



SALES FORCE MANAGEMENT

LEADERSHIP, INNOVATION, TECHNOLOGY

TWELFTH EDITION

Mark W. Johnston
Greg W. Marshall



Sales Force Management

In this latest edition of *Sales Force Management*, Mark Johnston and Greg Marshall continue to build on the tradition of excellence established by Churchill, Ford, and Walker, increasing the book's reputation globally as the leading textbook in the field. The authors have strengthened the focus on managing the modern tools of selling, such as customer relationship management (CRM), social media and technology-enabled selling, and sales analytics. It's a contemporary classic, fully updated for modern sales management practice.

Pedagogical features include:

- Engaging Breakout Questions designed to spark lively discussion.
- Leadership Challenge assignments and Minicases to help students understand and apply the principles they have learned in the classroom.
- Leadership, Innovation, and Technology boxes that simulate real-world challenges faced by salespeople and their managers.
- New Ethical Moment boxes in each chapter put students on the firing line of making ethical choices in sales.
- Role-Plays that enable students to learn by doing.
- A selection of comprehensive sales management cases on the Companion Website.

The Companion Website includes an instructor's manual, PowerPoints, and other tools to provide additional support for students and instructors.

Mark W. Johnston is the Alan and Sandra Gerry Professor of Marketing and Ethics at Rollins College, USA. He is the co-author, with Greg W. Marshall, of *Contemporary Selling*, 5th edition, published by Routledge and the forthcoming *Routledge Companion to Selling and Sales Management*.

Greg W. Marshall is the Charles Harwood Professor of Marketing and Strategy at Rollins College, USA. He is the co-author, with Mark W. Johnston, of *Contemporary Selling*, 5th edition, published by Routledge and the forthcoming *Routledge Companion to Selling and Sales Management*.

Finding academic textbooks that reflect the role of sales managers has been difficult. A gap between corporate sales management tasks and student learning approaches in the classroom has grown. Johnston and Marshall have filled this gap and provided a variety of opportunities to connect student learning, academic requirements, and practitioner realities.

— **Dena H. Hale, Southeast Missouri State University, USA**

This is a comprehensive text that delivers all you need to know about B2B selling from a personal selling and a sales management context. It is instructive with excellent supporting learning materials invaluable in the classroom. I will use this text in both my undergraduate and some postgraduate teaching.

— **Tony Douglas, Edinburgh Napier University, UK**

Sales Force Management

Leadership, Innovation, Technology

Twelfth Edition

*Mark W. Johnston and
Greg W. Marshall*

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To Susan and Grace
—Mark

To Patti and Justin
—Greg

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Brief Contents

About the Authors *xxi*

Preface *xxiii*

CHAPTER 1 *Introduction to Sales Management in the
Twenty-First Century* *1*

PART ONE
FORMULATION OF A SALES PROGRAM *27*

CHAPTER 2 *The Process of Selling and Buying* *29*

CHAPTER 3 *Linking Strategies and the Sales Role in the Era
of CRM and Data Analytics* *65*

CHAPTER 4 *Organizing the Sales Effort* *105*

CHAPTER 5 *The Strategic Role of Information in Sales
Management* *137*

PART TWO
IMPLEMENTATION OF THE SALES PROGRAM *191*

CHAPTER 6 *Salesperson Performance: Behavior, Role
Perceptions, and Satisfaction* *193*

CHAPTER 7 *Salesperson Performance: Motivating the
Sales Force* *223*

CHAPTER 8 *Personal Characteristics and Sales
Aptitude: Criteria for Selecting Salespeople* *254*

CHAPTER 9	<i>Sales Force Recruitment and Selection</i>	278
CHAPTER 10	<i>Sales Training: Objectives, Techniques, and Evaluation</i>	312
CHAPTER 11	<i>Salesperson Compensation and Incentives</i>	339
PART THREE		
EVALUATION AND CONTROL OF THE SALES PROGRAM		371
<hr/>		
CHAPTER 12	<i>Cost Analysis</i>	373
CHAPTER 13	<i>Evaluating Salesperson Performance</i>	406
<i>Endnotes</i>	435	
<i>Index</i>	454	

Detailed Contents

About the Authors xxi
Preface xxiii

CHAPTER 1 *Introduction to Sales Management in the Twenty-First Century* 1

Learning Objectives	1
Sales Management in the Twenty-First Century	1
<i>Innovation Fuels Success in Selling Today</i>	2
<i>Sales Effectiveness Is Enhanced through Technology</i>	3
<i>Leadership Is a Key Component in Sales Management Success</i>	4
<i>Sales Management Is a Global Endeavor</i>	5
<i>Ethics Underlies All Selling and Sales Management Activities</i>	6
What Is Involved in Sales Management	6
<i>Selling Process</i>	7
<i>Sales Management Process</i>	8
Environmental Factors Impact Success in Selling	9
External Environment	10
<i>Economic Environment</i>	10
<i>Global Legal and Political Environment</i>	12
<i>Technological Environment</i>	13
<i>Social and Cultural Environment: Ethics</i>	15
<i>Natural Environment</i>	16
Internal (Organizational) Environment	18
<i>Goals, Objectives, and Culture</i>	18
<i>Human Resources</i>	19
<i>Financial Resources</i>	19

Production and Supply Chain Capabilities 19
Service Capabilities 20
Research and Development (R&D) and Technological Capabilities 20
Summary 20

PART ONE
FORMULATION OF A SALES PROGRAM 27

CHAPTER 2 *The Process of Selling and Buying* 29

Learning Objectives 29
Drivers of Change in Selling and Sales Management 29
Overview of Selling as a Career 30
Why Sales Jobs Are So Rewarding 32
Key Success Factors in Selling 36
Selling Activities 39
Types of Selling Jobs 42
Selling in Business-to-Consumer versus Business-to-Business Markets 42
Classifying Types of B2B Sales Jobs 43
Stages in the Selling Process 44
Prospecting for Customers 45
Opening the Relationship 46
Qualifying the Prospect 47
Presenting the Sales Message 48
Closing the Sale 49
Servicing the Account 50
Participants in the Organizational Buying Process—The Buying Center 50
Selling Centers and Buying Centers 53
Organizational Buying Decision Stages 54
Stage One: Anticipation or Recognition of a Problem or Need 55
Stage Two: Determination and Description of the Characteristics and Quantity of the Needed Item(s) 55

Stage Three: Search for and Qualification of Potential Suppliers 56

Stage Four: Acquisition of Proposals or Bids 56

Stage Five: Evaluation of Offerings and Selection of Suppliers 56

Stage Six: Selection of an Order Routine 57

Stage Seven: Performance Evaluation and Feedback 58

The Nature of Organizational Buying Situations 58

Summary 59

CHAPTER 3 *Linking Strategies and the Sales Role in the Era of CRM and Data Analytics* 65

Learning Objectives 65

What Is Customer Relationship Management? 65

From Mass Marketing to One-to-One Marketing 67

CRM Process Cycle 70

Toward a Relationship-Based Enterprise 72

CRM-Driven Data Analytics for Sales Manager Decision Making 73

The Importance of Market Orientation 77

How Market Orientation Affects Performance 77

Internal Partnering to Create a Market Orientation 78

The Process of Strategy Development 79

Company Mission and Goals 79

SBU Strategy 80

The Importance of Integrating Sales with Other Business Functions 84

Personal Selling's Role in Marketing Strategy 86

Role of the Relationship 86

Personal Selling in the Relationship Era 88

Exploration Stage 89

Expansion Stage 91

Commitment Stage 92

Personal Selling's Role in the Marketing Communication Mix	93
<i>Advantages and Disadvantages of Selling in Marketing Communication</i>	93
<i>Company Resources, Goals, and Marketing Strategy</i>	94
<i>Characteristics of the Target Market</i>	95
<i>Product Characteristics</i>	96
<i>Distribution Practices</i>	96
<i>Pricing Policies</i>	97
<i>Computerized Ordering and Customer Alliances</i>	97
Improving Customer Satisfaction and Loyalty through Feedback	98
<i>Major Account Teams</i>	99
Summary	100

CHAPTER 4 *Organizing the Sales Effort* 105

Learning Objectives	105
The Increasing Importance of Sales Organization Decisions	105
Purposes of Sales Organization	106
<i>Division and Specialization of Labor</i>	106
<i>Stability and Continuity of Organizational Performance</i>	107
<i>Coordination and Integration</i>	108
Horizontal Structure of the Sales Force	108
<i>Deciding on a Company Sales Force or Independent Agents</i>	109
<i>Geographic Organization</i>	113
<i>Product Organization</i>	115
<i>Organization by Customer Type or Markets</i>	117
<i>Organization by Selling Function</i>	118
<i>The Role of Telemarketing</i>	118
Organizing to Service Key Accounts	121
<i>Team Selling</i>	123
<i>Multilevel Selling</i>	125
<i>Co-marketing Alliances</i>	125
<i>Logistical Alliances and Computerized Ordering</i>	125

Vertical Structure of the Sales Organization 126

Selling Responsibilities 127

Sales-Related Functions 128

The Impact of New Technologies 128

Staff Support and Outsourcing 129

Additional Sales Organizational Issues 130

Summary 131

CHAPTER 5 *The Strategic Role of Information in Sales Management* 137

Learning Objectives 137

Using Information in Managerial Decision Making and Planning 137

Introduction to Market Opportunity Analysis 138

Methods of Sales Forecasting 139

Subjective Methods of Forecasting 140

Objective Methods of Forecasting 144

Choosing a Forecasting Method 148

Developing Territory Estimates 149

Purposes and Characteristics of Sales Quotas 150

Purposes of Quotas 151

Characteristics of a Good Quota 152

Setting Quotas 153

Types of Quotas 153

Quota Level 155

Determining Sales Force Size 157

Breakdown Method 157

Workload Method 158

Incremental Method 161

Designing Sales Territories 162

Stages in Sales Territory Design 162

Sales Analysis for Managerial Decision Making	171
<i>Type of Evaluation System</i>	172
<i>Sources of Information for Sales Analysis</i>	174
<i>Type of Aggregation of Information to Be Used in Sales Analysis</i>	175
<i>Illustration of a Hierarchical Sales Analysis</i>	177
Summary	183

PART TWO

IMPLEMENTATION OF THE SALES PROGRAM 191

CHAPTER 6 *Salesperson Performance: Behavior, Role Perceptions, and Satisfaction* 193

Learning Objectives	193
Understanding Salesperson Performance—Why Is It Important for Sales Management?	194
The Model	194
<i>The Role Perceptions Component</i>	195
<i>The Aptitude Component</i>	196
<i>The Skill-Level Component</i>	197
<i>The Motivation Component</i>	197
<i>The Personal, Organizational, and Environmental Variables Component</i>	198
Rewards	201
Satisfaction	202
The Salesperson's Role Perceptions	203
Stages in Developing the Salesperson's Role	204
<i>Stage 1: Role Partners Communicate Expectations</i>	204
<i>Stage 2: Salespeople Develop Perceptions</i>	204
<i>Stage 3: Salespeople Convert Perceptions into Behaviors</i>	206
The Salesperson's Role Is Vulnerable	206
<i>Boundary Position</i>	206
<i>Large Role Set</i>	207
<i>Innovative Role</i>	208

Role Conflict and Ambiguity 209

Common Expectations and Key Areas of Conflict and Ambiguity 210

Consequences of Conflict and Ambiguity 211

Managing Conflict and Ambiguity in a Salesperson 213

Role Accuracy 214

Nature of Role Accuracy 215

Summary 217

CHAPTER 7 *Salesperson Performance: Motivating the Sales Force* 223

Learning Objectives 223

The Psychological Process of Motivation 223

Major Components of the Model 224

Expectancies—Perceived Links between Effort and Performance 225

Instrumentalities—Perceived Links between Performance and Rewards 228

Valences for Rewards 230

Can the Motivation Model Predict Salesperson Effort and Performance? 232

The Impact of a Salesperson’s Personal Characteristics on Motivation 232

Satisfaction 233

Demographic Characteristics 234

Job Experience 234

Psychological Traits 235

Performance Attributions 236

Management Implications 237

Career Stages and Salesperson Motivation 238

Career Stages 239

The Problem of the Plateaued Salesperson 242

The Impact of Environmental Conditions on Motivation 244

The Impact of Organizational Variables on
Motivation 246

Supervisory Variables and Leadership 246

Incentive and Compensation Policies 247

Summary 248

CHAPTER 8 *Personal Characteristics and Sales Aptitude: Criteria for Selecting Salespeople* 254

Learning Objectives 254

Are Good Salespeople Born or Made? The Determinants
of Successful Sales Performance 254

A Review of Past Research 256

The Costs of Inappropriate Selection Standards 257

Characteristics of Successful Salespeople 258

Characteristics Sales Managers Look For 258

*Research Concerning the Personal Characteristics of
Successful Salespeople* 260

Overview of Findings 260

Job-Specific Determinants of Good Sales Performance 269

Selling Different Types of Products and Services 269

Different Types of Sales Jobs 270

Implications for Sales Management 271

Summary 271

CHAPTER 9 *Sales Force Recruitment and Selection* 278

Learning Objectives 278

Recruitment and Selection Issues 278

Who Is Responsible for Recruiting and
Selecting Salespeople? 281

Job Analysis and Determination of Selection Criteria 282

Who Conducts the Analysis and Prepares the Description? 283

Content of the Job Description 284

Determining Job Qualifications and Selection Criteria 286

Methods for Deciding on Selection Criteria 287

Recruiting Applicants	288
<i>External Sources</i>	292
Selection Procedures	296
<i>Application Blanks</i>	297
<i>Personal Interviews</i>	297
<i>Physical Examinations</i>	300
<i>Tests</i>	300
<i>Concerns about the Use of Tests</i>	302
<i>Guidelines for the Appropriate Use of Tests</i>	303
Equal Employment Opportunity Requirements in Selecting Salespeople	303
<i>Requirements for Tests</i>	304
<i>Requirements for Interviews and Application Blanks</i>	305
Summary	306

CHAPTER 10 *Sales Training: Objectives, Techniques, and Evaluation* 312

Learning Objectives	312
Issues in Sales Training	312
Objectives of Sales Training	314
<i>Increase Productivity</i>	314
<i>Improve Morale</i>	314
<i>Lower Turnover</i>	315
<i>Improve Customer Relations</i>	315
<i>Improve Selling Skills</i>	315
The Development of Sales Training Programs	316
<i>Creating Credibility in Sales Training</i>	317
Training New Sales Recruits	320
Training Experienced Sales Personnel	321
Sales Training Topics	321
<i>Product Knowledge</i>	321
<i>Market/Industry Orientation</i>	322

<i>Company Orientation</i>	323
<i>Time and Territory Management</i>	323
<i>Legal/Ethical Issues</i>	324
<i>Technology</i>	324
<i>Specialized Training Topics</i>	325
Sales Training Methods	326
<i>On-the-Job Training</i>	327
<i>Classroom Training</i>	328
<i>Electronic Training Methods</i>	329
Measuring the Costs and Benefits of Sales Training	330
<i>Sales Training Costs</i>	330
<i>Measurement Criteria</i>	331
<i>Measuring Broad Benefits</i>	332
<i>Measuring Specific Benefits</i>	332
<i>Recent Trends in Sales Training Evaluation</i>	333
Summary	334

CHAPTER 11 *Salesperson Compensation and Incentives* 339

Learning Objectives	339
Overview of Compensation and Incentives	339
Straight Salary, Straight Commission, and Combination Plans	341
<i>Straight Salary</i>	342
<i>Straight Commission</i>	344
<i>Combination Plans</i>	345
<i>Steps to Executing the Compensation Plan</i>	349
Sales Contests	350
<i>Contest Objectives</i>	350
<i>Contest Themes</i>	351
<i>Probability of Winning</i>	351
<i>Types of Contest Rewards</i>	351
<i>Contest Promotion and Follow-through</i>	352
<i>Criticism of Sales Contests</i>	353

Nonfinancial Rewards 353

Recognition Programs 354

Expense Accounts 354

Direct Reimbursement Plans 355

Limited Reimbursement Plans 356

No Reimbursement Plans 356

Making Compensation and Incentive Programs Work 357

Assessing the Relationship Selling Objectives 357

Determining Which Aspects of Job Performance to Reward 358

Deciding on the Most Appropriate Mix and Level of Compensation 360

Dangers of Paying Salespeople Too Much 361

Dangers of Paying Salespeople Too Little 361

Changing the Compensation Plan 362

Summary 363

PART THREE
EVALUATION AND CONTROL OF THE SALES PROGRAM 371

CHAPTER 12 *Cost Analysis* 373

Learning Objectives 373

Cost Analysis Development 375

Full Cost versus Contribution Margin 375

ABC Accounting 379

Procedure 381

The Process Illustrated 384

Direct Selling 389

Advertising 390

Warehousing and Shipping 391

Order Processing 391

Transportation 391

Promise and Problems 392

Return of Assets Managed 394

Summary 396

CHAPTER 13 *Evaluating Salesperson Performance* 406

Learning Objectives	406
Performance versus Effectiveness	406
Objective Measures	409
<i>Output Measures</i>	410
<i>Input Measures</i>	411
<i>Ratio Measures</i>	413
Summary of Objective Measures	415
Subjective Measures	416
<i>Forms Used for Subjective Measurement</i>	417
<i>Avoiding Errors in Performance Evaluation</i>	423
<i>Using a BARS System</i>	423
360-Degree Feedback in Performance Evaluation	426
Summary	429

Endnotes 435

Index 454

About the Authors



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Mark has been retained as a consultant for firms in the personal health care, chemical, transportation, service, and telecommunications industries. He has consulted on a wide range of issues involving strategic sales force structure, sales force performance, sales force technology implementation, market analysis, sales training, and international market decisions. Mark has conducted a number of seminars around the world on a variety of topics, including motivation, managing turnover in the organization, sales training issues, ethical issues in marketing, and improving overall sales performance.

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Greg is an active researcher in selling and sales management, having published more than 50 refereed articles in a variety of marketing journals, and he serves on the editorial review board of the *Journal of the Academy of Marketing Science*, *Journal of Business Research*, and *Industrial Marketing Management*. He is editor of the *Journal of Marketing Theory and Practice* and is past editor of the *Journal of Personal Selling & Sales Management*, currently serving on its senior advisory board. Greg is past president of the Academic Division of the American Marketing Association, a distinguished fellow and past president of the Academy of Marketing Science, and is a fellow and past president of the Society for Marketing Advances.

In addition to working together on *Sales Force Management*, Mark and Greg are the co-authors of *Contemporary Selling*, also published by Routledge/Taylor & Francis Group.

Preface

INTRODUCTION

The twelfth edition of *Sales Force Management* carries on the tradition from previous editions, incorporating the latest research and management practices into an easy-to-read yet comprehensive learning tool.

You will notice that we continue to integrate a variety of innovative learning tools with the latest in sales management theory and practice. At the same time, we have taken great care to preserve the excellent framework and principles from editions one through eleven. In short, we have taken the best from earlier editions and added relevant, real-world student learning tools and up-to-date sales management theory and practice to create this twelfth edition of *Sales Force Management*.

Still without peer, *Sales Force Management* remains the definitive text in the field. Building on the tradition of excellence established by Gil Churchill, Neil Ford, and Orv Walker, in this twelfth edition Mark Johnston and Greg Marshall maintain the quality and integrity of earlier editions while breaking new ground.

WHY WRITE THIS BOOK?

For most of the twentieth century, the practice of sales management was an unfortunate combination of tradition, folklore, personal experiences, and intuition. Sales managers had very little in the way of research or management theory to help better understand the motives and behaviors of their own salespeople. As a result, there was practically no support for the sales manager in the field.

Fortunately, during the 1970s sales academicians and researchers began to conduct empirical studies and develop theoretical models to explain salesperson behavior and motivation. Sales managers found the information invaluable and added their own insights, further refining and enhancing the sales management knowledge base. Today, sales research appears in all the leading marketing journals, and one journal is singularly dedicated to the field of sales management (*Journal of Personal Selling & Sales Management*).

It is not surprising that, as changes were occurring in sales management, the rest of the organization also was experiencing significant transformation. Concepts like strategic alliances, customer relationship management, and value creation brought

revolution to every part of the organization, including the sales force. Today, salespeople are expected to have new skills, more information, and instant answers. This makes managing the sales force an even more formidable challenge. Old ways will no longer work—sales force management is undergoing change at an increasing rate, and success in the future will be defined, in part, by how well sales managers learn to manage in this new world.

From the beginning, *Sales Force Management* filled the need for a single, detailed summary of sales management theory, analysis of sales force research, and review of its managerial implications for the organization. Other books provide a cursory appraisal of relevant research or fail to keep pace with current knowledge and trends. Our primary goal in the twelfth edition is the same as it was in the first: offer students a thorough, up-to-date, and integrated overview of accumulated theory and research relevant to sales management.

In writing such a book, however, we know that simply presenting a summary of theories and research would be incredibly dull (we were students, too) and, even worse, would provide little real insight for students interested in learning how a sales manager can *apply* this information in the real world. Put simply, our second goal is to highlight how real managers apply these theories and principles in their own organizations. By identifying recent practices, applications, and the use of state-of-the-art technology, we combine real-world sales management *best practices* with cutting-edge theory and empirical research—all in a single source.

STRUCTURE OF THE BOOK

Over the book's history, a framework has been developed that portrays sales managers' activities as three interrelated, sequential processes, each of which influences the various determinants of salesperson performance. The twelfth edition continues to use this time-tested and insightful structure.

1. **Formulation of a sales program.** This process involves organizing and planning the company's overall personal selling efforts and ensuring that the selling initiative is integrated with the other elements of the firm's marketing strategy.
2. **Implementation of the sales program.** This involves selecting appropriate sales personnel, providing effective training and development, as well as compensation.
3. **Evaluation and control of the sales program.** This involves employing proper metrics to monitor and evaluate sales force performance so adjustments can be made to either the sales program or its implementation as needed.

Chapter 1 introduces the subject of sales management with an overview of the field, including key aspects of the external and internal environment of selling.

The remainder of the book is divided into three sections corresponding to the three processes described earlier.

- **Part One: Formulation of a Sales Program (Chapters 2 through 5)** This section examines the process of buying and selling, including a strong emphasis on selling as a career and the role of organizational buyers; linkages of sales management to business and marketing-level strategies; organizing for success in sales management; and the strategic role of information in forecasting, setting quotas, designing sales territories, and conducting sales analysis. A continuing feature of this edition is emphasis on customer relationship management (CRM) and its link to sales management. New to this edition is a major section linking CRM to the use of data analytics that are relevant to sales organizations.
- **Part Two: Implementation of the Sales Program (Chapters 6 through 11)** This section provides an overview of the determinants of sales performance with the special focus on a salesperson's role perceptions and motivation. It then proceeds to examine decisions involving the recruitment and selection of sales personnel, sales training, and the design of compensation and incentive programs.
- **Part Three: Evaluation and Control of the Sales Program (Chapters 12 and 13)** This section discusses techniques for monitoring and controlling sales force behavior and performance. It examines various approaches for conducting behavioral and other performance analyses.

THE APPROACH OF THE BOOK

Sales Force Management is designed for use in a course on sales management at either the undergraduate or graduate level. It also complements a variety of teaching approaches. Instructors who focus primarily on either a lecture/discussion format or case format will find plenty of material for any teaching calendar in the chapters, enhanced by the end-of chapter Breakout Questions and discussion-centered Leadership Challenges. For those adopting a more case-oriented approach, each chapter contains a short, thoughtful "Minicase" to highlight key learning elements from the chapter along with guiding questions. If you are looking for more comprehensive cases for your course, our Companion Website houses a variety of longer cases in sales management for your use. And, an updated sales management role-play is provided for each chapter.

FEATURES OF THE TWELFTH EDITION

We subscribe to the old adage, "if it isn't broke, don't fix it." The philosophy in creating the twelfth edition was to begin by updating and enhancing the best parts of *Sales Force Management*. As a result, those who have used previous editions will be comfortable with the twelfth edition. But at the same time, with this new

edition we have included numerous updates to chapter content, examples, feature boxes, updated data, and more attention to global and ethical aspects of sales force management.

Learning Objectives

Each chapter has succinct learning objectives based on chapter material. Using active language to emphasize the expected student learning outcomes, these objectives enable professors to guide discussions and develop tests so that students get the most out of the book.

Key Terms

Key terms are listed at the end of each chapter and are highlighted in bold within the body of the chapter to help students focus on key ideas and concepts. Professors find these terms can create the basis for assessing students' understanding of the chapter.

Feature Boxes: Leadership, Innovation, and Technology

These three themes drive much of sales management theory and practice today and form the basis for the feature boxes throughout the twelfth edition. These boxes highlight the latest trends in sales management and are designed to illustrate material presented in the chapters in an applied context. Professors will benefit from incorporating these features into class discussion and exercises, and students will find it easier to apply the concepts they are learning in the chapter.

New Feature Box: Ethical Moment

For the first time ever, the twelfth edition of *Sales Force Management* contains an Ethical Moment in each chapter. These interesting and engaging vignettes touch on a variety of ethics-in-sales issues and each one ends with a question to consider that is sure to spark great class discussion.

Breakout Questions

Timely discussion questions, called Breakout Questions, can be found at the end of each chapter. These make for great discussion starters as well as good review questions for exams. And following along with our increased theme of sales ethics, in every chapter a new Ethical Question has been added to the current battery of Breakout Questions.

Leadership Challenge

Leadership is an essential characteristic of successful sales managers. While we include it as a feature box in the text, our goal is to engage the student even more

deeply in learning and applying leadership issues. As a result (and not found in any other sales management text), a unique set of short end-of-chapter leadership cases will test the student's ability to make leadership decisions. Short and focused on issues from that chapter, the Leadership Challenges ask students to assess a real situation from a manager's perspective, make decisions, and often develop an implementation strategy.

Role-Plays

Both in the field and classroom, it is widely accepted that role-playing is a valuable tool for helping salespeople and students apply what they are learning. Each Role-Play enables students to work together to employ important sales management concepts they have learned in that particular chapter.

Minicases

Each chapter contains a Minicase enabling students to apply directly what they are learning in the chapter. These Minicases, written specifically for *Sales Force Management*, are short and designed to be used in a variety of ways. For example, they are great for discussion starters in class or as individual assignments. Additionally, student teams can be assigned to analyze the case and make a presentation to the class. Feedback from colleagues was a key driver in creating these shorter, more focused cases that will certainly enhance student learning. Key issues from the chapter will be brought out for the students as they analyze the case. And importantly, most of these Minicases have strong global selling implications. Each Minicase ends with a set of directed, action-oriented questions that force the student to integrate the chapter material.

SUPPLEMENTS

Companion Website

Both instructors and students will appreciate the book's Companion Website (www.routledge.com/cw/Johnston), which has been built specifically for the twelfth edition.

PowerPoint Slides—New and Updated

Many instructors like using PowerPoint to support their in-class presentations, and students have come to find these slide presentations a valuable learning tool. The PowerPoint package for this edition is presented in an effective and interesting graphic design that complements the graphic elements of the book. The slides are flexible enough for instructors to include their own material yet comprehensive enough to stand alone.

Major Cases

For the twelfth edition, a variety of major cases on sales management are available for use on the book's Companion Website.

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CHAPTER 1

Introduction to Sales Management in the Twenty-First Century

LEARNING OBJECTIVES

Sales management is one of the most important elements in the success of modern organizations. When major trends emerge, such as a shift in the economy toward small- to medium-sized businesses, it is incumbent upon sales managers to react with new selling approaches. And not only is personal selling the most expensive component of the marketing mix for most companies, but it is the firm's most direct link to the customer. While Thoreau may have believed that the world will beat a path to the door of the company with the best mousetrap, the world needs someone to show how that mousetrap is better—and that role usually belongs to the salesperson. Otherwise, that sale may never occur. Therefore, management of the sales force is one of the most important executive responsibilities.

This chapter introduces you to the field of sales management. After reading it you should be able to

- Identify and discuss key trends affecting sales organizations and sales managers today.
- Present a general overview of the sales management process.
- Identify and illustrate the key external and internal environmental factors that influence the development of marketing strategies and sales programs.

SALES MANAGEMENT IN THE TWENTY-FIRST CENTURY

As reflected in the chapter opener, personal selling and, consequently, sales management are undergoing dramatic changes. These changes are being driven by several behavioral, technological, and managerial forces that are dramatically and irrevocably altering the way salespeople understand, prepare for, and accomplish their jobs. Among the behavioral forces are rising customer expectations, globalization of markets, and demassification of domestic markets; technological forces include sales force automation, virtual sales offices, and electronic sales channels; and managerial forces consist of a shift to direct marketing alternatives, outsourcing of sales functions, and a blending of the sales and marketing functions.¹