



## Chapter 10

# Managing the Personal Selling Function



**DINH Tien Minh (Ph.D.)**

## Objectives



- 01 Understanding the role of personal selling (P.S) in the industrial marketing strategy.
- 02 Understanding the relationship of industrial buying behavior to personal selling process.
- 03 Learn the organization and management of the sales force.
- 04 Know deployment of sales force.

# Content

- 01 Role of personal selling (P.S)
- 02 Organizational Buying Behavior and P.S
- 03 Sales Force Organization
- 04 Deployment of Sales Force



# Brainstorming

What do you think about  
industrial sales job?



# Brainstorming

- ❖ P.S in Business Marketing plays a greater role than advertising and promotion in Consumer Marketing.
- ❖ An industrial Sales and Marketing Manager is responsible to achieve:
  - Short term objective: Sales targets.
  - Long term objective: Sales targets and effective sales organization.
- ❖ With the help of technical persons, the salesman offer not just physical products but also technical assistance, ideas, and suggestions to solve the customer's problems.



# Brainstorming

- ❖ Sales management plan should focus on:
  1. Understanding the **role of PS**.
  2. Organizing and managing the sales force:
    - Size, structure.
    - Recruitment, selection.
    - Training, supervision.
    - Motivation, development, compensation.
    - Evaluation and control.
  3. Deploying the sales force and **allocating them to specific sales territories** and business customers.



# Brainstorming

❖ Distinctive characteristics of Industrial Sales:



## 1. Role of Personal Selling

01

What are the roles of Personal Selling?



# 1. Role of Personal Selling

01

## ❖ Sales Rep as a part of problem-solving capabilities:

1. Helping customer to define the buying problem (especially, the highly technical products. If not, the sales person act as a business consultant to show the customer economic advantages of various purchase alternatives).
2. Giving an prompt and effective customer service. It may be:
  - Drawing product specifications.
  - Application engineering.
  - Value analysis.
  - Installation, maintenance, or repair.



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# 1. Role of Personal Selling

01

## ❖ Sales Rep as a part of problem-solving capabilities:

3. Representing the customer at the factory or head office (Fighting for the customer at the factory to ensure timely delivery, reasonable credit terms, or solving quality problems).

*->Sales person need human relation skills in managing pressures and relationships in customer and in his own organization. He may be disliked by some persons.*



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# 1. Role of Personal Selling

01

## ❖ Sales Rep as a part of communication mix:

1. Convey selling messages to potential as well as the existing customers.
2. Keep customers informed about the products and services (a good communicator).
3. Keep customers informed about the catalogues, exhibitions, trade shows, or direct mail.
4. Communicate market information on competition, market trends in sales reports.



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# 2. Organisational buying behavior & P.S

02

What do you need to know when meeting the customer for the first time?



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## 2. Organisational buying behavior & P.S

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❖ Sales Rep should study an industrial customer's buying behavior from 2 questions:

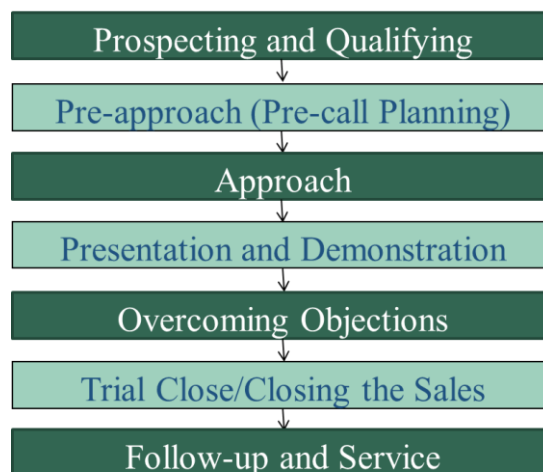
1. Is the specific buying situation perceived by the buying company as a new-task, modified rebuy, or straight rebuy (repeat purchase)?
2. What are the influences of environmental, organisational, buying center, and individual variables on the firm's buying process?



## 2. Organisational buying behavior & P.S

02

❖ The selling process:



Krishna K Havaladar (2010), *Business Marketing*, McGraw Hill, 3<sup>rd</sup> edition, p253.



## 2. Organisational buying behavior & P.S

02

### 1. Prospecting & Qualifying:

- A prospect is an organisation who needs the products or the services a salesperson is selling and has the ability to buy.
- A lead generates the name of the person or a business firm that is probably prospect. Once he/she wants the product and has the ability to buy, he/she becomes a prospect.

Source: Krishna K Havaladar (2010), *Business Marketing*, McGraw Hill, 3<sup>rd</sup> edition, p253.



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## 2. Organisational buying behavior & P.S

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- A lead generates the name of the person or a business firm that is probably prospect. Once he/she wants the product and has the ability to buy, he/she becomes a prospect.
- The prospects, after qualifying by Marketing Department, are placed in three groups:
  - ✓ *Hot prospect.*
  - ✓ *Warm prospect.*
  - ✓ *Cold prospect.*



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Source: Krishna K Havaladar (2010), *Business Marketing*, McGraw Hill, 3<sup>rd</sup> edition, p253.





## 2. Organisational buying behavior & P.S

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### Prospecting/ Lead Generating Methods:

Prospecting Method	Brief Description
1. Referrals from existing customers	Requesting existing customers to suggest the names of prospects. This is a convincing source of nearly two thirds of total leads.
2. Referrals from internal company resources	Company advertising, direct mail, website, trade shows, and tele-prospecting activities.
3. Referrals from external sources	Suppliers, intermediaries, bankers, trade associations, commercial dotcom vendors.


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Source: Krishna K Havaladar (2010), *Business Marketing*, McGraw Hill, 3<sup>rd</sup> edition, p254.



## 2. Organisational buying behavior & P.S

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### Prospecting/ Lead Generating Methods:

Prospecting Method	Brief Description
4. Networking by salespersons	Salesperson become members of civic/social organizations to meet new people who may be prospects or may provide leads.
5. Industrial directories	Yellow pages published by government and private publishers.
6. Cold canvassing	Unannounced calls by salespeople on firms that may need the product/service the salesperson sells. Costly and time consuming. Used for widely needed products.


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## 2. Organisational buying behavior & P.S

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### 2. Pre-approach (Pre-call planning):

- Information gathering.
- Planning the sales call (call objectives, sales strategy concerning date and time, purchase executive or administration officer).



Source: Krishna K Havaladar (2010), *Business Marketing*, McGraw Hill, 3<sup>rd</sup> edition, p253.



## 2. Organisational buying behavior & P.S

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### 3. Approach:

- Making an appointment to meet the prospect.
- For the first time, the first impression of salesperson should be favorable (\*) (his/her appearance and attitude).

(\*) Weld F. Royal, “Unearthing Hard-to-Find Prospect”, *Sales and Marketing Management* (November, 1995),: 92.



Source: Krishna K Havaladar (2010), *Business Marketing*, McGraw Hill, 3<sup>rd</sup> edition, p253.



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Approach Techniques Commonly Used:

Name of the Technique	Brief Description	Example/Application
1. Introductory approach	The salesperson states his/her name and the company's name, preceded by a friendly and smiling greeting and a firm handshake. Most salespersons also present a business card.	"Good morning, Mr. Dasguta, I am Krishna Kumar from Crompton Greaves, here for 9 a.m. appointment". This is said with a friendly smile and a firm handshake. Thereafter the business card is presented.

## 2. Organisational buying behavior & P.S

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Approach Techniques Commonly Used:

Name of the Technique	Brief Description	Example/Application
2. Customer benefit approach	The salesperson should identify one major buying motive (or benefit) that generally a prospect has and appeal to it.	"By converting your existing insurance policy to our new insurance plan, you can get Rs 2,000,000 more coverage at the same price you are paying now".

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Approach Techniques Commonly Used:

Name of the Technique	Brief Description	Example/Application
3. Product approach	This technique is useful if the product is new, unique, or colorful. Some salespeople carry the new product in order to make a smooth transition into the sales demonstration/presentation.	The sales person hands over the new bottle of Pepsi to the retailer and waits for the retailer to begin the conversation.



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Approach Techniques Commonly Used:

Name of the Technique	Brief Description	Example/Application
4. Question approach	The salesperson asks a question to start a two-way communication or to make the prospect curious about the product or service.	<i>"May I help you?"</i> is a typical question asked by many retail salespeople. The prospect can easily respond with, "No, thanks". Hence, a question that is linked to a customer benefit or making a prospect curious should be asked. <i>"What benefits you want most in a new washing machine?"</i> or <i>"Do you know why most business schools are using this book for their sales and distribution management course?"</i>



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Approach Techniques Commonly Used:

Name of the Technique	Brief Description	Example/Application
5. Praise approach	An indirect praise conveyed sincere statement can have a positive impact on the prospect.	<i>"Your office is so well designed and comfortable what I would remember it when we design our new office" or "congratulations on your promotion to general manager".</i>



## 2. Organisational buying behavior & P.S

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### 4. Presentation and Demonstration:

❖ Understanding the buyer's needs by asking questions in the logical order presented below:

- a. **Situational questions:** Are you buying this product for the first time? Are you making a change from the existing supplier?
- b. **Problem identification questions:** For instance, have you experienced any problems on quality or delivery from the existing supplier?
- c. **Problem impact question:** What impact the delivery problems will have on your customer satisfaction?
- d. **Solution value questions:** If the rejection rate due to the quality of this component is reduced to 0,5%, how much amount would you save?
- e. **Confirmation questions:** For instance, if I can show you the proof that our component supply would reduce the rejection rate to less than 0,5%, would you be interested?



## 2. Organisational buying behavior & P.S

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### 4. Presentation and Demonstration:

❖ Knowing sales presentation methods:

- a. Stimulus response method (Canned approach).
- b. Formula method (AIDA).
- c. Need-Satisfaction method: investigate the need of the prospect by asking the logical questions earlier and then give a written proposal or move to the sales presentation. (FAB approach – Features, Advantage, Benefits).
- d. Team selling method (multi-person relationship)
- e. Consultative selling method (problem-solving)



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Use the FAB Approach:

Product Service	Feature	Advantage	Benefit
Electric Motor	Special design for low voltage application	This means the equipment like pump sets can be used even under low voltage situations.	Our motor can be used even when you have low voltage conditions, as needed by you.
Annual maintenance contract for computer systems	We have twelve service engineers.	This will ensure a quick service.	Our service person will attend to your service needs within eight working hours as desired by you.



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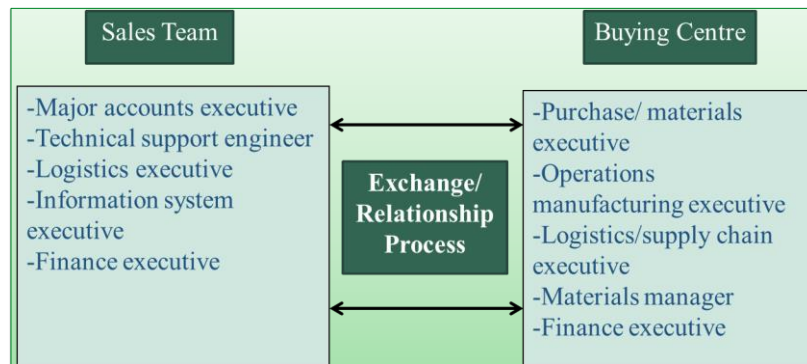
Source: Krishna K Havaladar (2010), *Business Marketing*, McGraw Hill, 3<sup>rd</sup> edition, p259.



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Relationship Process between a Sales Team and a Buying Centre Members:



Source: Krishna K Havaladar (2010), *Business Marketing*, McGraw Hill, 3<sup>rd</sup> edition, p260.



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## 2. Organisational buying behavior & P.S

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Matching Sales Presentation Methods with Sales Situations

Sales Presentation Methods	Suitable Sales Situations
<b>Stimulus – Response</b> method or <b>Canned</b> approach.	Suitable when selling time is short and product is simple or non – technical. The method is used by salespeople with less experience, as it gives them more confidence. Used for door – to – door or telephone selling.
<b>Formula</b> method, formulated approach	In straight rebuy, when the customer is familiar with the products or services of the salesperson’s company or when the salesperson is aware of the buyer’s needs, this method is appropriate.



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Source: Krishna K Havaladar (2010), *Business Marketing*, McGraw Hill, 3<sup>rd</sup> edition, p263.



## 2. Organisational buying behavior & P.S

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### Matching Sales Presentation Methods with Sales Situations

Sales Presentation Methods	Suitable Sales Situations
<b>Need – Satisfaction</b> method	It is a creative form of selling, suitable for selling industrial products where the salesperson has to understand the prospect's needs first.
<b>Consultative selling</b> or problem-solution method	For selling high-cost technical products or services like computer hardware and software, power transformer, this presentation method is used to present to a group of individuals, using team selling approach.



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Source: Krishna K Havaladar (2010), *Business Marketing*, McGraw Hill, 3<sup>rd</sup> edition, p263.



## 2. Organisational buying behavior & P.S

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### 4. Presentation and Demonstration:

#### ❖ Developing an effective presentation:

- Planning: Setting objectives for each sales call and each presentation.
- Use Technology: Using dynamic software package or multi-media presentation.
- Adapt Presentation: Tailoring presentation to the given situation and person(s).
- Benefit Plan: Creating the visual picture in the prospect's mind of the benefits of the purchase.
- Don't Overload: Avoiding telling everything, only the information that is relevant to the prospect.



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### 5. Overcoming Objections:

- Sales objections may typically take place during sales presentation or when asking order.
- Objections should be welcomed because they show that the prospect have some interest.
- If the objections can be answered satisfactorily, it would result in sales.



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## 2. Organisational buying behavior & P.S

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### 5. Overcoming Objections:

- Two types of objections:
  - ✓ Psychological (or hidden): Beliefs, preference for established brands, dislike to making decision...
  - ✓ Logical (practical or real): Quick delivery, high price, product quality, product availability...
- Methods for overcoming objections:
  - Ask question – Turn an objection into a benefit – Deny objections tactfully – Third party certificate – Compensation.



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## Thương lượng với khách hàng

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### ❖ Những loại phản đối phổ biến của khách hàng:

- Khách hàng chưa có nhu cầu.
- Khách hàng chưa hiểu rõ lợi ích sản phẩm.
- Khách hàng đã có nhà cung cấp.
- Khách hàng không thích sản phẩm.
- Khách hàng cần thời gian suy nghĩ về quyết định mua hàng.
- Khách hàng muốn có thêm thông tin.
- Khách hàng so sánh giá cả với lợi ích của sản phẩm
- Khách hàng không thích công ty.
- Khách hàng không thích người bán hàng.


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## Thương lượng với khách hàng

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### 1. “Giá của bạn quá cao”

- i. Giá cả được điều chỉnh theo chất lượng của chất liệu.
- ii. Công ty tôi có thể sản xuất ra một sản phẩm với giá thấp hơn, nhưng kinh nghiệm cho thấy nó sẽ không tạo ra được sự thoả mãn cao.

### 2. “Tôi có thể mua sản phẩm giống như vậy với giá thấp hơn”

- i. Hai sản phẩm nhìn có thể giống nhau, nhưng chúng lại rất khác nhau về chất lượng và năng suất. Đưa ra dẫn chứng cho sự khác nhau này.
- ii. Nhấn mạnh các lợi ích đặc biệt khác như sự bảo đảm chất lượng, điều kiện dễ hơn, danh tiếng...


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## Thương lượng với khách hàng

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### 3. “Các điều khoản về tài chính của bạn quá chặt”

- i. Tìm hiểu xem khách hàng có thành thật hay không.
- ii. Lập luận các điều khoản của bạn như là thông lệ trong giao dịch.

### 4. “Tôi chưa bao giờ nghe nói về công ty bạn”

- i. Mặc dù công ty của tôi không nổi tiếng bằng các công ty khác, nhưng nó có thể cung cấp cho khách hàng sản phẩm và dịch vụ tốt như bất kỳ công ty lớn nào.


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## Thương lượng với khách hàng

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### 5. “Sản phẩm của bạn quá mới”

- i. Cái mới đồng nghĩa với sự phát triển.
- ii. Sản phẩm mới của bạn đã được kiểm tra kỹ càng, được minh họa bằng các bằng chứng và danh sách người sử dụng.

### 6. “Người bán hàng trước của bạn không để lại ấn tượng tốt”

- i. Xin lỗi.
- ii. Tự nhìn nhận bản thân.


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## Thương lượng với khách hàng

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7. “Chúng tôi đã mua hàng của công ty X nhiều năm và hoàn toàn thoả mãn”
  - i. Nhiệm vụ đầu tiên của khách hàng là phải có được giao dịch tốt nhất.
  - ii. Việc đảm bảo nguồn cung liên tục mọi thời điểm rất quan trọng.
  - iii. Không ai có thể đứng yên một chỗ, sự phát triển đòi hỏi sự thay đổi.
8. “Chúng tôi mua từ nhà cung cấp mua hàng của chúng tôi”
  - i. Tìm hiểu sự phản đối có thật sự như vậy không hay chỉ là kế hoãn binh.
  - ii. Chỉ cho khách hàng họ có thể tiết kiệm bao nhiêu tiền khi mua sản phẩm của bạn.



## 2. Organisational buying behavior & P.S

02

### 6. Trial close/ Closing the sales:

- It checks the attitude, or ask the opinion, of the prospect (not ask the prospect to buy).
- It is used after the presentation, the objection is answered, or before closing the sales.
- The reason for using trial close is to avoid the rejection of the prospect for the order, and still have the opportunity to persuade the prospect.



## 2. Organisational buying behavior & P.S

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Example of trial closing questions:

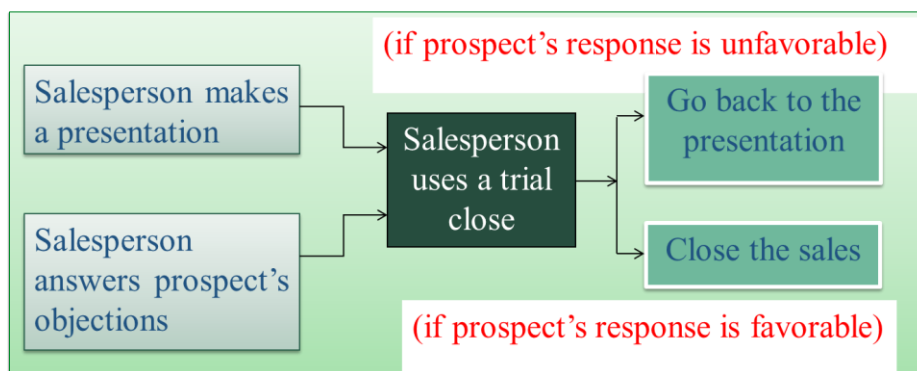
1. Which of these benefits are important to you?
2. To what extent this product meets with your needs?
3. Out of the three models that are here, I think you like this model. Am I right?



## 2. Organisational buying behavior & P.S

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Steps to be followed by the Salesperson



Source: Krishna K Havaladar (2010), *Business Marketing*, McGraw Hill, 3<sup>rd</sup> edition, p265.



## 2. Organisational buying behavior & P.S

02

### 6. Trial close/ Closing the sales:

- Most of time, prospective buyers give indications about their readiness to buy:
  1. Examine the product (What is your opinion about this product?).
  2. Ask another person's opinion (What do you think about this product?).
  3. Ask more questions (What is the price? What are your payment terms? When can you deliver?).
  4. Become friendly (once the prospect mentally decides to buy, the anxiety changes into relaxation).



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## 2. Organisational buying behavior & P.S

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### 6. Trial close/ Closing the sales:

- There are many closing techniques as below:
  1. **Alternative-choice close:** The prospect is given a choice between two or more items, not between buying or not buying.

#### Example:

-Question: Which of the three models do you prefer?

-Answer may be: Yes, I prefer this model OR some kinds of objections which would be able to come closer to making the sales.



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## 2. Organisational buying behavior & P.S

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### 6. Trial close/ Closing the sales:

- There are many closing techniques as below:

**2. Minor points close:** It's easier for a prospect to decide on many minor points than to make a bigger decision on whether to buy or not to buy.

Example:

*If you buy this solar heater, which model would you prefer? How soon would you like it to be delivered? Would you like to pay on installment basis?*



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## 2. Organisational buying behavior & P.S

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### 6. Trial close/ Closing the sales:

- There are many closing techniques as below:

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Example:

*If you buy this solar heater, which model would you prefer? How soon would you like it to be delivered? Would you like to pay on installment basis?*



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## 2. Organisational buying behavior & P.S

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### 6. Trial close/ Closing the sales:

- There are many closing techniques as below:

**3. Assumptive close:** It's used when the salesperson has earned the customer trust.

Example:

*Would you like to take it with you or have it delivered?*



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## 2. Organisational buying behavior & P.S

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### 6. Trial close/ Closing the sales:

- There are many closing techniques as below:

**4. Summary-of-Benefits close:** It's used very popular because of its simplicity and straightforward.

- Find out the important benefits for prospect.
- Summarize these benefits by using FAB. And SELL sequence (show feature, explain advantage, lead into benefit, let customer talk).
- Make the proposal.



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## 2. Organisational buying behavior & P.S

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### 6. Trial close/ Closing the sales:

- There are many closing techniques as below:

**5. T-account (balance sheet) close:** Salesperson reviews the presentation with the prospect, write down on the T, use trial-close and close the sales.

To act (Assets)	Not to act (liability)
<b>All the positive points</b>	<b>All the negative points</b>
<u>Ex: Vacuum cleaner</u> Time saving Less efforts Easy installment payment Immediate delivery	Need more models



## 2. Organisational buying behavior & P.S

02

### 6. Trial close/ Closing the sales:

- There are many closing techniques as below:

**6. Special-offer close:** When the salesperson has done his/her best to close, but the prospect is resisting, the special-offer may close the sales.

Example:

*-If you buy this refrigerator today, I can give you a discount of 2%?*



## 2. Organisational buying behavior & P.S

02

### 6. Trial close/ Closing the sales:

- There are many closing techniques as below:

**7. Negotiation close:** Most salespeople close the sales after successful negotiations with buyers. They should have a positive and helpful attitude and use “both-of-us win” style.



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## 2. Organisational buying behavior & P.S

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Matrix on Closing techniques & Sales situations

Sales Situations	Closing Techniques							
	Negotiation	Probability	Special-offer	T-Account/modified T-Account	Summary of benefits	Assumptive	Minor points	Alternative choice
Buyer is hostile	✓	✓						
Buyer is a friend	✓	✓				✓		
Buyer is unable to make a decision	✓	✓	✓	✓	✓		✓	✓
Buyer is selfish or greedy	✓	✓						
Buyer has certain opinion in advance	✓	✓		✓				
Buyer is an expert with a large ago	✓	✓		✓				



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Source: Krishna K Havaladar (2010), *Business Marketing*, McGraw Hill, 3<sup>rd</sup> edition, p268.



## 2. Organisational buying behavior & P.S

02

### 7. Follow-up & Service:

- Salespeople must understand that their job is not over after the order. They have to follow up a number of related tasks as below:
  - ✓ Check customer order.
  - ✓ Plan follow-up visit/ call at the time of delivery.
  - ✓ Keep relationship with the buyers (account penetration).



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## 3. Sales force organisation

03

- ❖ Only with a sound organisation, an effective selling strategy can be executed.
- ❖ It should devote the necessary attention and money for development of the sales organisation and its people.



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### 3. Sales force organisation

03

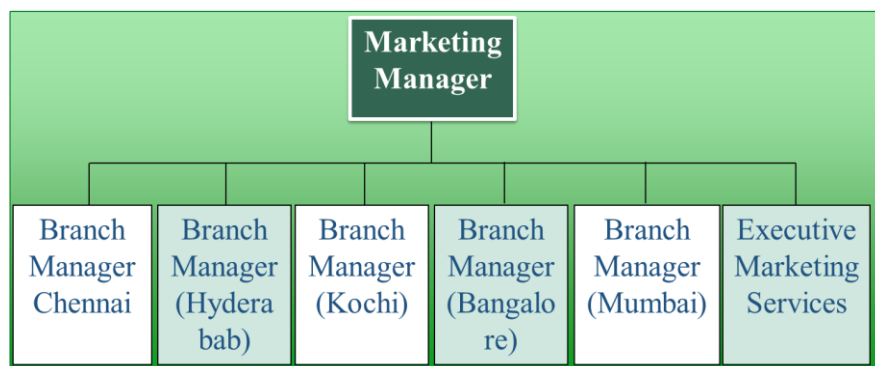
- ❖ Only with a sound organisation, an effective selling strategy can be executed.
- ❖ It should devote the necessary attention and money for development of the sales organisation and its people.
- ❖ Type of sales organisation depends on:
  - The size of the firm.
  - The resources available (particularly fund).
  - The nature and breadth of the products sold.
  - The nature of market (segment and buying pattern).
  - Skills, abilities, and knowledge of the people employed in the organisation.
  - Responsibilities assigned to the middlemen or intermediaries.



### 3. Sales force organisation

03

#### ❖ Geographical Sales Organisation



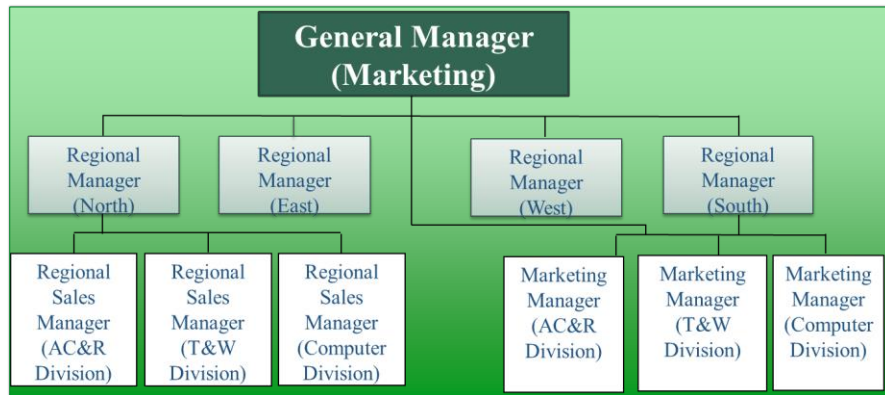
Source: Krishna K Havaladar (2010), *Business Marketing*, McGraw Hill, 3<sup>rd</sup> edition, p270.



### 3. Sales force organisation

03

#### ❖ Product Sales Organisation



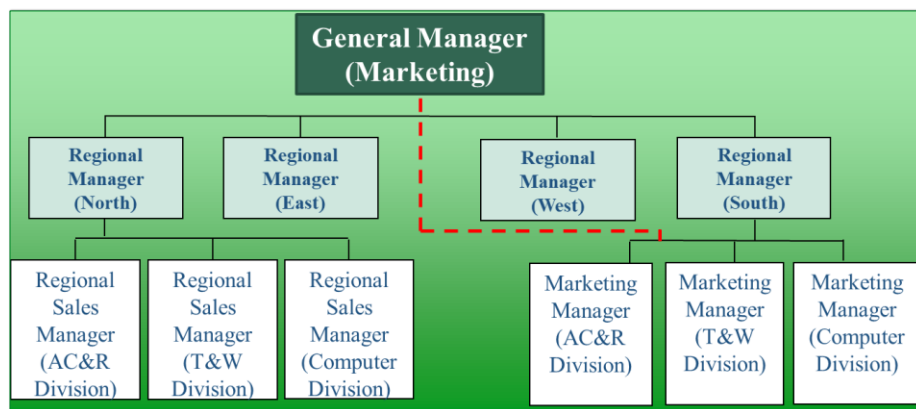
Source: Krishna K Havaladar (2010), *Business Marketing*, McGraw Hill, 3<sup>rd</sup> edition, p270.



### 3. Sales force organisation

03

#### ❖ Combination of Geographical and Product Specialisation Sales Organisation



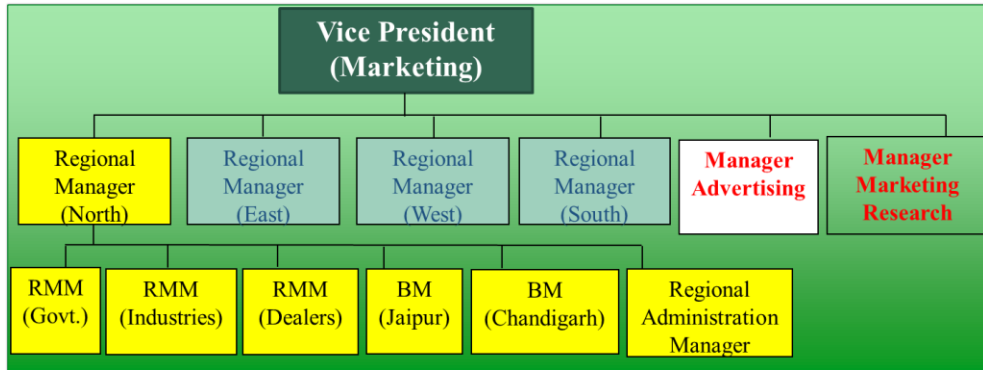
Source: Krishna K Havaladar (2010), *Business Marketing*, McGraw Hill, 3<sup>rd</sup> edition, p271.



### 3. Sales force organisation

03

❖ Combination of Geographic and Market-Oriented Sales Organization



Source: Krishna K Havaladar (2010), *Business Marketing*, McGraw Hill, 3<sup>rd</sup> edition, p272.



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### 4. Deployment of Sales force

04

❖ Setting up Sales territories

1. Select the basic geographic control unit.
2. Determine the sales potential of each geographic control unit by conducting a market survey.
3. Combine the geographic control units into approximate sales territories.
4. Make adjustments for coverage difficulty.
5. Finalise the sales territories.



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## 4. Deployment of Sales force

04

### ❖Determining size of Sales force:

- The decision on how many salespeople are required to meet the company's sales volume and profit objectives is a key decision.
- One of the famous methods to determine optimum sales force size is workload, beside the sales potential and incremental methods.



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## 4. Deployment of Sales force

04

### ❖Determining size of Sales force by Workload method:

1. Group present and potential customers according to their sales potential.

Example: Suppose that the company estimate 500 class A (large sales potential) customers; 1000 class B (medium sales potential) to be covered. Customer class C will be covered by dealers.

2. Decide time per sales call and desired call frequencies for each customer class.

Example:

-Class A: 60 mins/call x 36 calls/ year = 36 hours/y

-Class B: 30 mins/call x 24 calls/ year = 12 hours/y



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## 4. Deployment of Sales force

04

### ❖Determining size of Sales force by Workload method:

3. Calculate the total (market) workload necessary to cover the entire market.

Example:

-Class A:  $500 \text{ customers} \times 36 \text{ hours/y} = 18,000h$

-Class B:  $1000 \text{ customers} \times 12 \text{ hours/y} = 12,000h$

-Total = 30,000 hours

4. Decide the total work time available per salesperson.

Example:

-Suppose the company decide the salesperson should work 40 hours/ week, 45 weeks/ year

-Then, each salesperson has  $40 \times 45 = 1800h/ \text{year}$  for selling, non-selling and travelling time.



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## 4. Deployment of Sales force

04

### ❖Determining size of Sales force by Workload method:

5. Divide the total workload time available by different activities per salesperson.

Example:

-Selling activities: 40% ~ 720h

-Non-selling activities: 30% ~ 540h

-Travelling time: 30% ~ 540h

6. Calculate the total number of salespeople by dividing the total market workload by the total selling time available per salesperson.

Example:

-Salesperson needed =  $30,000 / 720 = 41,66$



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## 4. Deployment of Sales force

04

### ❖Determining size of Sales force by Workload method:

- This method needs accurate information on prospective customers and sales potential of existing and prospective customers.
- The disadvantage is that it neglects sales productivity in term of sales per salesperson and also sales force turnover.



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## 4. Deployment of Sales force

04

### ❖Allocating Sales Force to the Sales Territories and Customers:

- This is to assign salespersons to specific customers (or sales territories).



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