SALES MANAGEMENT

THEORY AND PRACTICE

SECOND EDITION

Bill Donaldson

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PREFACE

This book is aimed at three potential groups of customers: first, students on undergraduate and postgraduate courses, or with the Institute of Marketing, where sales management is part of the curriculum; second, salespeople who want to learn and understand the wider issues involved in sales management; and finally, existing sales managers who want to improve or update their knowledge of the subject.

The primary aim of the book is to provide undergraduate students with a suitable UK text which enables them to understand the concepts involved in managing the salesforce. Hopefully, the book will also have some appeal to those currently involved in selling and sales management, particularly the practising sales manager well seasoned in the profession. The basis for this hope is that no matter how much is known, how successful or what the extent of their experience, sales managers never stop being students of their subject.

The book seeks to debate some of the key management questions as they apply to the sales function. For example, what is the role of selling in a marketing context? What effects do alternative sales strategies, salespeople and sales management practices have on company growth and profitability? How can the sales function be effectively controlled and evaluated? The approach is to consider previous work in this area, to evaluate what does or does not work and to present sound concepts and recent empirical evidence. Although consideration of the sales function may not be an area neglected by practitioners, its true importance is not adequately reflected in most marketing courses. Personal selling is the largest item in most companies' marketing budget and therefore worthy of critical attention as part of any marketing course.

In Part I, selling and sales management are discussed in a modern marketing context. Particular importance is attached to defining the role that salespeople are expected to perform, the different types of selling and a review of the characteristics of salespeople. Discussion of the importance of buyer-seller relationships is given special treatment. Part II examines aspects of the organisation of selling effort, including the information base for sales operations, types of sales organisation, territory management, deployment and setting realistic targets. In Part III, the specific management topics are discussed, including recruitment and selection, training, leadership, remuneration, motivation and evaluation.

The book is intended to be followed in a sequential manner as a course but each chapter should be sufficiently robust to stand on its own as a self-contained learning unit. For this reason, each chapter opens with specific learning objectives and ends with a summary, a list of key terms, a selection of questions and a discussion topic with questions. References are included at the end of the book.

PREFACE TO SECOND EDITION

The second edition of this book incorporates several important changes occurring in both the theory and practice of sales management. These changes include issues which reflect appropriate organisational responses to rapidly changing markets and ever-increasing competition, such as key account selling, direct marketing and telesales. There is now more emphasis on managing sales operations than on the management of sales personnel. This is reflected in the importance of information technology as it affects sales operations, in particular database marketing. In addition, more coverage has been given to the creation and maintenance of relationships between buyers and sellers and how this should be handled and managed. Finally, a more cosmopolitan and international perspective has been adopted to take cognisance of the fact that, for many companies, operating in European and global markets is now an imperative, not an option.

There are three new chapters and many others which have been substantially changed. The discussion topics at the end of each chapter have been revised and updated, and three new larger case studies have been added. These cases can be used as the basis of more extensive class discussion, for training purposes or as assignments as part of student course work.

The text will still aim primarily at undergraduate and postgraduate students taking an elective in sales management and for those students studying the Certificate in Selling and the Advanced Certificate in Sales Management with the Chartered Institute of Marketing. It will also be suitable, in part, for the new Diploma in Professional Sales which will begin in January 1999.

An instructor's manual with overhead examples, specimen answers and case study notes is available for teachers adopting this text.

I hope you find this new edition of the book enjoyable and worthwhile.

BILL DONALDSON
Strathclyde University
January 1998

FOREWORD

The term 'sales management' has grown to encompass not only the management of salespeople but also the management and practice of selling to key accounts.

In many markets the number of buyers in business-to-business situations has become concentrated into a few key hands and hence not only has the size of each of these accounts expanded but also the opportunity to find replacement and new accounts declined. In the grocery market, for example, six major retailers account for over 80 per cent of grocery turnover – this means that just six buyers determine the fate of most grocery brands. Similarly, in supplying the water industry, the number of buyers of large-bore water pipes is limited to just a handful of regional water companies.

In such companies, sales to any one customer have become so important that managers at the highest level are frequently involved in the selling process because the fostering of long-term relationships and the outcome of tenders and negotiations are the heart beat of the company.

In these markets, there has been a change in the relative importance between the selling interface and the management of salespeople, with the former gaining ascendancy over the latter. Selling has therefore changed its face. Team selling has come to the fore, with different sectors of the supplier relating directly to the team of buyers – for example, quality control of sellers and buyers dealing directly with each other. In such cases, all members of the suppliers' team need to understand that they are in the selling process, a culture often alien to their normal technical role, and thus need to be taught the tools of selling.

Single supplier relationships in the best 'Deming' tradition are growing – particularly in the motor industry – which leads to total interdependence and trust in the broader sales relationship.

These developments involve many more managers in selling, although not all managers welcome the notion that they are becoming salespeople. In the UK, sales still has the connotation of direct selling to the consumer whereas at least as many are now employed in business-to-business selling relationships as in direct selling.

This revised edition of Dr Donaldson's book encompasses such developments. It is essential reading for the entire range of potential sales professionals: from those who are students in Business Studies to those who are in transition from a technical to a sales role, not forgetting those managing directors who have become embroiled in the sales process due to changing relationships in their industry.

SALES MANAGEMENT

When home markets are concentrating and the number of buyers is contracting, the cry goes up: export or die! In this revision, there is greater emphasis on selling into international markets and the alternative options available to the sales director. Certainly Europe, if not the world, is opening up to challenging sales opportunities and the strategic objective is now to explore new channels to market both nationally and internationally. Language is no longer a barrier to entry but local culture may prove more difficult to penetrate.

While there is no substitute for experience in selling, the updated case studies and discussion topics at the end of each chapter give a practical feel to the theory. The student needs to gain experience in order to complement the knowledge and skills which this book encompasses; the other key factor in a true sales professional is motivation and the tools of motivation are covered in Chapter 16.

Converting all aspects of sales into a professional process is the mission of the new Institute of Professional Sales. Entry to this new body is dependent on qualifications and experience. Qualifications are based on the acquisition of knowledge and skills and this book contains much of the current thinking and best practice; it is the perfect accompaniment to a course in sales management and practice.

JOHN R MAYFIELD
Chief Executive
The Institute of Professional Sales
January 1998

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