# Sales Management

## Analysis and Decision Making

Tenth Edition

Thomas N. Ingram, Raymond W. LaForge, Ramon A. Avila,
Charles H. Schwepker, Jr., Michael R. Williams

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ROUTLEDGE

# SALES MANAGEMENT

This tenth edition of *Sales Management* continues the tradition of blending the most recent sales management research with the real-life "best practices" of leading sales organizations. The authors teach sales management courses, and interact with sales managers and sales management professors on a regular basis. Their text focuses on the importance of employing different sales strategies for different customer groups, as well as integrating corporate, business, marketing, and sales strategies. *Sales Management* includes coverage of the current trends and issues in sales management, along with numerous real-world examples from the contemporary business world that are used throughout the text to illuminate chapter discussions.

Key changes in this edition include:

- Updates in each chapter to reflect the latest sales management research, and leading sales management trends and practices;
- Revised end-of-chapter cases;
- Revised ethical dilemma boxes;
- All new chapter opening vignettes about well-known companies that illustrate key topics from that chapter; and
- New or updated comments from sales managers in "Sales Management in the 21st Century" boxes.

An online instructor's manual with test questions and PowerPoints is available to adopters.

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# PREFACE

Our objective in writing the tenth edition of *Sales Management: Analysis and Decision Making* was to continue to present comprehensive and rigorous coverage of contemporary sales management in a readable, interesting, and challenging manner. Findings from recent sales management research are blended with examples of current sales management practice into an effective pedagogical format. Topics are covered from the perspective of a sales management decision maker. This decision-making perspective is accomplished through a chapter format that typically consists of discussing basic concepts, identifying critical decision areas, and presenting analytical approaches for improved sales management decision making. Company examples from the contemporary business world are used throughout the text to supplement chapter discussion.

## STRENGTHS OF THIS EDITION

The tenth edition of *Sales Management: Analysis and Decision Making* continues what has been effective in previous editions, but contains changes that improve the content and pedagogy in the book. The authors teach sales management courses, are involved in sales management research, and interact with sales managers and professors on a regular basis. These activities ensure that the text covers the appropriate sales management topics and employs the most effective pedagogy. The key strengths of the tenth edition include:

- The 10 chapters and paperback format from the previous edition have been maintained. This makes it easy for professors to cover the text in a semester or quarter, and still have sufficient time to use active learning exercises throughout the course. Students can purchase the tenth edition for much less than the cost of a typical hardcover sales management book.
- New Opening Vignettes generate student interest in the chapter content by providing recent examples of leading sales organizations employing the chapter material.
- "Sales Management in the 21st Century" boxes include new sales executives or updated personal comments that reinforce important sales management concepts in each chapter.
- Revised "Ethical Dilemma" boxes provide students the opportunity to address important ethical issues facing sales managers with many set up as role-play exercises.
- Revised chapter cases with related role plays put students in the role of a sales manager in a specific sales organization situation. The cases require students to analyze the situation, decide on the appropriate action, and then implement their decisions through role-play scenarios.
- New and revised pedagogy is available in the "Developing Sales Management Knowledge" and "Building Sales Management Skills" activities at the end of each chapter.
- All chapters have been updated to incorporate the latest findings from sales management research and the best practices from leading sales organizations. Topics receiving

new or expanded coverage include: using social networking in recruiting and selecting; virtual reality in training; evaluation of training; coaching; and ethical leadership.

## LEVEL AND ORGANIZATION

This text was written for the undergraduate student enrolled in a one-semester or one-quarter sales management class. However, it is sufficiently rigorous to be used at the MBA level.

A sales management model is used to present coverage in a logical sequence. The text is organized into five parts to correspond with the five stages in the sales management model.

Part One, "Describing the Personal Selling Function," is designed to provide students with an understanding of personal selling prior to addressing specific sales management areas. We devote one chapter at the beginning of the text to this topic.

Part Two, "Defining the Strategic Role of the Sales Function," consists of two chapters. One discusses important relationships between personal selling and organizational strategies at the corporate, business, marketing, and sales levels. This chapter focuses on how strategic decisions at different organizational levels affect sales management decisions and personal selling practices.

The second chapter in this part investigates alternative sales organization structures and examines analytical methods for determining salesforce size, territory design, and the allocation of selling effort.

Part Three, "Developing the Salesforce," changes the focus from organizational topics to people topics. The two chapters in this part cover the critical decision areas in the recruitment and selection of salespeople and in training salespeople once they have been hired.

Part Four, "Directing the Salesforce," continues the people orientation by discussing the leadership, management, and supervisory activities necessary for successful sales management and examining important areas of salesforce motivation and reward systems.

Part Five, "Determining Salesforce Effectiveness and Performance," concludes the sales management process by addressing evaluation and control procedures. Differences in evaluating the effectiveness of the sales organization and the performance of salespeople are highlighted and covered in separate chapters.

## PEDAGOGY

The following pedagogical format is used for each chapter to facilitate the learning process.

- *Learning Objectives.* Specific learning objectives for the chapter are stated in behavioral terms so that students will know what they should be able to do after the chapter has been covered.
- *Opening Vignettes.* All chapters are introduced by an opening vignette that typically consists of a recent, real-world company example addressing many of the key points to be discussed in the chapter. These opening vignettes are intended to generate student interest in the topics to be covered and to illustrate the practicality of the chapter coverage.
- *Key Words.* Key words are highlighted in bold type throughout each chapter and summarized in list form at the end of the chapter to alert students to their importance.
- *Boxed Inserts.* Each chapter contains two boxed inserts titled "Sales Management in the 21st Century." The comments in these boxes are provided by members of our Sales Executive Panel and were made specifically for our text.

- *Figure Captions.* Most figures in the text include a summarizing caption designed to make the figure understandable without reference to the chapter discussion.
- *Chapter Summaries.* A chapter summary recaps the key points covered in the chapter by restating and answering questions presented in the learning objectives at the beginning of the chapter.
- *Developing Sales Management Knowledge.* Ten discussion questions are presented at the end of each chapter to review key concepts covered in the chapter. Some of the questions require students to summarize what has been covered, while others are designed to be more thought-provoking and extend beyond chapter coverage.
- *Building Sales Management Skills.* Application exercises are supplied for each chapter, requiring students to apply what has been learned in the chapter to a specific sales management situation. Many of the application exercises require data analysis. Many chapters also have an Internet exercise to get students involved with the latest technology. Role plays are also included in most chapters.
- *Making Sales Management Decisions.* Each chapter concludes with two short cases. Most of these cases represent realistic and interesting sales management situations. Several require data analysis. Most are designed so that students can role-play their solutions.

## CASES

The 18 short cases at the end of the chapters can be used as a basis for class discussion, short written assignments, or role plays. These are designed to help bring the material in each chapter to life for students by illustrating how chapter concepts can be applied in practice.

## SUPPLEMENTS

### Instructor's Resources

The Instructor's Resources (at www.routledge.com/cw/ingram) deliver all the traditional instructor support materials in one handy place. Electronic files are provided for the complete Instructor's Manual, Test Bank, and chapter-by-chapter PowerPoint presentation files that can be used to enhance in-class lectures.

### Instructor's Manual

The Instructor's Manual for the tenth edition of *Sales Management: Analysis and Decision Making* contains many helpful teaching suggestions and solutions to text exercises to help instructors successfully integrate all the materials offered with this text into their class. Each chapter includes the following materials designed to meet the instructor's needs.

- Learning objectives
- Chapter outline and summary
- Ideas for student involvement
- Possible answers to review sections in the text, *Developing Sales Management Knowledge* and *Building Sales Management Skills*
- Ideas for how to incorporate the role-play exercises found in the text into the classroom setting, as well as suggestions for conducting the role plays

(The Instructor's Manual files are located at: www.routledge.com/cw/ingram)

### Test Bank

The revised and updated Test Bank, with over 100 new questions, includes a variety of multiple choice and true/false questions, which emphasize the important concepts presented in each chapter. The Test Bank questions vary in levels of difficulty so that each instructor can tailor his/her testing to meet his/her specific needs. The Test Bank files are located at: www.routledge.com/cw/ingram

### PowerPoint Presentation Slides

This package brings classroom lectures and discussions to life with the Microsoft PowerPoint presentation tool. Extremely professor-friendly and organized by chapter, these chapter-by-chapter presentations outline chapter content, and generally include a link to a short related video. The eye-appealing and easy-to-read slides are, in this new edition, tailored specifically to the *Sales Management* text from the Ingram author team. The PowerPoint presentation slides are available at: www.routledge.com/cw/ingram.

## ACKNOWLEDGMENTS

We are delighted to publish the tenth edition of *Sales Management: Analysis and Decision Making* with Routledge. Our hope is that this is one of many editions we work on together. A great deal of credit for this edition should go to all of the wonderful people at Routledge. Their expertise, support, and constant encouragement turned an extremely difficult task into a very enjoyable one. We are thankful for the expertise and support of the many publishing professionals who have worked with us on previous editions of this book. In particular, we appreciate the efforts of Harry Briggs, Rob Zwettler, Mike Roche and Becky Ryan. We would also like to thank our senior editor, Meredith Norwich, and editorial assistant, Alston Slatton for their work on the tenth edition of this book. Without their efforts this edition would not have seen the light of day. However, we also want to thank the many individuals with whom we did not have direct contact but who assisted in the development and production of this book.

We are also very appreciative of the support provided by our colleagues at Colorado State University, the University of Louisville, Ball State University, University of Central Missouri, and Oklahoma City University.

Thomas N. Ingram
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Ramon A. Avila
Charles H. Schwepker, Jr.
Michael R. Williams

*To Jacque*
*—Thomas N. Ingram*

*To Susan, Alexandra, Kelly, and*
*in memory of my Mom and Dad*
*—Raymond W. LaForge*

*To Terry, Anne, Ryan, Laura, Kate,*
*Sarah, Nathan, Ella, Jack, Henry, and my loving parents*
*—Ramon A. Avila*

*To Laura, Charlie III, Anthony, Lauren, my Mom,*
*and in memory of my Dad, "Big C"*
*—Charles H. Schwepker, Jr.*

*To Marilyn, Aimee and Royce, Kerri, Bart and Gage,*
*and in memory of my Mom and Dad*
*—Michael R. Williams*

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# ABOUT THE AUTHORS

**Thomas N. Ingram** (Ph.D., Georgia State University) is the Department Chair Emeritus and Professor of Marketing Emeritus at Colorado State University. Before commencing his academic career, Tom worked in sales, product management, and sales management with ExxonMobil. Professor Ingram has received numerous awards for contributions to sales research and teaching, most recently as a recipient of the Lifetime Achievement Award from the American Marketing Association Selling and Sales Management Special Interest Group. He has also been honored as the Marketing Educator of the Year by Sales and Marketing Executives International (SMEI), as a Distinguished Sales Educator by the University Sales Center Alliance, and as the first recipient of the Mu Kappa Tau National Marketing Honor Society Recognition Award for Outstanding Scholarly Contributions to the Sales Discipline. Tom has served as the Editor of *Journal of Personal Selling & Sales Management,* Chair of the SMEI Accreditation Institute, and as Editor of the *Journal of Marketing Theory and Practice*. Professor Ingram's published work has appeared in *Journal of Marketing, Journal of Marketing Research, Journal of Personal Selling & Sales Management,* and *Journal of the Academy of Marketing Science,* among others. One of his co-authored articles which appeared in the *Journal of Marketing* was recognized by the American Marketing Association Selling and Sales Management Special Interest Group as one of the "Top Ten Articles of the 20th Century" in the sales discipline.

**Raymond W. (Buddy) LaForge** (DBA, University of Tennessee) is the Brown-Forman Professor of Marketing Emeritus at the University of Louisville. He is the founder of the *Marketing Education Review*; has co-authored *Marketing: Principles and Perspectives*, 5th ed. (2007); *Professional Selling: A Trust-Based Approach,* 4th ed. (2008); *Sell*, 4th ed. (2015); *The Professional Selling Skills Workbook* (1995); *Strategic Sales Leadership: Breakthrough Thinking for Breakthrough Results* (2006); and co-edited *Emerging Trends in Sales Thought and Practice*. His research is published in many journals, including the *Journal of Marketing, Journal of Marketing Research, Decision Sciences, Journal of the Academy of Marketing Science, International Journal of Research in Marketing,* and *Journal of Personal Selling & Sales Management*. Buddy has received numerous awards, including the Outstanding Sales Scholar Award from Mu Kappa Tau, a Special Recognition Award from the American Marketing Association Sales Interest Group, a Top Thirteen Faculty Favorite Award from the University of Louisville, the Distinguished Scholar Award from the Research Symposium on Marketing and Entrepreneurship, the Distinguished Sales Educator Award from the University Sales Center Alliance, the Undergraduate Teaching Award from the College of Business, the Beta Alpha Psi Outstanding College of Business Faculty Award, and the American Marketing Association Sales Interest Group Lifetime Achievement Award. The Sales Program at the University of Louisville has been recognized as a Top University Sales Education Program by the Sales Education Foundation from 2007 to 2014.

**Ramon A. Avila** (Ph.D., Virginia Polytechnic Institute and State University) is the George and Frances Ball Distinguished Professor of Marketing and the founding director of the Center for Professional Selling, and earned his bachelor's degree and MBA from Ball State University. He completed his Ph.D. at Virginia Polytechnic Institute and

State University in 1984. He joined the Ball State faculty in 1984. Before coming to Ball State, he worked in sales with the Burroughs Corporation. Dr. Avila was presented with Mu Kappa Tau's Outstanding Contributor to the Sales Profession in 1999 and is the only the third person to receive this award. Dr. Avila has also received the University's Outstanding Faculty award in 2001, the Outstanding Service award in 1998, the University's Outstanding Junior Faculty award in 1989, the College of Business's Professor of the Year, and the Dean's Teaching award every year it was given from 1987 to 2002. Dr. Avila has presented numerous papers at professional conferences and has been the program chair and the director for the National Conference in Sales Management, and has published research in *Journal of Marketing Research, Journal of Euromarketing, Industrial Marketing Management, Journal of Management, Journal of Marketing Theory and Practice, Journal of Personal Selling & Sales Management,* and *Journal of Marketing Education*. A frequent consultant, he has worked with major corporations, including AT&T, Burroughs, Honeywell, Indiana Gas, Indiana Michigan Power, Indiana Bell, and Midwest Metals. Dr. Avila serves on the editorial review boards of four business-related journals. He is also the former associate editor for the *Mid-American Journal of Business*. Dr. Avila's teaching focuses on industrial marketing, professional selling, and sales management.

**Charles H. Schwepker, Jr.** (Ph.D., University of Memphis) is the Randall and Kelly Harbert Marketing Professor at the University of Central Missouri. He has experience in wholesale and retail sales. His primary research interests are in sales management, personal selling and marketing ethics. Dr. Schwepker's articles have appeared in the *Journal of the Academy of Marketing Science, Journal of Business Research, Journal of Public Policy and Marketing, Journal of Personal Selling & Sales Management, Journal of Service Research,* and *Journal of Business Ethics,* among other journals, and various national and regional proceedings. Edited books in which his articles have appeared include *Marketing Communications Classics* (2000), *Environmental Marketing* (1995), *The Oxford Handbook of Sales Management and Sales Strategy* (2011) and the *Handbook of Unethical Work Behavior* (2013). He has received several honors for both teaching and advising, including the Hormel Teaching Excellence award, Byler Distinguished Faculty Award and the Alumni Foundation Harmon College of Business Administration Distinguished Professor award. Dr. Schwepker received the James Comer award for best contribution to selling and sales management theory awarded by the *Journal of Personal Selling & Sales Management* and three "Outstanding Paper" awards at the National Conference in Sales Management, among others. He is on the editorial review boards of the *Journal of Personal Selling & Sales Management, Journal of Marketing Theory & Practice, Journal of Business & Industrial Marketing, Journal of Relationship Marketing*, and *Journal of Selling* , and has five times won an award for outstanding reviewer. Dr. Schwepker is a co-author of *Sell*, 6th ed. (2020).

**Michael R. Williams** (Ph.D., Oklahoma State University) is the American Floral Services Chair in Marketing and is Professor of Marketing and Associate Dean for Academic Affairs at Oklahoma City University. His previous academic associations include Professor of Marketing at Illinois State University and Director of the Professional Sales Institute. Prior to his academic career, Dr. Williams established a successful 30-plus-year career in industrial sales, market research, and sales management and continues to consult and work with a wide range of business organizations. He has co-authored *Sell,* 6th ed. (2020); *Professional Selling: A Trust-based Approach*, 4th ed. (2008); *The Professional Selling Skills Workbook* (1995); and a variety of executive monographs and white papers on sales performance topics. Dr. Williams' research has been published in national and international journals including *Journal of Personal Selling & Sales Management, International Journal of Purchasing and Materials Management, Journal of Business and Industrial Marketing, Quality Management Journal*, and *Journal of Industrial Technology*. His work has also received numerous honors, including Outstanding Article for the Year in *Journal of Business and Industrial Marketing*, the AACSB's Leadership in Innovative Business Education award, the

Marketing Science Institute's Alden G. Clayton competition, and the Mu Kappa Tau Marketing Society recognition award for Outstanding Scholarly Contribution to the Sales Discipline. He has also received numerous university, college, and corporate teaching and research awards including Old Republic Research Scholar, the presentation of a seminar at Oxford's Brasenose College, *Who's Who in American Education,* and *Who's Who in America*. Mike has and continues to serve in leadership roles as an advisor and board member for sales and sales management associations and organizations.

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# Sales Management

## Analysis and Decision Making

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# CHAPTER 1

# CHANGING WORLD OF SALES MANAGEMENT

Personal selling is an important component of the marketing strategies for many firms, especially those operating in business-to-business markets. The 500 largest U.S. salesforces employ almost 25 million salespeople, with the 200 largest manufacturing salesforces consisting of over 528,000 salespeople. Each manufacturing salesperson produces an average of about $7.8 million in annual sales and supports over 15 other jobs in their company.[1] These statistics illustrate the large size and significant impact of personal selling in today's business world.

*Sales Management* is concerned with managing a firm's personal selling function. Sales managers are involved in both the strategy (planning) and people (implementation) aspects of personal selling, as well as evaluating and improving personal selling activities. Research indicates that sales managers can increase profitable sales growth by 5 percent to 20 percent or more by moving from average to excellent salesforce effectiveness.[2] Sales managers are involved in a variety of activities and must be able to interact effectively with people in the personal selling function, with people in other functional areas in their firm, and with people outside their company, especially customers and other business partners.

Most sales organizations employ sales managers at various levels within the sales organization. These sales managers have different titles and may not have direct responsibility for specific salespeople, but all perform sales management activities that affect the salespeople in a sales organization. Illustrative titles for sales managers include chief sales officer, vice president of sales, divisional sales manager, regional sales manager, sales leader, branch manager, area director, and field sales manager.

Our objective in this chapter is to introduce the exciting world of sales management. We begin by identifying challenges in the sales organization environment and suggesting effective sales management responses to these challenges. Then, the characteristics of the best sales organizations and most effective sales managers are discussed. We conclude by presenting a general sales management model that provides a framework for the book, describing the format of each chapter, and introducing the members of our Sales Executive Panel. The goal is to "set the stage" for your journey into the dynamic and exciting world of sales management.

## CHALLENGES IN THE SALES ORGANIZATION ENVIRONMENT

Sales organizations operate in a complex and turbulent environment. Political, social, and economic trends in the global business environment and rapid advances in technology have produced an extremely competitive marketplace. Many of these changes have had an especially significant impact on organizational purchasing. The purchasing and supply function has increased in importance at many firms, because it is viewed as an effective way for firms to lower costs and increase profits. Therefore, organizational buyers are more demanding, better prepared, and more skilled. Sales organizations must understand this situation to be able to generate business with new customers and to keep and expand business with existing customers.

Several significant changes in the organizational purchasing process are directly relevant to sales organizations. Organizational buyers have higher expectations in terms of customized products and services that solve their problems and improve their business performance. More organizations are using a formalized purchasing process, with more individuals from different functional areas and management levels involved at different stages of the process. Many buyers do not want to talk to a salesperson until they have gathered the relevant information about their purchasing situation and expect salespeople to provide information and insights they do not have. The net result is a much longer purchasing process.[3]

The costs of maintaining salespeople in the field are escalating, and a longer purchasing process increases selling costs even more. Thus, a critical challenge for sales organizations is to increase sales while decreasing selling costs. Sales organizations must find effective ways to facilitate the emerging buying process of organizational buyers in a manner that generates profitable sales growth. Achieving this objective typically requires many sales organizations to make appropriate adjustments to their personal selling process and in sales management practices.

## SALES MANAGEMENT RESPONSES

Sales organizations are responding to these challenges in different ways. Many firms are implementing a marketing orientation with the sales organization viewed from a more strategic perspective. Market-oriented firms typically develop customer-centric cultures and focus efforts more toward customers rather than just products. Market segmentation and prioritizing customers within target markets becomes increasingly important. Sales is also viewed more as a core business process rather than a tactical activity. This strategic perspective considers the sales organization as critical in delivering value to customers and generating profits for the firm. Salespeople, sales managers, and other business functions need to change many of their activities to be successful in implementing a more strategic role.[4]

One emerging approach guiding many firms is to create and implement a *sales enablement* perspective. The sales enablement area is in the early stage of its development, so there is no universally accepted definition. However, most discussions of a comprehensive sales enablement program include several key elements:

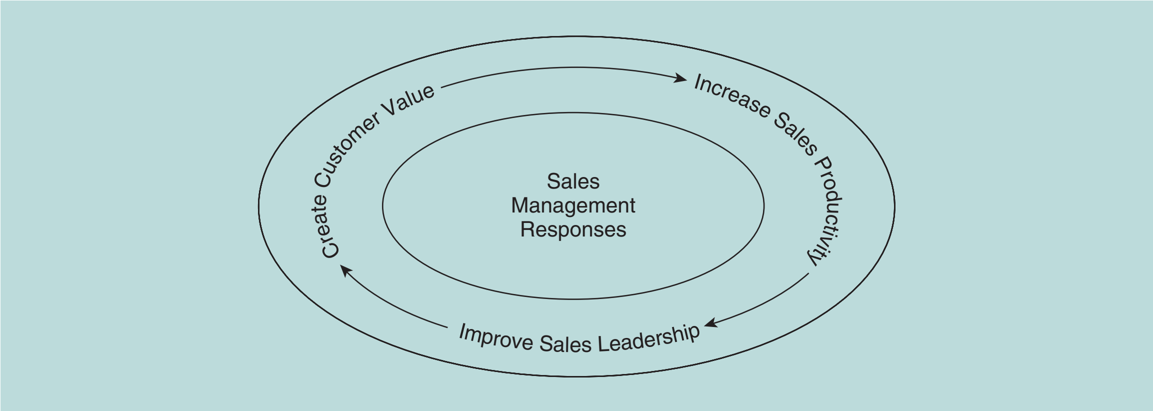
- A buyer-focused function driven by a firm's top-level executives.
- An alignment of the steps in the sales process to deliver value at each stage of the buying process.
- An integration and coordination of the efforts of executives, sales managers, salespeople, and personnel from other business functions that directly impact customers to create value in all interactions with buyers.
- An incorporation of the appropriate training, technology, performance metrics, and reward programs to guide and support the execution and achievement of sales enablement and sales organization objectives.

There is increasing evidence that firms creating and executing a sales enablement function perform better than firms without them.[5]

Sales enablement is beginning to develop as a discipline. The Sales Enablement Society (sesociety.org) was established in 2015 as a volunteer organization of professionals from diverse industries, companies, and business functions. The organization provides a variety of networking opportunities for members. The major purpose is to increase the knowledge base and identify the best practices for a successful sales enablement function. One ongoing effort is to establish an official definition of sales enablement.

Firms employing a comprehensive sales enablement function are making dramatic changes in their sales operations and transforming most aspects of sales management. Others are focusing on improving a few sales management areas to increase sales organization effectiveness. As indicated in Figure 1.1, these sales management responses

Sales Management Responses FIGURE 1.1



Many sales organizations are responding to the challenges facing them by making changes in their sales operations.

emphasize ways to create customer value, increase sales productivity, and/or improve sales leadership.

## Create Customer Value

Many sales organizations are moving from an emphasis on merely selling products to solving customer problems and adding value to customer businesses over the long term. The key is to identify value as defined by the customer and then to create, communicate, and deliver this value. For example, RS Medical sells physician-prescribed home electrotherapy devices. Salespeople typically focused on the key features of their products when meeting with physicians, because they thought this information was of most interest to the physicians. However, the physicians had more interest in information that would help improve their practice as a business. Once RS Medical salespeople identified what was really of value to physicians, they began to educate physicians on how to make their practices more efficient and more profitable by using RS Medical products. The value provided by this approach led to an increase in device sales for RS Medical.[6]

Changes in the business environment often result in changes in how customers define value. Salespeople and sales managers must identify the new value definitions and deliver the value desired by customers. For example, customers of Minnesota Thermal Science (MTS) used to be most interested in the technology of pharmaceutical packaging. The introduction of strict and costly regulations in the pharmaceutical industry drove many firms to become more interested in ways to reduce their costs. MTS salespeople responded to this change in value and began to present a much stronger business case for their packaging solutions, such as showing customers how their packaging and distribution costs could be reduced by using MTS packaging.[7]

The importance of creating customer value is likely to increase in the future. But, how customers define value is likely to change as well. The most successful sales organizations will be those that are able to identify how their customers define value over time and then communicate and deliver this value to them. Changes in value creation will typically require changes in many aspects of sales management.

## Increase Sales Productivity

Even as sales organizations try to create more value for customers, sales managers are under pressure to increase sales productivity. The basic role of a sales organization has typically been to sell with sales managers and salespeople normally evaluated and rewarded for growing sales volume. Generating sales is still important, but the profitability of these sales is increasingly more important. Therefore, the focus for sales managers has moved from sales volume only to sales productivity. Sales productivity includes the costs associated with generating sales and serving customers and emphasizes producing more sales for a given level of costs. Sales managers must "do more with less" by being more effective and more efficient throughout the sales organization.

Many sales organizations are employing different types of technology to increase sales productivity. Improvements in existing technologies, the development of new technologies, and the opportunity to integrate different technologies provide many opportunities to automate some of the tasks currently performed by salespeople and sales managers. The use of salesforce automation (SFA), customer relationship management (CRM), and data analytics tools represent effective technologies for increasing sales productivity. The rapid development of artificial intelligence (AI) and more effective use of social media are especially likely to have important impacts on sales productivity in the future.

Existing and emerging AI technology products are expected to drive sales productivity improvements. AI technologies analyze data and learn from the ongoing data-analysis process to provide better results and guidance for salesperson and sales management actions.[8] AI applications can free salespeople and sales managers from spending time on many different tasks, such as providing price quotes, creating sales reports, data input to CRM systems, sales forecasting, and prescriptive insight for personalized sales presentations. By performing different tasks, AI technology can act as an efficient assistant for salespeople and sales managers.

Take prospecting as an example. Many salespeople spend large amounts of time identifying sales leads, qualifying the leads, prioritizing the prospects, and then making an appointment to talk with the prospect. This is a time-consuming process. Conversica offers an AI virtual Sales Assistant product that promptly responds to website inquiries, personalizes every message, asks questions to qualify the lead, and then sets up a time for a salesperson to call the prospect.[9] This use of AI automates many of the prospecting tasks with the salesperson only directly involved when a qualified prospect has been identified and an appointment established. The time a salesperson has saved by not having to be involved in most of the prospecting process can be used more productively, because the salesperson can spend more time interacting with qualified prospects, engaging in the sales process, and generating more sales.

The use of social media in sales organizations has increased significantly in recent years. Many salespeople are engaged in *social selling*, using social media to identify, understand, engage, and network with prospects and customers. Studies indicate that the best performing salespeople are involved in social selling.[10] Social selling is also being integrated with other technologies, such as CRM and AI, to increase sales productivity. For example, SAP has integrated social media with a variety of other technologies to identify and pursue selling opportunities by listening, learning, and engaging with prospects and customers throughout the sales process. This approach has produced large sales increases and efforts to continuously improve social selling efforts in the future.[11]

The pressure for sales organizations to increase sales productivity is likely to intensify in the future. Emerging technologies are expected to provide new avenues for creating customer value in cost effective ways. The challenge is to increase sales in a profitable manner by always looking for ways to get "more bang for the sales buck."

## Improve Sales Leadership

Traditionally, sales organizations have utilized hierarchical, bureaucratic organization structures with a top-down approach to controlling and directing salespeople. In such structures, sales managers operate at different levels with direct supervisory control for the level below and direct accountability to the management level above. In these structures, sales managers are responsible for the performance of salespeople who report to them and they use various types of controls and incentives to produce desired results.

These hierarchical structures can be reasonably effective in stable business environments, but don't always allow an effective level of responsiveness in a complex, dynamic environment. To be competitive in a rapidly changing, unpredictable business environment, more progressive sales organizations have been "flattening" the hierarchy and empowering salespeople to make decisions in the field. The need to have responsive, empowered salespeople has changed the role of sales managers and their relationships with salespeople. Sales managers today must not only be managers and supervisors, but increasingly, they must be leaders.

As sales managers take on more leadership roles, they must focus more on collaboration rather than relying strictly on control mechanisms to achieve desired results. This means not only collaborating more with salespeople and customers, but also various functional areas within the organization such as marketing, customer service, and production to deliver competitive, timely solution in the marketplace. As noted by Maria Valdivieso de Uster, the director of marketing and sales practice for leading consulting firm McKinsey and Company, marketing and sales both have valuable insights about customers and collaboration is needed to better serve those customers. She says that marketing and sales leaders need to work together as equals since failure to collaborate is outmoded and detrimental to performance.[12]

Sales leaders develop their people more through coaching than criticism. Prior to entering college, most students have engaged in team sports and other goal-directed group activities. As a result, students have some idea of what it takes to have a successful (or not) team and the role of coaching in team success. While coaching styles vary, all good coaches have one thing in common: they know what they are talking about, and they know how to impart knowledge to individuals and to the entire team. According to CSO Insights, the research division of consulting firm Miller Heiman, coaching is one of the key best practices for global sales success.[13] Miller Heiman notes that employee development is ingrained in the culture of leading sales organizations. Training, coaching, and development is not limited to new employees or to correct performance problems. In the best sales organizations, it is an ongoing activity aimed at maximizing individual and team performance.

Sales leaders readily accept that an empowered salesforce is superior to one that must wait for direction in a fast-moving business environment. When salespeople are granted more decision-making authority, they can be more responsive to customers. Empowered salespeople are typically more satisfied with their jobs and more motivated than those who work under tight controls. By empowering salespeople, sales leaders are sharing managerial responsibility and helping prepare the next generation of managerial talent. Most importantly, empowered salespeople can be a key ingredient in fielding a world-class salesforce.[14]

Contemporary sales leaders collect and share information about customers and best practices rather than withholding it from others in the organization. This requires that sales leaders must be adept at analyzing complex information and distilling it into understandable language for use in researched, planned, customized, customer-focused encounters.[15]

As sales managers take on more leadership responsibilities, they must recognize individual differences in salespeople rather than treating them all the same. This is a balancing act, as group norms, policies, procedures and processes play a key role in productive sales organizations. However, sales leaders must find ways to coach, train, and motivate individuals as part of their jobs. An example of this practice is to develop and implement personal improvement plans for each salesperson with mutually agreed upon sales targets, activities, and sales competency goals.[16]

When sales managers take on more leadership roles in addition to their managerial duties, dramatic results can occur. For example, BMC, a global leader in software solutions, noticed that their sales growth was slowing. The company also observed that traditional sales techniques such as emailing and calling on prospects without prior contact (cold calling) were becoming less productive. Further, software purchasing decisions were no longer being made strictly by information technology personnel, but by multi-functional teams across customer organizations. BMC realized that buying power was shifting to new audiences, and that their sales teams were not always in contact with key decision-makers. BMC adopted the LinkedIn Sales Navigator program to automate and organize the front-end phase of its sales process of identifying and researching potential clients. As a result, BMC's salespeople were better prepared for sales calls, more credible in their initial contacts, and more productive in generating revenue. Within a year, BMC doubled the number of contacts with prospective customers and established a new market in Latin America.[17]

As sales managers expand their roles more into leadership, there is a trend to move from administrative activities to more of an entrepreneurial orientation throughout the sales organization. Sales managers and salespeople need to view themselves as entrepreneurs, with the sales function driving value creation and innovation within their firms. It is common knowledge that successful entrepreneurs are not bound by conventional thinking. They are visionaries who detect evolving patterns and market opportunities and develop creative responses to changing environments.[18]

In recent years, sales managers with a leadership orientation have successfully implemented new technologies and processes despite significant resistance to change. Notable examples include the widespread use of automation in customer relationship management systems (CRM), the integration of social selling into business-to-business selling and the rapid growth of sales enablement. As we look to the future, the best sales organizations will continue to embody an entrepreneurial perspective focusing on innovation, value creation, empowerment, strategy, technology, and collaboration.

## BEST SALES ORGANIZATIONS[19]

Sales consulting firms and academic researchers have studied the best sales organizations to identify the practices that make them successful now and position them for success in the future. A synthesis of this research indicates that the best sales organizations tend to:

- Create a customer-driven culture throughout the sales organization and align sales operations with business and marketing strategies.
- Base market offerings on customer needs and deliver favorable customer experiences.
- Focus on customer value in sales messaging to minimize price-based competition.
- Learn the "why" behind lost customers and lost sales to improve the future wins.
- Ensure that the sales culture supports continuous development of salespeople and sales leaders.
- Train and coach the right skill sets, leveraging best practices of top performers to improve all others. Continually assess attributes of top sales performers.
- Recruit, hire, and retain the best talent for specific sales situations.
- When salespeople leave the organization, consistently determine why and take appropriate action.
- Develop and implement personalized performance improvement plans for all personnel in the sales organization.
- Use technology appropriately to learn about customers, build market intelligence, and enable salesperson and sales manager success.
- Integrate sales with other functional areas, especially marketing and customer service, to deliver maximum customer value.
- Develop an adaptable structure and formalize a relationship-building sales process dedicated to continuous improvement.

It is clear the best sales organizations address all stages of the sales management process. There is no secret recipe that will lead to high performance. The coordination of numerous activities is required to dramatically improve sales organization performance. For example, Avnet, one of the world's largest distributors of information technology, has invested heavily in capabilities and tools that impact customer relationships. Avnet introduced "always on" digital design service tool that lets customers evaluate various configurations and the related costs. The service proved successful for more than 700 projects in reducing customer design and purchase processes by two to five weeks. As a result, Avnet is rolling out the service worldwide. These enhanced service capabilities have strengthened Avnet's customer relationships and been instrumental in internal restructuring and realignment across all departments so that the entire company is now focused on customer outcomes.[20]

## EFFECTIVE SALES MANAGERS

Sales managers work with the systems and processes and interact with the people involved in making a sales organization successful. Research indicates that the most effective sales managers possess specific skills and focus on particular activities. The most important sales management skills are: communication and listening skills; human relations skills; organization and time management skills; industry, company, product, and general business knowledge; coaching, motivating, and leadership skills; and honest and ethical tendencies.[21]

In addition to these general skills, the best sales managers focus on a number of specific activities in their interactions with salespeople:[22]

- Prepare their sales team for constant change by being a role model and mentoring salespeople.
- Earn the trust of salespeople by being dependable and competent, and exhibiting integrity.
- Give salespeople continuous feedback in a positive manner.
- Build enthusiasm throughout the sales team.
- Get involved by being accessible to salespeople and visible to customers.
- Grow and develop salespeople by emphasizing continuous job improvement and career development.

As you can see, sales management is a complex and constantly evolving field. The most effective sales managers possess a variety of skills and are involved in many different activities. We now present a sales management model that captures all aspects of sales management and provides a framework for the remainder of the book.

## SALES MANAGEMENT PROCESS

The sales management model presented in Figure 1.2 illustrates the major stages in the sales management process. This model is valuable to sales organizations and provides the basic framework for the study of sales management. We discuss the components of each stage in the sales management process and indicate how the remaining chapters in the book address the important areas of sales management.

### Describing the Personal Selling Function

Because sales managers are responsible for managing the personal selling function, they must thoroughly understand it. This text therefore devotes a chapter to that subject before discussing sales management activities. Chapter 2 (Overview of Personal Selling) provides background information about the personal selling function with an emphasis on customer dialogue, value, and relationships. This discussion captures the key changes in personal selling being implemented by many companies. These changes have a direct impact on sales management activities as examined throughout the text.