets Managed</i>	399
Summary	402

Chapter Thirteen Evaluating Salesperson Performance 410

General Electric's Best-to-Worst Employee Ranking System	410
Learning Objectives	411
Performance versus Effectiveness	412
Objective Measures	414
<i>Output Measures</i>	415
<i>Input Measures</i>	415
<i>Ratio Measures</i>	417
<i>Summary of Objective Measures</i>	419
Subjective Measures	420
<i>Forms Used for Subjective Measurement</i>	421
<i>Avoiding Errors in Performance Evaluation</i>	426
<i>Using a BARS System</i>	428
360-Degree Feedback in Performance Evaluation	429
Summary	431

Comprehensive Cases for Part Three 437

Case 3.1	
<i>Wentworth Industrial Cleaning Supplies</i>	438
Case 3.2	
<i>Hanover-Bates Chemical Corporation</i>	450

Notes 455

Case Index 471

Name Index 472

Subject Index 478