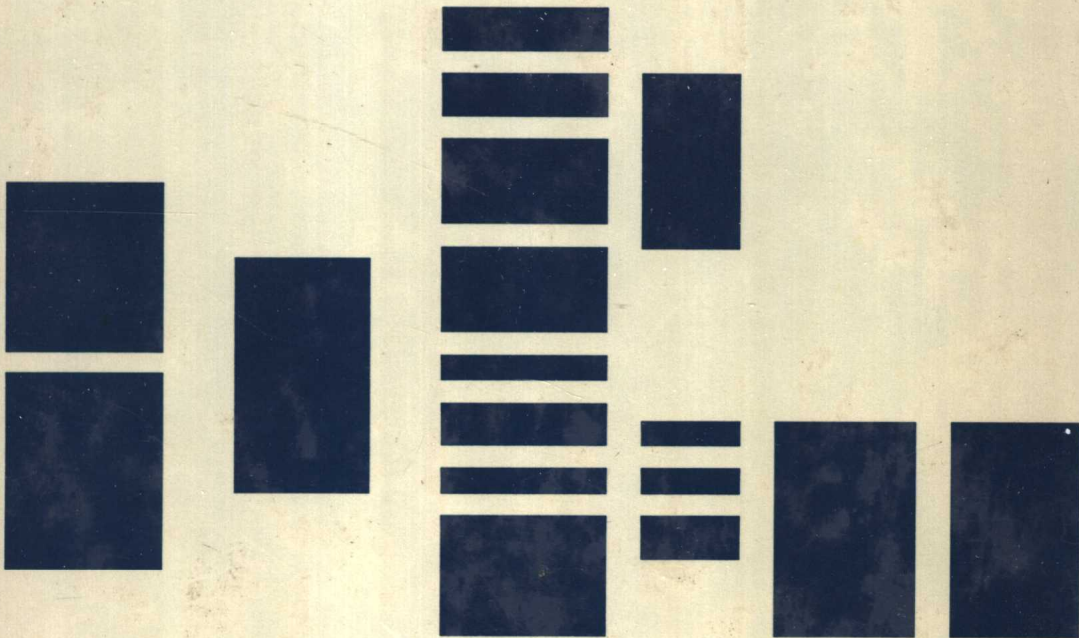


THIRD EDITION

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SALES FORCE MANAGEMENT



CHURCHILL

FORD

WALKER

SALES FORCE MANAGEMENT

*Planning, Implementation,
and Control*

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PREFACE

For the first 70 years of this century the practice of sales management resembled the practice of medicine by tribal witch doctors. Sales managers had to rely on large doses of folklore, tradition, intuition, and personal experience in deciding how to motivate and direct the performance of their sales forces. Few firms did any research to better understand the motives and behaviors of their own salespeople. And sales managers got little information or guidance from marketing academicians. There was scant published theory and even less empirical research concerning the variables that influence one salesperson to perform better than another.

Fortunately, the situation began to change about 20 years ago. Since the early 1970s an increasing volume of relatively sophisticated and informative research has focused on understanding why salespeople behave as they do and identifying factors critical to their performance. Today, nearly every issue of the major academic marketing journals contains at least one article of direct relevance to sales management; and one such journal is dedicated entirely to theory and research in sales management and personal selling. Thus, substantial evidence has accumulated about the impact of different variables on a salesperson's job behavior and performance, namely:

1. Personal characteristics
2. Aptitude
3. Skill levels
4. Role perceptions
5. Motivation
6. Environmental and organizational variables

The sales manager who is familiar with this growing research evidence and best understands how these factors affect a salesperson's behavior has an advantage in planning and directing that behavior toward desired ends and in evaluating the results produced.

WHY WE WROTE THIS BOOK

Although the body of theory and research relevant for improving sales management practice grew dramatically throughout the 1970s, students of sales

management had no single source to turn to for a detailed summary and analysis of that research and its implications. The textbooks of the time either failed to keep pace with the advancing knowledge or dealt with the emerging findings in a piecemeal fashion. Thus, our primary purpose in writing the first edition of this text in 1981 was to offer students a thorough, up-to-date, and integrated overview of the accumulated theory and research evidence relevant to sales management, plus the most recent practices and techniques employed by managers in the “real world.”

We realized, though, that simply providing a compendium of theories and research findings would not only be deadly dull, it would do little to help students understand how a sales manager might perform his or her job most effectively. A second purpose for writing this book, then, was to emphasize the link between the determinants of sales performance on the one hand, and the actions that sales managers can take to direct, influence, and control that performance on the other. We felt this objective was all the more important because of our—and our students’—dissatisfaction with existing texts. Many of them lacked structures that organized the discipline in the logical sequence of activities that managers engage in. Thus, some books discussed planning issues at several different places throughout the text, or dealt with evaluation and control before talking about implementation issues, or discussed implementation issues before examining questions of strategy. Unfortunately, some texts still suffer from this same shortcoming.

THE STRUCTURE OF THIS BOOK

We developed a framework that views the spectrum of sales managers’ activities as focusing on three interrelated, sequential processes, each of which influences the various determinants of salesperson performance:

1. **The formulation of a strategic sales program.** This involves organizing and planning the company’s overall personal selling efforts and integrating these efforts with the other elements of the firm’s marketing strategy.
2. **The implementation of the sales program.** This includes selecting appropriate sales personnel and designing and implementing policies and procedures that will direct their efforts toward the desired objectives.
3. **The evaluation and control of sales force performance.** This involves developing procedures for monitoring and evaluating sales force performance so that adjustments can be made to either the sales program or its implementation when performance is unsatisfactory.

The structure of this book reflects this framework. The first chapter introduces the subject with an overview of the duties and responsibilities of the

sales manager and how these activities relate to these three processes. Chapter 1 also outlines in detail the content of the rest of the book, which is divided into three sections corresponding to the three processes:

- **Part One—Chapters 2 through 7**—looks at the major decisions involved in designing a strategic sales program. This section examines the fit between the external environment, the firm's marketing strategy, and its strategic sales program. It also deals with the formulation of account management policies, ways of organizing the sales force, and methods for estimating demand, designing sales territories, and setting quotas.
- **Part Two—Chapters 8 through 14**—addresses issues involved in implementing the sales program. An overview of the determinants of sales performance is presented and the salesperson's role perceptions are discussed. Part Two then examines decisions involving the recruitment and selection of sales personnel, sales training, motivation, and the design of compensation and incentive programs.
- **Part Three—Chapters 15 through 17**—discusses techniques for monitoring and controlling sales force behavior and performance. It examines various approaches for conducting a sales analysis, costs analysis, and behavior analysis.

INTENDED AUDIENCE FOR THIS BOOK

This book is designed for use in an introductory course in sales management at either the advanced undergraduate or graduate level. It is also designed to complement a variety of teaching approaches. Instructors who primarily emphasize the lecture-discussion approach will find ample material for either a one-quarter or a one-semester course in the chapters and end-of-chapter discussion questions. For those who prefer case-oriented instruction, we have included 31 cases organized to correspond to the material in each of the three sections.

CHANGES AND ADDITIONS TO THE THIRD EDITION

Those who have used the earlier editions of this text should find the above discussion very familiar. That's because we have adhered to the admonition, "if it ain't broke, don't fix it." But while we have preserved the basic organization and other features of the book that have proven popular and useful in the past, we have also made many changes and additions to incorporate recent advances in sales management research and practice, and to make it an even more effective aid to learning.

Some of the more important changes in the third edition will enhance student involvement and facilitate learning. This book features a comprehensive treatment of relatively sophisticated research studies and cutting-edge management practices. Such material can be difficult to grasp, but our experience suggests that students can easily understand material if it is presented in a clear and interesting way. Feedback from professors and students suggests that previous editions of this book were both accessible and highly involving for most students. Nevertheless, we have taken a number of steps to further improve the book's readability and to offer students even more opportunities to hone their analytical and decision-making skills:

- We have increased the graphics and expanded the number of exhibits to more clearly illustrate the basic concepts and processes discussed in the text.
- More examples have been added to demonstrate the “real-world” implications and applications of the concepts and procedures outlined in the text. Some examples carry over through an entire chapter or set of chapters to help tie together several related concepts within a single context. For instance, the role of Frito-Lay's sales force in introducing Grandma's cookies to retailers is used to illustrate some motivation problems in Chapter 13, and it is referred to again in Chapter 14 to show how changes in the firm's compensation and incentive programs might have helped resolve those problems.
- A number of “thorny issues”—emerging problems for which there are as yet no clear-cut or generally accepted solutions—are discussed in separate boxed inserts at various points in the text. These thorny issues include such questions as how to revitalize a salesperson who has reached a career plateau at a relatively early age, and how new computer technologies might be employed to improve selling efficiency. These issues should provide challenging vehicles for class discussion and for stimulating student thinking.
- A total of 31 cases are included in this book. Fourteen of the cases are new, and two holdovers from the previous edition have been substantially revised and updated. Of the new cases, one deals with problems associated with using manufacturer's representatives; one examines problems that women sometimes face in sales; two involve ethical concerns; and four address sales management problems encountered in international markets.
- End-of-chapter discussion questions have been upgraded to provide a more meaningful vehicle for student exercises or class discussions. Rather than simple review questions that ask students to regurgitate answers found in the chapter, many of the questions are more application-oriented. They often take the form of minicases that reflect actual company problems.

Other changes and additions have been made to the book's content to reflect the most recent research findings and management practices. These changes include:

- A more detailed discussion of the factors affecting the choice between using manufacturer's representatives versus a company sales force.
- More material about the use of newly emerging organizational forms within industrial selling, such as national account sales forces, telemarketing, and computerized ordering systems.
- A discussion of the use of combinations of forecasting methods and scenarios to improve the accuracy and usefulness of sales forecasts.
- A more detailed examination of sales territory allocation models.
- A comprehensive overview of the research evidence concerning the relationships between various personal characteristics and differences in performance across salespeople. This overview also includes a discussion of which personal traits are most strongly related to success in different kinds of sales jobs.
- An examination of recent developments in sales training, including new computerized training techniques and programs that emphasize adaptive selling to help salespeople "work smarter."
- An extensive discussion of the recent research on how motivation and the desire for various rewards change as salespeople go through different stages. This discussion pays particular attention to the problem of plateaued salespeople and what might be done to revitalize them.
- New material covering the ways decision support systems are being used to help manage, evaluate, and control sales forces.

ACKNOWLEDGMENTS

A book like this is never the work of a single author or even a small group of authors; rather there are many people and institutions whose contributions need to be acknowledged. In the first place, we wish to thank the many scholars and sales managers who have labored so diligently over the last 20 years to move the study of sales management out of the dark ages and into the mainstream of marketing thought. We would also like to acknowledge the special contributions of the Marketing Science Institute, which supported much of the recent research, and especially Steve Greyser, Alden Clayton, and Diane Schmalensee for their willingness to commit MSI's energies and resources to the study of sales management before it became a fashionable topic. Their visionary interest helped produce the critical mass of effort necessary to move the study of the topic forward.

Academics—even those in marketing—are sometimes not very customer-oriented, particularly when it comes to writing textbooks. We have made a concerted effort to avoid such a heresy. Consequently, we offer special thanks to the more than 60 professors who responded to our questionnaire about their attitudes toward the previous edition of this book. The information they provided was very helpful in our effort to make the third edition a more useful tool for teaching and learning.

There are a number of unexciting, but nevertheless critical, tasks associated with the production of a book such as this. The following students all made significant contributions to the competent completion of these tasks: Katherine Cheney, Regina Downey, Mary Flanagan, Kiersten Foget, Greg Ford, Kelly Granholm, Yong Jin Hyun, Joseph Kuester, Anne Maegli, Margaret McCabe, William Murphy, Ravi Sohi, Patrice Waller, and Laura Wilkes. Also, Jonlee Andrews not only prepared a new set of test questions, she also reviewed and classroom-tested many of the new cases. We gratefully acknowledge their efforts. We also thank our many students over the years for their comments and suggestions. The book is better because of their insights.

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We hope we haven't forgotten anyone, and we apologize to those whose suggestions we failed to implement. Needless to say, we assume full responsibility for any errors or omissions in this book.

Janet Christopher typed the major part of the manuscript and the Instructor's Manual, and her willingness to operate under tight deadlines and the quality of her output are sincerely appreciated.

Finally, we wish to thank our families, and each of their many members, for their encouragement and support while this book was being written. It is with love we dedicate it to them.

Gilbert A. Churchill, Jr.
Neil M. Ford
Orville C. Walker, Jr.

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