

## BUILDING AN EFFECTIVE SALES FORCE

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### **Abstract**

*Building an effective sales force starts with selecting good salespeople, but good salespeople are very difficult to find. The reason for this is that most sales jobs are very demanding and require a great deal from the salesperson. There are many different types of sales jobs. Before it can hire salespeople, each company must do a careful job analysis to see what particular types of selling and other skills are necessary for each sales job. One task of the market planner is to establish clear objectives each year for the entire sales force, for each region, each sales office, and each salesperson. Sales jobs are different from in-house jobs in some significant ways. Nevertheless, each company must continually work on building and maintaining an effective sales force using the following steps: recruitment, selection, training, compensation and evaluation of each salesperson.*

### **Keywords**

salespeople; recruitment; selection; training; evaluation

### **JEL Classification**

M41

### **Introduction**

One of the reasons personal selling is difficult is that the salesperson is caught in a squeeze between the company and the customer or potential customer. On the one hand, the salesperson is paid by the business firm to represent its own interests when dealing with customers. In this role, the salesperson must represent the customer's interests in attempting to get from the company such things as quick deliveries, good credit terms, immediate repairs if equipment breaks down, and extra allocations of products or supplies in times of shortages. In this role, the salesperson must fight for the customer's interests.

Representing both the company and the customer is often a rough situation to be in, and the salesperson must use tact, good judgment, and emotional maturity in keeping both sides as satisfied as possible. This also requires the ability to think clearly and with imagination, often under extreme pressure.

The salesperson must also be a self-starter, since there is a steady flow of work that presents itself to be solved or accomplished. The salesperson must schedule sales calls on present customers, and must also call on potential new customers frequently. This requires a great deal of initiative and internal motivation.

The most difficult problem of all may be the constant discouragement that every salesperson faces. It takes a great deal of "ego strength" to accept defeats gracefully and to resolve to try even harder the next time.

Studies have shown that in many industries only a third to a half of new salespeople survive more than a single year. For those who do survive, the financial rewards can be very substantial. There is usually no faster way for new college graduates to make a good income than by getting a sales job that requires creative and persuasive selling.

Several steps or phases are involved in building and maintaining an effective sales force in a business firm: recruitment, selection, training, compensation, evaluation. These steps are not actually sequential for established companies, since they continually engage in all steps in order to maintain a productive sales force.

### **Selecting the right salespeople**

An early and often the most important step in building an effective sales force is to select good salespeople. The selection of salespeople is usually done by professional personnel managers and consultants, especially in large business firms. These people know how to do the job analysis that is necessary to find out exactly what is required for each type of sales position.

#### **Screening tools and techniques**

A wide variety of tools and techniques are available to help both the sales manager and the company personnel department in selecting the best salespeople from all applicants, for example: company application form, mental ability tests, personality and interest tests, interviews with company management, interviews with outside personnel evaluation specialists.

The particular tool or tools that are the best predictors of sales success will vary from one selling job to another and from one evaluator to another. Some personnel specialists will tend to stress the interview; others will put primary emphasis on mental ability or personality tests; and others feel the application form is the best indicator, because it shows what a person has already done in his or her life to develop good selling skills. The most reasonable conclusion is that all the various tools are potentially valuable for screening applicants.

Most selling jobs require a great deal of customer contact, and it helps greatly if the applicant is the type of person who likes to be with people. The personal history on the application form shows what the previous sales or customer contact jobs a person has had, what social clubs they belong to, what leisure time activities they engage in. An applicant's personal history can also show the degree of commitment he or she is likely to bring to a sales job.

#### **Recruiting an applicant pool**

In many cases, the key requirement for a good selection process is having a good pool of applicants to choose from. This means that recruitment procedures must be effective. A good recruiting system in large companies must operate continually, even when there are no immediate job openings.

### **Training salespeople**

New sales employees almost always require a training period before being sent out into the field. For some sales jobs this training can be done in only a few days or weeks; in others it takes much longer.

Among the many points that need to be covered in sales training are such topics as:

- What the company stands for, including its mission and objectives
- What its products or services will do
- How the company's products compare to those of the competition
- The different needs and characteristics of various customers
- Specific selling and prospecting techniques
- Company office reporting procedures

- How the salesperson is expected to dress and act
- How to interface with the different portions of the company on behalf of the customer

The list could go on and on. It is clear that creative and persuasive types of selling require a great deal of training for new sales employees. Part of this training must be done in-house. Another large part must be done in the field, under real-world conditions. Most well-run large business firms now have regular training sessions for all their salespeople, to keep them informed and up to date.

### **Compensating salespeople**

Because sales jobs are different in some important ways from internal jobs, they need a different kind of compensation arrangement – one that provides a more direct incentive for a job well done. It is possible to provide this direct incentive because salespeople usually have a very tangible record of achievement – the volume of sales or profits generated. This is usually the primary basis for rewarding the sales force in most companies. There are two major types of compensation for salespeople: financial and nonfinancial.

#### Financial incentives

There are three principal approaches to compensating sales force financially: straight salary, straight commission and combination of salary plus commission.

The *straight-salary* approach has some advantages, particularly for new salespeople. Some companies use straight-salary compensation for experienced salespeople and for new ones.

*Straight-commission* compensation often provides the greatest incentive for sales employees. Here the employee receives a percentage of the total sales volume he or she generates.

Because both straight salary and straight commission have serious weaknesses, most companies pay on the basis of *salary plus commission*. This provides a balance of the best features of both types of compensation.

#### Nonfinancial incentives

There are many different types of nonfinancial sales incentives. These include trophies and plaques, free trips to conferences in resort areas, extra amounts of secretarial and other internal support, and advancement up the ladder into sales management. Nonfinancial incentives are an important part of the job of building and maintaining an effective sales force.

### **Evaluating the sales force**

In most large companies, each salesperson develops an individual plan of action for the next month, quarter, or year, in writing. This plan will include a variety of specific objectives, both quantitative and qualitative. *Quantitative objectives* usually include:

- Sales volume
- Average order size
- Gross margins, selling expenses, costs per sales call
- Number of sales calls to make on existing customers
- Number of new accounts to open up
- Number of meetings with dealers or distributors

*Qualitative objectives* do not require as much planning time, but they may be equally important. These objectives include:

- Improving one's knowledge of products (both company's and competitors')
- More information about customer needs and current buying practices
- Improving personal selling techniques

- Better prospecting approaches
- Developing better personal relationships with people within the company that provide selling and service support

### **The new sales force**

Today's sales job is very different in some significant ways from what it was years ago.

#### *Market intelligence*

Most salespeople now carry a much greater responsibility for keeping company management informed about what is going on in the marketplace, accurately, currently and in detail. A part of this information come from the sales call reports they submit regularly. Other parts are developed in the process of making a proposal to win a particular order. Competitive information in particular has become especially important in recent years. Company salespeople can provide a great deal of useful competitive information from their discussions with customers and prospects. This information becomes a part of the marketing intelligence system of the company.

#### *Telemarketing*

Phone calls to present customers can often accomplish the following: obtain reorders of suppliers or equipment the customer has bought before, inform customers of new products or services that are now available, find out there are any changes in the customer's business that would offer opportunities for additional sales, ask if deliveries are on time and if the supplies or equipment are working properly, ask customers to estimate future needs, for sales forecasting purposes.

Telemarketing can also be used very effectively in identifying and qualifying prospects and in soliciting new business. Today's salesperson works from referrals or prospect lists. Each prospect can be called on the telephone to see whether there is enough real interest to justify a sales call. In a growing number of cases, the sale itself can be made over the telephone.

#### *Team selling*

In today's business world, most companies selling very complex equipment to other business firms no longer expect a single salesperson to make all the contacts and presentations necessary to win a large order or contract. They form selling teams, which consist of representatives from each part of the company involved in a sale. This team is coordinated by a salesperson, who calls specialists in whenever needed and who often includes them in major sales presentations.

#### *Call routing by computer*

A few large companies with "management sciences" departments or capabilities have developed computer models that plan the proper number of sales calls each salesperson should make on each customer or within each sales territory. The computer is given all this information for each customer and each salesperson, and it calculates the number of times each customer should be contacted each year or quarter by a salesperson. They also provide an estimate of the sales or profits that should be generated by each salesperson or in each sales territory, and this is useful in evaluating the performance of the sales force.

Salespeople have to fulfill one or more of the following tasks:

- Exploration: Salespeople find new customers and cultivate relationships with them;
- Targeting: Salespeople decide how to divide their limited time resources between actual customers and potential customers;
- Communication: Salespeople communicate professionally, information about products and services offered by the company;

- Sale: Salespeople mastered the "art of selling", which is to address, presentation, finding answers to objections and preparing sales;
- Offering: salespeople offer customers various services - consultations concerning their problems, technical assistance, financing and delivery of goods without delay;
- Gather information: Salespeople performs both market research and gather information on this and completes reports on sales visits they have carried out;
- Allocation: salespeople decide which customers to be allocated with priority certain products, in cases the company has insufficient quantities of them.

## Conclusions

There are many different types of sales jobs. Before it can hire salespeople, each company must do a careful job analysis to see what particular types of selling and other skills are necessary for each sales job. One task of the market planner is to establish clear objectives each year for the entire sales force, for each region, each sales office, and each salesperson. Quantitative objectives can be specified for sales volume, number of units, and gross profit margins; qualitative objectives include signing up new dealers, conducting training sessions, setting up displays, and improving selling skills.

As companies increasingly show a strong market orientation, their sales forces should focus increasingly on market and customer needs. Classical vision is based on the idea that salespeople should be concerned only with sales, marketing department assuming the task to deal with profitability and marketing strategy. According to the new vision, however, salespeople must know how to produce both customer satisfaction and profit to the company. The attributes that salespeople must have, are: energy and personal initiative; organizational and planning capacity; a satisfactory level of schooling and culture; ability to adapt to a variety of personalities and behaviors; concern for personal and professional development; desire and need for professional recognition. Sales jobs are different from in-house jobs in some significant ways. Nevertheless, each company must continually work on building and maintaining an effective sales force.

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