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HANDOUT

MKT627

Sales Management

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MKT627

Sales Management

Lecture-Wise Study Handout
Virtual University of Pakistan

24 lectures • prepared for exam study

Table of Contents

1. Nature and Scope of Sales Management
2. The Selling Process
3. Types of Sales Jobs and Sales Roles
4. Organizing the Sales Force
5. Recruiting the Sales Force
6. Selecting Salespeople
7. Training the Sales Force
8. Motivating the Sales Force
9. Compensating the Sales Force
10. Sales Territories: Design and Assignment
11. Routing and Time Management
12. Sales Quotas
13. Sales Forecasting
14. Sales Budgeting and Cost Control
15. Performance Evaluation and Control
16. Key Account Management
17. Channel Management and Distribution
18. Sales Technology, CRM, and Analytics
19. Ethics and Legal Issues in Selling
20. Relationship Selling and Customer Retention
21. Negotiation in Selling
22. International Sales Management
23. Sales Audit
24. Sales Meetings and Field Communication

About This Course

Sales Management is the discipline of planning, directing, and controlling the personal selling activities of a business, including recruiting, selecting, training, assigning, rating, supervising, paying, and motivating the personal sales force. This handout covers the full sales management process used at Virtual University: the selling process, sales force organization, recruitment and training, motivation and compensation, territory design, quotas and forecasting, sales budgeting, key account management, and the use of sales technology and CRM.

Each lecture below states learning objectives first, then explains the key concepts with definitions, a key-points box for the most exam-relevant material, a section summary, and exam pointers.

Lecture 1: Nature and Scope of Sales Management

Learning Objectives

- Define sales management and personal selling
- Explain why sales management matters to the firm
- Distinguish selling from marketing

Sales management is defined as the planning, direction, and control of personal selling activities of a business unit, including recruiting, selecting, training, assigning, rating, supervising, paying, and motivating, as all these tasks apply to the personal sales force. It is one of the oldest and most respected management functions because revenue, and therefore survival, flows through the sales function.

Personal selling is the direct, face-to-face (or voice-to-voice) presentation of a product or service to a prospective buyer. Unlike advertising, it is a two-way communication: the salesperson can listen, diagnose needs, and adapt the message on the spot. This makes personal selling the most effective but also the most expensive element of the promotion mix.

Selling is a part of marketing, not the whole of it. Marketing is the broader philosophy of satisfying customer needs profitably through product, price, place, and promotion; selling is the personal-communication component of promotion. A company with great marketing but weak sales execution loses orders; a company with aggressive selling but poor marketing loses customers.

Key Definitions

Sales management is defined as the planning, direction, and control of personal selling activities, including the management of the sales force through recruitment, training, motivation, compensation, and supervision.

Personal selling is defined as direct communication between a salesperson and a prospective customer aimed at making a sale and building a customer relationship.

Key Points — very important for exams

Sales management covers planning, directing, and controlling the sales force.

Personal selling is two-way, adaptable, and the most expensive promotion tool.

Marketing is broader than selling; selling executes the marketing promise face to face.

The sales manager is responsible for revenue targets and for people management.

Section Summary

Sales management directs the personal selling arm of the business. It matters because it converts marketing strategy into revenue, and it is expensive, so it must be managed professionally.

Exam Pointers

→ Be able to define sales management and list its elements.

- Explain three differences between selling and marketing.
- Why is personal selling the most effective promotion element?

Lecture 2: The Selling Process

Learning Objectives

- List the steps of the selling process
- Explain the purpose of each step

The selling process is the sequence of steps a salesperson follows when selling a product or service to a prospect. The classic seven-step process is: prospecting, pre-approach, approach, presentation, handling objections, closing, and follow-up. In relationship selling, follow-up never really ends.

Prospecting means identifying and qualifying potential customers. A prospect is someone who has a need, the authority to buy, the ability to pay, and eligibility to buy. Pre-approach is research: learning about the prospect's business, problems, and decision-makers before the first contact, so the approach is relevant.

The approach is the first few minutes of contact — it sets the tone and earns the right to present. The presentation is a persuasive communication of how the product's features translate into benefits for this buyer. Objection handling turns buyer concerns into buying reasons. Closing asks for the order. Follow-up ensures delivery, installation, training, and satisfaction, which earns referrals and repeat business.

Key Definitions

Prospect is defined as a potential customer who has a recognized need, the authority to buy, the ability to pay, and eligibility to buy the product.

Closing is defined as the step of the selling process in which the salesperson asks the prospect to place the order.

Key Points — very important for exams

Seven steps: prospect, pre-approach, approach, presentation, objections, close, follow-up.

Qualify prospects on need, authority, ability to pay, eligibility.

Translate features into benefits during the presentation.

Follow-up builds relationships, referrals, and repeat sales — very important.

Section Summary

Selling is a process, not a single event. Each step has a purpose, and skipping steps (especially prospecting and follow-up) is the most common cause of lost sales.

Exam Pointers

- List and briefly explain the seven steps of the selling process.

→ What are the four qualification criteria for a prospect?

Lecture 3: Types of Sales Jobs and Sales Roles

Learning Objectives

- Classify types of selling jobs
- Explain what makes selling roles different

Not all sales jobs are alike. McMurtry's classic classification identifies six types: the deliverer (whose selling is incidental, e.g., a milkman), the order taker (inside or outside — the customer already intends to buy), the missionary (builds goodwill, e.g., pharmaceutical detailing to doctors), the technician (technical expertise sells complex products), the demand creator (creates demand where none existed, e.g., encyclopedias, insurance), and the solution vendor (a hybrid consultant who assembles solutions).

Inside salespeople sell by phone, email, and video from an office; outside (field) salespeople travel to customers. Order takers take orders the customer has already decided to place; order getters proactively persuade. Support salespeople (missionaries, technical specialists) do not close orders themselves but assist the order getters.

The nature of the sales job determines everything downstream: what kind of person to recruit, how to train, how to pay, and how to supervise. A missionary job needs relationship skills and patience; a demand-creator job needs resilience and persuasion.

Key Definitions

Order getter is defined as a salesperson who proactively persuades customers to buy, creating new business rather than simply taking orders.

Missionary salesperson is defined as a support salesperson who builds goodwill and educates potential buyers without directly taking orders.

Key Points — very important for exams

Six job types: deliverer, order taker, missionary, technician, demand creator, solution vendor.

Inside vs outside; order getters vs order takers vs support sellers.

Job type drives recruitment, training, pay, and supervision decisions.

Section Summary

Sales jobs differ enormously. Classifying the job correctly is the first step in managing it well.

Exam Pointers

- Name and describe the six types of sales jobs.
- Distinguish order takers, order getters, and support salespeople.

Lecture 4: Organizing the Sales Force

Learning Objectives

- Describe the three basic sales organization structures
- Explain span of control and line vs staff roles

A sales force can be organized by geography, by product, or by customer (market). In a geographic organization, each salesperson sells the full line in a territory — it minimizes travel and clarifies responsibility, but product expertise is thin. In a product organization, salespeople specialize by product line — deep expertise, but several reps may call on the same customer, which annoys buyers.

In a customer (market) organization, the force is split by customer type or industry — bankers call on banks, hospitals call on hospitals. This builds deep customer understanding but duplicates coverage across products. Many firms use combinations, e.g., geographic with product specialists attached.

Span of control is the number of salespeople reporting to one manager; 6–10 is typical in field selling. Line positions have authority to direct salespeople; staff positions (training, sales analysis) advise and support. As the firm grows, specialization of the sales management function increases.

Key Definitions

Span of control is defined as the number of subordinates reporting directly to one manager; typically 6 to 10 in field sales management.

Territorial sales organization is defined as a structure in which each salesperson is assigned an exclusive geographic area and sells the company's full product line there.

Key Points — very important for exams

Three structures: geographic, product, customer — each with clear trade-offs.

Geographic: low cost, clear responsibility; product: expertise; customer: deep buyer knowledge.

Match structure to selling task complexity and customer expectations — very important.

Section Summary

There is no universally best sales organization. The choice balances travel cost, product complexity, and customer relationships.

Exam Pointers

- Compare geographic, product, and customer sales organizations with advantages of each.
- What is span of control and why does it matter?

Lecture 5: Recruiting the Sales Force

Learning Objectives

- Explain the recruitment process

- Identify good sources of sales recruits

Recruitment is the search for sales talent; selection is choosing among applicants. Good recruitment starts with a job description (what the job involves) and a job specification (what the person needs: education, experience, traits). Sources include internal transfers, referrals from current salespeople, competitors, customers, educational institutions, employment agencies, and advertisements.

Referrals from the existing sales force are consistently the best source — current reps know what the job really takes and refer people like themselves. College recruiting works well for firms willing to train. Hiring from competitors brings ready-made customer relationships but also brings habits and sometimes ethical baggage.

The recruitment message must be realistic. Overselling the job causes early turnover, which is extremely expensive: recruiting, training, lost sales, and damaged customer relationships. Realistic job previews reduce turnover.

Key Definitions

Recruitment is defined as the process of attracting a pool of qualified candidates for sales positions.

Job specification is defined as a written statement of the qualifications — education, experience, personal traits — required to perform a sales job.

Key Points — very important for exams

Recruitment attracts the pool; selection chooses from it.

Best source: referrals from current salespeople.

Realistic job previews cut costly early turnover.

Match the specification to the actual selling task.

Section Summary

Great sales forces are built at the recruitment stage. Start with a clear specification, use the best sources, and be honest about the job.

Exam Pointers

- List sources of sales recruits and identify the most effective one.
- Distinguish a job description from a job specification.

Lecture 6: Selecting Salespeople

Learning Objectives

- Describe the selection process and tools
- Explain validity of selection instruments

The selection process typically runs: application form → initial interview → testing → background investigation → in-depth interview → physical exam → job offer. Each step is a screen; the costly, in-depth steps come later.

Selection tools include application blanks, interviews (structured interviews outperform unstructured ones), psychological tests (intelligence, personality, aptitude), assessment centers (simulated selling exercises), and reference checks. Validity is the key question: does the tool predict actual sales performance? Structured interviews and work-sample tests have the best validity; unstructured interviews and handwriting analysis have poor validity.

Because hiring mistakes in sales are so expensive, progressive firms invest in validated, multi-step selection. Note: the law restricts some tests and questions — selection must be job-related and non-discriminatory.

Key Definitions

Selection validity is defined as the degree to which a selection instrument actually predicts future job performance.

Assessment center is defined as a selection method in which candidates perform simulated job exercises (e.g., role-play selling) while trained assessors evaluate them.

Key Points — very important for exams

Steps: application, screening interview, tests, background check, in-depth interview, offer.

Structured interviews and work samples have the highest validity.

Selection must be job-related and legally defensible.

Section Summary

Selection is risk management. Use validated, structured tools in a staged process, and keep every step job-related.

Exam Pointers

- Outline the sales selection process.
- Which selection tools have the best predictive validity?

Lecture 7: Training the Sales Force

Learning Objectives

- Explain why sales training is needed
- Describe the training process

Even experienced hires need training: on the company, its products, its customers, its competitors, and its selling procedures. Training raises productivity, improves morale, reduces turnover, and improves customer relations. The cost of not training — lost sales and embarrassed reps — exceeds the cost of

training.

The training process: assess training needs, set objectives, decide who is trained, decide content, choose methods, execute, and evaluate. Content usually covers company knowledge, product knowledge, customer and competitor knowledge, selling skills, and field procedures (reporting, expense accounts, CRM use).

Methods range from classroom lectures and role playing to on-the-job training with a mentor, e-learning modules, and sales meetings. On-the-job training with coaching is consistently rated most effective. Evaluation should measure not just reactions but learning, behavior change, and results.

Key Definitions

On-the-job training is defined as training in which a new salesperson learns by working alongside an experienced salesperson or manager in the field.

Role playing is defined as a training method in which trainees practice selling skills in simulated buyer-seller interactions.

Key Points — very important for exams

Train on: company, product, customer, competitor, selling skills, procedures.

On-the-job coaching is the most effective method.

Evaluate training by learning, behavior, and results — not just reactions.

Training reduces turnover and raises productivity — very important.

Section Summary

Training converts a hired stranger into a productive representative. Assess needs, set objectives, use active methods, and measure results.

Exam Pointers

- What content areas must a sales training program cover?
- Describe the steps in developing a training program.

Lecture 8: Motivating the Sales Force

Learning Objectives

- Explain theories of motivation applied to sales
- Describe financial and non-financial motivators

Motivation is the willingness to exert effort toward goals. Salespeople are motivated by a mix of financial rewards (pay, bonuses, commissions) and non-financial rewards (recognition, promotion, achievement, job security, belonging). Different people value different rewards, and the same person's needs change over time.

Classic theories apply directly: Maslow's hierarchy (physiological → safety → social → esteem → self-actualization) explains why money motivates up to a point and recognition beyond it; Herzberg's two-factor theory separates hygiene factors (pay, supervision, working conditions — their absence dissatisfies) from motivators (achievement, recognition, responsibility — their presence motivates); expectancy theory says effort follows the belief that effort → performance → valued reward.

The sales manager motivates through the compensation plan, recognition programs, sales contests, quotas that stretch but are achievable, and leadership style. Contests work best for short, specific pushes — never as a substitute for a sound compensation plan.

Key Definitions

Motivation is defined as the willingness of a salesperson to exert high levels of effort toward organizational goals, conditioned by the effort's ability to satisfy individual needs.

Expectancy theory is defined as the theory that motivation depends on expectancy (effort leads to performance), instrumentality (performance leads to reward), and valence (the reward is valued).

Key Points — very important for exams

Financial + non-financial motivators; needs differ by person and over time.

Herzberg: hygiene factors prevent dissatisfaction; motivators create satisfaction.

Expectancy: effort→performance→reward must all be believed.

Contests are short-term tools, not compensation substitutes.

Section Summary

Motivation is individual. The manager's toolkit — pay plan, recognition, contests, quotas, leadership — must be tuned to what each salesperson values.

Exam Pointers

- Apply Maslow, Herzberg, and expectancy theory to sales force motivation.
- Distinguish financial from non-financial motivators with examples.

Lecture 9: Compensating the Sales Force

Learning Objectives

- Describe the three basic compensation methods
- Explain how to choose among them

The three basic methods are straight salary, straight commission, and combination (salary plus incentive). Straight salary gives income security and management control — best when selling is long-cycle, team-based, or missionary. Straight commission gives maximum incentive and automatically adjusts cost to sales — best for independent order getters, but it encourages high-pressure tactics and neglect of non-selling duties.

Combination plans blend both: typically a salary plus commission or bonus. They are the most common because they balance security with incentive and let management reward non-selling activities (service, reporting, new-account development) through the salary portion and selling results through the incentive portion.

Designing the plan: decide the pay level (lead, match, or lag the market), the mix of salary vs incentive, the measures (sales volume, profit, new accounts), and the payout formula. Then pre-test the plan against last year's results to check cost and fairness before rollout.

Key Definitions

Straight commission plan is defined as a compensation method in which the salesperson's pay is a direct percentage of sales, with no fixed salary.

Combination compensation plan is defined as a plan blending fixed salary with variable incentives such as commission or bonus.

Key Points — very important for exams

Three methods: straight salary, straight commission, combination.

Salary = control + security; commission = incentive + variable cost; combination = balance.

Match the plan to the selling task; pre-test before rollout — very important.

Section Summary

Compensation is the strongest lever on salesperson behavior. Design the mix deliberately: what you pay for is what you get.

Exam Pointers

- Compare straight salary, straight commission, and combination plans with when each fits.
- What steps are involved in designing a compensation plan?

Lecture 10: Sales Territories: Design and Assignment

Learning Objectives

- Explain why territories are established
- Describe approaches to territory design

A sales territory is a group of customers or a geographic area assigned to a salesperson. Territories improve market coverage, reduce travel cost, improve customer service, and make performance evaluation fair — each rep is judged on comparable opportunity.

Design procedure: select a control unit (district, city, postal code), estimate market potential in each unit, form tentative territories, adjust for workload balance, and assign salespeople. The goal is territories equal in potential and workload so that pay and evaluation are fair.

Two classic design approaches: the breakdown method (divide total company sales potential into equal territories) and the buildup method (estimate potential customer by customer, then group into territories). Workload balancing matters because unequal territories breed resentment; territory revision should be done periodically as markets shift.

Key Definitions

Sales territory is defined as a group of customers or a geographic area assigned to an individual salesperson.

Market potential is defined as the total possible sales of a product in a territory under ideal conditions.

Key Points — very important for exams

Territories improve coverage, cut travel cost, aid fair evaluation.

Design: control units → estimate potential → form territories → balance workload.

Breakdown vs buildup approaches; revise territories as markets change.

Section Summary

Well-designed territories make the sales effort efficient and the evaluation fair. Balance potential and workload.

Exam Pointers

- Why are sales territories established?
- Describe the steps in territory design.

Lecture 11: Routing and Time Management

Learning Objectives

- Explain journey planning and routing patterns
- Describe time management for salespeople

Once territories exist, salespeople must use time well — time is the one resource that cannot be increased. Journey planning (routing) decides the order of customer visits to minimize travel time. Common patterns: the straight-line (hopscotch) pattern for linear territories, the circular (loop) pattern returning to start, the cloverleaf pattern radiating from a home base, and the leapfrog pattern for scattered major accounts.

Time management means classifying accounts (A = large/key, B = medium, C = small), allocating call frequency by class, and scheduling calls in advance. The 80/20 rule applies: a small share of accounts usually produces most sales — they deserve most time.

Sales managers help through call-report analysis, joint calls (which also coach), and CRM dashboards showing time allocation. Wasted time — excessive windshield time, unproductive calls — is the silent

killer of sales productivity.

Key Definitions

Routing (journey planning) is defined as planning the sequence of customer visits to minimize travel time and maximize selling time.

Call frequency is defined as how often a salesperson visits an account, normally set by account size and potential.

Key Points — very important for exams

Routing patterns: straight-line, circular, cloverleaf, leapfrog.

Classify accounts A/B/C; allocate time by potential (80/20 rule).

Managers improve time use via call reports, joint calls, and CRM data.

Section Summary

Selling time is scarce. Plan routes, prioritize accounts, and schedule calls — then measure how time is actually spent.

Exam Pointers

- Describe four routing patterns and when each fits.
- How should a salesperson allocate time among accounts?

Lecture 12: Sales Quotas

Learning Objectives

- Define quotas and their purposes
- Describe types of quotas

A sales quota is a quantitative goal assigned to a sales unit — an individual, territory, or region — for a period. Quotas direct effort (people chase what is measured), motivate (a clear target), evaluate performance, and control the sales operation.

Types: sales volume quotas (rupees or units — the most common), profit quotas (gross margin or contribution — pushes profitable selling), expense quotas (limits selling costs), and activity quotas (calls, proposals, new accounts — used when results lag effort). Combination quotas blend several measures.

Good quotas are fair (based on territory potential, not last year's sales alone), attainable (stretching but reachable — impossible quotas demotivate), and understood. Setting quotas top-down from needed company sales without reference to territory potential is the classic failure.

Key Definitions

Sales quota is defined as a quantitative objective assigned to a salesperson, territory, or region for a specified period.

Activity quota is defined as a quota based on selling activities (calls, demonstrations, new accounts) rather than results.

Key Points — very important for exams

Quotas direct, motivate, evaluate, and control.

Types: volume, profit, expense, activity, combination.

Fair, attainable, understood — based on potential, not history alone.

Impossible quotas destroy motivation — very important.

Section Summary

Quotas translate company goals into personal targets. Their power depends entirely on fairness and attainability.

Exam Pointers

- What are the purposes of sales quotas?
- Describe the types of quotas with examples.

Lecture 13: Sales Forecasting

Learning Objectives

- Explain the role of forecasting
- Describe qualitative and quantitative methods

A sales forecast is an estimate of future sales for a period. Forecasts drive production planning, purchasing, cash-flow planning, and quota setting. Everyone in the firm depends on the sales forecast, so its accuracy matters far beyond the sales department.

Qualitative methods rely on judgment: executive opinion, the sales force composite (reps estimate their territory sales — good because reps are close to customers, but biased upward or downward), surveys of buyer intentions, and the Delphi method (anonymous expert rounds converging on a consensus). Quantitative methods use data: time-series analysis (trend, seasonal, cyclical decomposition), regression analysis (sales as a function of drivers like advertising or GDP), and market tests.

No method is perfect. Best practice combines methods, forecasts by product and territory (bottom-up detail), and revises forecasts as conditions change. Note: a forecast is a prediction, not a target — confusing the two corrupts both.

Key Definitions

Sales forecast is defined as an estimate of the sales a company expects to achieve in a future period under a given marketing plan.

Sales force composite is defined as a forecasting method that sums individual salespeople's estimates of their territory sales.

Key Points — very important for exams

Forecasts drive production, purchasing, finance, and quotas.

Qualitative: executive opinion, sales force composite, buyer surveys, Delphi.

Quantitative: time series, regression, market tests.

Combine methods; a forecast is a prediction, not a target.

Section Summary

Forecasting turns judgment and data into the numbers the whole company plans on. Use multiple methods and keep forecasts honest.

Exam Pointers

- Distinguish qualitative from quantitative forecasting methods.
- What are the strengths and weaknesses of the sales force composite?

Lecture 14: Sales Budgeting and Cost Control

Learning Objectives

- Explain the sales budget
- Describe how selling costs are controlled

The sales budget is the financial plan for the selling effort: expected sales revenue minus the costs of achieving it (salaries, commissions, travel, training). It is the sales manager's primary control document — actual results are compared against it.

Selling costs must be controlled because personal selling is expensive. Tools include expense quotas, standard cost allowances per call or per territory, and variance analysis: compare actual vs budgeted cost by territory and investigate significant deviations.

Profitability analysis goes deeper: which territories, products, customers, and order sizes are actually profitable after allocating selling costs? Many firms discover that small orders and distant customers lose money — leading to minimum order sizes, service charges, or telesales coverage for small accounts.

Key Definitions

Sales budget is defined as the financial plan stating expected sales revenue and the selling costs authorized to achieve it.

Variance analysis is defined as comparing actual results with budgeted figures and investigating significant differences.

Key Points — very important for exams

Budget = expected revenue minus authorized selling cost.

Control via expense quotas, standard costs, variance analysis.

Profitability analysis often reveals unprofitable small orders/customers — very important.

Section Summary

Revenue without cost control is vanity. Budget the selling effort, watch variances, and know which business is actually profitable.

Exam Pointers

- What is a sales budget and how is it used for control?
- How does profitability analysis change sales decisions?

Lecture 15: Performance Evaluation and Control

Learning Objectives

- Describe the evaluation process
- Distinguish input and output measures

Evaluation compares results against standards (quotas, budgets, objectives), diagnoses causes of deviations, and takes corrective action — coaching, retraining, reassigning, or, last, termination. Evaluation should be continuous and developmental, not just an annual judgment.

Output (results) measures: sales volume, market share, gross profit, number of new accounts, order size. Input (effort) measures: calls per day, proposals made, service calls, reports submitted. Judging only on outputs is unfair when territories differ; judging only on inputs ignores results. Balanced scorecards combine both.

The evaluation interview should be a two-way discussion: review results, recognize achievements, diagnose problems jointly, agree on an improvement plan, and follow up. Documentation matters for legal defensibility of personnel decisions.

Key Definitions

Output measures is defined as evaluation criteria based on selling results, such as sales volume, profit, and new accounts.

Input measures is defined as evaluation criteria based on selling effort, such as calls made and proposals submitted.

Key Points — very important for exams

Evaluate against quotas/budgets/objectives; diagnose; act; follow up.

Balance output measures (results) with input measures (effort).

Make evaluation developmental and two-way; document decisions.

Section Summary

Control is a loop: set standards, measure, diagnose, correct. Keep it fair, balanced, and focused on improvement.

Exam Pointers

- Distinguish input from output evaluation measures with examples.
- Describe an effective performance evaluation interview.

Lecture 16: Key Account Management

Learning Objectives

- Explain the key account concept
- Describe how key accounts are managed

Key (major) accounts are the small number of customers that produce a large share of sales and profit — the 80/20 rule in action. Losing one key account can devastate a territory, so they get special treatment: dedicated account managers, customized service, top-management involvement, and formal account plans.

Selecting key accounts uses criteria like current and potential volume, profitability, growth, prestige, and strategic fit — not just current sales. A national account is a key account with multiple buying locations served centrally.

Key account management is team selling: the account manager coordinates specialists (technical, logistics, finance) as one face to the customer. The account plan documents objectives, the buying center, competitive position, and action steps, and is reviewed regularly.

Key Definitions

Key account is defined as a customer of strategic importance whose size or potential justifies dedicated, customized management.

National account is defined as a key account with geographically dispersed buying locations managed through centralized coordination.

Key Points — very important for exams

Key accounts: few customers, large share of business — protect them.

Select on potential and strategic fit, not just current volume.

Team selling + written account plans; review regularly — very important.

Section Summary

Treat your most important customers as the strategic assets they are: dedicated managers, team selling, and formal plans.

Exam Pointers

- Why do key accounts need different management?
- What criteria select key accounts?

Lecture 17: Channel Management and Distribution

Learning Objectives

- Explain the sales manager's role in channels
- Describe channel conflict and cooperation

Many firms sell through intermediaries — distributors, dealers, agents. The sales manager then manages two selling efforts: the company's own force and the channel partners'. Selecting the right partners, training them, motivating them (with margins, support, recognition), and evaluating them are core channel management tasks.

Channel conflict arises when partners compete: e.g., the company's direct online store undercuts dealers, or two dealers poach each other's territories. Manage conflict with clear territory policies, differentiated products or pricing across channels, and communication.

Vertical marketing systems — corporate, contractual (franchises), or administered — coordinate the channel as a unit. The trend is toward fewer, closer partner relationships and toward omnichannel coordination so the customer experience is consistent.

Key Definitions

Channel conflict is defined as disagreement among channel members, e.g., when one member's actions reduce another's sales or margins.

Vertical marketing system is defined as a distribution channel in which members act as a unified system under common ownership, contract, or leadership.

Key Points — very important for exams

Manage partners: select, train, motivate, evaluate — like an extended sales force.

Prevent conflict with clear territories and channel-differentiated offers.

Trend: fewer, deeper partnerships; consistent omnichannel experience.

Section Summary

Channels multiply reach but add a management layer. Treat partners as an extension of your sales organization.

Exam Pointers

- How does a sales manager manage channel partners?
- What causes channel conflict and how is it managed?

Lecture 18: Sales Technology, CRM, and Analytics

Learning Objectives

- Explain how technology supports selling
- Describe CRM and sales analytics uses

Sales force automation (SFA) — contact management, scheduling, order entry, reporting on laptops and phones — frees selling time from paperwork. Customer relationship management (CRM) systems centralize customer data so every interaction builds on the last, enable segmentation, and track the pipeline from lead to close.

Sales analytics turns CRM data into decisions: pipeline analysis (where deals stall), win/loss analysis, customer profitability, and territory potential estimates. Dashboards give managers real-time visibility without micromanaging.

Technology also enables inside selling, video presentations, and social selling. But technology is a tool, not a strategy: adoption fails when systems are designed for management reporting rather than for helping salespeople sell. Very important: involve the sales force in system design and keep data entry light.

Key Definitions

CRM (Customer Relationship Management) is defined as systems and practices for managing customer interactions and data across the customer lifecycle to improve relationships and retention.

Sales pipeline is defined as the staged flow of opportunities from prospect to closed sale, used to forecast and manage selling effort.

Key Points — very important for exams

SFA frees selling time; CRM centralizes customer knowledge.

Analytics: pipeline, win/loss, profitability, potential.

Design systems to help reps sell, not just to report — adoption depends on it.

Section Summary

Technology multiplies a well-managed sales force. Keep systems rep-friendly, data clean, and analytics action-oriented.

Exam Pointers

- How do SFA and CRM improve sales management?
- Why do sales technology projects fail, and how can failure be avoided?

Lecture 19: Ethics and Legal Issues in Selling

Learning Objectives

- Identify ethical issues in sales management
- Explain legal constraints

Salespeople face constant ethical pressure: to hit quota they may misrepresent products, bribe buyers, or disparage competitors. Sales managers set the ethical climate — what they reward and what they tolerate teaches the force what is acceptable. Codes of ethics, training, and enforcement must be real, not wall decorations.

Common issues: deception in presentations, gifts and entertainment that become bribes, confidentiality of customer information, and treatment of competitors. Legal constraints include truth-in-advertising laws, anti-bribery statutes, and competition law (price discrimination, exclusive dealing).

Ethical selling is also good business: trust is the foundation of relationship selling, and one scandal destroys years of goodwill. Note: in Pakistan, the Prevention of Corruption Act and SECP regulations, plus each firm's code, frame the legal boundaries.

Key Definitions

Ethical climate is defined as the shared perception of what is ethically acceptable in an organization, shaped largely by management behavior and rewards.

Key Points — very important for exams

Managers create the ethical climate by what they reward and tolerate.

Watch: misrepresentation, bribery disguised as gifts, competitor disparagement.

Ethics underpins trust; trust underpins relationship selling — very important.

Section Summary

Ethics is a sales management responsibility, not a personal luxury. Build it through codes, training, and consistent enforcement.

Exam Pointers

- What are the main ethical issues in personal selling?
- How does a sales manager build an ethical sales force?

Lecture 20: Relationship Selling and Customer Retention

Learning Objectives

- Explain relationship selling
- Describe retention strategies and CLV

Relationship selling is the practice of building long-term ties with customers rather than pursuing one-time transactions. It rests on trust, commitment, communication, and mutual value: the salesperson becomes a trusted advisor who understands the customer's business deeply. Research consistently shows that acquiring a new customer costs five to seven times more than retaining an existing one, which is why relationship selling dominates B2B markets.

The relationship development process moves through stages: awareness, exploration, expansion, commitment, and (sometimes) dissolution. In exploration, both sides test the relationship with small orders; in expansion, interdependence grows; in commitment, the partners invest in the relationship and plan jointly. The salesperson's job is to move accounts up this ladder.

Customer retention strategies include regular business reviews, proactive problem solving, customization, loyalty programs, and top-management contacts. The key metric is customer lifetime value (CLV) — the net present value of all future profits from the customer — which justifies retention investments that look expensive in a single period.

Key Definitions

Relationship selling is defined as a sales approach focused on building long-term, trust-based customer relationships rather than single transactions.

Customer lifetime value (CLV) is defined as the net present value of the total future profit expected from a customer over the whole relationship.

Examples

- A packaging supplier holds quarterly business reviews with a food manufacturer, jointly planning capacity.
- A software vendor assigns a customer success manager whose bonus depends on renewal rates, not new sales.

Key Points — very important for exams

Retention costs 5–7× less than acquisition — relationships are profitable.

Stages: awareness → exploration → expansion → commitment.

Retention tools: business reviews, customization, loyalty programs, executive contact.

Manage by customer lifetime value, not single-period sales.

Note:

Note: 'distinguish transaction selling from relationship selling' is a classic exam question — transaction = one sale, price focus; relationship = lifetime value, trust focus.

Review Questions

? What behaviors build trust in a buyer-seller relationship?

? How is CLV used in sales decisions?

Section Summary

The most profitable sale is the repeat sale. Relationship selling systematizes trust-building and measures success in lifetime value.

Exam Pointers

- Why is retention cheaper than acquisition?
- Describe the stages of relationship development.

Lecture 21: Negotiation in Selling

Learning Objectives

- Explain the negotiation process in selling
- Describe principled negotiation

Negotiation is the process by which buyer and seller reach agreement on price, terms, and conditions. Every major sale involves negotiation, and poor negotiators leave money on the table or lose deals. Preparation is the decisive phase: know your walk-away point, the customer's alternatives (BATNA), and the value of each concession you might make.

Principled negotiation (Fisher and Ury) advises: separate people from the problem, focus on interests rather than positions, invent options for mutual gain, and use objective criteria. In selling, this means discovering why the buyer needs a discount (budget cycle? internal politics?) rather than just haggling over numbers.

Tactics to recognize: good cop/bad cop, the nibble (asking for extras after agreement), higher authority ('my manager won't approve'), and deadlines. The professional response is preparation, patience, and trading concessions ('if you accept delivery in 30 days, I can improve the price by 2%') — never give without getting.

Key Definitions

BATNA (Best Alternative to a Negotiated Agreement) is defined as the best alternative a party has if the current negotiation fails; it determines bargaining power.

Examples

- A salesperson learns the buyer's real interest is a year-end budget deadline, and offers early delivery instead of a discount.
- Concession trading: 'I can include training if you sign a two-year contract.'

Key Points — very important for exams

Preparation decides negotiations: know your walk-away and their BATNA.

Principled negotiation: interests over positions, options for mutual gain.

Never concede without getting something in return.

Recognize tactics: nibbles, higher authority, false deadlines.

Review Questions

? Your buyer says 'your competitor is 10% cheaper' — how do you respond?

? Why is the first concession the most expensive?

Section Summary

Negotiation is structured problem-solving, not haggling. Prepare thoroughly, trade concessions, and protect value.

Exam Pointers

→ What is BATNA and why does it matter?

→ Describe the principles of principled negotiation.

Lecture 22: International Sales Management

Learning Objectives

- Describe challenges of international selling
- Explain cultural dimensions in selling

International selling adds layers of complexity: cultural differences in communication and decision-making, language barriers, currency and payment risk, longer logistics chains, and unfamiliar legal systems. What closes a deal in Lahore may offend in Riyadh or confuse in Berlin.

Cultural dimensions matter directly: in high-context cultures (much of Asia and the Middle East), trust and relationships precede business; in low-context cultures (Germany, the US), contracts and specifications dominate. Gift-giving, punctuality norms, and attitudes to hierarchy all vary. The competent international salesperson studies the culture before the call.

Management must adapt: select salespeople with cultural sensitivity, train on etiquette and language basics, design compensation for longer sales cycles, and choose entry modes — direct sales force, agents, or distributors — by market. Payment risk is managed with letters of credit and export credit insurance.

Key Definitions

High-context culture is defined as a culture in which communication relies heavily on context, relationships, and nonverbal cues rather than explicit words.

Examples

■ In the Gulf, closing too fast signals desperation; relationship-building dinners come first.

- A letter of credit protects a Pakistani exporter selling machinery to Nigeria.

Key Points — very important for exams

Added complexity: culture, language, currency, logistics, law.

High-context vs low-context cultures change how deals are done.

Adapt selection, training, and compensation for international roles.

Manage payment risk with letters of credit and insurance.

Review Questions

- ? How would you prepare a salesperson for their first Gulf sales trip?
- ? Direct force vs agent vs distributor: when is each best?

Section Summary

International selling is domestic selling plus culture, currency, and distance. Preparation and adaptation are non-negotiable.

Exam Pointers

- How does culture affect the selling process?
- What extra risks does international selling carry?

Lecture 23: Sales Audit

Learning Objectives

- Define the sales audit
- Describe its scope and process

A sales audit is a comprehensive, systematic, independent, and periodic examination of the sales organization's objectives, strategies, and activities, aimed at identifying problems and opportunities. Like a financial audit, it is best done by someone independent of the unit being examined.

The audit covers the sales environment (markets, competitors, regulation), the sales strategy (objectives, segmentation, positioning), the sales organization (structure, staffing), the sales management system (planning, control, evaluation), and sales productivity (cost and profitability analysis). Checklists and benchmarks guide the examination.

Audits are triggered by declining performance, a new sales manager, mergers, or simply on a schedule (every 1–2 years). The output is a report with findings and prioritized recommendations — and, critically, a follow-up plan, because unaudited recommendations die in drawers.

Key Definitions

Sales audit is defined as a comprehensive, systematic, independent, periodic review of the sales organization's objectives, strategies, and performance.

Examples

- A new national sales manager audits all regions in the first 90 days to baseline performance.
- An audit discovers that 30% of reps' time goes to non-selling admin — leading to a support-staff hire.

Key Points — very important for exams

Audit = comprehensive, systematic, independent, periodic review.

Covers environment, strategy, organization, systems, productivity.

Trigger: decline, new leadership, merger, or schedule.

Recommendations need a follow-up plan to matter.

Review Questions

- ? Who should conduct a sales audit and why?
- ? How does a sales audit differ from routine performance evaluation?

Section Summary

The sales audit is preventive medicine for the sales organization: find problems systematically before they become crises.

Exam Pointers

- What does a sales audit cover?
- When should a sales audit be conducted?

Lecture 24: Sales Meetings and Field Communication

Learning Objectives

- Explain the role of sales meetings
- Describe effective meeting and field practices

Sales meetings — weekly team huddles, monthly reviews, annual kickoffs — are the sales manager's main communication channel. Good meetings inform, train, motivate, and coordinate; bad meetings waste the scarcest resource, selling time. Every meeting needs a purpose, an agenda, and a time limit.

Effective meetings mix information (results, product updates, competitive intelligence) with development (skill practice, role plays, success-story sharing) and motivation (recognition, contest launches). The annual sales meeting or kickoff sets the year's tone: new products, new targets, new energy.

Between meetings, managers communicate through field visits (joint calls that coach and gather intelligence), memos and dashboards, and increasingly video and messaging. The principle:

communicate to help reps sell more, not to generate paperwork.

Key Definitions

Field visit / work-with is defined as joint customer visits by a manager with a salesperson, used for coaching, evaluation, and market intelligence.

Examples

- A weekly 30-minute huddle: wins shared, one objection-handling role play, targets reviewed.
- An annual kickoff launching a new product line with hands-on training stations.

Key Points — very important for exams

Meetings must have purpose, agenda, and time discipline — selling time is sacred.

Mix information, training, and motivation in every meeting.

Field visits coach reps and gather market intelligence.

Communicate to help selling, not to create paperwork.

Review Questions

- ? Design an agenda for a monthly sales meeting.
- ? How should a manager conduct a joint call without undermining the rep?

Section Summary

Communication is a sales management tool. Run tight, purposeful meetings and use field time to coach.

Exam Pointers

- What makes a sales meeting effective?
- What are the purposes of field visits?

Glossary of Key Terms

Sales management — the planning, direction, and control of personal selling activities, including the management of the sales force through recruitment, training, motivation, compensation, and supervision.

Personal selling — direct communication between a salesperson and a prospective customer aimed at making a sale and building a customer relationship.

Prospect — a potential customer who has a recognized need, the authority to buy, the ability to pay, and eligibility to buy the product.

Closing — the step of the selling process in which the salesperson asks the prospect to place the order.

Order getter — a salesperson who proactively persuades customers to buy, creating new business rather than simply taking orders.

Missionary salesperson — a support salesperson who builds goodwill and educates potential buyers without directly taking orders.

Span of control — the number of subordinates reporting directly to one manager; typically 6 to 10 in field sales management.

Territorial sales organization — a structure in which each salesperson is assigned an exclusive geographic area and sells the company's full product line there.

Recruitment — the process of attracting a pool of qualified candidates for sales positions.

Job specification — a written statement of the qualifications — education, experience, personal traits — required to perform a sales job.

Selection validity — the degree to which a selection instrument actually predicts future job performance.

Assessment center — a selection method in which candidates perform simulated job exercises (e.g., role-play selling) while trained assessors evaluate them.

On-the-job training — training in which a new salesperson learns by working alongside an experienced salesperson or manager in the field.

Role playing — a training method in which trainees practice selling skills in simulated buyer-seller interactions.

Motivation — the willingness of a salesperson to exert high levels of effort toward organizational goals, conditioned by the effort's ability to satisfy individual needs.

Expectancy theory — the theory that motivation depends on expectancy (effort leads to performance), instrumentality (performance leads to reward), and valence (the reward is valued).

Straight commission plan — a compensation method in which the salesperson's pay is a direct percentage of sales, with no fixed salary.

Combination compensation plan — a plan blending fixed salary with variable incentives such as commission or bonus.

Sales territory — a group of customers or a geographic area assigned to an individual salesperson.

Market potential — the total possible sales of a product in a territory under ideal conditions.

Routing (journey planning) — planning the sequence of customer visits to minimize travel time and maximize selling time.

Call frequency — how often a salesperson visits an account, normally set by account size and potential.

Sales quota — a quantitative objective assigned to a salesperson, territory, or region for a specified period.

Activity quota — a quota based on selling activities (calls, demonstrations, new accounts) rather than results.

Sales forecast — an estimate of the sales a company expects to achieve in a future period under a given marketing plan.

Sales force composite — a forecasting method that sums individual salespeople's estimates of their territory sales.

Sales budget — the financial plan stating expected sales revenue and the selling costs authorized to achieve it.

Variance analysis — comparing actual results with budgeted figures and investigating significant differences.

Output measures — evaluation criteria based on selling results, such as sales volume, profit, and new accounts.

Input measures — evaluation criteria based on selling effort, such as calls made and proposals submitted.

Key account — a customer of strategic importance whose size or potential justifies dedicated, customized management.

National account — a key account with geographically dispersed buying locations managed through centralized coordination.

Channel conflict — disagreement among channel members, e.g., when one member's actions reduce another's sales or margins.

Vertical marketing system — a distribution channel in which members act as a unified system under common ownership, contract, or leadership.

CRM (Customer Relationship Management) — systems and practices for managing customer interactions and data across the customer lifecycle to improve relationships and retention.

Sales pipeline — the staged flow of opportunities from prospect to closed sale, used to forecast and manage selling effort.

Ethical climate — the shared perception of what is ethically acceptable in an organization, shaped largely by management behavior and rewards.

Relationship selling — a sales approach focused on building long-term, trust-based customer relationships rather than single transactions.

Customer lifetime value (CLV) — the net present value of the total future profit expected from a customer over the whole relationship.

BATNA (Best Alternative to a Negotiated Agreement) — the best alternative a party has if the current negotiation fails; it determines bargaining power.

High-context culture — a culture in which communication relies heavily on context, relationships, and nonverbal cues rather than explicit words.

Sales audit — a comprehensive, systematic, independent, periodic review of the sales organization's objectives, strategies, and performance.

Field visit / work-with — joint customer visits by a manager with a salesperson, used for coaching, evaluation, and market intelligence.