

Chapter 1

Introduction to Sales and Distribution Management

Learning Objectives

- To understand evolution, nature and importance of sales management
- To know role and skills of modern sales managers
- To understand types of sales managers
- To learn objectives, strategies and tactics of sales management
- To know emerging trends in sales management
- To understand linkage between sales and distribution management

Evolution, Nature and Importance of Sales Management

Evolution of Sales Management

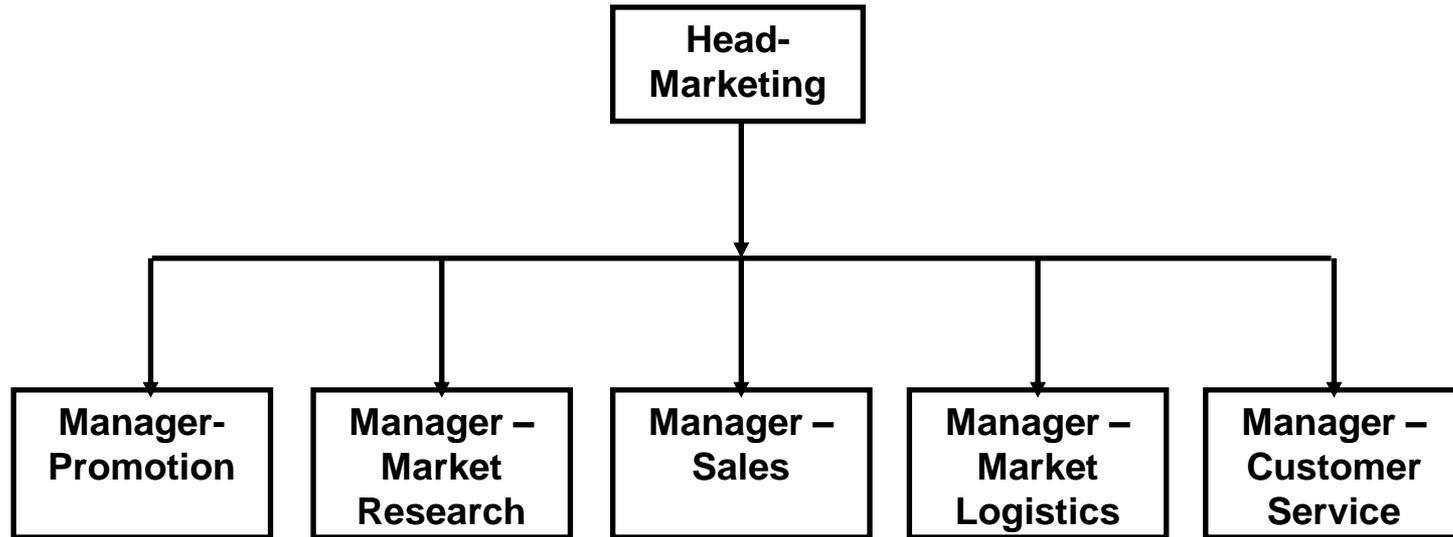
- Situation before industrial revolution in U.K. (1760AD)
- Situation after industrial revolutions in U.K., and U.S.A.
- Marketing function splits into sales and other functions like market research, advertising, physical distribution

What is Sales Management?

- **One definition:** “The management of the personal selling part of a company’s marketing function.”
- **Another definition:** “The process of planning, directing, and controlling of personal selling, including recruiting, selecting, equipping, assigning, supervising, paying, and motivating the personal sales force.”

Nature of Sales Management

- Its integration with marketing management



- Relationship Selling

Transactional Relationship Selling	Value – added Relationship Selling	Collaborative / Partnering Relationship / Selling
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• Varying Sales Responsibilities / Positions / Jobs

Sales Position	Brief Description	Examples
<ul style="list-style-type: none"> • Delivery salesperson 	<ul style="list-style-type: none"> • Delivery of products to business customers or households. • Also takes orders. 	<ul style="list-style-type: none"> • Milk, newspapers to households • Soft drinks, bread to retail stores.
<ul style="list-style-type: none"> • Order taker (Response selling) 	<ul style="list-style-type: none"> • Inside order taker • Telemarketing salesperson takes orders over telephone • Outside order taker. Also performs other tasks 	<ul style="list-style-type: none"> • Behind counter in a garment shop • Pharma products' orders from nursing homes • Food, clothing products' orders from retailers
<ul style="list-style-type: none"> • Sales support <ul style="list-style-type: none"> • Missionary selling • Technical selling 	<ul style="list-style-type: none"> • Provide information, build goodwill, introduce new products • Technical information, assistance 	<ul style="list-style-type: none"> • Medical reps. in pharma industry • Steel, Chemical industries
<ul style="list-style-type: none"> • Order-getter (Creative, Problem-solving, Consultative selling) 	<ul style="list-style-type: none"> • Getting orders from existing and new household consumers • Getting orders from business customers, by solving their business and technology problems 	<ul style="list-style-type: none"> • Automobiles, refrigerators, insurance policies • Software and business solutions

Importance of Personal Selling and Sales Management

- The only function / department in a company that generates revenue / income
- The financial results of a firm depend on the performance of the sales department / management
- Many salespeople are among the best paid people in business
- It is one of the fastest and surest routes to the top management

Roles and Skills of a Modern Sales Manager

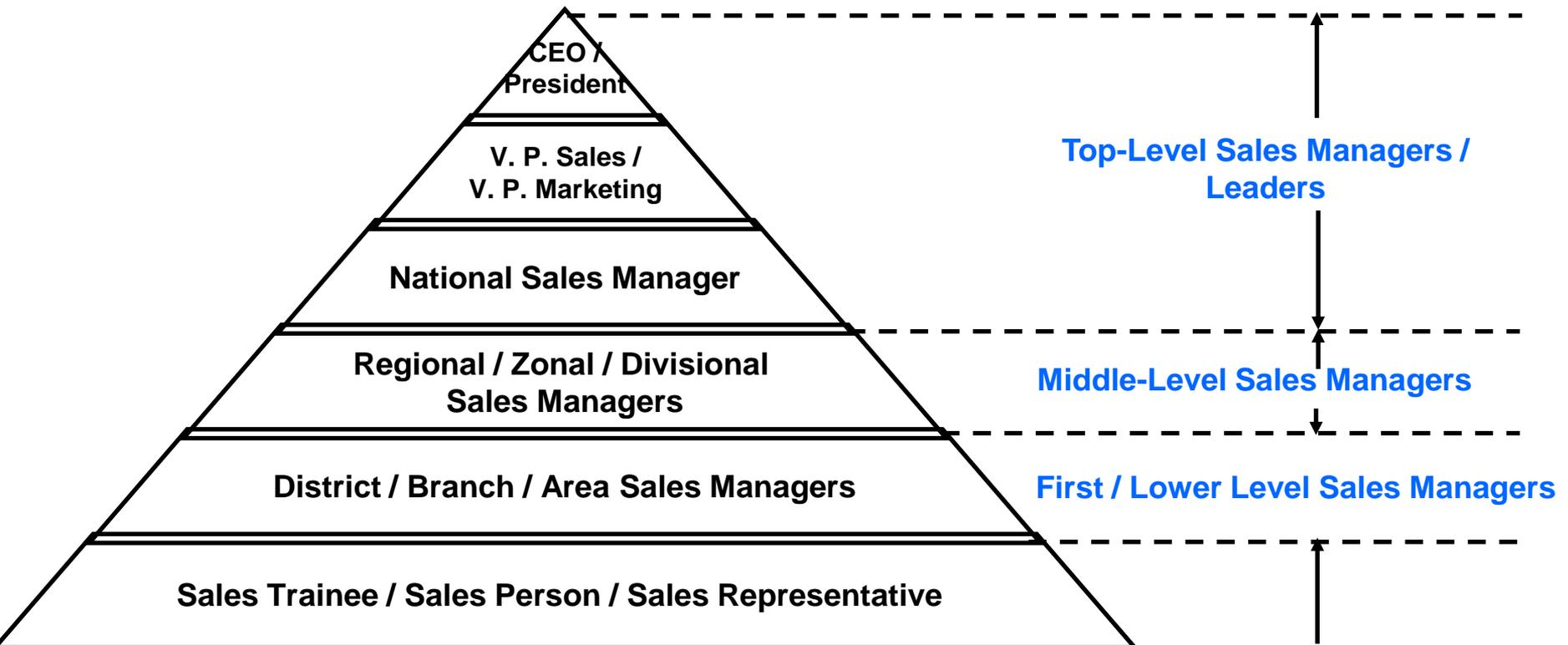
Some of the important **roles** of the modern sales manager are:

- A member of the strategic management team
- A member of the corporate team to achieve objectives
- A team leader, working with salespeople
- Managing multiple sales / marketing channels
- Using latest technologies (like CRM) to build superior buyer-seller relationships
- Continually updating information on changes in marketing environment

Skills of a Successful Sales Manager

- **People skills** include abilities to motivate, lead, communicate, coordinate, team-oriented relationship, and mentoring
- **Managing skills** consist of planning, organizing, controlling and decision making
- **Technical skills** include training, selling, negotiating, problem-solving, and use of computers

Types of Sales Managers / Levels of Sales Management Positions



Sales Objectives, Strategies and Tactics

The main components of planning in a company are objectives, strategies and tactics. Their relationship is shown below



E.G. A company wants to increase sales of electric motors by 15 percent, as one of the sales objectives. (see next slide)

To illustrate the relationship between sales objectives, strategies and tactics, consider:

Sales Goals / Objectives	Marketing Strategy	Sales and Distribution Strategy	Tactics / Action plans
<ul style="list-style-type: none"> Increase sales volume by 15 percent 	<ul style="list-style-type: none"> Enter export markets 	<ul style="list-style-type: none"> Identify the countries Decide distribution channels 	<ul style="list-style-type: none"> Marketing / sales head to get relevant information Negotiate and sign agreements in 3-5 months with intermediaries
<p>SDM-Ch.1</p>	<ul style="list-style-type: none"> Penetrate existing domestic markets 	<ul style="list-style-type: none"> Review and improve salesforce training, motivation and compensation Use effective and efficient channels 	<ul style="list-style-type: none"> Add channels and members Train salespeople in deficient areas Train field salesmanagers in effective supervision Link sales volume quotas to the incentive scheme of the compensation plan

Emerging Trends in Sales Management

- Global perspective
- Revolution in technology
- Customer relationship management (CRM)
- Salesforce diversity
- Team selling approach
- Managing multi-channels
- Ethical and social issues
- Sales professionalism

Linking Sales and Distribution Management

- Either sales management or distribution management cannot exist, operate or perform without each other
- To achieve the sales goals of sales revenue and growth, the sales management plans the strategy and action plans (tactics), and the distribution management has the role to execute these plans
- This will be illustrated by considering some sales management actions and corresponding role of distribution management (in the next slide).

Role of Distribution Management for some of the Sales Management Actions / Tasks

Sales Management Actions / Tasks	Distribution Management Role
<ul style="list-style-type: none"> • Strategy for effective coverage of markets and outlets 	<ul style="list-style-type: none"> • Follow call plan / beat plan • Make customer call productive • Use multi-channel approach
<ul style="list-style-type: none"> • Strategy for handling customer complaints 	<ul style="list-style-type: none"> • Prompt action at the customer interface level • If the problem persists, involve senior sales and service people
<ul style="list-style-type: none"> • Planning of local advertising and sales promotion <p>SDM-Ch.1</p>	<ul style="list-style-type: none"> • Co-ordination with distribution channels • Responsibility of execution with distribution channels • Expenses are shared between the company and intermediaries <p style="text-align: right;">15</p>

Key Learnings

- Sales management is **defined** as the management of the personal selling part of a company's marketing function
- Selling includes **varying sales jobs** like delivery salesperson, order taker, sales support person, and order getter
- Sales is the **only function** or department in an organization that **generates revenue** / income
- **Skills** of a successful sales manager include managing, technical and people
- Main components of **sales planning** are objectives, strategies, and tactics (or action plan)
- Either sales management or distribution management **can not exist**, operate or perform without each other