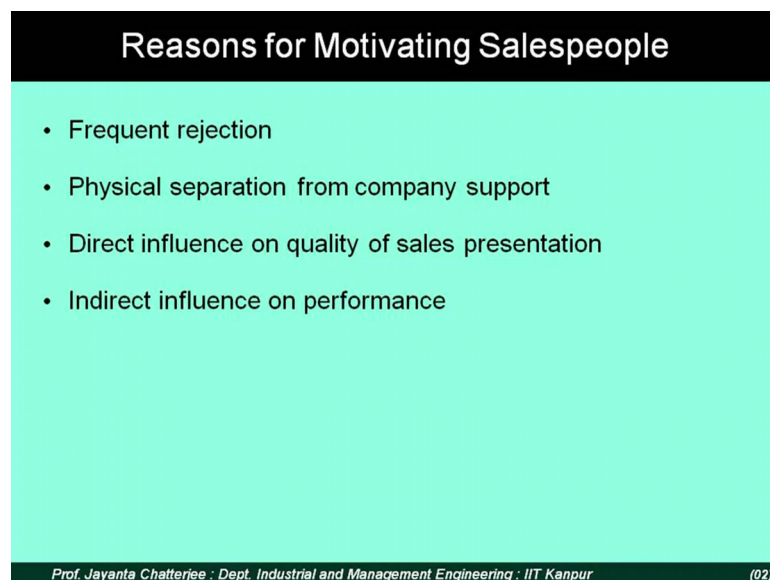


Management of Field Sales
Prof. Jayanta Chatterjee
Department of Industrial & Management Engineering
Indian Institute of Technology, Kanpur

Lecture - 18
Sales Force Motivation

Hello welcome to the 18th session of our discussions on Management of Field Sales. I am Jayanta Chatterjee from IIT Kanpur. We are discussing in this particular session a very important topic for field sales management and that is Sales Force Motivation.

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Reasons for Motivating Salespeople

- Frequent rejection
- Physical separation from company support
- Direct influence on quality of sales presentation
- Indirect influence on performance

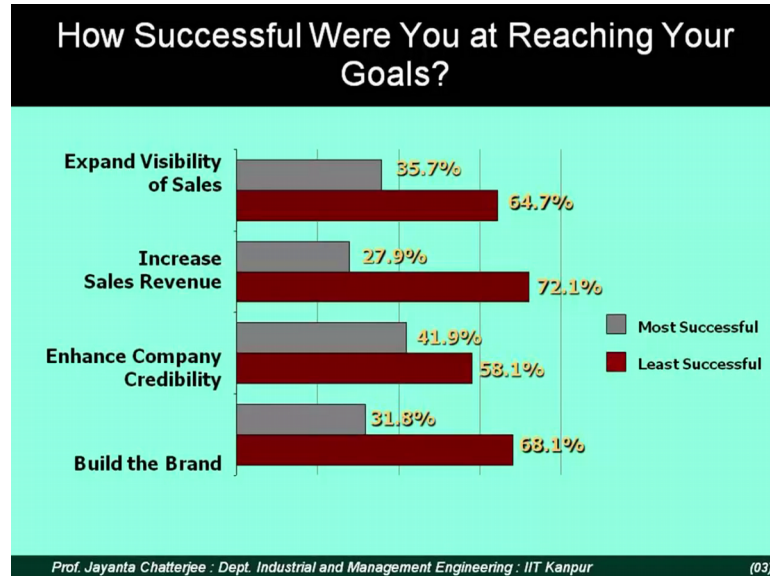
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The sales force needs a lot of inputs with respect to keeping up their motivation level and their enthusiasm level; because as we have discussed before the sales people often face hostile environment, rejection environment, objection environment; that means, your whole of load of negative inputs; and remember that a sales person is out there in the field we are discussing about the field salespeople. So, they are away from the nurturing environment of the organization.

As a result they are often alone at distant places at the sight of the prospective customer and they are facing rejection, they are facing objections. So, it is only with their inner motivation with their inner strength, with their personal resilience, they can handle that kind of continuous negative inputs. So, high level of motivation of a sales person directly influences the sales presentation or the sales related conversations with the customer.

And in the long run; obviously, therefore, high level of motivation is quite related to high level of performance of a sales person. So, motivational inputs are extremely important.

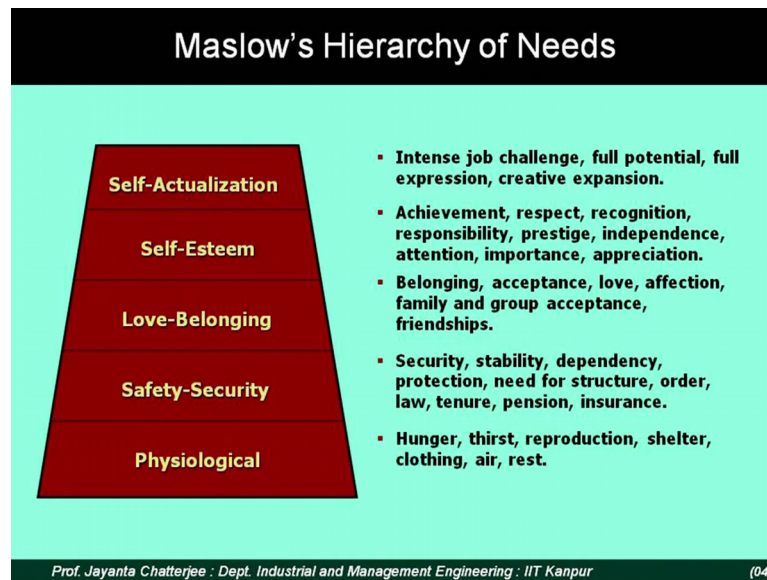
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In fact, there is this is a interesting research output, which shows that what are the key criteria on which the sales people are assigned their objectives. Some of these are quantitative like increasing the sales revenue, some may be qualitative like increasing the visibility or very importantly the last one if you see here building the brand. Building the brand needs lot of creative innovative idea oriented contribution from the salesperson and that often actually becomes almost impossible unless the person is highly motivated only when a person is highly motivated.

And you can see here that, between the very successful salespeople versus the least successful salespeople on building the brand, the differential is very high 31.8 percent to 68 percent. So, highly motivated salesperson will be operating very well on all these different performance criteria.

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This Maslow's hierarchy of needs we have discussed earlier. Here I want to relate Maslow's hierarchy of needs to the kind of areas where motivational inputs are required. One important point is that as you remember in Maslow's hierarchy of needs, the lower two levels are physiological and safety security oriented physiological are you know like [FL], hunger, shelter, clothing, air and all those kinds of issues and the next level is with respect to safety and security. And, that is dependent on the sense of safety in the job, the stability the protection from their team and their bosses and the need for structure order and so, on.

Now, the point I am trying to make is that if the concern of the salesperson is dominated by the first two levels, then there is lot much that you can do with motivational inputs. But if their concerns are more towards the higher three levels, particularly level 3 and level 4 good motivational inputs, good motivational environment, good motivational supervision can play a big role.

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An Exercise to Determine Your Motivational Needs

- To perform the exercise, read through the following statements...check those which are **most important in motivating you to do your best work**. Select the **ten** most important statements.

629 Job security

847 Being trusted to do my job the way I think it should be done.

333 Participating in work group conversations.

311 Having adequate shelter to protect from the elements.

836 Having a job which allows me time with my family.

151 Having an opportunity for personal growth.

937 Socializing with my friends.

743 Being considered for an advancement opportunity.

431 Working with other people.

819 Having children.

458 Doing something meaningful with my life.

757 Being in a position to contribute new ideas

..... (continued in next page)

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There is a simple test that can be done I am providing you a brief synopsis of that test. And you can use it on yourself; you can also use it with your team members if you are a practicing salesperson. And that is there a this is a series of statements or series of postulates, and what the task is that, the salesperson has to select the most important the top ten factors with respect to motivational importance to deliver the best.

(Refer Slide Time: 06:06)

An Exercise to Determine Your Motivational Needs

828 Having an associate that looks out for my interests.

735 Including other people in what I do.

949 Being selected for an exclusive award.

234 Being involved with work associates in social and recreational activities..

616 Being sexually satisfied.

146 Having a responsible person tell me when I've done a good job.

539 Having an active part in work related social activities.

341 Knowing that other people respect me and my work.

132 Acceptance as a work group member.

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An Exercise to Determine Your Motivational Needs

- To perform the exercise, read through the following statements...check those which are **most important in motivating you to do your best work**. Select the **ten** most important statements.

629 Job security

847 Being trusted to do my job the way I think it should be done.

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458 Doing something meaningful with my life.

757 Being in a position to contribute new ideas

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So, a person has to select the there are there are list of these are the two pages of lists; from this the salesperson your team members you yourself will have to select the top ten needs or the top ten important statements according to the personal perception of the respondent. After that after this is done and the person has actually can even you can even ask the respondent to put some rank order; that means, the most important, the second most important, the third most important like that up to the ten important statements.

Then what you can do here is, as you see all the statements have a number on the side like 6 to 9 8 4 7. What we are going to focus on are the middle number like 2431353. So, the middle numbers are to focus in and what we are going to do is then add up

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Your Score

To Determine Results:

- The statements are divided into five categories intended to represent the five levels in Maslow's Hierarchy of Needs. The second digit in each statement number indicates the category. These categories are:
 - 1. Physiological**
 - 2. Safety-Security**
 - 3. Love-Belonging**
 - 4. Self-Esteem**
 - 5. Self-Actualization**
- Count up the number you have in each category then calculate the percentages for each category. The categories with the highest percentages would be your personal motivational drivers.

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So, out of ten if most of the factors are in this one and two type of middle number then, those are physiological and safety security concerns. As I mentioned those are areas where the structural issues will have to be addressed not so, much as the motivational issues. So, the organization has to look into the structure policy environment job environment and other issues.

In a well-run sales organization, we will normally see a higher number of type three or type four factors in rare cases maybe type five factors and that means, that those are the areas relating to belonging and self-esteem, where motivational inputs can be very effective. And, it will tell you that what kind of motivational inputs are necessary for the field sales force.

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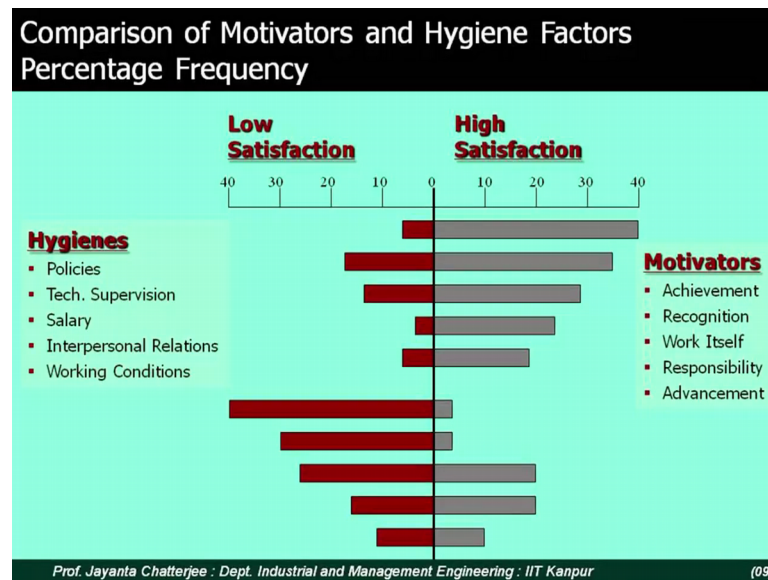
Maslow's Needs & Related Sales Force Motivators	
Maslow's Hierarchy Of Needs	Motivators
SELF-ACTUALIZATION	▪ Challenging tasks calling for creativity
ESTEEM	▪ Recognition programs
BELONGING	▪ President's Club 10 million Rs.
SAFETY & SECURITY	▪ Job security and fringes
PHYSIOLOGICAL	▪ Cash wages and bonuses

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This is a chart which actually sort of explains the relationship,; that means, if the if there are belonging type of thing you know the sales manager can create structural solutions like say the presidents club of salespeople who will win ten million rupees worth of orders. So, this is 1 crore club. So, you normally what will happen is that, the sales successful sales people in who will be in this category, the president will have maybe a dinner with them with the family name members attending. The president will personally listen to; the president in this case could be the vice president of sales and marketing it could be you know the board of directors.

And if the sales persons are then encouraged to air their personal views about the company's direction or what needs to be done with respect to products, with respect to policies and structures and so, on that will be highly motivational. Because the sales people will feel that they are part of the company's overall direction setting, they are actually their voice is important and that all those are very important motivational factors of people, who are in the third level belonging level. And various other kinds of recognition programs besides this 1 crore club you know can be created, where there different types of awards, for different kinds of performances and those are also great inputs for esteem related motivational needs.

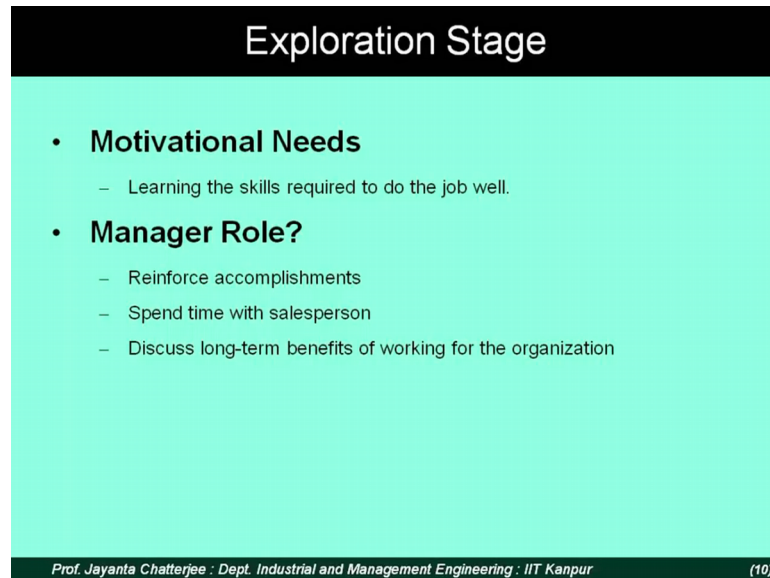
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So, roughly speaking you can see that, if the company is in type 1 type 2 level of the hierarchy of needs, then you know really the focus of the organization should be on policies on salary, on interpersonal relations and organizational environment working conditions and so, on. Whereas, more motivational inputs are necessary, when you see that the concerns or important factors listed by the sales teams are relating to recognition, the work itself, the responsibility level the career advancement and so, on.

So, if most of the salespeople concerns are at this level; that means, that actually overall it is a low satisfaction, low motivation organization. And if there are more and more concerns on this site; that means, you are actually progressing well towards high satisfaction, high motivation side of the sales force makeup and sales force approach sales force motivation.

(Refer Slide Time: 12:00)

A presentation slide titled "Exploration Stage" in white text on a black background. The main content area has a light blue background and contains two bullet points. The first bullet point is "Motivational Needs" with a sub-bullet "Learning the skills required to do the job well." The second bullet point is "Manager Role?" with three sub-bullets: "Reinforce accomplishments", "Spend time with salesperson", and "Discuss long-term benefits of working for the organization". At the bottom, a dark green footer contains the text "Prof. Jayanta Chatterjee : Dept. Industrial and Management Engineering : IIT Kanpur" and the slide number "(10)".

Exploration Stage

- **Motivational Needs**
 - Learning the skills required to do the job well.
- **Manager Role?**
 - Reinforce accomplishments
 - Spend time with salesperson
 - Discuss long-term benefits of working for the organization

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In the exploration stage in the exploration stage, of setting a motivational program, first is actually you know focus on learning. Learning the skills required to do the sales job well. Side by side the managers role is to reinforce accomplishments, spend time with the salesperson discussing about the knowledge side of the sales process. Also discuss the long term impacts good sales performance has on the organization, and link therefore, the sales persons contribution to the organizational wellbeing.

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A presentation slide titled "Establishment Stage" in white text on a black background. The main content area has a light blue background and contains two bullet points. The first bullet point is "Motivational Needs" with a sub-bullet "Use skills to produce results, increase job autonomy". The second bullet point is "Manager Role?" with two sub-bullets: "Provide high rewards for high achievers" and "Have salespeople recognize success has something other than promotion". At the bottom, a dark green footer contains the text "Prof. Jayanta Chatterjee : Dept. Industrial and Management Engineering : IIT Kanpur" and the slide number "(11)".

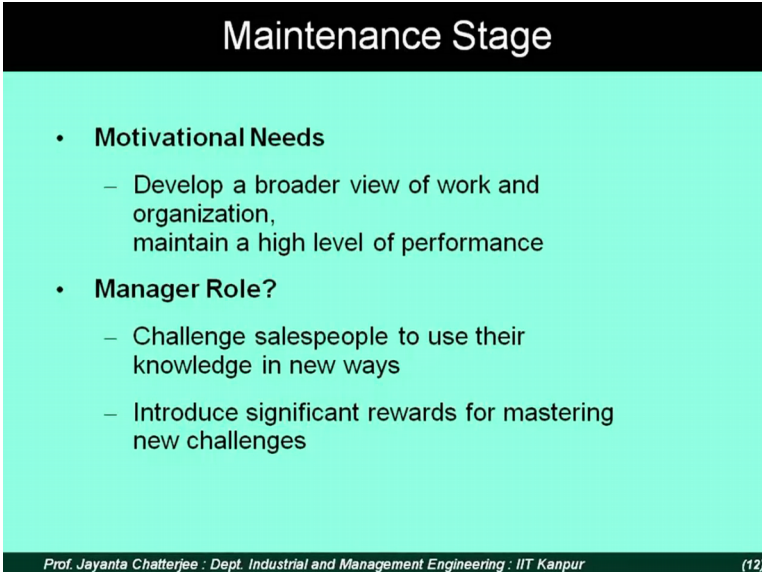
Establishment Stage

- **Motivational Needs**
 - Use skills to produce results, increase job autonomy
- **Manager Role?**
 - Provide high rewards for high achievers
 - Have salespeople recognize success has something other than promotion

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Later on you focus more on the in the in the at the first stage this is a more on exploratory situation, but in the later stage where you actually focus through your motivational inputs also on the skills to produce higher level of results. And how you can actually increase the self-starter type of profile of the sales person, how to make them more autonomous. So, more self-engine driven. And here actually the managers role is to reward high achievement which is coming from autonomous independent initiative. And in short the whole purpose of this motivational process is to highlight the paradigm of success beyond just salary increase or promotion.

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Maintenance Stage

- **Motivational Needs**
 - Develop a broader view of work and organization, maintain a high level of performance
- **Manager Role?**
 - Challenge salespeople to use their knowledge in new ways
 - Introduce significant rewards for mastering new challenges

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So, this internal level of self-motivation and creation of more autonomous self-driven sales person psychology, is what we need to create through the motivational process motivation management what we call in this session. And of course, first is explanation, then is what we discussed about establishment and then this maintenance and so, here actually we look at the broader view of work and organization and involve the sales persons in that.

And the other thing is the management here can create different kinds of challenges because, the sales persons are kind of people, who are highly motivated by challenges. They are like sportsmen or sports women and so; that means, they are actually continuously trying to do better than what they themselves did before and this is this is really the sign of good high levels sports performance.

And similar a challenge setting is an important role of the manager and of course, if challenges are achieved, then there should be significant rewards and significance here again I want to highlight is not only it is important that there is a monetary reward. It is important that there are some positional reward, but it should not end there it should actually visible belonging and esteem needs should be addressed in the reward structure.

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Giving Status to Salespeople

- 1. Compensation**
- exceed first-line managers
- 2. Job Title**
- no cost but considerable payback
- 3. Company Car Upgrade**
- salespeople spend much time in car reminds them of their value.
- 4. Car Phone –**
- justified on a purely business basis

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So, compensation, job title, usage of company car and other facilities, company phone and other perquisites are quite important.

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Giving Status to Salespeople

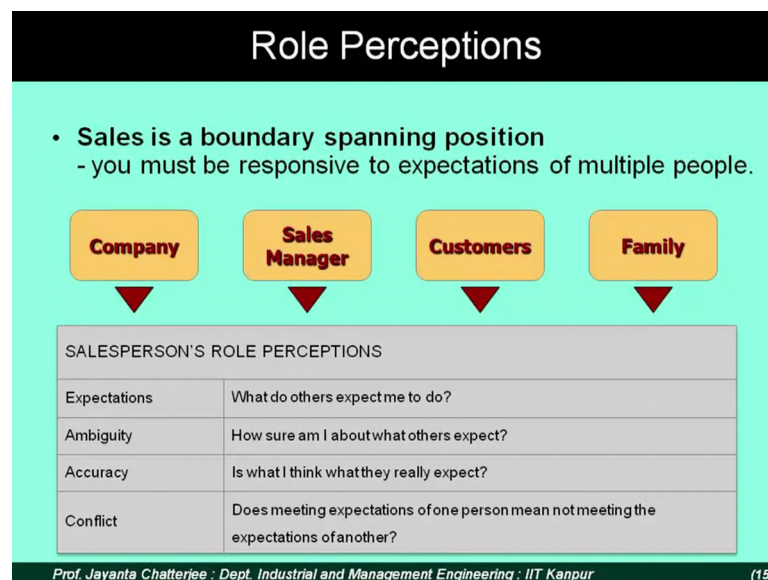
- 5. Field Sales Council**
- meet president for 1/2 day open-ended discussion on field marketing conditions - report back to field meetings the results
- 6. Published Success Stories**
- high form of recognition
- 7. Task Force Assignments**
- e.g., review of all paperwork.

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Also in many organizations they are practicing this thing, that they have field sales council where maybe you know the top sales people will be meeting with the board of directors. The top sales people will be meeting with a council of the top managers, and there it a patient hearing has to be given to the sales peoples perceptions and important contributions should be rewarded and important contributions should be visibly implemented.

And these create a very high level of motivation. And of course, a company journal or company website a highlighting success of individual salespeople, and that kind of success could be different it could be by way of sales numbers achievement and there are various other kinds of qualitative sites we can look at.

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So, this is a slide which shows this concept of boundary spanning. Boundary spanning means that just like in a football field, the center forward is supposed to score goals right. But in a good football team if required the forward center forward or other forward members, may often actually take some defensive role. They may actually go up and down the field playing, a different responding to different kinds of needs. In the same way in the in a motivated sales team, they are easily handling sometimes roles expected out of say customer service people or roles played by sometimes the top management.

Because they are alone in front of the customer and if required you should say I can take this decision. And the organization should create processes and structures, where in

under special circumstances the salesperson out there in the field should be able, should be enabled empowered to take a decision which normally would be taken by the sales manager or somebody even higher. Of course, this facility is to be given to such people who are high performance. The high performers people who are highly motivated and people who have been found to have good common sense.

And there you can actually delegate that kind of empowerment. And that definitely improves the boundary spanning. So, the ball does not drop and therefore, the customer gets a seamless feeling. I have seen that many good sales people often call on the customer even after the sale even though at that is the time when the order might be under execution. Really speaking it has no relationship with immediate order booking, yet good sales persons go and spend that time because they are wanting to be boundary spanning. They want to give the customer the feeling that the salesperson is a single point contact to respond to customers need as well as problems if any later stage.

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Typical Sales Job Activities			
Job Dimension	Activities	Activities	
SELLING FUNCTION	Plan Activities Develop leads Prospecting Identify Decision- Makers	Prepare Presentations Make Presentations Overcome Objections Introduce New Products	
WORKING WITH ORDERS	Write orders Expedite orders Handle back orders	Find last orders Handle shipping problems	
PRODUCT SERVICING	Learn about product Test equipment Supervise installation	Train customers Supervise repairs Perform maintenance	
MANAGING INFORMATION	Receive feedback Provide feedback	Provide technical information	
SERVICING THE ACCOUNT	Stock shelves Set up displays	Count inventory Promote local advertising	
ATTENDING CONFERENCES	Sales conferences Client conferences	Product exhibitions Training sessions	
TRAINING/RECRUITING	Recruit new reps Travel with trainees	Train new reps	
ENTERTAINING	Parties, Drinks	Dinner, Lunch	
TRAVELING DISTRIBUTION	Out-of-Town Sell through Establish relationships	In-Town Train Credit	

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So, this particular slide you should read it in more detail after downloading it, to tell you that these are the different types of sales functions and like working with orders, products servicing managing information, servicing the account all of these to highlight two things. We also have the activities related to each type of function that is described on the left hand side column; and I am trying to highlight it through this slide two things.

One is that when we talk about boundary spanning, then even though a sales person is supposed to be confined to this particular set of activities, actually if required the sales person in a boundaries spanning mode may have to do these functions as well for example, product servicing learning about the product how it is tested what are the quality shoes so, that the sales person in a good particularly in high tech industrial selling. The sales person if can train the customer, supervise repairs, in an emergency situation can actually guide the maintenance in the clients organization, it goes a goes a quite a bit towards establishing.

The sales persons personal credibility and thereby raising the motivational level of the sales person. So, understanding the different activities with respect to different dimensions of the job and empowering the sales person, training the sales person giving them necessary skills to go across their traditional job boundary job description will actually be beneficial in two ways. A it will raise the motivational level of the sales person by making the person more knowledgeable, by making the job multi dimensional as well as it will give a higher level of satisfaction to the customer if done well. That means, the customer feels very respectful of the salesperson and that creates the new generation of salesperson which we have discussed right in the beginning.

That this is the age of consultative selling, this is the age where the salesperson must be respected and not considered as a corn man. So, to implement that this versatility, this multidimensionality in the job performance is very important and now, I will conclude with some aspects of self-motivation and motivation directed self-monitoring. This is something I discussed right in the first week of sessions that, ultimately for good sales performance the salesperson must be well managed within well managed within.

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A Self-Contract

- Clear detailed description of behavior targeted for change.
- How behavior is to be observed, measured and recorded
- Detail of criterion for reinforcement
- Designates the reinforcement
- Stipulates the negative consequences of not fulfilling contract
- Sets timing for delivering reinforcement

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And this self-management can be actually implemented by one of the important techniques and very useful techniques which we call a self-contract, where the self salesperson can enter into a contract with himself or herself a very private level understanding.

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Example of a Self-Contract

Date: _____

Goal: Increase the number of accounts by 10% in the coming year

Agreement

Self: I agree to call on at least three prospective customers each week throughout the year. In my call report I will note each new contract made. At the end of the week this information will be transferred to a chart posted on my office door.

Consequences

If the contract is kept:

After calling on a new customer I will reward myself with a steak dinner and bottle of fine wine. Each week I call on three or more new customers I will reward myself by playing a round of golf on Saturday morning. For every new account I secure I will reward myself by playing an extra round of golf on Sunday.

If the contract is broken:

If I fail to contact at least three new customers during the week, I will spend Saturday morning in the office prospecting for new customers.

Bonus clause:

If I exceed the goal of increasing the number of accounts by 10% before the year is out, I will reward myself with a weekend trip to Las Vegas.

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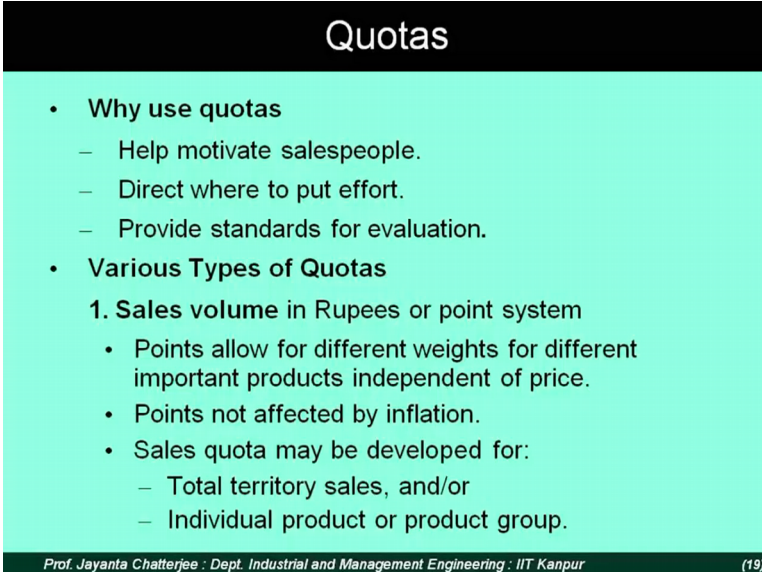
(18)

Where the person will be impartially assessing his or her own performance and out of that create a contract something which may look something like that this. That on a particular date, this is the goal and this is the agreement, that I agree to call on at least

three prospective customers each week throughout the year. In my call report I will note each new contract made at the end of the week this information will be transferred to a chart posted on my office door.

So, this is a very simple commitment to oneself and this kind of agreement and its execution actually can create very positive consequences which are listed here and I request you to read them in detail; that if the contract is kept, if the contract is broken and kind of a bonus clause. So, you see this is all self-managed. So, you reward yourself through this bonus clause, that if I exceed the goal of increasing the number of accounts by 10 percent before the year is out, I will reward myself with a weekend trip to a here it is Las Vegas taken from an American example, but it could be a trip to Goa or anything that will be interesting.

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Quotas

- **Why use quotas**
 - Help motivate salespeople.
 - Direct where to put effort.
 - Provide standards for evaluation.
- **Various Types of Quotas**
 1. **Sales volume in Rupees or point system**
 - Points allow for different weights for different important products independent of price.
 - Points not affected by inflation.
 - Sales quota may be developed for:
 - Total territory sales, and/or
 - Individual product or product group.

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Then comes concluding two or three slides on quotas and they are role in motivation. Now quotas are kind of targets another name of targets and it has been found through a number of research people, and various kinds of long term research projects. That monetary rewards play a lesser role in motivating a sales person compared to achievement of quotas.

That means, if targets are met or targets are exceeded, the salesperson really feels a high and that is a kind of self-motivation which has invaluable long term impact. And this kind of quotas or target setting can be done very skilfully by a sales manager because the

quotas can be obviously, sales volume related; that means, how many rupees worth of orders or how many number of units sold, how many machines are installed and so, on. So, these are quantitative volume related.

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The slide is titled "Various Types of Quotas" in a black header. The main content area is light blue and contains two numbered points. Point 2, "Profit-based", states that these quotas are rarely based on bottom line profits and lists two bullet points: "Difficult to account for indirect expenses" and "Profits are usually configured as gross margins minus some load factor". Point 3, "Activity-based", states that these quotas are based on activities directly related to sales volume and lists three bullet points: "More directly under control of the salesperson", "Biggest problem is falsification of call reports", and "Issue of quantity vs. quality of activity?". The footer is black and contains the text "Prof. Jayanta Chatterjee : Dept. Industrial and Management Engineering : IIT Kanpur" and the slide number "(20)".

Various Types of Quotas

2. **Profit-based** quotas are rarely based on bottom line profits

- Difficult to account for indirect expenses
- Profits are usually configured as gross margins minus some load factor

3. **Activity-based** quotas are based on activities directly related to sales volume

- More directly under control of the salesperson
- Biggest problem is falsification of call reports
- Issue of quantity vs. quality of activity?

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It could be profit based. This is a higher order of requirement; that means, a person a sales person has to understand cost volume profit relationships and should understand that how their performance in a particular territory goes towards the final organizational performance. So, if a salesperson is able to understand profit impact of their actions, it means that that organization has done well with respect to empowering and making their salespeople knowledgeable.

And of course, sometimes the targets or quotas should be set with respect to certain activities that is for example, the number of units sold of a new product or you know the true reporting of sales call facts or; that means, you know the issue of quality as opposed to just simple quantity type of thing.

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Sales Force Experiment

- Most Universal salespeople are “quota achievers” not “money maximizers”.
- When given a more easily attainable quota, motivation declines so much they will be less likely to make lower than higher quota.
- Set quotas at challenging levels and attach great significance to attainment
- What salespeople say will likely differ from what they do.

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And, as I was mentioning that it has been found through number of experiments and research projects, that salespeople are more of quota achievers and not money maximizers. And so, therefore, the quota setting is a skill that a sales manager a field sales manager has to develop because, if it is too low then actually motivation declines because the salesperson know. So, I can easily meet that quota. And if the quota is very high then it can actually lead to frustration the salesperson can feel I can never achieve that and then that itself actually will make it a self-fulfilling prophecy by not meeting it.

So, setting the quota at a challenging level; that means, not too easy not too hard, not too ambitious, yet it is not too you know lowbrow setting it at a optimum level can be done skilfully by the sales manager depending on the overall organizational strategic imperatives at that particular point, and also it the quota setting should not be thought of without relating to overall organizational needs organizational environment. As I had mentioned right in the beginning of this session that if the concerns are too much related to a physiological and security, then that a higher order target setting is creates a very very harsh task oriented environment and ultimately it is detrimental. It may work in the short term for a little while, but in the long term that organization will fail.

So, with that I conclude this important session on sales force motivation, and there are number of other references given in your textbook and so, I request all of you to read in conjunction with today’s session, the chapters relevant chapters in the textbooks. Any

one of the books will have some discussion on sales force motivation. And if you have any further question please do post them on the forum.

Thank you.