



TENTH  
EDITION

# Management of a Sales Force

STANTON • SPIRO

# Management of a Sales Force

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University of Colorado

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Indiana University



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### **MANAGEMENT OF A SALES FORCE**

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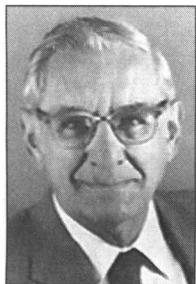
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## About the Authors



**WILLIAM J. STANTON** is Professor Emeritus of Marketing at the University of Colorado in Boulder. He earned his M.B.A. and Ph.D. degrees at Northwestern University. For 35 years, Bill worked extensively with both undergraduate and graduate students at Colorado, developing teaching/learning materials and curricular programs.

As an extension of his teaching interests, he has worked in business and has taught in management development programs for sales and marketing executives. For many years he taught in management development programs sponsored by Sales and Marketing Executives—International, including the Field Sales Management Institute (for middle-level sales executives) and the Graduate School of Sales and Marketing Management (for top-level sales and marketing executives).

Bill also designed, coordinated, and taught in the first management development programs sponsored by Advanced Management Research for sales executives. He has served as a consultant for business organizations and has engaged in research projects for the federal government.

Bill has lectured at universities in Europe, Asia, Mexico, and New Zealand and has written various journal articles and monographs. One of his other books, a widely used principles of marketing text, has been translated into Spanish, Portuguese, Italian, and Indonesian; and separate editions have been adapted (with co-authors) especially for students in Canada, Australia, and Italy.

In a survey of marketing educators, Bill Stanton was voted one of the top seven leaders in marketing thought. He is listed in *Who's Who in America* and *Who's Who in the World*. In his "spare" time, Bill thoroughly enjoys jogging, downhill skiing, gardening, and traveling.



**ROSANN L. SPIRO** is a Professor of Marketing at the Kelley School of Business, Indiana University in Bloomington, Indiana, where she teaches Sales Management, Business-to-Business Marketing, International Marketing, and Managerial Research in Marketing. After receiving her undergraduate degree in Economics and an M.B.A. in Marketing from Indiana, she joined the Shell Oil Company as a Senior Analyst/Statistician in the Economics and Planning Department. She then moved on to the more exciting area of sales: as the first woman to become a Shell Oil sales representative, she sold a wide variety of products to major industrial accounts.

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In 1973, when the national oil crisis caused a shortage of products to sell, Rosann returned to school, earning a Ph.D. degree in Marketing from the University of Georgia. She then taught at the University of Tennessee and subsequently moved to Indiana University. She also spent a year at the University of Aarhus in Denmark as a Visiting Professor of Marketing. She has lectured at universities and institutes in western, central, and eastern Europe as well as South Africa. Rosann is a well-known author whose work in marketing has appeared in numerous national and international publications. She won the Outstanding Article of the Year in the *Journal of Personal Selling & Sales Management* in 1996, 1986, and 1981. She is on the editorial review boards of the *Journal of Marketing*, the *Journal of Personal Selling & Sales Management*, and *Marketing Management*.

Currently Rosann is the Vice President of the World Marketing Association and the Vice President of Global Relations for the American Marketing Association. She has also served as President of the World Marketing Association and as Chairperson of the Board of the American Marketing Association as well as Vice President of the Education Division and as a member of the Advisory Board for the Business Marketing Division of AMA. Currently she serves on an advisory board to the U.S. Census Bureau. She is a frequent consultant to businesses and participates in national and international management development programs.

Outside of work Rosann enjoys her family, jogging, tennis, skiing, sailing, and reading.

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# Preface



## **THIS BOOK—GEARED FOR THE TWENTY-FIRST CENTURY**

The new edition of *Management of a Sales Force* is coming out at a time when we are entering a new century. The market environment in the new century will be dramatically different. The age and ethnic mixes of the population of the United States are changing considerably; the population is getting older and less white. By the beginning of the first decade of the twenty-first century, one-third of the American population will be part of a minority group. People's values are changing as we show more concern for our social and physical environments and our overall quality of life. Along with these changes, we now expect that leaders in government, business, and other institutions adhere to higher standards of ethical and social responsibility than in the past. In this next century, most businesses will be internationally oriented, buying from and/or selling to the global markets. Today the U.S. market has reached the saturation point for many consumer and industrial products; but new markets such as eastern Europe and China have opened up. European, Asian, and U.S. trade agreements have made it easier for companies to sell products and services in Europe, Asia, Central and South America, and Canada. Growth for many American companies in the twenty-first century will come from the Asian, European, and South and Central American markets. At the same time, competition in the United States from foreign competitors has greatly intensified.

New developments in communication and information technology are changing our everyday lives and our business practices. In the next decade, most salespeople will use some type of computer technology to assist them in serving their customers, and most sales managers will use computer technology to assist them in managing their salespeople. Customers too will be using new technologies, such as the Internet, to assist them in gathering product information and in making purchase decisions. The customers of the twenty-first century will demand higher quality and greater levels of service.

As a result of these economic and competitive pressures and the social and cultural changes, companies are being forced to become more market oriented—more responsive to the customer. The role of the sales force will expand greatly. The salesperson of the twenty-first century will be a professional who is as much a marketing consultant as a sales-

person. These new salespeople will engage in consultative relationships with their customers. They will be expected to solve customer problems, not just sell products. Their focus will be on building long-term relationships with their customers. In many cases, companies will respond to their customers' needs by using *selling teams*, rather than a single salesperson.

As the nature of personal selling changes, so will the role of the sales manager. Tomorrow's sales managers will be viewed as *team leaders* rather than *bosses*. They will empower and collaborate with their salespeople rather than control and dominate them. Managers in the twenty-first century will be asked to manage multiple sales channels, such as telemarketing and electronic marketing as well as field salespeople. They will also assume a greater responsibility for directing and coordinating the marketing efforts of their firms.

Your career success will depend greatly on your ability to adapt to the environmental challenges and changes that will occur in the coming decade. The contents of this book can be valuable to you because you will use the knowledge contained in your sales course fairly immediately. Within a very few years many of you may well be some type of sales force manager, perhaps at a district level. Even as salespeople, you may be called upon to use material covered in this book. The year following your graduation, you may come back to your alma mater as a member of your firm's employee recruiting team. Or you may be called upon for suggestions regarding a proposed compensation, expense, or quota plan. We wrote this book to help make the transition from college to a professional selling career easier for you.



## WHAT'S NEW IN THIS EDITION

The tenth edition has been substantially revised to reflect the changing social and economic conditions that will present major challenges to sales force managers during the 2000s. Of the many new features in this edition, probably the most noticeable is the emphasis placed on **relationship selling** and particularly the use of **selling teams** to develop stronger relationships with customers. Many of the chapters have a highlighted box which discusses the principles within the chapter as they relate to managing selling teams. Some of the specific topics include:

- Keys to successful team selling.
- Organizational options for team selling.
- Recruiting for team selling.
- Hiring for the team.
- Training for team selling skills.

- Motivation for team selling.
- Compensating teams.
- Team leadership.
- Team selling and morale.

In this edition, we have also added a chapter on **personal selling**. This chapter focuses on the steps in the sales process, noting the differences between the techniques used in traditional transactional selling and those used in more complex relationship selling situations.

The cases have always been a strength of this book. Out of 54 cases, the 10th edition contains 16 new cases. All of these cases involve sales management problems faced by real companies. Five of these are longer, **integrative cases**, which have been placed in an appendix at the end of the book. The accompanying case-by-chapter grid indicates the chapters for which cases are most appropriate.

Many new figures, boxed materials, and other graphics have been added to make the book more readable and understandable. **Key terms** and **experiential exercises** have been added to the end of each chapter. Many new company examples illustrate the principles discussed in the text and many chapters contain new topics which reflect changing market conditions and new management practices. Some of these include:

- The concept of **relationship marketing** is discussed in greater depth in Chapters 1 and 2. For example, Chapter 2 includes a highlighted discussion on how to practice relationship marketing.
- An extensive discussion of **national account management** has been added as well as expanded coverage of **organizational options for international sales** (to Chapter 4).
- The latest trends in recruiting and selection are discussed including the use of **electronic databases** for recruiting and **performance-based interviews** in selection processes.
- The chapter on training now includes new sections on **relationship building skills**, **team selling skills**, **business skills**, and **computer-assisted selling skills**. There is also a new discussion of the **reinforcement of training** and a revised section on **training assessment** which reflects the trend toward **customization of training**.
- A discussion of **charisma** as it relates to leadership has been added (Chapter 12), and the concepts of **esprit de corps** and **corporate culture** have been added to the discussion of sales force morale (Chapter 13).
- In the discussion of forecasting, all of the examples have been updated, using 1997 data.





## STRUCTURE OF THIS BOOK

Those who are familiar with the earlier editions will find that we have retained the features that have made this text an outstanding teaching and learning resource. The writing style continues to make the book clear and interesting to read. The section-heading structure makes for easier reading and outlining. We still have the excellent end-of-chapter discussion questions. Most of these questions are thought-provoking and involve the application of text material, rather than being answerable “right out of the book.” The issue-oriented cases provide an opportunity for problem solving and decision making, rather than being simply a vehicle for long-winded discussion of a company’s action.

We have also retained the basic scope and organization that have made this book the market leader in the sales management field for over 20 years. With respect to its *scope*, *this book still is concerned specifically with the management of an outside sales force and its activities*. Because outside salespeople—those who go to the customers—are distinguished here from over-the-counter salespeople to whom the customers come, the book deals largely with the management of sales forces of manufacturers and wholesaling middlemen. Thus the scope of this book does *not* include any significant treatment of the broader fields of marketing management.

The tenth edition continues the *real-world approach* that has successfully characterized previous editions. Students who learn from this book can talk to sales executives in the business world, and sales executives appreciate the material in this book. In fact, this book has been used in many executive development programs for sales managers.

The text is divided into five main parts:

- 1. Introduction to sales force management.** The three chapters in this section set the scene for the rest of the book. Chapter 1 covers the nature, scope, and importance of personal selling and sales force management. This opening chapter also sets forth our basic managerial philosophy, which permeates the entire book. We believe that staffing—the selection of personnel at any level in organization—is the *most* important function of administrators. In Chapter 2 we discuss strategic planning and the role of sales force planning as it relates to marketing planning and total-company planning. Chapter 3 presents the steps in the personal selling process.
- 2. Organizing, staffing, and training a sales force.** Part II (Chapters 4 to 8) covers the first steps in operating a sales force. The major types of sales organizational structures and additional strategic organizational alternatives are treated in Chapter 4. The task of selecting salespeople is discussed in *some* detail over the next two chapters. A separate chapter (7) is devoted to the key tasks of actually hiring the selected sales reps and socially assimilating them

into the sales force. The development of a sales training program is the topic of Chapter 8.

3. **Directing sales force operations.** In this part (Chapters 9 to 13) we continue our discussion of operating a sales force. We start with the conceptual and practical aspects of sales force motivation. One chapter is devoted to compensating a sales force, followed by a chapter on sales force expenses and transportation. We conclude Part III with coverage of leadership and supervision of a sales force and a chapter on sales force morale.
4. **Sales planning.** This section (Chapters 14 to 16) begins with an explanation of why we place sales planning after sales operations in the book. Part IV covers sales planning activities, starting with estimating market demand and sales forecasting. Then we discuss the design and coverage of sales territories, and we conclude with the subject of sales budgets and quotas.
5. **Evaluating sales performance.** The final stage in the management process of planning–implementation–evaluation is covered in Part V (Chapters 17 to 20). This part includes a sales volume analysis of an organization's total sales performance, a marketing cost and profitability analysis, and an evaluation of the performance of individual salespeople. The final chapter is a macroevaluation of sales force management in which we discuss ethical and legal responsibilities facing sales managers.

Following the text are two appendixes:

**Appendix A: Integrative cases.** This appendix includes five lengthy integrative cases which may be used in conjunction with several different chapters. Included at the beginning of the appendix is a grid that suggests which chapters the integrative cases supplement.

**Appendix B: Careers in sales management.** This appendix discusses the opportunities and challenges of a career in sales management. It describes typical career paths and the everyday life of a sales executive. It also describes what it takes to be a successful sales manager.



## TEACHING SUPPLEMENTS

An extensive *Instructor's Teaching Supplement* has been prepared to accompany the tenth edition of *Management of a Sales Force*. The teaching supplement includes:

- Case notes.
- Answers to end-of-chapter questions.
- Suggestions for experiential exercises, including exercises that utilize the Internet.

- Suggestions for role-playing exercises.
- Managerial decision problems appropriate for spreadsheet analysis and suggested answers.
- Transparency masters, which are also available on powerpoint.
- An extensive, revised test bank of objective true-false and multiple-choice questions.
- Computest—A computerized version of the test bank is available upon request to all adopters. Computest allows the instructor to tailor and edit the exam questions to meet specific class needs.

*Videotapes* available with *Management of a Sales Force* depict selling and sales management situations. The *Sales Force—Sales Management Simulation* developed by Wesley Patton is also available as a teaching supplement.



## ACKNOWLEDGMENTS

Many people contributed directly to the improvements in this edition. Several of the cases were prepared by other professors and students, and in each instance their authorship is identified with the case. The concept of the Majestic Plastics Company problems and the first set of these incidents used in earlier editions were originally developed by Phillip McVey when he was at the University of Nebraska—Lincoln. George R. Cook of the Xerox Corporation contributed several ideas, as well as supplying the Xerox company forms that nicely illustrate several concepts in the sales force selection chapters. Dick Canada, a former Sales Training Manager for Xerox and currently Chairperson of Dartmouth Group, Ltd., contributed ideas for the training chapter and wrote one of the training cases.

Through the years, many sales executives, present and past colleagues, and other professors have contributed greatly to this book. Many of these debts are acknowledged in footnotes and other references throughout the text. Perhaps, however, our greatest debt is to our students who have used this text. Their suggestions, constructive criticisms—and yes, sometimes even their complaints—have led to many changes and improvements in the book. To all these people we are deeply grateful.

We would also like to extend our sincere thanks to all those people who offered valuable critiques and thoughtful recommendations in the reviewing process of the revision. Their efforts have helped to create a strong and effective tenth edition of *Management of a Sales Force*. We would especially like to thank the following people:

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**William J. Stanton**  
**Rosann L. Spiro**

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