

STRATEGIC SALES MANAGEMENT

Emerging Trends in Sales

DR. KALPAK KULKARNI

DEPARTMENT OF MANAGEMENT STUDIES, IIT ROORKEE

Learning Objectives:

After going through this module, you should be able to:

- Understand the role of technology management in the selling process
- Elaborate on the use of automation in selling- types and benefits
- Comprehend the role of virtual reality and artificial intelligence in selling
- **Learn how to manage a diversified sales-force**
- Appreciate the ethical and social issues in face-to-face and virtual selling

Managing a Diversified Sales-force

- Diversity and inclusion can have positive and powerful impact on a sales team.
- People want to see themselves represented at companies they buy from, and a diverse sales force can more directly relate to the needs and wants of the people they are selling to. Therefore, companies need alignment between workforce and customer base to ensure that their products talk to the customer who's buying them.
- But it should not forget that true diversity and the benefits that ensue comes from more than just gender. A key part of this is to build a diverse and inclusive culture where everyone feels they can bring their full, authentic self to work.

Managing a Diversified Sales-force

- Although people are quick to assume that workplace diversity only means having more people of different gender/color in the office, the technical definition is hiring and retaining employees who represent a number of different characteristics and walks of life.
- Diversity is about including others wherever possible, leveraging their strengths, and respecting their opinions. When organizations bring together people of different gender, culture, nationality, or socioeconomic background, they get access to a much richer set of innovative ideas.
- Having a more diverse group can be challenging as it takes time to get to know people and learn how to manage those who think or act differently. But the benefits exceed the costs.

Managing a Diversified Sales-force

Designing the sales force

Step-1: Setting out an objective for the sales force.

- Earlier companies had a single objective - increasing sale, making it objective also for salespeople.
- Sales people are asked to perform a search for prospective clients or leads.
- Sales people are asked to balance time between a prospective customer and a current customer.
- ~~Effective communication~~ of products and services is essential to close the deal.
- Sales people also play an important role in after-sales service and can make a difference for the company.
- Sales people gather information about competition and customers.

Managing a Diversified Sales-force

Designing the sales force

Step-2: Using salespeople strategically.

- Sales people have to combine efforts with other team members to achieve the objective.
- Sales people should be aware of how to analyze market data provided and convert them into marketing strategies.

Managing a Diversified Sales-force

Designing the sales force

Step-3: Deciding the structure of the sales force

Common sales force structures are as follows:-

- **Territorial structure** is used where every sales representative is assigned a specific geographical area. This structure is preferred for building relationships with locals.
- **Product structure** is used for complex and un- related product portfolio. Here the salespeople are directly associated with the research and development of the products.
- **Market structure** is used if the companies are operating in different industry or market segments. Every sales force specializes in a definite market and helps push a product efficiently across the given market. However, the disadvantage would arise if customers are located over a wide geographical area.
- **Complex structure** is used when companies are in the business of selling complex products to different customers across a large geographical area.

Managing a Diversified Sales-force

Designing the sales force

Step-4: Design compensation for the sales force.

- Compensation plays a big motivational factor for salespeople.
- Companies follow a structure of a fixed amount plus a variable amount depending on the success achieved in the market.
- Allowances play an important factor in the salary owing to continuous travel and market visits.
- An *indifference point* is a point (in terms of sales volume) *where the cost of employing a sales agent equals the cost of hiring a salesperson.*

Managing a Diversified Sales-force

Sales force evaluation:

Measurement of Performance: measures relate to input and include:

- Number of calls made; ✓
- Calls per potential account; ✓
- Calls per active account; ✓
- Number of quotations (in part, an output measure also);
- Number of calls on prospects.

Managing a Diversified Sales-force

Sales force evaluation:

Measurement of Performance: measures for individual salespeople:

- Sales revenue achieved;
- Profits generated;
- Percentage gross profit margin achieved;
- Sales per potential account;
- Sales per active account;
- Sales revenue as a percentage of sales potential;
- Number of orders;
- Sales to new customers;
- Number of new customers.

Managing a Diversified Sales-force

Sales force evaluation:

Measurement of Performance: Hybrid **ratios**

- **Strike rate** = Number of orders / Number of quotations ✓
- **Sales revenue per call ratio** ✓
- **Profit per call ratio** (call effectiveness) ✓
- **Order per call ratio** ✓
- **Average order value** = Sales revenue / ~~Number of orders~~ ✓
- **Prospecting sales (or success) ratio** = Number of new customers / Number of prospects visited
- **Average profit contribution per order** = Profits generated / Number of orders

Managing a Diversified Sales-force

Sales force evaluation:

Measurement of Performance:

Qualitative measures

1 *Sales skills*: these may be rated using a number of sub-factors:

- Handling the opening and developing a rapport. ✓
- Identification of customer needs, questioning ability. ✓
- Quality of sales presentation. ✓
- Use of visual aids. ✓
- Ability to overcome objections. ✓
- Ability to close the sale. ✓

2 *Customer relationships*:

- How well received is the salesperson? ✓
- Are customers well satisfied with the service, advice, reliability of the salesperson, or are there frequent grumbles and complaints?

3 *Self-organisation*: how well the salesperson performs in the following:

- Preparing calls. ✓
- Organising routing to minimise unproductive travelling.
- Keeping customer records up to date.
- Providing market information to headquarters.
- Conducting self-analysis of performance in order to improve weaknesses.

Managing a Diversified Sales-force

Sales force evaluation:

Measurement of Performance:

Qualitative measures

- 4 *Product knowledge*: how well informed the salesperson is regarding the following:
 - Their own products and their customer benefits and applications.
 - Competitive products and their benefits and applications.
 - Relative strengths and weaknesses between their own and competitive offerings.
- 5 *Cooperation and attitudes*: to what extent the salesperson will do the following:
 - Respond to the objectives determined by management in order to improve performance, e.g., increase prospecting rate.
 - Cooperate with suggestions made during field training for improved sales technique.
 - Use their initiative.
- 6 *Attitude towards the following*:
 - The company and its products.
 - Hard work.

Managing a Diversified Sales-force

Benefits of Salesforce Diversification:

- It enables a stronger customer connection
 - It gives managers better access to top sales talent
 - It boosts innovation by introducing a new perspective
 - It promotes an engaged office
-

Managing a Diversified Sales-force

Benefits of salesforce diversification

1. It enables a stronger customer connection:

- A diverse team with diverse practices can relate ~~so much better to customers who themselves are more diverse.~~
- A salesforce that reflects its audience can ~~relate more easily, creating stronger connections between brand and consumer.~~
- These connections translate to trust, which helps people make buying decisions sooner. That allows firms to close more sales and ultimately generate more revenue.

Managing a Diversified Sales-force

Benefits of salesforce diversification

2. It gives managers better access to top sales talent:

- In a field where great talent is hard to find, diversification creates new recruitment opportunities for sales managers.
- By publicizing an inclusive working environment, advertising roles in varied spaces, and using considered language in job ads and descriptions, the company can widen their search to increase their chances of finding the perfect candidate.

Managing a Diversified Sales-force

Benefits of salesforce diversification

3. It boosts innovation by introducing a new perspective:

- Salesforce diversity allows managers to apply a range of perspectives to everyday business problems.
- This improves innovation, as a team with varied perspectives is more likely to find ~~new, more efficient and productive ways to work~~ than one comprising people who approach challenges in similar ways.

Managing a Diversified Sales-force

Benefits of salesforce diversification

4. It promotes an engaged office:

- Benefit of increasing the diversity of the sales team is that it brings about higher levels of employee engagement, and engagement is crucial to getting reps to perform at their highest level.
- In fact, engaged sales reps are not only more profitable, but they create stronger customer relationships and stay longer with their companies than less engaged employees.

Managing a Diversified Sales-force

How to Increase Sales-force Diversity?

Remove personal biases from the recruiting process:

- Managers have their own ~~personal biases and preferences~~ that may impact their judgment when recruiting employees.
- Having a wide range of team members involved in the recruiting process can act as an important check against individual biases holding too much weight.

Managing a Diversified Sales-force

How to Increase Sales-force Diversity?

Bury old sales stereotypes:

- Sales is too often seen as a ~~male driven industry~~, where aggressive alpha-types rise to the top.
- But buying into that stereotype when hiring can be detrimental to a team's performance.

Managing a Diversified Sales-force

How to Increase Sales-force Diversity?

Be candid about the company's efforts and remain open to outside help:

- Share the journey with customers and clients, and explain the steps taken to improve diversity and inclusion efforts.
- Developing relationships with organizations outside of the office (like organization that focuses on inclusion, or service providers founded by women, people of color, or other under-represented groups) can provide assistance in diversifying organizations.

Managing a Diversified Sales-force

How to Increase Sales-force Diversity?

Aim for balance:

- Strengths balance weaknesses, and complimenting talents create a unified team that can meet the needs of any client, regardless of background.
- When increasing the diversity of a sales team, a recruiter should start with an in-depth understanding of the team already in place, to understand which perspectives and talents are lacking.

Managing a Diversified Sales-force

How to Increase Sales-force Diversity?

Look for diversity in recruitment options:

- Companies can also become more diverse in how and where they look for **job applicants**.
- For example, instead of only recruiting from the Top 4 colleges, companies could become **more flexible** and consider candidates from other backgrounds.
- After all, some of the world's greatest leaders don't even hold university degrees.