

Session 1

Introduction to Sales and Distribution Management



Prepared by:

Prof. Nishant Agrawal

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. (1760)
- 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

Three Stages of Marketing Evolution in the United States.



Some industries & organizations remain at the product-orientation stage



Other industries & organizations have progressed only to the sales-orientation stage



Many industries & organizations have progressed to the market-orientation stage

Late 1800s

Early 1930s

Mid – 1950s

1990s

Product – Orientation Stage

- Manufacturers in the **product-orientation stage** typically focused on the quality & quantity of output while assuming that customers would buy reasonably priced , well-made products.
- In an era when the demand for goods generally exceeded the supply, the primary focus in business was to efficiently produce large quantities of product.
- Finding customers was viewed as a relatively minor function.

Sales – Orientation Stage

- The world economic crisis of the late 1920's changed the perception
- Finds that the economic problem no longer was how to manufacture efficiently, but rather it was how to sell the resulting output
- Just offering a quality product was no assurance of success
- The **Sales-orientation stage** was characterized by a heavy dependant on promotional activity to sell the products the firm wanted to make.

Market – Orientation Stage

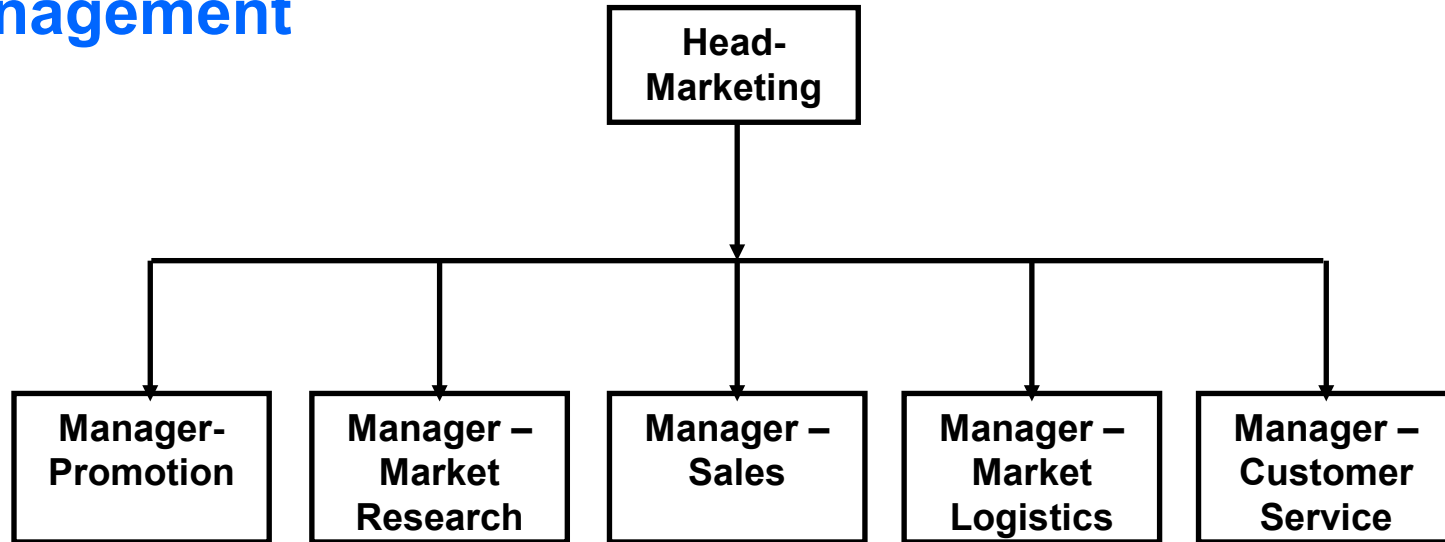
- Sellers discovered that the war II years had changed consumers
- In addition the consumers had more choices
- The technology that was developed during the war made it possible to produce much greater variety of goods
- At this stage companies identify what customers want

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, assigning, supervising, paying, and motivating the personal sales force.”

Nature of Sales Management

- Its integration with marketing management



- Relationship Selling

Transactional		Value – added		Collaborative	/
Relationship	/	Relationship	/	Partnering	
Selling		Selling		Relationship	/
				Selling	

Relationship Selling

- Salespeople concentrate their team selling efforts on building trust and service on a few carefully selected customers over a long period with a aim of becoming a preferred or sole supplier.

- **Transactional Relationship / Selling:-** One type of relationship marketing in which salespeople make one-time sales to price-oriented customers ,who are not contacted again.
Focus on single transaction.
- **Value – added Relationship / Selling:-** Understanding current and future needs of customers and meeting those needs better than competitors with value – added solution to their problems
- **Collaborative relationship :-** A type of relationship marketing in which a selling organization works continuously with its large customers to improve the customer performance in terms of operations , sales and profit

Varying Sales Responsibilities / Positions / Jobs

Sales Position	Brief Description	Examples
• Delivery salesperson	• Delivery of products to business customers or households and also takes orders.	• Milk, newspapers to households • Soft drinks, bread to retail stores.
• Order taker (Response selling)	• Inside order taker • Telemarketing salesperson takes orders over telephone	• Behind counter in a shop • Food, clothing products' orders from retailers
• Sales Support • Technical selling	• Provide information, build goodwill, introduce new products • Technical information, assistance	• Steel, Chemical industries
• Creative, Problem-solving, selling	• Getting orders from existing and new household consumers • Getting orders from business customers, by solving their business and technology problems	• 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 guaranteed routes to reach the top management

Roles and Skills of a Modern Sales Manager

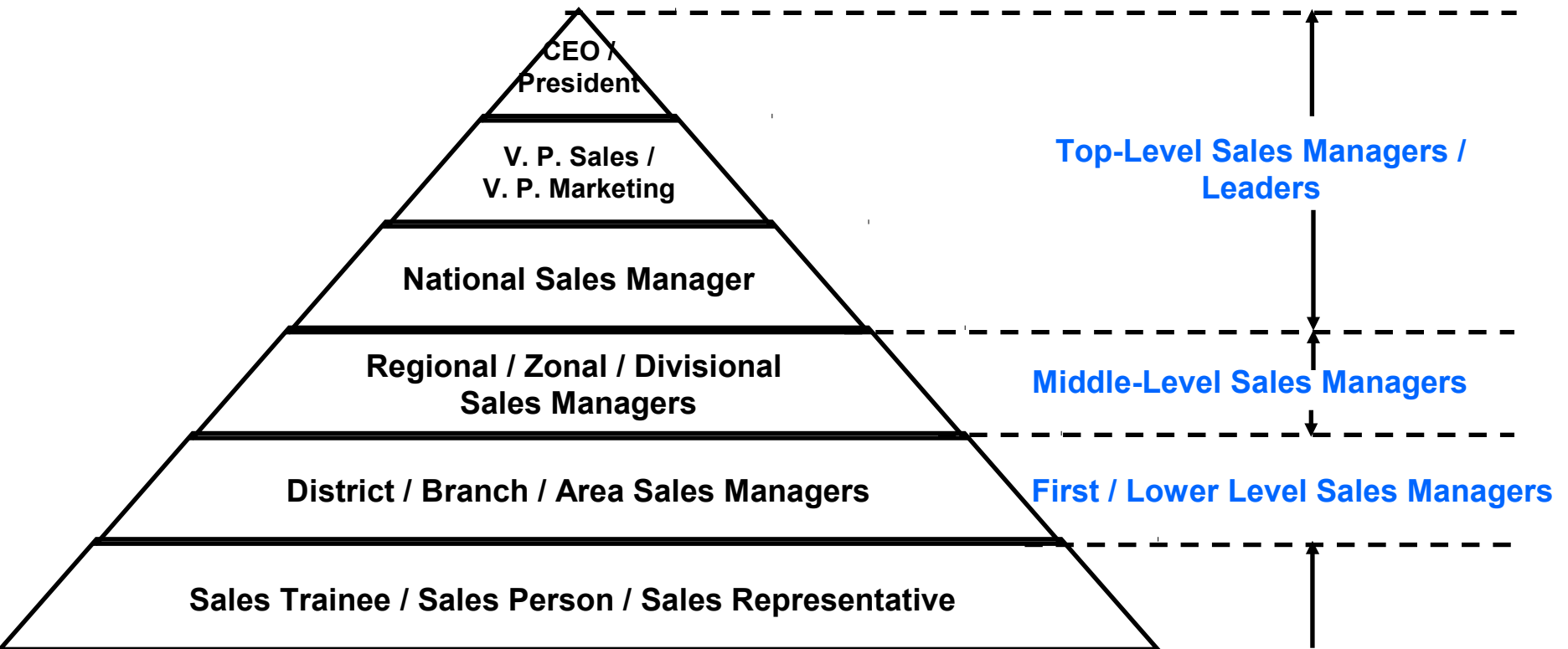
Some of the important roles of the modern sales manager are:

- 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 professional tools (software)

Types of Sales Managers / Levels of Sales Management Positions



Levels of Sales Management Positions

➤ Top-Level Sales Managers / Leaders

- Highest Level in Sale Management called VP, GM etc
- Responsible for Long term marketing , Sale Planning Ex. E commerce

➤ Middle-Level Sales Managers

- Title of regional , zonal or divisional sale manager
- Responsibility are to manage several branches or district
- Implement strategy and action plan approved by Top Management

➤ First / Lower Level Sales Managers

- Title of Branch sale managers, area sale managers or district sale managers
- Responsible to achieve goals and rules decided by higher level

Sales Objectives, Strategies and Plan

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.

Relationship between Objectives, Strategies & Plans

Sales Goals / Objectives

- Increase sales volume by 15 percent

Marketing Strategy

- Enter export markets
- Penetrate existing domestic markets

Sales and Distribution Strategy

- Identify the countries
- Decide distribution channels
- Review and improve sales force training, motivation and compensation
- Use effective and efficient channels

Action plans

- Marketing / sales head to get relevant information
- Negotiate and sign agreements in 3-5 months with intermediaries
- Add channels and members
- Train sales people in deficient areas
- Train field sales managers in effective supervision
- Link sales volume to the incentive scheme of the compensation plan

Sales Management

- Sales as a Career
- Rewards in Sales Career
- Sales Person to Sale manager

Emerging Trends in Sales Management

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

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 and the distribution management has the role to execute these plans

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

Sales Management Actions

Distribution Management Role

- | | |
|--|---|
| <ul style="list-style-type: none">• Effective coverage of markets & outlets• Market Feedback• Handling customer complaints• Participate in promotional events• Planning of local advertising and sales promotion• Local advertising – hoardings | <ul style="list-style-type: none">• Follow up by call (Track)• Use multi-channel approach• Involve senior sales and service people• Co-ordination with distribution channels• Responsibility of execution with distribution channels• Expenses are shared between the company & intermediaries |
|--|---|

Thank You