

# 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

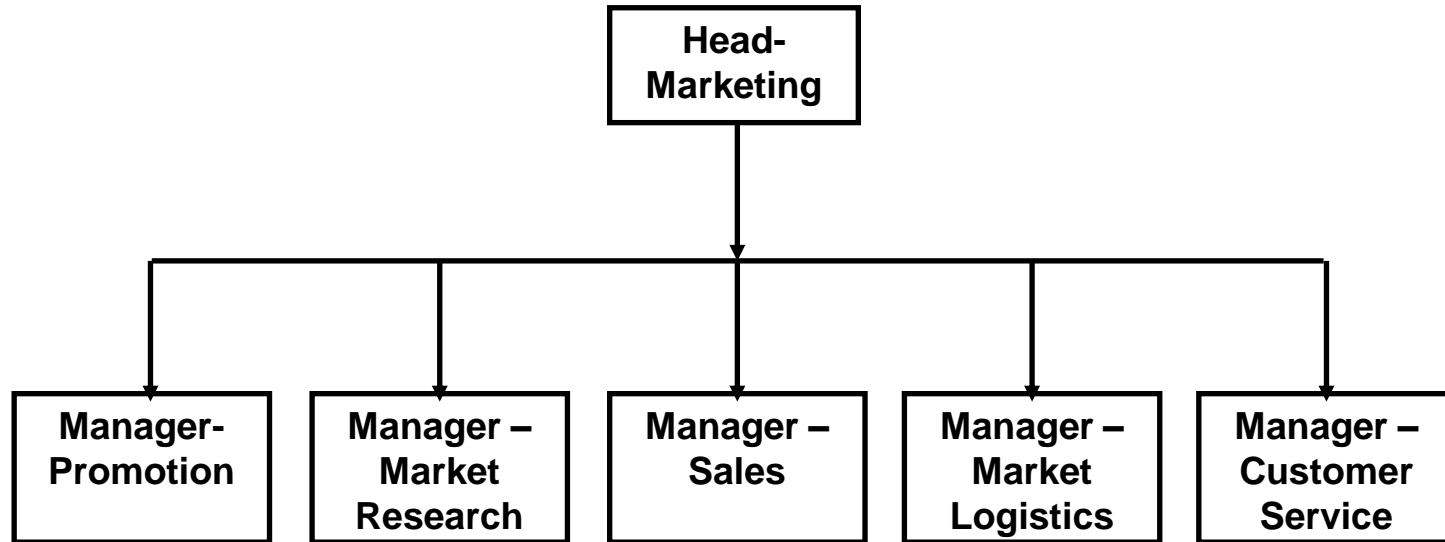
- Situation before industrial revolution in U.K. (1760AD)
- Situation after industrial revolutions in U.K., and U.S.A.
- Marketing function splits into sales and other functions like market research, advertising, physical distribution

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

# 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:

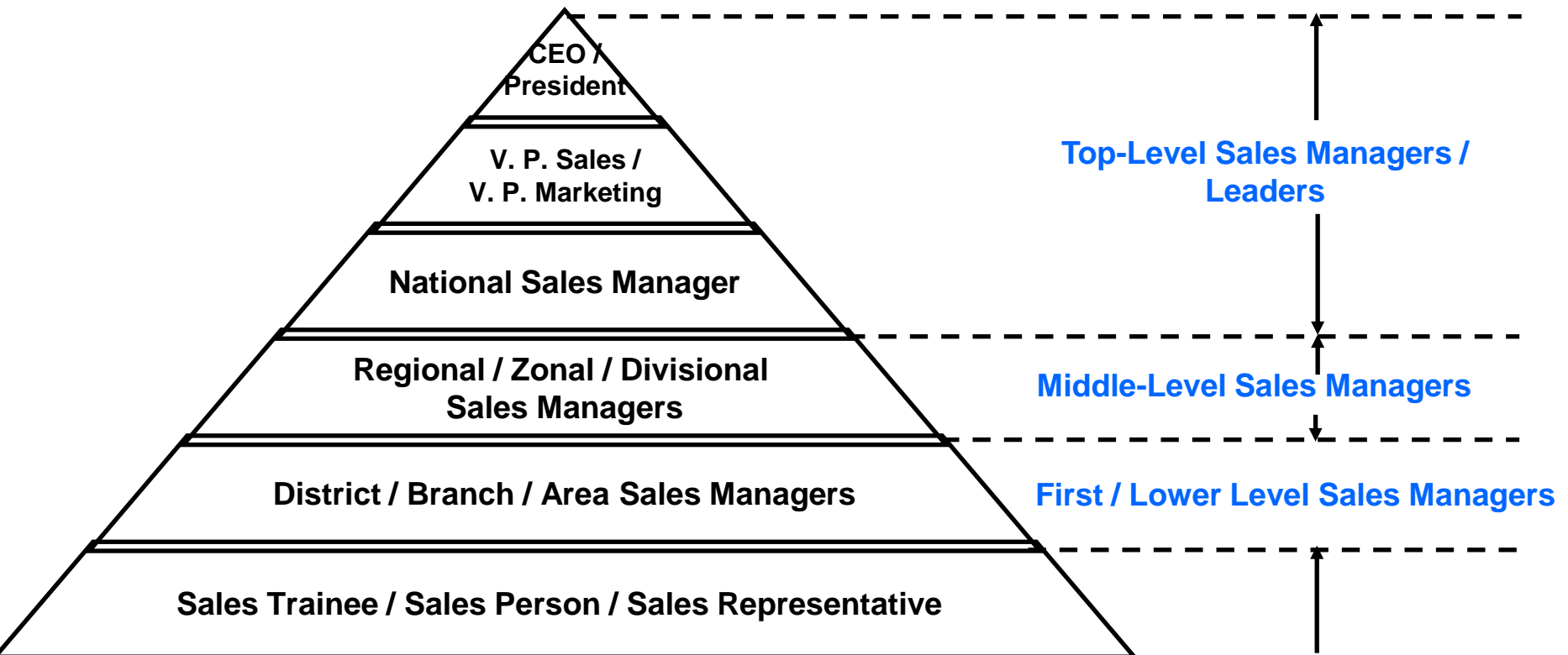
- A member of the strategic management team
- A member of the corporate team to achieve objectives
- A team leader, working with salespeople
- Managing multiple sales / marketing channels
- Using latest technologies (like CRM) to build superior buyer-seller relationships
- Continually updating information 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"> <li>• Increase sales volume by 15 percent</li> </ul>	<ul style="list-style-type: none"> <li>• Enter export markets</li> </ul>	<ul style="list-style-type: none"> <li>• Identify the countries</li> <li>• Decide distribution channels</li> </ul>	<ul style="list-style-type: none"> <li>• Marketing / sales head to get relevant information</li> <li>• Negotiate and sign agreements in 3-5 months with intermediaries</li> </ul>
<p><b>SDM-Ch.1</b></p>	<ul style="list-style-type: none"> <li>• Penetrate existing domestic markets</li> </ul>	<ul style="list-style-type: none"> <li>• Review and improve salesforce training, motivation and compensation</li> <li>• Use effective and efficient channels</li> </ul>	<ul style="list-style-type: none"> <li>• Add channels and members</li> <li>• Train salespeople in deficient areas</li> <li>• Train field salesmanagers in effective supervision</li> <li>• Link sales volume quotas to the incentive scheme of the compensation plan</li> </ul>

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