

Module 2: (9hours)

Management of Sales Territory & Sales Quota: Sales territory, meaning, size, designing, sales quota, procedure for sales quota. Types of sales quota, Methods of setting quota. Recruitment and selection of sales force, Training of sales force.

MODULE-02**Management of Sales Territory & Sales Quota****SALES TERRITORY:**

A sales territory is defined as a group of present and potential customers assigned to an individual salesperson, a group of salesperson, a branch, a dealer, a distributor, or a marketing organization at a given period of time. **Territories are defined on the basis of geographical boundaries in many organizations.**

Sales management is defined as a group of present and potential customers assigned to an individual sales person, a group of sales person, a branch, a dealer, a distributor or a marketing organization at a given period of time.

A geographical area consisting of group of present and potential customers.

- Assigned to
 - an individual salesperson,
 - a group of salesperson,
 - a branch,
 - a dealer,
 - a distributor or,
 - a marketing organization.
- At a given period of time.
- Basic unit of sales planning and control.

SIZE OF SALES TERRITORY

There are various factors influence the size of a sales territory. Density of the population, population spread within the territory, nature and demand of the product, mode of physical distribution, the selling process and transport and communication facilities. If the product is a consumer durable with a longer shelf life, the company may prefer to have a larger territory compared to smaller territories for the perishable commodities. Territories can be established on the basis of the nature of the product, namely consumer, industrial and durable and non-durable.

REASONS FOR ESTABLISHING TERRITORIES

The main motive of establishing sales territories is to simplify the planning and controlling of the selling function.

Following are some reasons for establishing sales territories –

1. To obtain thorough coverage of the market

According to the division of sales territory, the activities are assigned to salesperson. This helps in market coverage, rather than the salesperson selling the product according to his ambition. It helps the sales manager to monitor and take updates accordingly from different sales managers.

2. To establish the salesperson's job and responsibilities

It's very important to establish jobs and responsibilities for salespersons. Sales territories help in doing so because the task is assigned to the salesperson and he is responsible and answerable for the same.

Once the task is assigned, frequent checks are done to monitor the calls; it helps to determine the work of each salesperson. If the sales manager finds the workload for a particular person is more, the work is divided and reassigned equally. This creates motivation and interest to work.

3. To evaluate sales performance

In an organization, the sales territory is compared from the previous years to current to find out the difference, i.e., the increase or decrease in sales volumes. It helps to work on the difference accordingly. This is done with the help of sales territory as the activities are assigned in a proper manner and gathering of data and evaluation becomes easy.

The comparison to evaluate sales performance is done on the following basis –

- Individual to District
- District to Regional
- Regional to Entire Sales Force

By this comparison, we can evaluate and determine where the sales force is contributing for high volume of sales.

4. To improve customer relations

As we know, salespersons have to spend most of their time on road to sell the products but if the sales territory is designed in a proper way, the salesperson can spend more time with the customers (present and potential). This helps in building rapport and understanding the needs better.

Sales of a company can increase when a customer receives regular calls and the salesman has to visit the customers on the basis of calls. The salesman and the customer get time to understand each other and resolve their issues regarding demand and supply. This also helps in increasing the brand value of the company.

5. To reduce sales expenses

Once the geographical areas are decided, the company gets a proper picture as to the

areas that can be assigned to the salespersons. He/she needs to cover that area so that there is no duplication of work by sending two salespersons in the same area. The selling cost of the company gets reduced and leads to increase in profits. There is also an advantage to the salesperson for few travels and overnight trips.

6. To improve control of the sales force

The performance of a salesperson can be measured on the basis of calls made to customers, the routes taken and the schedules. In this case, the salesperson cannot deny if the results are not positive.

The salesperson has to work on the same routes, schedule and everything is predetermined. This results in better control of the sales force.

7. To coordinate selling with other marketing functions

If the sales territory is designed properly, it helps the management to perform other marketing functions as well. It is easy to perform an analysis on the basis territory as compared to the entire market.

The research done by the management on marketing on territory basis can be used to set sales quotas, expenses and budgets. The results can be satisfactory if the salesperson helps in advertising, distribution and promotion when the work is assigned on territory basis instead of the market as a whole.

ADVANTAGES OF SALES TERRITORIES:

1. Better market coverage:
2. Effective utilization of sales force
3. Efficient distribution of workload among sales people
4. Enhances employees morale
5. Evaluate the performance of salespeople
6. Control over the direct and indirect cost of the sales function

FACTORS AFFECTING SALES TERRITORY:

The allocation or division of sales territories among the salesmen is based upon several considerations or factors, such as the nature of the product, the potential demand for the product in the area, the extent of competition present in the area, transport and communication facilities available, channels of distribution, types of customers, the capacity of the salesmen, the types of customer services to be provided, the sales expenses ratio, etc. Each of these factors are explained in detail.

1. Nature of the product

First, the nature of the product is of utmost importance. There are certain consumer items which have constant demand in the market. They are high turnover goods and they need little selling efforts. Thus, for such products a large territory can be assigned. For luxurious, bulky and durable articles, which need concentrated selling efforts small sales territory can be assigned.

2. Demand for product

While allocating sales territories to salesmen, the demand for a particular product should also be taken into account. If the demand for a particular product is constant and frequent, then the whole sales field can be divided into small sales territories. However, in case of low demand and infrequent purchase of articles, the size of the sales territory should be

large.

3. Transport facilities

The marketing of a particular product depends to a large extent on the availability of transport facilities. If the transport facilities like road, railway and air links etc., are satisfactory, then large sales territories can be allotted to salesmen. However, areas having

poor transport facilities should be divided into very small sales territories. If the company provides vehicles such as a car or motor cycle for the salesmen, then larger sales territories can be assigned.

4. Competition and Frequency of Contact

Competition cuts the size of the territories and increases the frequency of contact. In other words, the salesman has to meet dealers and customers very frequently in highly competitive areas. On the other hand, limited competition or near [monopoly situation](#) lengthens the frequency of contacts between the salesmen and the dealer/customer. In such situations, the salesmen can be assigned larger sales territories.

5. Population

The density of population in a particular area determines the size of the territories. In other words, if particular area of a territory is thickly populated, there arises the need to divide the sales field into small sales territories. On the other hand, if the area is thinly populated, then larger sales territories can be allocated to salesmen.

6. Distribution System

Very often the distribution system of a particular organization determines the size of its sales territories. In case the company sells through [middlemen](#) like wholesalers, dealers, retailers etc., larger sales territories can be allocated to salesmen. On the other hand, if the product is sold directly to consumers or very few middlemen are used, then small sales territories can be assigned to salesmen.

7. Advertising and Sales Promotion Activities

Companies which have widespread [advertising](#) and other [sales promotion](#) activities, can assign small sales territories to each salesmen in view of the demand for the product created by advertisements. This enables them to sell extensively in territories allotted. On the other hand, low advertised products need large sales territories for each salesman.

8. Ability and Experience of Salesman

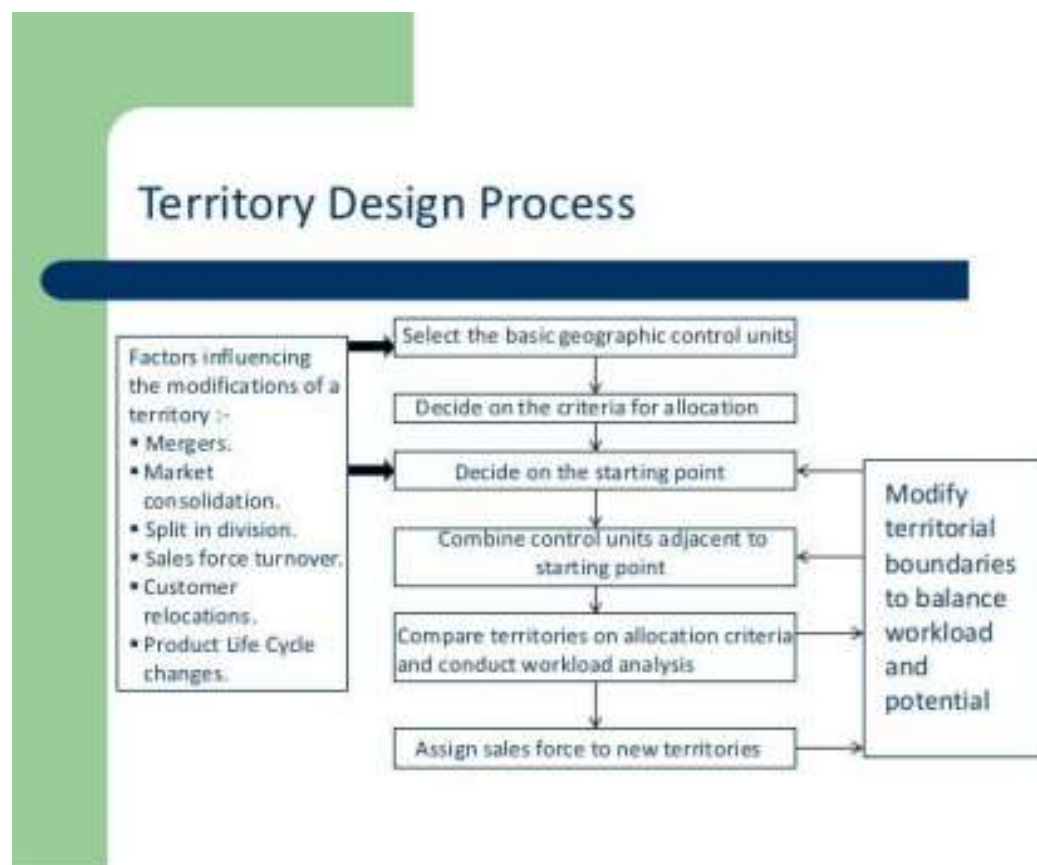
The size of the sales territory also depends on the ability and experience of the sales force. Experienced and [talented salesmen](#) are able to sell more and, therefore, they can easily be allotted large sales territories. New and inexperienced salesmen are usually allocated small sales territories as their ability to sell is limited. A salesman is expected to produce maximum sales turnover from his area with the minimum amount of time and effort. The commonly used division are states, districts, cities and trading areas.

The allocation of sales territories is often followed by the planning of the route which a salesman should follow within his sales territory. The planning of the route involves the determination of places to be visited (including exploration of new markets), the number of customers to be contacted and the number of calls to be made every day by the salesman

Disadvantages of sales territory:

1. May not prove good in regions where **personal relationship** is required rather than professional approach.
2. Organizations **with vast geographic area and large customer distribution**, with a lower density in any specific block, firms using telemarketing and internet marketing as tools, do not plan territories on the basis of geographic division.
3. Small firms, particularly firms with **single salesperson** do not establish sales territory.
4. Highly sophisticated and technically complex products are sold through sales teams systematic effort.
5. Organizations sell products like insurance, fixed deposits and other investment products through personal acquaintances of sales people.
6. Sales people may be more motivated if they are **not restricted**.
7. **Long term and new product forecasting** are not possible.

DESIGNING THE SALES TERRITORY(7/10 marks imp)



The **buildup method** consists of **designing** sales **territories** by assessing the attractiveness of current and prospective customers. In this **method**, current and prospective customers are identified and their sales requirements analyzed individually.

1. Select the basic geographic control units:

- The starting point in territorial planning is the selection of a basic geographical control unit.

- The most commonly used control units are districts, pin code numbers, trading areas, cities, and states. Sales territories are put together as consolidations of basic geographical control units.
- Management should strive for as small a control unit as possible. There are two reasons for selecting a small control unit. One reason is to realize an important benefit of using territories, precise geographical identification of

sales potential. If the control unit is too large, areas with low sales potential are hidden by inclusion with areas having high sales.

2. Decide on the criteria for allocation:

Establishing the sales territory helps in planning and controlling the sales operations. A well designed sales territory helps to increase sales volume and market coverage and provide better services to customers. Once the sales territory is allocated to the salesperson, he is responsible for making things happen.

- Territory balance : --- effect on morale

It's also important to balance your territories by region, especially when considering your team's morale. Consider this scenario: half your team is working a high paced urban area and the remaining portion of your team is working the slow moving rural areas. When you go to measure rep performance, the rural half of your team probably won't rate very well based on the nature of the region they're covering. They would probably not be very happy. You want your reps working a mixture of both urban and rural areas so you can measure and reward your reps based on their talent and performance, not just on the volume of sales possible for the region they are working.

- Customer balance - distribute commission.

If you're all about building networks and teams and excel at getting others to participate in the process, you'll do best when you're paid based on territory wide sales versus individual sales, Flagg says.

Remember that a sales territory is only as rich as the customers it contains. "You have to know who your target market is and if they're located in that territory," says business coach Tom Maier of Action Coach in Shelton, Connecticut.

A protected territory keeps others in the company from poaching your customers, but prevents you from following customers who move out of your territory or selling to customers' out-of-territory branches.

- Potential balance - share business growth.

Properly divided sales territories can make a world of difference for your

team and your business. Whether you're starting from scratch or looking to redesign or expand your existing territory management strategy, there are plenty of benefits to having a comprehensive sales territory plan.

Creating a balanced sales territory plan helps ensure you're targeting the right customers at the right times and assigning the right accounts to the right reps. This also allows you to reduce your sales costs and improve productivity – which hopefully leads to even more sales.

- Size balance - reduce transportation costs.

Once the geographical areas are decided, the company gets a proper picture as to the areas that can be assigned to the salespersons. He/she needs to cover that area so that there is no duplication of work by sending two salespersons in the same area. The selling cost of the company gets reduced and leads to increase in profits.

3. Decide on the starting point:

- Sales persons home
- Large customer : cut transportation cost
- Big city: convenient for service

4. Combine control units adjacent to starting point

Once planning and control units have been selected and opportunity evaluated, initial territories can be designed. The objective is to group the planning and control units into territories that are as equal as possible in opportunity. This step may take several iterations, as there are probably a number of feasible territory designs. It is also unlikely that any design will achieve complete equality of opportunity. The best approach is to design several territory arrangements and evaluate each alternative. Each alternative must be feasible in that planning and control units grouped together are contiguous. This can be some task when done manually but is much more efficient when computer modeling approaches are used.

5. Compare territories on allocation criteria and conduct workload analysis

Once the task is assigned, frequent checks are done to monitor the calls; it helps to determine the work of each salesperson. If the sales manager finds the workload for a particular person is more, the work is divided and reassigned equally. This creates motivation and interest to work.

The preceding step produces territories of nearly equal opportunity. It may, however, take more work to realize this opportunity in some territories than in others. Therefore, the workload of each territory should be evaluated by

- the number of sales calls required to cover the accounts in the territory,
- the amount of travel time in the territory,
- the total number of accounts, and
- any other factors that measure the amount of work required by a salesperson assigned to

the territory.

6. Assign salesforce to new territories

Once territories have been designed, salespeople must be assigned to them. Salespeople are not equal in abilities and will perform differently with different types of accounts or prospects.

Many sales organizations still perform this process manually using maps, grease pencils, and calculators.

There are, however, several software programs that automate the process.

Most of these programs make it easy to design potential territories, print maps, and compare opportunity and workload. Then, changes can be made easily and new maps and comparisons produced quickly. This allows sales managers to evaluate many possible territory designs and to assess the impact of territory design changes easily. Examples of available software include Sales Territory Configurator (www.rochestergroup.com), Tactician(www.tactician.com), and TerrAlign (www.terralign.com).

SALES QUOTA

Sales quotas are the targets that salespeople try to achieve within a specific period of time, which contributes towards achieving the organizational goal regarding sales forecasts. Sales quotas are sales goals or targets set by a company for its marketing / sales units for a time period.

Any kind of sales figures given to any particular person or region or distributor is called Sales Quota. It can be measured either in terms money or the stock of goods sold. It is particularly an amount of target sales that is assessed on daily or monthly basis. To assess the performance of an individual sales person, his/her ability is looked to meet the given target.

According to Philp kotler

“A sales quota is the sales goal set for a product line, company division or sales representative. It is primarily a managerial device for defining and stimulating sales effort.’

Objectives of Sales Quotas

- To use quotas as performance standards or performance goals
- To control performance
- To motivate people by linking quotas to compensation plans
- To identify strengths and weaknesses of the company
- To indicate strong or weak spots in the selling structure
- To furnish goals and incentives for the sales force
- To Control salespeople activities

- To evaluate productivity of salespeople
- To improve effectiveness of compensation plans
- To control selling expense
- To evaluate sales contest results.

PROCEDURE FOR SETTING QUOTA

A successful procedure for setting quotas in organizations is a process built on one-to-one

discussion between the sales managers with each salesperson serving a territory. This procedure is the most democratic way of handling the targets and motivating subordinates to achieve the organizational goal. They are

- Scheduled planning
- Conferencing with each salesperson
- Arriving at a summarized written quota statement

Scheduled planning:

It involves planning for goal setting meetings with individual salespeople and particularly with new recruits. These schedules are necessary to explain systems and reasons, benefits and incentives for each salesperson and goals for the organization. The salespeople should be allowed to ask questions and get clarification for their doubts.

Conferencing with each salesperson

Here the sales manager allows the salesperson to discuss. The discussion revolves around

4 key areas:

1. **Territory:** Territories can be defined on the basis of geography, sales potential, history, or a combination of factors. If the demand for a particular product is constant and frequent, then the whole sales field can be divided into small sales territories. However, in case of low demand and infrequent purchase of articles, the size of the sales territory should be large.
2. **Account:** Account represents an individual customer account, organization or partner involved with business. As part of standard functionality Salesforce.com provides Account objects in Sales force which stores all account details related to your business like Customers and Competitors. ,
3. **Call management :** It is a strategy where actual converting calls into customer. Plan the sales call around the people that you're actually calling on. Determine what they do, how they make the company money. Set up your expectations and an agenda to explore the goals for the meeting

4. **Self management.**: The Sales Rep is accountable and responsible for information and communication. If your business brings in any revenue at all, a **sales management** strategy is an absolute must.

The purpose is to create win win situation for both the organization and the employee.

Arriving at a summarized written quota statement

The next task is to prepare written summary of the goals agreed upon. the written goals become a document of understanding for all purposes. It provides clear cut goals and

responsibilities for the year ahead.

Types of sales quota

(1) Sales volume quota:

It is the most commonly used method as it provides an important standard of appraising the performance of individual salespeople, intermediaries and the branch. **Sales volume quotas communicate the organizations expectations in terms of what amount of sales for/in what period.** This kind of quota can be set for geographical territories, different product lines, different marketing intermediaries, or more than one of these combinations.

The annual quota is set for the year and then broken down into specific time periods. In many cases, these specific time periods may vary depending upon the seasonality of the business, consumer attitude towards buying and the geographic location of the customer. Organizations make sales forecasts on the basis of the sales divisions, regions, branches, districts and individual sales territories

The sales volume quota is of three kinds:

a) Monetary sales volume quota: The sales volume is set in monetary terms and not in terms of units of the product. The monetary quota is set for each sales unit} separately.

b) Unit sales volume quota: Here quota is set in terms of volume. It is used in two situations;

When the prices of the products are expected to fluctuate considerably during the quota period, And when the companies with a narrow product line sell at a price that fluctuates little during the quota period. It helps the company to achieve

c) Points sales volume quota. Some organizations use sales volume quota} expressed in 'points' into which money or unit sales or both can be converted as desired by the sales manager. A multi-product firm may fix a point volume quota} where sale of one unit will bring a certain point. Eg: if a salesperson is given a quota of 1000 points.....

(2) Sales budget quota: These kinds of quotas are set for various units of the

organization in order to control the expenses (expenses quota), gross margins and net profits (profit quota).

- The objective not only to make desired sales volume but also make profits. Expenses quota ensures that the salespeople limit their expenses in alignment with the volume and control the cost to acquire customers.
 - Many companies set upper limits on items of expenses like lodging, meals and entertainment and expect the salespeople to manage within the budget. Profit quota can be set on Gross margins and Net profits. Organizations emphasize net profits more than sales volume.
 - The rationale behind this type of quota is that the sales personnel operate more efficiently to reduce the expenses and increase the sales resulting in increased margins and profits.
 - The manufacturing department provides the sales manager with information regarding the cost of goods sold, which includes the cost of manufacturing the product. By subtracting the cost of goods sold and the direct selling expenses from the sales volume, one can determine the net profit quota. Here the sales person does not decide the price and has no control over the manufacturing cost..
- (3) Sales activity quota:** The sales person is not always involved in sales realization; for example a retail salesperson has a job of providing information only. In addition to direct sales activity, the salesperson is expected to do some non selling activity and the quota can be set as a mix of these activities. Eg: Insurance selling, Medical Reps. Activity quota can be set on total sales calls, particular classes or set of customers, calls on prospects, number of new accounts, product demonstration, etc. Activities quota set objectives for job related studies.
- (4) Combination quota:** Quota where two or more activities are combined together such as number of customer, percentage of reduction in sales expenses, number of orders per customer. The most common combination is the sales volume and activity quota. It is used to control the sales force performance on the basis of selling and non selling activities.

METHODS OF SETTING SALES QUOTA

- 1) Quotas based on sales forecasts and Potentials:** The most common methods for setting quotas is the use of sales forests plus market and territory potentials. Here, the company makes a total volume or unit sales forecast for the company, product lines and individual products. Each of these forecasts can be done on a geographic basis. This method includes the following.

Quotas Derived from Territorial Sales Potentials: Under this method, the quota is derived from the sales potentials present in a territory. A sales volume quota sums up the effort that a particular selling unit should expend. Sales potential, by definition, represents the maximum sales opportunities' open to the same selling

unit. Many management derives sales volume quotas from sales potentials.

Quotas Derived from Total Market Estimates In some companies, management has neither statistics on nor sales force estimates of territorial's sales potentials. These companies use to down planning and forecasting to obtain the sales estimate for the whole company. To derive sales quota, the sales manager may either 1. breakdown the total company sales estimate, using various indexes of relative sales opportunities in each territory, and then make adjustments, or convert the company sales estimate into a companywide sales quota and then breakdown the company volume quota, by using an index of relative sales opportunities in each territory.

2) Quotas based on forecast:

The prior procedure is common for large national companies. Some firms, however, do not have the necessary information, data, money, and people to determine sales potentials for individual sales territories. This is especially, true of companies that sell in small geographic areas. Some firms set quotas in relation to their sales forecasts or total market estimates. They then usually establish quotas based on past sales in a geographic area without regard for sales potentials. If a sales region sold 25% of the firm's past year's sales, its quota would be 25% of the forecasted sales for the next year

3) Quotas based on past sales or experience:

Some companies do not make sales forecasts for total sales volume, product lines, or individuals products. They take the past years' sales for each geographic unit, add an arbitrary percentage, and use the results as their sales volume quotas. A few companies set quotas from an average of sales for several years. This average is preferred since it covers the sale trend and the effects of exceptionally good or bad years.

4) Quotas based on executive judgment:

Whatever method a company uses for **setting sales quotas**, executive judgement should be a part of the process. Yet it is generally not recommended as the only method for deciding quotas. Executive judgement is **useful for setting quotas** when little information exists. It may be impractical to determine the sales potential for a newly opened sales territory, for example, or impossible to estimate the acceptance of a new product. **Frequently**, managers have to rely on their judgement to make future predictions.

5) Quotas based on salesperson judgment:

It is not a common method. It is used especially in companies expanding into new geographic areas or setting up a sales force. In these conditions, it is difficult to project sales. No past sales exist on which to base future estimates. Hence, companies usually ask their own salespeople to set quotas for one or two years. Most companies fo allows their salesmen to give input on the sales quota

setting process. Sales peoples input, views, ideas are combined with historical data and forecasting data to provide the final quota. It is also assumed that having sales personnel set them. But many salesmen are not interested in setting their own quotas.

Some may remain reluctant to achieve what they regard as too much. Other may overestimate their capabilities and set unrealistic high quotas. These very high or low quotas may cause dissatisfaction and **low sales force morale**.

6) Quotas based on compensation

Companies sometimes base sales volume quotas solely upon the projected amounts of compensation that management believes sales personnel should receive. Sales quota also serves a basis for the promotion of salespeople within a company. Quotas represent the bottom line for a salesman.

For promotion, salespeople are usually judged on their attaining quotas over time.

It is also very common to earn extra compensation by reaching sales volume quotas for total sales, existing products, and new products.

For example, a salesperson may be paid a salary plus a bonus of 1 to 15 per cent on all sales over quota.

Recruitment and Selection of salesforce

Recruitment

It is the planned process whereby the scientific principles of management is utilized for finding out and filling up the positions in the right territory with the right people. The section and recruitment of efficient people is always a competitive advantage for an organization.

Importance of recruitment and selection of salespeople:

- Sales people stand for the corporate image.
- Sales people is related to the survival and development of an enterprise .
- Ensures high quality of sales people.

Sources of recruitment

An important decision to be made at this stage is regarding the source of recruitment. The sources of recruitment are divided into two types

Internal sources of Recruitment

- **Lateral and upward moves:** A **lateral move** in reference to employment is defined as a **move** to a different job with essentially the same title, pay and role either within your current place of employment or with a new company. ... Some people find that a **lateral move** away from a bad situation opens the door to new opportunities for promotion. In a lateral move, an employee moves to an

equivalent role in an organization. The new position usually has a similar [salary range](#) and a [job title](#) and is at the same level.

Career advancement refers to the **upward** progression of one's **career**. An individual can advance by **moving** from an entry-level **job** to a management position within the same field, for instance, or from one occupation to another.

▪ **Interns and cooperative students:**

Internships are usually for one semester or over the summer and can be paid or unpaid depending on the employer.

Cooperative education is a structured method of combining classroom-based

education with practical work experience. A cooperative education experience, commonly known as a "co-op," provides academic credit for structured job experience. Cooperative education is taking on new importance in helping young people to make the school-to-work transition, service learning, and experiential learning initiatives. Generally, **co-ops** last for more than one semester. Students might take classes **in the** fall and then work for the company during the spring semester.

- **Employee referral programmes/** Company executive Recommendation by the sales manager, president and other company executives are frequently an important sources of recruitment

- **Internal transfers** It is another internal sources of recruitment in which the organization recruit people through the transfer of other department

External sources of recruitment

1. **Sales force of competitive company :** Organization recruit sales people from our competitive organization sales forces.
2. **Placement agencies:** It is the third party agencies and organization contact them for recruiting the sales forces
3. **Sales executive club:** Many sale executive club operate placement service
4. **Educational institutions and campus recruitments:** Through campus recruitment organization full fill our employees needs.
5. **Field Trips:** An interviewing team makes trips to towns and cities which are known to contain the kinds of employees required. Arrival dates and the time and venue of interview are advertised in advance.
6. **Other industry sources:**

7. **Advertising:** Senior posts are largely filled by this method. First, there are some companies which do not do their own advertising. On the other hand they send their requisitions to certain specialised agencies which advertise positions in leading newspapers without divulging the name of the client company. The applications received from the candidates by the agencies are duplicated and mailed to the clients. Second, there are some companies which although do their own advertising but give only box numbers. Box number advertisements generally do not draw good candidates who feel that it is not worthwhile to apply without knowing employer's name. Third, there are some companies which divulge their names in their advertisements.
8. **Walk-ins:** a walk in interview strategy is used to conduct interviews when the recruiting firm is wanting to hire in huge numbers. Or are so desperate for good people that they are ready to scan anyone who can 'walk-in'. The number of rounds of an interview generally remain the same.
9. **Networking :** As a recruitment strategy, networking enables you to get your message out about your company, culture and opportunities beyond the posting process. It can cultivate interest and increase the candidate pool. Invest the time to keep your connections alive and to expand them
10. **Web sources:** Today, there are more tools than ever to help people connect online, including employers and potential employees .Like: LinkedIn, BLR, TalentHQBLOG

Hiring process

There are three stages

- ◆ Manpower planning (examine labour turn over, positive equipment analysis, hiring objective, deciding number of people required for particular time)
- ◆ Recruitment stage (identifying best source for generating pool of candidates)
- ◆ Selection (screening, interview)

1. PLANNING FOR RECRUITMENT AND SELECTION

· Job Analysis

- To effectively recruit and select salespeople, sales managers must have a complete understanding of the job for which candidates are sought. Because most sales managers have served as salespeople in their companies before entering management, it is reasonable to think that they would have a good understanding of the sales jobs for

which they recruit.

- However, some have lost touch with changing conditions in the field and thus have an Obsolete view of the current sales task to be accomplished. To ensure an understanding of the sales job, the sales manager may need to conduct, confirm, or update a **job analysis**, which entails an investigation of the tasks, duties, and responsibilities of the job.
- For example, will the selling tasks include responsibilities for opening new accounts as well as maintaining existing accounts? Will the salesperson be responsible for collecting accounts receivable or completing administrative reports? The job analysis defines the **expected behavior of salespeople, indicating which areas of performance will be crucial for success. In most larger companies, the job analysis is completed by human resource managers or other corporate managers, but even then, the sales manager may have input into the job analysis.**

· Job Qualifications

- The job analysis indicates what the salespeople are supposed to do on the job, whereas job qualifications refer to the aptitude, skills, knowledge, personal traits, and willingness to accept occupational conditions necessary to perform the job. For example, when hiring document solutions representatives, Xerox looks for candidates who are college educated; have three years of major account experience; have strong selling and account management skills; have the ability to meet and exceed performance objectives; have excellent communication, tele prospecting, customer service, and presentation skills; and are personal-computer literate with proficiency in MS Office Suite.
- Common sales job qualifications **address sales experience, educational level, willingness to travel, willingness to relocate, interpersonal skills, communication skills, problem-solving skills, relationship management skills, self-motivation, and ability to work independently.** Consistent with our earlier discussion of the diversity of personal selling jobs, there is a corresponding variance in job qualifications for different sales jobs. Therefore, each sales manager should record the pertinent job qualifications for each job in the salesforce.
- A generic list of job qualifications for all the salespeople in the organization may not be feasible. For a given sales job within the same company, the qualifications may vary in different selling situations.
- For example, a multinational company whose salespeople sell the same products to the same types of customers may require different qualifications in different countries. Qualifications considered unimportant, and even discriminatory, in hiring salespeople in the United States, such as social class and religious and ethnic background, are important in hiring overseas.
- In general, when sending salespeople on international assignments, it is helpful if they

are patient, flexible, confident, persistent, motivated, and tolerant of new ways of doing things; have a desire to work abroad; and have a sense of humor.

· **Job Description**

- Based on the job analysis and job qualifications, a written summary of the job, the job description, is completed by the sales manager or, in many cases, the human resource manager. Job descriptions for salespeople could contain any or all of the following elements:
 1. Job title (e.g., sales trainee, senior sales representative)
 2. Duties, tasks, and responsibilities of the salesperson
 3. Administrative relationships indicating to whom the salesperson reports
 4. Types of products to be sold
 5. Customer types
 6. Significant job-related demands, such as mental stress, physical strength or stamina requirements, or environmental pressures to be encountered
- Job descriptions are an essential document in sales management. Their use in recruitment and selection is only one of their multiple functions. They are used to clarify duties and thereby reduce role ambiguity in the sales force, to familiarize potential employees with the sales job, to set objectives for salespeople, and eventually, to aid in evaluating performance.

· **Recruitment and Selection Objectives**

To be fully operational, recruitment and selection objectives should be specifically stated for a given period. The following general objectives of recruitment and selection could be converted to specific operational objectives in a given firm:

- Meet the company's legal and social responsibilities regarding composition of them Sales force.
- Reduce the number of under qualified or overqualified applicants.
- Increase the number of qualified applicants at a specified cost.
- Evaluate the effectiveness of recruiting sources and evaluation techniques. ➤ By setting specific objectives for recruitment and selection, sales managers can channel ➤ Resources into priority areas and improve organizational and sales force effectiveness.

· **Recruitment and Selection Strategy**

After objectives have been set, a recruitment and selection strategy can be developed. Formulating this strategy requires the sales manager to consider the scope and timing of recruitment and selection activities as follows:

- ❖ When will the recruitment and selection be done?
- ❖ How will the job be portrayed?
- ❖ How will efforts with intermediaries, such as employment agencies and college placement centers, be optimized?
- ❖ What type of salespeople will be hired when developing an international salesforce?
- ❖ How much time will be allowed for a candidate to accept or reject an offer?
- ❖ What are the most likely sources for qualified applicants?

Recruitment and selection are perpetual activities in some sales organizations but in others are conducted only when a vacancy occurs. Most sales organizations could benefit

by ongoing recruitment to facilitate selection when the need arises. Some recruit seasonally. For example, large companies often concentrate their efforts to coincide with spring graduation dates on college campuses.

2. RECRUITMENT:

LOCATING PROSPECTIVE CANDIDATES

Internal Sources

External Sources

3. SELECTION & EVALUATION AND HIRING

The third step in the recruitment and selection model. As part of the selection process, various tools are used to evaluate the job candidate in terms of job qualifications and to provide a relative ranking compared with other candidates. In this section, commonly used evaluation tools are presented and some of the key issues in salesforce selection are discussed.

· Screening Resumes and Applications:

- The pool of prospective salespeople generated in the recruiting phase often must be drastically reduced before engaging in time-consuming expensive evaluation procedures such as personal interviews. Initially, sales recruits may be screened based on a review of a resume or an application form.
- In analyzing resumes, sales managers check job qualifications (e.g., education or sales experience requirements), the degree of career progress by the applicant, and the frequency of job change. Depending on the format and extensiveness of the resume, it may be possible to examine salary history and requirements, travel or relocation restrictions, and reasons for past job changes. Also, valuable clues about the recruit may be gathered from the appearance and completeness of the resume.

- New technology makes it possible to screen resumes electronically. Screening software helps select the best applicants by screening for certain words or phrases, thus eliminating the need to examine every single resume received.
- Using companies such as Taleo(<http://www.recruitsoft.com>) and Hire.com (<http://www.hire.com>), businesses also can define e-mail questionnaires that are mailed out to determine candidates' experience and skills. Returned responses are automatically tracked and profiled prior to being entered into the firm's HR database. This process is considered by some to offer improved identification matching over many keyword search screening alternatives. Caution, however, should be exercised when using screening software. If the screening criteria are not carefully chosen, groups of people from various protected categories may be eliminated.
- A job application form can be designed to gather all pertinent information and exclude unnecessary information. There are three additional advantages of application forms as selection tool. First, the application form can be designed to meet anti discriminatory legal requirements, whereas resumes often contain such information. For example, if some applicants note age, sex, race, color, religion, or national origin on their resumes and others do not, a legal question as to whether this information was used in the selection process might arise.
- A second advantage of application forms is that the comparison of multiple candidate is facilitated because the information on each candidate is presented in the same sequence. This is not the case with personalized resumes.
- Finally, job applications are usually filled out in handwriting, so the sales manager can observe the attention to detail and neatness of the candidate. In some sales jobs, these factors may be important for success.

· Interviews

- Interviews of assorted types are an integral part of the selection process. Because interpersonal communications and relationships are a fundamental part of sales jobs, it is only natural for sales managers to weigh interview.
- Results heavily in the selection process. Although sales managers agree that interviews are important in selecting salespeople, there is less agreement on how structured the interviews should be and how they should be conducted. For example, some sales managers favor unstructured interviews, which encourage the candidates to talk freely about themselves. Others favor a more structured approach in which particular answers are sought, in a particular sequence, from each candidate.

· Initial Interviews

- Interviews are usually designed to get an in-depth look at the candidate. In some cases, however, they merely serve as a screening mechanism to support or replace a review of resumes or application forms. These initial interviews are typified by the on-campus

interviews conducted by most sales recruiters. They are brief, lasting less than an hour.

- The recruiter clarifies questions about job qualifications and makes a preliminary judgment about whether a match exists between the applicant and the company. Such interviews may also be conducted one-on-one over the telephone or through teleconferencing videoconferencing if there is a need to involve multiple parties. A promising time-saving technique for initially interviewing candidates involves them responding to a series of questions on the Internet or over the telephone. Gallup, Inc., helps firms identify recurring patterns of thoughts, feelings, and behaviors exhibited by top performers. Gallup's Selection Research
- Instrument System then helps to identify new employees who exhibit success factors similar to the organization's top performers. Assessment results are then delivered online to managers responsible for making hiring decisions. These interviews alleviate some of the costs involved in conducting a personal interview. Computer-assisted interviewing is an emerging device that also can be used for screening candidates.
- For example, Nike used it to hire 250 retail salespeople for its Nike town outlet in Las Vegas. After seeing an ad in the newspaper and responding to eight questions over the phone, applicants who were not screened out were invited to the store for a computer assisted interview, followed by a personal interview. As part of the computer interview, applicants viewed a video showing three scenarios for helping a customer and were asked to pick the best one. The computer flagged applicants' strengths, weaknesses, and areas that needed further probing. Although Nike used onsite computer-assisted interviewing, the Internet now provides another venue for this option, allowing greater flexibility for both employers and prospective employees. During this phase of selection, sales managers should be careful to give the candidate an accurate picture of the job and not oversell it. Candidates who are totally "sold" on the job during the first interview only to be rejected later suffer unnecessary trauma.

· Intensive Interviews

- One or more intensive interviews may be conducted to get an in-depth look at the candidate. Often, this involves multiple sequential interviews by several executives or several managers at the company's facilities.
- The interview process at Federated Insurance, for example, involves eight interviews. Another variation on the theme, used less often, is to interview several job candidates simultaneously in a group setting. When a candidate is to be interviewed in succession by several managers, planning and coordination are required to achieve more depth and to avoid redundancy. Otherwise, each interviewer might concentrate on the more interesting dimensions of a candidate and some important areas may be neglected. Some evidence suggests that structured interviews are more accurate at predicting a candidate's success than unstructured interviews.

- Given the emphasis placed today on developing enduring customer relationships, it is important to hire salespeople who value honesty and integrity, characteristics necessary for developing such relationships.

· Testing

- Sales managers must not let bias interfere with the hiring decision. To overcome the pitfalls of subjectivity and a potential lack of critical analysis of job candidates, many firms use tests as part of the selection process.
- Selection tests may be designed to measure intelligence, aptitudes, personality, and other interpersonal factors. Those who have had success with tests suggest they are useful for identifying candidates' strengths and weaknesses, as well as for revealing candidates who possess key personality traits associated with successful salespeople. Sales managers may use commercial testing services in selecting salespeople.
- For example, Wonderlic Inc., (<http://www.wonderlic.com>) offers a computer-scored test called the Comprehensive Personality Profile that assesses personality from a job compatibility perspective. This extensively validated test can be used to analyze candidates' strengths and weaknesses related to a position in sales, and may be administered by paper, personal computer, telephone, or online. Companies such as GM Parts, for instance, test job candidates' sales skills utilizing online assessment and testing services
- Provided by the HR Chally Group (<http://www.chally.com>). Tests may also be used to assess a candidate's honesty and integrity. Standardized tests

Assessment Centers

- An assessment center offers a set of well-defined procedures for using techniques such as group discussion, business game simulations, presentations, and role-playing exercises for the purpose of employee selection or development.
- The participant's performance is evaluated by a group of assessors, usually members of management within the firm. An assessment center approach was used by one life insurance firm to select salespeople based on exercises simulating various sales skills, such as prospecting, time management, and sales presentation skills.
- Results of the study indicated that this program was superior to traditional methods of selecting salespeople in the insurance industry in terms of predicting which salespeople would survive and which would drop out within six months of being hired.

Background Investigation

- Job candidates who have favorably emerged from resume and application screening, interviewing, testing, and perhaps an assessment center may next become the subject of a background investigation. This may be as perfunctory as a reference check or comprehensive if the situation warrants it. For instance, Federated Insurance checks each sales applicant's driver's record and credit history, and conducts 10 reference checks. In conducting background investigations, it is advisable to request job-related

information only and to obtain a written release from the candidate before. Proceeding

with the investigation. If a reference check is conducted, two points should be kept in mind.

- First, persons listed as references are biased in favor of the job applicant. As one sales manager puts it, “Even the losers have three good references—so I don’t bother checking them.
- ” Second, persons serving as references may not be candid or may not provide the desired information. This reluctance may stem from a personal concern (i.e., Will I lose a friend or be sued if I tell the truth?) or from a company policy limiting the discussion of past employees. Despite these and other limitations, a reference check can help verify the true identity of a person and possibly confirm his or her employment history. Learning that an applicant or employee lied on the application form can also be used as a defense in a hiring or firing discrimination suit. With personal misrepresentation and resume fraud being very real possibilities, a reference check is recommended.

Physical Examination

- Requiring the job candidate to pass a physical examination is often a formal condition of employment. In many instances, the insurance carrier of the employing firm requires a physical examination of all incoming employees.
- The objective is to discover any physical problem that may inhibit job performance. In recent years, drug and communicable disease testing has made this phase of selection controversial. Although the courts will undoubtedly have a major role in determining the legality of testing in these areas in the future, the current rules, at least in the case of drug testing of potential employees, are fairly simple.
- A company can test for drug use if the applicant is informed of the test before taking it, if the results are kept confidential, and if the need for drug testing is reasonably related to potential job functions. If a drug testing program is in place, all applicants should be required to be tested.

Selection Decision and Job Offer

- When making the selection decision, the sales manager must evaluate candidates’ qualifications
- Relative to characteristics considered most important for the job. A decision must be made about whether a candidate’s strength in one characteristic can compensate for a weakness in another characteristic, whether a characteristic is so important a weakness in it cannot be tolerated, or whether the candidate must meet certain minimum levels to be successful.
- At times, the sales manager may face a dilemma, similar to that found in “An Ethical Dilemma.” After evaluating the available candidates, the sales manager may be ready to offer job to one or more candidates. Some candidates may be “put on hold” until the top candidates have made their decisions. Another possibility is that the sales manager may decide to extend the search and begin the recruitment and selection process all over

again. In communicating with those offered jobs, it is now appropriate for the sales

manager to “sell” the prospective salesperson on joining the firm.

- In reality, top salespeople are hard to find, and the competition for them is intense. Therefore, a sales manager should enthusiastically pursue the candidate once the offer is extended. As always, an accurate portrayal of the job is a must.
- In addition to standard enticements, such as salary, performance bonuses, company car, and fringe benefits, certain extra incentives are sometimes offered to prospective salespeople. Bonuses for relocation are one type of incentive, especially with today’s sentiment for less mobile lifestyles. Another is the market bonus paid on hiring of salespeople having highly sought-after skills and qualifications. This one-time payment recognizes an existing imbalance in supply and demand in a given labor market.
- Using a market bonus could be a reasonable alternative if the supply-demand imbalance is thought to be temporary because the bonus is a one-time payment and not a permanent addition to base compensation. For instance, IBM once offered some high tech sales reps who were in high demand as much as \$50,000 to join its organization. The offer of employment should be written but can be initially extended in verbal form. Any final contingencies, such as passing a physical examination, should be detailed in the offer letter. Candidates not receiving a job offer should be notified in a prompt, courteous manner. A specific reason for not hiring a candidate need not be given. A simple statement that an individual who better suits the needs of the company has been hired is sufficient.

TRAINING THE SALESFORCE

Training is a process of learning sequence of programmed behaviour. It is application of knowledge. It attempts to improve employees performance on the current job or prepare them for intended job.

According to Edward B. Flippo, “Training is the act of increasing the knowledge and skill of an employee for doing a particular job.”

IMPORTANCE OF SALES TRAINING

- Profitability
- Reduces turnover of sales people
- Improves relation
- Healthy work environment
- Organisation climate
- Organisation culture
- Team spirit

- Productivity
- Development of skills of employees
- Development of sales force
- Optimum utilization of sales force

LIMITATIONS OF SALES TRAINING

- Difficulty in retaining the trained employee
- Training is a slow process
- Difficulty in organizing training programme
- Time consuming
- Salesmanship is a matter of personality
- Expensive
- Shortage of efficient trainers

Sales training is a process of providing the salesforce with specific skills for performing their task better and helping and helping them to correct deficiencies in their sales performance. When a new product is introduced into the market, the market situation undergoes a change with the entry of a new competitor or a new technology. In this case, the new product either moves across the life cycle or salespeople are asked to perform the job in a new way. The salesforce needs to be trained to meet these new kinds of situation. Training provides the necessary skill to the salespeople to perform a job better and correct any lacunae in the salesforce while executing their job responsibilities.

THE TRAINING PROCESS

A sales manager has to design a training programme that will help in improving the skill and efficiency levels of the salesforce. For the purpose of the optimum benefit to the organization, the sales training programme should be designed by following a scientifically planned and designed process.

The training process consists of three phases namely,

1. **The training need assessment(TNA) and development**, : It helps to plan the budget of the company, areas where training is needed and also highlights the occasions where training might not be appropriate. The purpose of training needs is to determine whether there is a gap between what is required for effective performance and present level of performance of sales people. Training needs arises at three levels:
 - **Organisational level**: TNA at the organizational level is a macro level analysis that helps identify areas where the employees of the organization lack necessary knowledge or skills and provides need-based training. TNA at the organizational level can clearly define measurable outcomes for a training and thus improve the

chances of success of the training program.

- **Operational/task level** : Task analysis assesses the knowledge and skills required for specific job tasks and correlates these requirements to the workforce's actual knowledge and skills. Training needs analysis determines what kind of **training** needs to be given to employees to achieve a specified level of proficiency.
 - **Individual level**: At the individual or personal level, TNA checks how each employee performs in his/her job role. The difference between the expected performance and the actual performance helps you arrive at the training need.
2. **Training design** : The training programme can be undertaken only when clear training objectives has been produced. The training objective clears what goal has to be achieved by the end of training programme. The key areas of training design are:
- Trainer ,trainee ,training climate, training strategies, training topics, learning style
3. **Training Implementation**: Training implementation can be segregated into : i. Practical administrative arrangements ii. Carrying out of the training. To put training program into effect according to definite plan or procedure is called training implementation.
4. **Training Evaluation** : The process of examining a training programme is called training evaluation. Training evaluation ensures that whether trainees are able to implement their learning in their respective work places or to the regular work routines. This is last stage in the training process where the effectiveness of the training programme is assessed. The effectiveness of a training programme is measured either in monetary or non-monetary terms. The criterion by which the assessment is done reflects the needs for which the programme was designed. For example, a training programme is designed to improve selling skills and can be measured by analyzing the increase in the all conversion ratio of a salesperson. The training programme is also designed to increase the sales performance of salesperson in the territory where they are working.

TYPES OF TRAINING

- **Cross-functional training** : **Cross-functional training** aims to form a team of individuals with various **functional** expertise and make them work toward similar goals. Usually, it involves employees from different departments of an organization such as human resources, marketing, finance, operations, etc
- **Team training**: **Team training** can be defined as **training** in which **teams** are used to increase individual procedural knowledge and proficiency in doing a job (taskwork), individual procedural knowledge and proficiency in functioning as part of a **team** (teamwork), and overall **team** performance.
- **Creativity training** : **Creativity training** can be defined as instruction to develop an individual's capability to generate novel and potentially useful solutions to (often complex

and ill-defined) problems (Scott, Leritz & Mumford, 2004a). ...

- **Literacy training: Literacy Training Service**” is a program designed to train students to become teacher **literacy** and numeracy **skills** to school children, out of school youth, and other segments of society in need of their need. **Literacy** is crucial to the success of individuals in both their career aspirations and their quality of life.

Training Methods

The various methods of sales training can be classified into two groups:

1. Group Training Methods
2. Individual Training Methods.

Group Training Methods : Group Training is training and employment arrangement where an organisation, known as a Group Training Organisation or GTO, employs apprentices and trainees under an Apprenticeship / Traineeship Training Contract and places them with host employers.

a. Lecture Method:

An expert speaks to trainee-salesmen in a group about the various aspects of selling. This is a class-room training. Visual aids, demonstration and overhead projectors may be used for imparting effective training.

The executive or management development is a long-term educational process utilising a systematic and organised procedure by which executives learn theoretical and conceptual (i.e., problems identification and solving skill) knowledge.

Lecture method is known as on-the-job method in which an expert or a superior manager imparts job knowledge to subordinates.

(b) Audio-Visual Method:

In order to supplement the lecture method, training programmes include the use of visual aids, such as films, making them more interesting.

(c) Discussion Method / Case Study Method:

In this method of executive development, the trainees may be given a problem to discuss which is more or less related to the principles already taught. The trainees are encouraged to apply knowledge for the solution of realistic problems.

An actual case is given as a problem to be solved by the group. The members in the group are asked to understand the problem and draw a conclusion.

(d) Conference Method:

Sales conferences and sales meetings are organised time to time and thoughts of various persons are pooled in the conference. Such conferences have motivating effects for the participants.

(e) Role Playing Method:

The sales trainees are made to act out roles in contrived problems. The trainer explains the situation of the problem and assigns the role of salesman and customers of different characters to the sales trainees. Each one has to act the assigned role. The Trainer watches the role played

by each and discusses their weakness and strong points. A few may be selected to act the play, while others may watch it.

Thus, the sales trainees have chance to see and understand the ideas in different situation. Role playing techniques are used for human relations and leadership training. A conflict situation is artificially created to allow trainees to take up different parts of play. Through this techniques, they learn human relations skills through practice.

(f) Sensitivity Training:

Sensitivity training or T group training is an experience in interpersonal relationships in which results in change in feeling and attitudes towards oneself and others.

(g) Brain Storming Method:

Under this method, persons assemble together and the manager starts discussions. The trainees have to understand the problems and find solutions. The solutions are analysed by the manager.

2. Individual Training:

- a) On-the-Job Training: Under this method, a new salesman is placed under an experienced salesman who explain the sales techniques. He also takes the trainee along with him on his rounds and gives him chances to observe the dealings with customers. In course of time, the sales trainee becomes a trained and independent salesman.
- b) Sales Manual: It contains details of the firm and products, job description, sales policies etc. It contains problems with suggestive solution. A copy of the Manual is given to each salesman to go through and understand the ideas.
- c) Induction Course: A new recruit is given induction training for knowing about the company, people, products, customers and competitors etc. Apart from above, a salesman can also be sent to specialized educational institutions and the cost is borne by the firm. It is important to note that even the trained or experienced salesman need periodic training called refresher training or follow up training.
- d) Job Rotation Training: This method is used to provide knowledge to the trainees in respect of functions of different departments; such as, research department, accounts, advertising, purchase, packaging and public relations, etc. Job rotation training is organized on the basis of a well-planned training programme. This type of training develops the practical knowledge of the trainees on different aspects of sales.
- e) Personal Discussion: In this method of training, salesmen contact with his Sales Managers and Senior Managers from time to time and discuss with them the individual problems. The Managers give good advices and suggestions, on the basis of their experience in the field. The guidance relating to marketing their effectiveness, route planning, call scheduling, management of sales timings, and other matters related to sales are given by the Managers to the sales trainees.
- f) Correspondence Courses: When the sales trainees are appointed to work at distant place from the headquarters, and their respective sales territories, it becomes difficult for them to assemble at the headquarters or at a place fixed for training. In such cases, training is imparted through correspondence. The training materials are printed and circulated to the sales trainee at different places where they are working. The trainees read the materials carefully and learn to adopt or follow the guidance and instructions received through the study materials, in practice. If they find any problem in understanding the contents of such training materials, clarifications are sought through correspondence.

Important question:

1. Meaning :

- a) Sales Territory
- b) Sales Quota

2. Procedures of Sales quota

3. Types of Sales quota

4. Methods of Sales quota

5. Hiring process

6. Different types of Training and process of training