

MANAGEMENT
OF THE
SALES FORCE

Sixth Edition

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Management of the Sales Force

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Management of the Sales Force

To Betty and Barbara

PREFACE



When the first edition of this book was published, our economic growth rate was strong, and jobs for college graduates were plentiful. This new edition (the sixth) comes out in a quite different socioeconomic setting as we move into the mid-1980s. Both our economic growth rate and the birthrate have slowed down considerably. Energy costs are soaring, inflation and high interest rates are persistent threats, and government regulation is increasing. Some industries face intensive foreign competition, and others periodically have to contend with shortages. People's values are changing. There is a demand for a better quality of life—and a better social and physical environment.

In response to this changing socioeconomic environment, the nature of the outside sales job has changed rather dramatically. A new kind of sales person has been developing—a more professional sales representative, a profit manager of a territory. These changes have been paralleled by a substantial upgrading of the positions of sales-force executives. In the past, these jobs often involved little more than being a field supervisor of the sales force. These managers often were little more than super sales people. Today, in contrast, a sales-force executive's job is influenced considerably by the strategic company planning and the strategic marketing planning in his or her firm. Today, these executives must engage in planning sales-force activities and evaluating sales performance, as well as operating a sales force.

In this sixth edition of *Management of the Sales Force*, we have attempted to reflect these changing conditions in all parts of the book. At the same time, those who are familiar with the earlier editions will find that the basic scope, approach, and organization have been retained. *This book is still concerned specifically with the management of an outside sales force and its activities.* Outside sales people, those who go to the customers, are distinguished here from over-the-counter sales persons to whom the customers come. Therefore the book deals largely with the management of sales forces of manufacturers and wholesaling middlemen.

In this edition all material has been updated, and several new concepts are introduced. There is a new chapter on motivating a sales force which includes a treatment of the behavioral concepts in motivation. Several chapters have been substantially rewritten. Chapter 2 especially has been rewritten to include a discussion of strategic sales-force management. Strategic planning for the sales force is placed in proper relation to strategic marketing planning and strategic company planning.

Twenty-nine of the 44 cases are new. Also new are 5 of the 12 operating problems in the Majestic Glass Company. These are day-to-day problems of the sort typically faced by sales managers. These problems first appeared in the fifth edition and were written by Professor Phillip McVey of the University of Nebraska—Lincoln.

A model of strategic sales-force management is introduced in Chapter 1. This model then serves as the structure for the entire book, and it is reproduced at the beginning of each major section of the book. To make the book more readable, the entire text was carefully edited to reduce the average sentence length and to reduce the amount of detail in many sections.

It seems appropriate that special attention should be devoted to the management of a sales force. This field should not be neglected by administrators in their preoccupation with strategic *marketing* management. The sales people in the field have the task of properly carrying out the sales plan. In the final analysis, it is this group which brings in the revenue. There is a direct relationship between company profits and the management of the sales force. Furthermore, the cost of administering and operating a sales force usually is by far the largest single marketing expense in a company.

The contents of this book can be valuable to you who are student readers because your use of the knowledge can be fairly immediate. Few of you will become marketing managers very soon after graduation. Within a very few years, however, you may well be some type of sales-force managers, perhaps at a district level. Even as sales people, 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 members of your firm's employee recruiting team. Or you may be called upon for suggestions regarding a proposed compensation, expense, or quota plan.

The text is divided into five main parts:

1. *Introduction to Sales-Force Management.* The three chapters in this section include an introductory chapter and one on sales-force organization (Chapter 3). In Chapter 2 we cast sales managers in their true role—that of administrators. We explain the role of strategic sales-force planning as it relates to strategic marketing planning and strategic company planning. Also in Chapter 2, we set forth a basic managerial philosophy which permeates the entire book. We believe that staffing—the selection of personnel at any level from top to bottom in an organization—is the most important function of administrators. It is not their *only* job, but it is their *most important* one.
2. *Staffing and Operating a Sales Force.* This part includes such topics as selecting, training, and compensating a sales force. Sales operations also includes the topics of motivating and supervising a sales force, as well as sales-force morale.
3. *Sales Planning.* Part 3 covers sales planning activities starting with a forecast of market demand, including sales forecasting. Then we discuss

sales department budgeting, the establishing of sales territories, and finally the subject of sales quotas.

4. *Evaluating Sales Performance.* This part deals with sales volume analysis, marketing cost analysis, and an evaluation of the performance of individual sales people.

5. *A Look-Ahead.* Part 5 includes chapters on the ethical problems and social responsibilities facing sales managers, and on career opportunities in sales management.

To help students understand and apply the material in the book, special attention has been given to the preparation of the discussion questions and the cases found at the end of the chapters. Generally the questions cannot be answered "straight out of the book." Instead, they are intended to be thought-provoking and an aid in using the ideas set forth in the chapter. Many of the cases are intentionally designed as short examples of specific issues related to the topic covered in the chapter. In addition, in response to requests from many professors, we also have introduced some longer, more complex cases.

Directly and indirectly, 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 book. Their suggestions, constructive criticisms, and, yes, sometimes even complaints have led to many changes and improvements in the book.

William J. Stanton

Richard H. Buskirk

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PART

1

Introduction to Sales-Force Management

For firms with an outside sales force, the activities involved in personal selling typically account for more people and cost more money than any other phase of the firm's marketing program. Moreover, the degree of success experienced by the sales people in their work usually is a major—if not the most important—factor determining the degree of success enjoyed by the firm. Consequently, the management of this sales force—the topic of this book—constitutes a very important part of marketing management and the company's total management effort.

The first part of this book introduces you to the field of sales management. In Chapter 1 we explain what marketing is and how it has evolved in our socioeconomic system. Then we explain the role of sales-force management in a total marketing program and discuss the distinctive nature and importance of sales management.

Chapter 2 considers the role of sales managers as administrators. The role of sales-force strategy is examined in relation to a firm's marketing strategy and its overall company strategy.

Chapter 3 deals with sales-force organization—the concepts of good organization, the basic types of organizations, and the organizational specialization within a sales department.