

Contemporary Sales Force Management



Tony Carter

Contemporary Sales Force Management

HAWORTH Marketing Resources

Innovations in Practice & Professional Services

William J. Winston, Senior Editor

New, Recent, and Forthcoming Titles:

Managed Service Restructuring in Health Care: A Strategic Approach in a Competitive Environment
by Robert L. Goldman and Sanjib K. Mukherjee

A Marketing Approach to Physician Recruitment by James Hacker, Don C. Dodson,
and M. Thane Forthman

Marketing for CPAs, Accountants, and Tax Professionals edited by William J. Winston

Strategic Planning for Not-for-Profit Organizations by R. Henry Migliore, Robert E. Stevens,
and David L. Loudon

Marketing Planning in a Total Quality Environment by Robert E. Linneman and John
L. Stanton, Jr.

Managing Sales Professionals: The Reality of Profitability by Joseph P. Vaccaro

Squeezing a New Service into a Crowded Market by Dennis J. Cahill

*Publicity for Mental Health Clinicians: Using TV, Radio, and Print Media to Enhance
Your Public Image* by Douglas H. Ruben

Managing a Public Relations Firm for Growth and Profit by A. C. Croft

Utilizing the Strategic Marketing Organization: The Modernization of the Marketing Mindset
by Joseph P. Stanco

Internal Marketing: Your Company's Next Stage of Growth by Dennis J. Cahill

The Clinician's Guide to Managed Behavioral Care by Norman Winegar

Marketing Health Care into the Twenty-First Century: The Changing Dynamic
by Alan K. Vitberg

Fundamentals of Strategic Planning for Health-Care Organizations edited by Stan Williamson,
Robert Stevens, David Loudon, and R. Henry Migliore

Risky Business: Managing Violence in the Workplace by Lynne Falkin McClure

*Predicting Successful Hospital Mergers and Acquisitions: A Financial and Marketing Analytical
Tool* by David P. Angrisani and Robert L. Goldman

*Marketing Research That Pays Off: Case Histories of Marketing Research Leading to Success
in the Marketplace* edited by Larry Percy

How Consumers Pick a Hotel: Strategic Segmentation and Target Marketing by Dennis Cahill

Applying Telecommunications and Technology from a Global Business Perspective
by Jay Zajas and Olive Church

Strategic Planning for Private Higher Education by Carle M. Hunt, Kenneth W. Oosting,
Robert Stevens, David Loudon, and R. Henry Migliore

Writing for Money in Mental Health by Douglas H. Ruben

*The New Business Values for Success in the Twenty-First Century: Improvement, Innovation,
Inclusion, Incentives, Information* by John Persico and Patricia Rouser Morris

Marketing Planning Guide, Second Edition by Robert E. Stevens, David L. Loudon, Bruce Wrenn,
and William E. Warren

Contemporary Sales Force Management by Tony Carter

4x4 Leadership and the Purpose of the Firm by H. H. Pete Bradshaw

*Lessons in Leisure Business Success: The Recreation Professional's Business Transformation
Primer* by Jonathan T. Scott

Contemporary Sales Force Management

Tony Carter

 **Routledge**
Taylor & Francis Group
NEW YORK AND LONDON

First Published by

The Haworth Press, Inc., 10 Alice Street, Binghamton, NY 13904-1580

Published by Routledge

711 Third Avenue, New York, NY 10017

2 Park Square, Milton Park, Abingdon, Oxon, OX14 4RN

© 1998 by The Haworth Press, Inc. All rights reserved. No part of this work may be reproduced or utilized in any form or by any means, electronic or mechanical, including photocopying, microfilm, and recording, or by any information storage and retrieval system, without permission in writing from the publisher.

Cover design by Monica L. Seifert.

Library of Congress Cataloging-in-Publication Data

Carter, Tony, 1955-

Contemporary sales force management / Tony Carter.

p. cm.

Includes bibliographical references and index.

ISBN 0-7890-0113-6 (alk. paper).

1. Sales management. I. Title.

HF5438.4.C37 1998

659.8'1--dc21

97-33155
CIP

Publisher's Note

The publisher has gone to great lengths to ensure the quality of this reprint but points out that some imperfections in the original may be apparent.

To Mary, Calvin and Walter,
My parents,
Walter Palin and the family.

ABOUT THE AUTHOR

Tony Carter, JD, MBA, is Professor of Sales and Marketing in the Graduate School of Business at Columbia University and Wagner College. At Columbia, he teaches sales management in the MBA Program and Executive Management Program for Sales Managers. He has also taught in the Executive MBA Program at Columbia. In addition, he is an Assistant Professor at Wagner College, where he teaches in the undergraduate, MBA, and Executive MBA programs. He has been published in the *Harvard Business Review*, the *Columbia Journal of World Business*, the *Journal of Professional Service Marketing*, the *Journal of Global Competitiveness*, and the *Journal of Employment*. Prior to entering academe, he worked as a sales and marketing manager for corporations. His case studies on management and sales and marketing have been adopted and used by various universities and organizations around the world, including the University of Buckingham, the Netherlands Institute, the University of Kent, University College Dublin, ENSPTT France, Erasmus University, Hay Management Consulting Group, Petroconsultants, and Unisys Corporation. Still an active consultant, he works on sales and marketing issues for a variety of companies worldwide.

CONTENTS

Foreword	xiii
Preface	xv
SECTION I: INTRODUCTION TO CONTEMPORARY SALES FORCE MANAGEMENT	
Chapter 1. The Role of the Sales Force Manager in Organizations	3
Contemporary Sales Force Management	3
Difficulty in Sales	7
Motivation and Morale	8
Management Efforts to Ensure Good Sales Performance	9
Incentive Plans and Motivation	11
Leadership	12
Effective Organizational Communication	13
Informal Networks	14
Sales Feedback and Monitoring	14
Other Methods	15
Summary	16
Case Study: Lillian Spirits	16
Case Study: Telco Management, Inc.	18
Case Study: Palin Electronics and the “Pay at Risk Compensation Program”	19
SECTION II: AUTOMATION AND SALES FORCE MANAGEMENT	
Chapter 2. Sales Force Technology	23
Technology and the Sales Force	23
The Virtual Mobile Sales Force	24
Electronic Commerce	26
Virtual Mobile Office	26
Sales Force Technology Suggestions	27

Practical Applications of Sales Force Technology	29
Contact Management	34
Multimedia Presentation	35
Database Sales	36
The Internet	39
Selling On-Line	41
Cultivating Customers on the Web	41
Some Suggestions for Selecting Sales Force Technology	
Vendors	45
Summary	46
Case Study: Kontac Information Resources Company (KIRC)	46

SECTION III: GLOBALIZATION

Chapter 3. Strategic Issues for an International Sales Effort	51
Global Sales Environment	51
International Sales Techniques	51
How to Select Target Countries	53
How to Enter Target Markets	55
International Sales Opportunities	61
Some Reasons to Select China	65
Summary	78
Case Study: Monahan's Candy	79

SECTION IV: EFFECTIVE SALES FORCE MANAGEMENT IN A VOLATILE BUSINESS ENVIRONMENT

Chapter 4. Reengineering	83
Sales Management and Reengineering	83
Shift of Opportunities	87
Restructuring the IBM Sales Force	90
Hewlett-Packard and Reengineering	94
Personnel Restructuring	95
Outsourcing	96
Summary	97
Case Study: Copeland Corporation	98

Chapter 5. Crisis Management	101
Introduction	101
The Consequences of Crisis	102
Union Carbide	103
Sears	103
Causes of Crisis	105
A Framework for Crisis Solutions for Sales Force Managers	107
A Sales Manager's Preventive Framework for Crisis	110
Some Success Stories	113
Other Tools Sales Managers Use to Deal with Crisis	114
System Checklist	116
Summary	117
Case Study: Global Optics	118
Chapter 6. Legal, Regulatory, and Ethical Matters	121
Legal Issues in Sales	121
Regulatory Issues in Sales	134
Ethics in Sales	137
Sales Situations Involving Ethical Issues	138
Summary	141
Case Study: Krol LTD.	142
Chapter 7. Sales Force Management and Diversity	145
Sales Force Diversity Issues	145
Impact of Litigation on Sales Managers	152
Attacking the Problem	154
Women in Sales Management	159
Summary	161
Case Study: Boston Trust	162
Case Study: Hunter Corporation	165
SECTION V: CURRENT SELLING SKILLS AND TOOLS	
Chapter 8. Sales Planning	169
Management Function of Sales Planning	169
Market Dynamics	171
Competition Analysis	172

Financial Condition	173
Sample Sales Plan	173
Defining the Market	184
Price Determination	187
Summary	192
Case Study: Sales Management of Drug Products	193
Chapter 9. Personal Selling	197
Importance of Selling	197
Selling Skills	198
The Mechanics of Selling	199
Consultative Selling	209
Listening	209
Team Selling	211
Negotiation	212
Summary	215
Case Study: Richmond Corporation	216
Case Study (Role-Play): Livingston Carpet	218
Chapter 10. Customer Relationship Building	221
What Is Customer Relationship Building?	221
Relationship Selling	221
What Should Be Done to Build?	222
Team Building	225
Repeat Sales	226
Customer Advisory Boards as a Sales Tool for the Customer Relationship-Building Process	226
Trust Building	234
Evaluating Board Members	235
Summary	236
Case Study: Thames International, Inc.	237
Case Study: Global Optics	238
Case Study: Hendricks Insurance Company	241
Chapter 11. Total Quality Management	243
Introduction	243
Applying TQM to Sales	244
Sales as a Process	246

TQM Terms	250
Implementation Issues	251
Summary	253
Case Study: Sebco, Inc.	256
Chapter 12. Mentorships and Time Management	259
Mentorships	259
The Mentor Program	259
Time Management	264
Summary	267
Conclusion	269
Case Study: Jansen Manufacturing	271
Notes	273
Bibliography	285
Index	287

Foreword

When Tony Carter came into my office several years ago with a proposal that he teach the Sales Management course to our MBA students, he promised that he would provide them with state of the field thinking in sales management. For several years he has delivered on that promise and now has packaged much of his teaching material into *Contemporary Sales Force Management*.

This book focuses on an important topic and addresses many relevant issues. In recent years, as competition has increased and become global in scope, in order to become more competitive, corporations have focused significant attention on the cost element of the “Profit = Revenues – Costs” equation. Downsizing, rightsizing, reengineering and other fashionable approaches for managing organizations have been implemented with the explicit intention of reducing costs.

Increasingly, senior management is realizing that cost reduction alone is insufficient to propel the firm into the twenty-first century, and as the focus begins to shift to the revenue side of the equation, corporate attention is now being directed to managing the single function whose explicit task is to bring in revenues, the sales force.

Managing the sales force is the focus of this book, but *Contemporary Sales Force Management* is not a conventional sales management text. Rather, Professor Carter has traveled widely and interviewed many senior sales managers to identify those topics he believes are critical to managing the contemporary sales force. He focuses on those topics in this book. Included in the coverage is use of technology in the sales force, total quality management, team-building diversity, customer advisory boards, and crisis management.

Each of the twelve chapters is packed full of up-to-date examples and contains several small cases to force students to grapple with the very real contemporary issues faced by sales managers. In addition,

the book as a whole is peppered with results from Professor Carter's personally conducted survey of sales managers.

Students who are fortunate enough to read this book will find much that does not make its way into conventional sales management texts, presented by a former sales manager who "has been there," and who has a passion both for understanding the very real challenges faced by today's sales managers and for passing that knowledge on to his students in both the Columbia MBA and Sales Management Executive Program and to the readers of this book.

*Noel Capon
Professor of Business/
Director of the Sales Management Program
Graduate School of Business
Columbia University*

Preface

Sales force managers experience rapid changes due to constant developments in the marketplace. Managers and business professionals with customer dealings must know the relevant issues that drive and impact revenue in their firms and they need to have “cutting edge” perspectives to be most effective. The goal of this book is to provide a current look at sales force management. For over two years I have worked on developing a book that reflects what companies are doing to be successful in sales force management. I understand that students, professors, and businesspeople look for rules and concepts of effective sales management and they are a necessary ingredient of any acceptable book. This book has extensive content in the form of theoretical principles, but is accompanied by modern, practical examples of how the theory works in the various subject matter areas covered in actual sales force management.

Contemporary Sales Force Management examines topical areas such as sales force technology, globalization and its impact on sales management, reengineering, crisis management, selling skills and negotiation, TQM, time management, mentorships, planning and forecasting, gender and diversity in sales force management, and customer relationship building. Section I deals with the role of the sales force manager in organizations; Section II examines sales force technology; Section III looks at the strategic issues for an international sales effort; Section IV discusses effective sales force management in a volatile business environment; and Section V deals with current selling skills, strategies, and tools. Each chapter ends with the use of questions and case studies to demonstrate and reinforce the principles discussed in that chapter. The emphasis of case analysis is meant to help:

1. Define the issues or problems stated or implied in the case narrative.
2. Develop analytical thought.

3. Develop solutions, recommendations, and plans for implementation.
4. Demonstrate and reinforce the principles discussed in that chapter.
5. Encourage thorough preparation and active participation during case discussions and act as a training or teaching guide.

I have used surveys and interviews to examine how various companies are handling issues related to sales force management. Many service and product-based corporations responded to the surveys and interviews to provide me with current, relevant information on how they achieve effective sales performance. I have made *Contemporary Sales Force Management* consistent with the theme of a contemporary look at sales force management by spending considerable time profiling the sales effort at European Union offices in Brussels, Belgium, and with various companies throughout Europe and the People's Republic of China.

Hopefully, business students at the undergraduate, MBA, or Executive Education level, managers, salespeople, entrepreneurs, and consultants will find this book unique and extremely useful.

I will always be grateful for the confidence, trust, and support that Bill Winston and the rest of the editorial staff at The Haworth Press gave me while I wrote this book. I am especially grateful to John Moran, Larry Barton, Ken Preiss, Tony Williams, Harold Theurer, Dudley Coker, Kevin Handerson, and Marta Yagos for their contributions and for being a part of this book. I also wish to convey my sincere appreciation to Don Spiro for establishing and maintaining the highest level of integrity to the ideals of effective management. Last, I would be remiss if I did not give special mention to my "mentors" Walter Rohrs of Wagner College and Noel Capon of Columbia University's Graduate School of Business. They represent academic excellence in its truest sense, and have been proponents of bringing sales management into the full scope of the academic milieu.

SECTION I:
INTRODUCTION TO CONTEMPORARY
SALES FORCE MANAGEMENT

Chapter 1

The Role of the Sales Force Manager in Organizations

CONTEMPORARY SALES FORCE MANAGEMENT

Sales performance levels are interesting concepts for the purposes of managing the sales force. Sales is the lynchpin of capitalism; sales drives activity in today's business world. As such, sales is not just a profession, but also a process that has relevance to anyone in business. It is the essence of business itself.

Sales managers today must develop an integrative management style using adaptive, problem-solving, extensive information, in many cases in an ever-changing marketplace. The overwhelming majority of business environment workers are service providers such as investment bankers, consultants, and information technology specialists. Sales managers in the current business environment must have the ability to add value, which certainly means functional expertise in sales and marketing along with knowledge of the industry. However, managers must also have the skills to lead, communicate, use changing technologies, build teams, motivate salespeople, form strategic alliances with customers, and build teams within the sales force. Sales managers need access to a flow of reliable information to initiate sound decision making that turns on a dime. As a necessary precondition to high levels of sales force performance, empowerment, and control of their own work process, sales managers should also have a system of sharing information with the sales force.¹

These are times of drastic corporate downsizing in which sales organizations are expected to do more with less. Sales managers must also be more knowledgeable and possess a myriad of demanding new business skills. Many internal and external changes among

organizations have dictated the need to conduct business differently. The external business environment has experienced changing technology, globalization, catastrophic business crisis, a more frantic competitive climate, and more demanding, sophisticated customers. Internal changes have included reengineering, accompanied by structural realignments and downsizing, greater emphasis on quality levels in product and service output, faster communication channels, and a more educated, skilled employee base with higher expectations from management.²

Sales as a profession has had a negative connotation in our society. It implies that salespeople are pushy, talkative, lacking in technical knowledge, and unprofessional. Many organizations, in order to circumvent the negative stigma that sales evokes with customers, will give salespeople a job title such as "relationship managers," "account executives," "customer development managers," or "marketing representative." The reputation of salespeople as "sleazy" business peddlers concerned solely with closing a sale has often led to an adversarial relationship between buyer and seller before and after a sale. Several studies have found that college students generally have a negative perception of the sales profession and feel the profession lacks a variety of desired job characteristics. While the sales profession may not be felt to make a contribution to society or have any status or security, this is based on limited information. The sales role has many dynamic positive characteristics. These entail "front line" marketplace knowledge, opportunity for rapid advancement, freedom to make decisions, attractive compensation, and challenges from client dealings that provide learning situations and the opportunity to reach one's professional goals. Sales organizations will continue to need sharp, focused, well-skilled sales professionals who can contribute in a highly competitive marketplace.³ Currently, sales is a complex process and a sophisticated profession that requires a variety of demanding business skills. Today's sales manager must possess these skills to effectively lead a sales force to successful results (see Table 1.1).

Salespeople, depending on their level of experience, can earn a lucrative salary in today's sales profession. For example, in 1996 the median total cash compensation for senior salespeople was \$63,700, for intermediate salespeople it was \$46,000, and for

TABLE 1.1. Top Qualifications of the "Ideal" Salesperson Profile

The top qualifications of the "ideal" salesperson profile

- | | |
|--------------------------------------------------|-------------------------------------|
| ➤ Good listener | ➤ Negotiation skills |
| ➤ Strong communication skills, oral and written | ➤ Strong industry knowledge |
| ➤ Risk takers | ➤ Financially astute |
| ➤ Patient, but at the same time persistent | ➤ Analytical |
| ➤ Technical knowledge | ➤ Effective time management skills |
| ➤ High energy level | ➤ Integrity |
| ➤ College graduate | ➤ Self-confidence |
| ➤ Sales experience in a quota-driven environment | ➤ Intelligence |
| ➤ Leadership skills | ➤ Problem-solving abilities |
| ➤ Professionalism | ➤ Good relationship-building skills |
| ➤ Team experience | ➤ Strong selling skills |
| ➤ Loyalty | ➤ Highly motivated |
| ➤ Broad business background | ➤ Competitive |

Source: *Carter Sales Force Survey* (1996).

entry-level salespeople, \$36,000. Accordingly, the corresponding sales revenue that is generated on average per salesperson has increased 22 percent in recent years to about \$1,400,000 per year. This reflects both the heightened earning opportunities and performance demands that now exist in the sales profession. Currently, the average age of a salesperson is thirty-seven. Women now comprise 24 percent of all salespeople and currently 65 percent of all salespeople, male or female, have a college degree. On average, salespeople remain with their companies about seven and one-half years which has been fairly consistent in recent years.⁴

The relationship between salespeople and customers is changing faster than sales orders can be processed (see Table 1.2 and Figure 1.1). Most remarkable is the fact that it is the customers who are driving the change. They are asking for, if not demanding, better

service from their vendors. The shift has radically changed the way selling is done. Companies are building relationships, improving technologies, processes, and systems along the way. Almost 90 percent of 222 sales units surveyed by Hewitt Associates reported the selling job is now more complex.⁵

TABLE 1.2. The New Sales Force Process

Business Issues	Lowering mutual costs and building long-term customer relationships
Strategic Intent	Create partnerships with customers
Key Drivers	Continuous improvement, shared values
Structure	Reengineered work processes, customer teams
People	Team leaders, organizationally aware, tenacious
Compensation	Competency-based salary bands; incentives for improvement
Culture	Boundaryless organizations: "I work for the customer"

FIGURE 1.1. Today's Sales Force



DIFFICULTY IN SALES

The prospect of facing rejection in customer dealings poses the greatest difficulty in sales. Rejection for people involved in customer development means that they have to confront the reality that customers may refuse to do business with them. However, this is also one of the great challenges to be overcome and is why it is important to keep salespeople motivated and functioning at high morale levels.

Customers may reject requests for their business either because they are not interested or they do not like something about the product, service, or company. They may also not be able to afford the product or just will not respond favorably to inadequate sales ability. Whatever the reason, it is necessary to stay upbeat, focused, and at the same time realize that rejection is actually a normal part of a successful sales effort.

The key to managing rejection is not to allow it to impede the customer development effort. Sales managers should use the fact that salespeople face rejection to get the salespeople to:

- improve their sales skills and prevent complacency;
- use this feedback to develop more effective strategies, and
- realize that this challenge is the reason the job can pay well and lead to success.

Salespeople can mentally accept the reality of rejection by developing “mental toughness.” Sales managers and salespeople should use “mental toughness” as a tool to:

- avoid making excuses for reaching a goal;
- find ways to ask for business despite being afraid that the customer will say no; and
- rehearse new sales techniques and give one more client presentation, even when exhausted.

So, in a customer development effort it should be accepted that rejection is really a necessary ingredient that can remind the sales force that success in sales is a journey, not a destination.

MOTIVATION AND MORALE

Most sales managers use motivational techniques to improve the performance levels of the sales force because motivation and morale have particular importance with those involved in the sales effort. *Motivation* is the amount of effort that a person puts into achieving a task. *Morale* involves the mental and emotional response that individuals express about their particular work environment. The consequences of having a poorly motivated sales force with low morale can be devastating. Symptoms include poor performance levels, turnover, and complaints, internally and with customers. Other occurrences include lost opportunity due to ineffective performance, and replacement costs for departing salespeople. Conversely, positive motivation and morale can mean a dedicated effort by the sales force that results in salespeople operating at peak performance levels.

The conditions that can cause problems with motivation and morale entail employee satisfaction, career security, compensation, job enrichment, good work environment, and a general feeling by employees that their efforts are being appreciated. When these components are present, salespeople will feel good about their performance. In fact, when motivated, the sales force may not only perform at expected levels but go beyond and do more than asked. An interesting study was recently done titled "Do You Know What Motivates Your Staff?" In looking at the top five motivational criteria managers ranked the following:

1. Compensation
2. Job security
3. Growth opportunities
4. Good working conditions
5. Interesting work

This contrasted with the employees rankings in order of importance. They listed the following:

1. Interesting work
2. Appreciation by management
3. Being well informed
4. Job security
5. Compensation

This study shows that contrary to managers' opinions, compensation may not be the most important motivating factor to employees.⁶

MANAGEMENT EFFORTS TO ENSURE GOOD SALES PERFORMANCE

Motivational Theory

Need-driven motivation professes that people will not engage in certain behavior or performance until certain needs have been met. These various needs and their impact on motivation levels were recognized by psychologist Abraham Maslow. He believed that a "hierarchy of needs" starts with meeting physiological needs, such as food, drink, shelter, then progresses toward esteem, self-actualization, knowledge, and beauty (see Figure 1.2). This might apply to a salesperson who has an interesting job and feels motivated to perform because of the sense of prestige and pride that it gives him or her.

Reward-driven motivation deals with identifying a particular reward structure (usually monetary) and building it into some desired action.

Expectancy theory operates on the principle that provides a reward for engaging in a particular behavior or performance. When the reward is valued by the employee, he or she will be motivated to perform. With reward-driven motivation, the things that get rewarded are the things that get done.

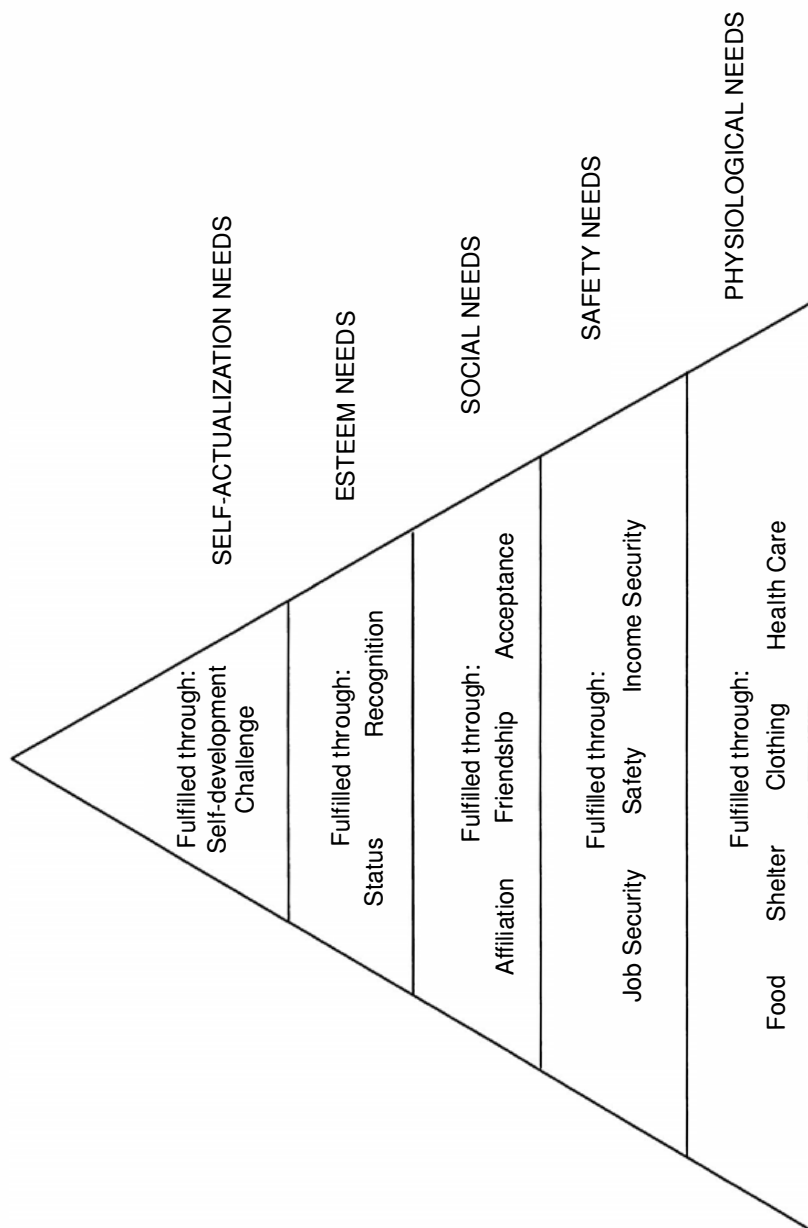
By rewarding salespersons in the way they want to be rewarded, such as a salary raise, they may perform better and feel better about what they are doing.⁷

Goal-driven motivation is contingent upon the ability to reach objectives. It involves a process of identifying individual goals that an employee must achieve. This can be done alone or with the assistance of one's manager.

Management by objective (MBO) is a collaborative effort between manager and subordinate to discuss and determine how the subordinate can help reach company objectives. A feedback and monitoring system should be built into this process.

In the case of a salesperson, MBO might draw attention to the treatment of customers that improves the reputation of the company. With goal setting, establishing revenue goals to be reached by the

FIGURE 1.2. Maslow's Hierarchy of Needs

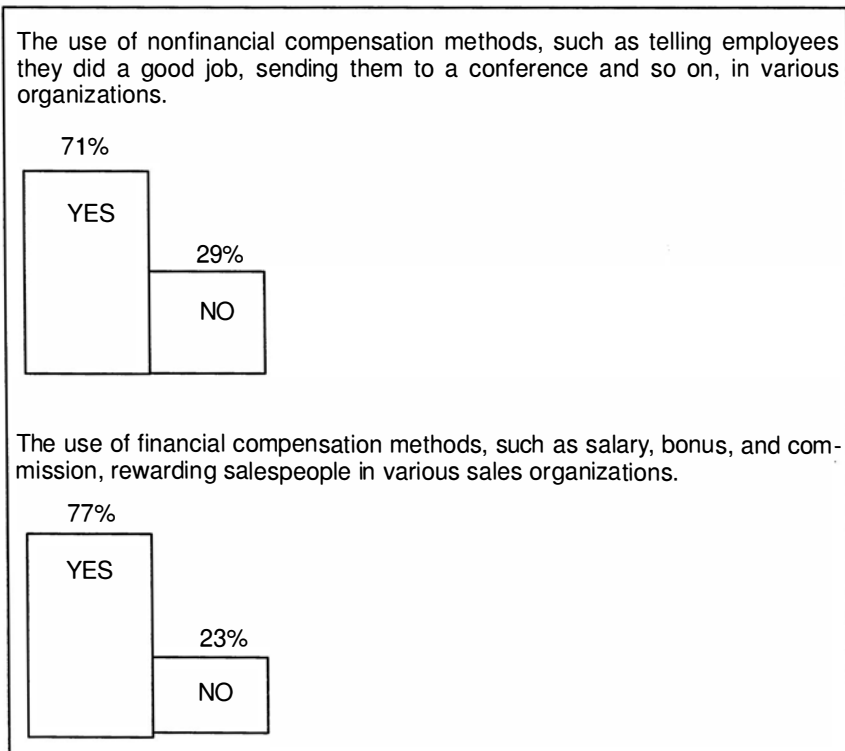


sales force might be used by sales managers to provide salespeople with clear expectations and direction. In both, accomplishing these goals can provide motivation for the salesperson.⁸

INCENTIVE PLANS AND MOTIVATION

Financial rewards have always been assumed to motivate salespeople and improve performance, but this could be subject to debate (see Figure 1.3). Some research has said that the quality of work declines over time when pay is linked to performance and employees become less interested in what they are doing and more interested in the

FIGURE 1.3. Financial Compensation Methods



Source: *Carter Sales Force Survey* (1996).

reward.⁹ Employees under these reward systems will choose the easiest tasks, avoid risks, and even seem addicted to these rewards. The research shows that the quality of work and creativity improves when rewards are taken away. The following are critical concerns of compensation plans:

- Salespeople may be unwilling to share what they know if this helps make others in the sales force or company successful. In fact, they may promote an attitude of “my success must come at your expense.”
- Sales managers are resorting to an easy solution that gives temporary compliance instead of exploring the long-term factors that individually may motivate each salesperson.
- Salespeople believe that in some way this compensation system is not fair and they become resentful.
- These are in effect just manipulative strategies to control how people perform.¹⁰

LEADERSHIP

Leadership is the use of influence over the behavior of others to encourage them to achieve certain objectives. True leadership deals with ideas about what to do, providing a sense of vision and optimism. Leaders have a commitment to see their objectives through to conclusion. Many possess charisma—the intangible ability to evoke strong positive emotion in others. Two types of leaders are commonly seen: transformational and transactional. Transformational leaders inspire others to strive to do better. They also:

1. identify themselves as charge agents;
2. are courageous;
3. believe in the people that they work with;
4. are value driven and principled;
5. are willing to grow and learn;
6. can deal with complexity and uncertainty; and
7. are risk takers.

Transactional leaders approach people with the philosophy of “If you do this for me, I’ll do something for you,” similar to a business deal.

To motivate salespeople and maintain good morale levels, sales managers should be leaders who have a meaningful set of values.

Salespeople as Leaders

Sales managers should also encourage the sales force to exhibit leadership qualities. Salespeople who can develop their own sense of vision, i.e., developing creative new ideas in an energetic way, can be more effective on the job. To determine this vision salespeople should ask “Do clients really need our service?”; “What are my values, priorities, and goals?”; or “What role do I want to play in meeting my clients’ needs?” Vision is distinguished from goals because, while not as measurable and focused, vision deals with long-term values and efforts that are broader in scope.¹¹

EFFECTIVE ORGANIZATIONAL COMMUNICATION

Good interpersonal relationships are no longer a luxury but a bona fide qualification for effective job performance. To be competitive the sales force must have a responsive system for sharing information and getting work done. From the salesperson’s standpoint, good channels of communication and positive work relationships provide social support and a sense of identification and participation in the organizational dialogue. From the sales manager’s viewpoint, without good communication and positive work relationships, it is tough to accomplish work. Considering that anywhere between 30 percent to 70 percent of sales managers’ time is spent communicating with subordinates, it becomes obvious that how this time is handled can have a clear impact on the motivation and morale of the sales force.

Sales managers should get to know their subordinates on the sales force for the following reasons:

1. To overcome any distrust
2. To build loyalty
3. To contribute to a stable work environment
4. To facilitate sales productivity
5. To have the opportunity to go behind the numbers to access the performance and capabilities of the salespeople.

So, sales managers should manage with communication by being open, supportive, keeping the sales force informed, and being an empathetic listener. To build trust they should not reprimand the salespeople in public or “hit them over the head with their power.”

INFORMAL NETWORKS

The informal network is important because this is how and where employees communicate and develop how they feel about the company. This network can provide support and informal work groups that can enhance or inhibit motivation and morale. It can consist of an *advice network*, in which prominent players who may even have some technical expertise are sought out to assist with problem solving. Also involved may be a *trust network* in which salespeople might informally discuss politically sensitive information about the company. Last, the *communication network* could be used, which provides an opportunity for employees to talk about work-related issues. This could even take place after work hours. Sales managers should want to tap into this informal information resource to be better informed themselves. By either building up levels of trust with the salespeople or using surveys or focus groups, it is possible to gain access to some useful information.¹²

SALES FEEDBACK AND MONITORING

A good monitoring system can help prevent possible motivation and morale problems and identify these that have occurred. The following methods can provide this:

- Use employee surveys that monitor the level of employee satisfaction within the organization. Companies such as IBM use them with their salespeople to assess the level of satisfaction within the company as well as effectiveness of their sales manager.
- Have a channel of communication for any concerns that the salespeople may have. This may even involve having an outlet for complaints. Although this can be draining on a manager, in the long run it may be worthwhile. It helps identify any pos-

sible or actual motivation and morale problems and the salespeople will appreciate your concern.

- It can be helpful to conduct exit interviews when salespeople leave to determine why they are leaving and get their impressions of the company
- Make a commitment to be a good listener on an ongoing basis.

OTHER METHODS

To motivate their salespeople, several companies have used “fire walking,” which is the ancient ritual of treading barefoot over a bed of red hot coals. Metropolitan Life Insurance Company and Digital Equipment, in particular, are trying this motivational exercise. The point of the exercise is to get salespeople to realize that “cold calling” on customers is no comparison to walking over 1,200-degree coals.¹³

Other companies such as DuPont, Digital Equipment, Data General, and Tandem Computers are using team selling. Salespeople, engineers, technicians, and production managers are put together on teams to serve customers and win new accounts. Their rationale is that the essence of a successful customer development effort entails team building, teamwork, and cooperation.

PROFILE: Donald Spiro, Chairman, Oppenheimer Management Corporation

“The sales process is extremely dynamic and demanding. This is due to the changes in the business world which have been incredible, mainly in the area of technology and customer expectations. Sales managers today must understand how to use technology effectively and expect the same of their sales force. However, while technological skills are a key in sales and sales management today, an appreciation for the “human dimension” of customer dealings is essential. A winning spirit along with a strong work ethic, persistence, energy, and enthusiasm are important for success in sales.”

Source: Donald Spiro (February 19, 1997). Personal Interview. Oppenheimer Management Corporation, New York.