Sales and Distribution Management Prof. Sangeeta Sahney Vinod Gupta School of Management Indian Institute of Technology, Kharagpur

Lecture - 24 Sales Force Management Selection

[FL]. Today we will be continuing with our discussion on Sales Force Management. This is the next stage after recruitment we have discussed recruitment in lecture number 23 and today lecture number 24 we will be discussing selection. This is the 4th lecture in the 5th module of our course on Sales and Distribution Management.

Now after an organization has gone through an in depth job analysis and then began the recruitment process, the next stage which the sales force management includes is selection. Now here the objective of any in every organization is to select the right kind and the right number of people that it requires for its organizational performance, and as and when companies determine the adequacy and the appropriateness of the kind of a workforce required, it must go through a selection process.

(Refer Side Time: 01:22)



Now, this particular lecture we shall be talking about the background of the you know to selection, we shall be again discussing what is selection, what is the meaning of selection and then we shall go deeper and go into a discussion on the various stages of the selection process.



So, to begin with the next stage in hiring after the recruitment process is selection. Now the term recruitment and selection are often used interchangeably of course, there is a difference between the two, I did mention about this difference in the previous lecture, but a quick recap on that is that while a recruitment is a process of a trying prospective employees to apply for jobs in an organization, selection is the process which begins after the applications are received, and it the process here the selection process here is aimed at choosing the right candidate from the pool of applicants.

So, recruitment is positive in nature and it involves you know a generation of applications, on the other hand selection is negatively nature and it involves elimination of the incapable and unqualified applicants so as to identify the best ones for your organization. Now the objective here is to identify and hire those people who would give to the organization the best kind of performance and the best kind of services. Now it is important to identify and hire such people, who have the you know who would prove to be the person job fit where the knowledge skills and abilities of the particular you know applicant or the candidate who has applied for a job would match with the job requirements.

So, the objective of any and every organization is to achieve a person job fit. In our case in the case of sales management also their sales the managerial team which comprises the hiring manager; hiring team which comprises both the same marketing people from

marketing in sales as well as from the HR. The entire hiring team is most concerned

about obtaining adequate and appropriate number of people, but they ensure that the

knowledge skills and abilities of the candidate actually match with the sales job

requirement.

So, so that a you know a best person job fit can be attained, the knowledge skills and

abilities of the potential employee or the candidate here is something which should

match the job requirement and you know best person job fit can be attained which will

not only lead to increased performance on the part of the recruit or the new the fresh

trainee, but it would also lead to you know his satisfaction on the job he would be more

happy working on something which he is which he is knowledgeable about of which he

has skills and abilities and so, the rate of attrition and says you know the labour turnover

would also go down.

Labour turnover here is not something which is positive labour turnover here means

attrition rate. So, while sales turnover is always good for a company, labour turnover or

attrition is something which is not good for a company, we will be referred to as labour

turnover what we are talking of is attrition rate for a company. So, in when the hiring

team comprising people from the marketing and sales as well as HR sit down you know

for during the recruitment and selection process. They ensure that what they are able to

identify is and hire are some people who actually have certain knowledge skills and

abilities which would match the sales job requirement. So, a person job fit would be

attained which will be beneficial in two ways.

1: it would lead to increase performance of the sales trainee and the new recruit, and this

would also mean that the organizational performance will improve. 2: it would leave the

new trainee or the fresh recruit; more happy and satisfied on the job because he will

realize he is able to do his job better, because you know his knowledge skills and abilities

or something which matched with the job requirement.

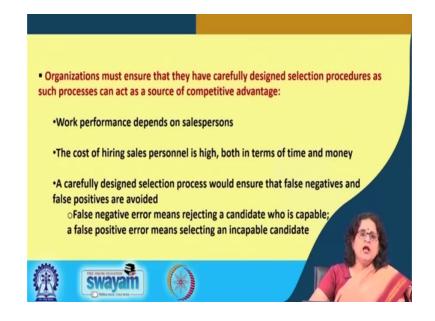
(Refer Side Time: 05:27)



Now what are the factors which affect the selection process? First of course, is job analysis we have discussed what job analysis is we discussed the two outcomes of job analysis which is job description and job specification. Thereafter it is important the HR team along with the marketing and sales you know representatives are able to identify the number of people required as well as the kind or the quality they should possess.

So, adequacy and appropriateness of manpower required is again a factor which would affect the selection process and the third of course, is recruitment it is very important to ensure that the you know there is a decision on the number of sales persons required is something, which has been arrived at before the selection process starts; 2: there is an effective coordination between people from the marketing sales and the HR who are all going to be a part of the recruitment and the selection process.

(Refer Side Time: 06:24)



Now, organizations once ensured that they have carefully designed selection procedures, very well formulated and implemented because they can also act as sources of competitive advantage why? Number 1 the work performance of the you know newly hired people would actually mean you know good performance or bad performance for a company. If the; a newly hired sales force is good, is efficient, is effective it would lead to you know a higher performance for the company. Now this again with the with the fact that you know the good trainees are selected or efficient and effective trainees are selected would much depend on the kind of selection procedures in place.

So, the first thing you know which can actually how you know lead to competitive advantage is that, work performance depends upon salespeople and if you have actually in hired the right kind of sales persons, then that would actually mean that these new sales persons act as assets for the company and can give a source of competitive advantage to the organization.

Second is that the cost of hiring sales personnel is very high both in terms of time and money. In case you know the selection procedures are not well formulated and implemented, it would lead to inefficient and ineffective persons getting hired which could which would mean one you know train them you know and orient them towards their jobs, which would mean a lot of expense or which has to be incurred by the organization. 2: in case even after they are trained they may not turn out to be good performers at work and so, organizational performance can get hindered. So, it is very and third that in case these people are you know you have to ask them to leave or they

leave on their own, in those cases you will have to go through that entire process of

recruitment selection again.

So, a cost of hiring of salesperson is very high both in terms of time and money and in

case a selection procedures are not well formulated and designed, it would mean that you

know wrong people are getting hired and the entire effort would be a waste and

absolutely futile. The third reason why you should have a very well designed well

formulated and implemented sales well selection procedures is that, you know a good

selection process would ensure that false negatives and false positives are avoided.

A false negative error here means rejecting a candidate who is who is capable and a false

positive error here means selecting an incapable candidate. So, a false negative error

would be when you reject a candidate who is good, who is efficient, and is capable and a

false positive error is when you select somebody who is very inefficient incapable.

So, you know of ah if you do not have a good selection procedure, if you do not have a

well formulated and well designed formulated and you know selection procedure, which

is also effectively implemented in those cases all these thing things will happen, but

performance would get hindered, cost of hiring you know in terms of time and money is

something which would get if you know negatively affected and you will have to go

through that process again, and the hiring of such personal will prove to be very high

both in terms of you know time and money.

And third is that you know false negatives and false positives or something which you

know these errors can always occur where you reject a candidate who is capable in the

case of false negative error and you select an incapable candidate in case of a false

positive error.

(Refer Side Time: 10:00)



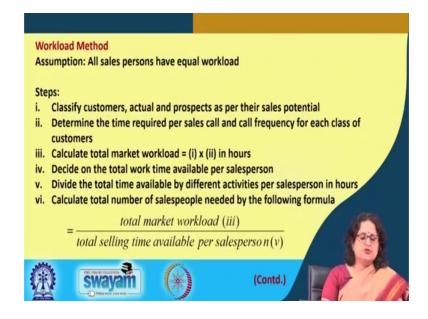
Now, what companies have to decide and see is the number of people required; number of sales persons required. So, it is very important to determine the number of sales persons that would be required by a company, as this would affect you know whether a person whether a form is able to you know achieve its sales and profits targets.

So, it is essential that optimum you know the company decides and the say marketing and sales team decides on the optimum sales force size based on sales forecasting. And then taking into account factors like internal mobility, which could be promotions, transfers etcetera or issues like superannuation and retirement and expected resignations finally, you know they should be able to arrive at the you know a number on the new sales persons that are required.

So, it is very important that the marketing and sales team reports to the HR and specifies the right number and the right kind of persons that would be required so, that a selection process can go smoothly.

So, how do you do that first to decide on the optimum sales force size based on sales forecasting; then you take into account issues of internal mobility, a resignations and diamonds and then you decide on the number of new sales persons required. Now there are three methods which will help you determine the optimum sales force size; first is the workload method, the second is the sales potential or the breakdown method and the third is the incremental method. So, let us discuss these briefly.

(Refer Side Time: 11:28)

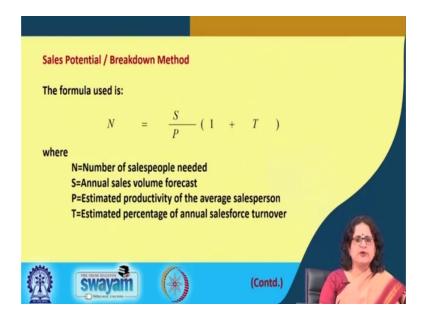


So, the workload method the assumption behind the workload method is that all salespeople have equal workload. So, based on this the first step is to classify customers actual and prospects as per their sales potential. Second determine the amount of time per sales call and the call frequency for each class of customers.

Now, each class of customers again you could have them classified as high, medium and low potential customers, then you calculate the total market workload which would be customers multiplied by the time required per sales call and the field and the sales frequency for each class this would give you the total market workload. And then decide on the total work time available per salesperson divide the total time available by different you know total time available by different activities per sale salesperson in hours and then calculate the total number of sales persons needed by you know by the following formula, which is you know the total market workload divided by total selling time available per sales person.

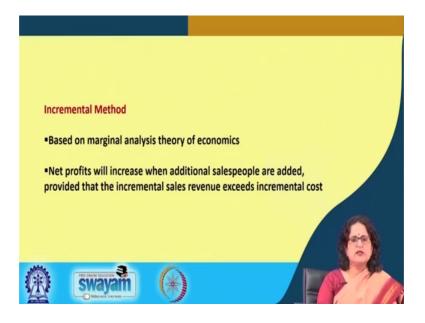
So, you classify customers determine the time required and the call frequency for each one of them and then you calculate the total market workload. And after you have calculated the total market workload then you decide on the total time available per such person told, and then divide the total time available by different activities per salesperson in hours, and then calculate that number of salesperson needed by total mark market workload divided by the total selling time available with a sales person.

(Refer Side Time: 13:10)



The second is the sales potential breakdown method. We have discussed earlier the breakdown method. So, here what the number of salesperson required will be equal to annual sales volume forecast divided by the estimated productivity of the average salesperson which is denoted as P multiplied by 1 plus T. Now T here is the estimated percentage of annual sales force turnover. So, sales force turnover here which we refer to as labour turnover or the attrition rate.

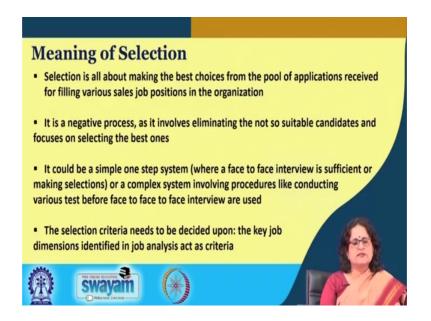
(Refer Side Time: 13:38)



The third method is what we refer to as the incremental method. Now the incremental method is based on the marginal you know analysis theory of economics, which where it says that net profits will increase when additional sales force are employed; provided that

the incremental sales revenue exceeds the incremental cost of hiring and maintaining another sales trainee or salesmen. So, we have these three methods which would help determine the optimum sales force size, which would be required by an organization.

(Refer Side Time: 14:11)

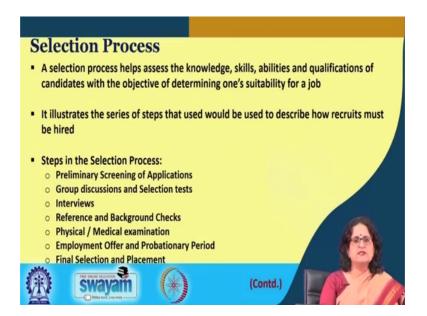


Now, let us move further and discuss you know selection. So, we all know that we once the applications have been received and you know the next stage is selection, which is all about making the best choice from the pool of applications received for filling up the various sales jobs in the company. Now selection is a negative process as we said it involves elimination of the not so, suitable candidates and focuses on selecting the best ones, where they would be a person job fit where the knowledge skills and abilities would match with the job requirements.

Now in it is a selection process is something which could vary from organization to organization and from level to level, and it could be a simple one-step process just including an interview or it may be a complex you know system a large number of stages and you know a huge in a cumbersome process, I like conducting various tests etcetera and you know doing lots of checks and putting in lot of checks and measures before final fail it before a face to face interview is you know conducted.

So, before you know the companies start with the selection process they also must decide on the selection criteria need and this would depend upon the job dimensions which have been defined in the job analysis stage.

(Refer Side Time: 15:25)

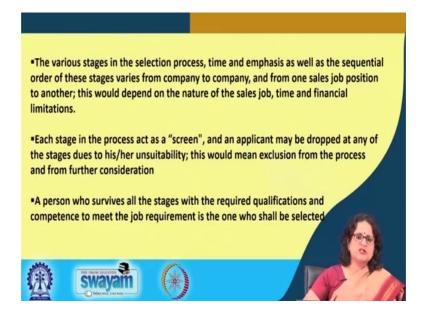


So, a selection process will help us as the a KSAs and qualifications of candidate with the objective of determining a candidate suitability for a job and it illustrates the series of steps that would be used to describe how new recruits must be hired. Now there as I said while we can actually explain the process through stages, whether a company uses one stage or two stage or you know it is a very simple process or a complex process would depend from company to company, it would also depend from you know job position in question it will also depend on, which level of the management hierarchy you know selection is being done for.

So, a large number of factors would determine whether companies use a simple process or a complex process, whether they go for a single stage or whether they go for multiple stages and whether they just follow one step or several steps, and this would depend from company to company, it would also depend from job to job position from different levels in the management hierarchy etcetera. But generally speaking we say that the there are few steps in a selection process.

First we start with the preliminary screening of the application, the group discussions and selection tests, interviews, reference and background checks, physical examination or medical examination, employer or employment offer and the probationary period and confirmation final selection and placement. So, these are the different steps in the selection process.

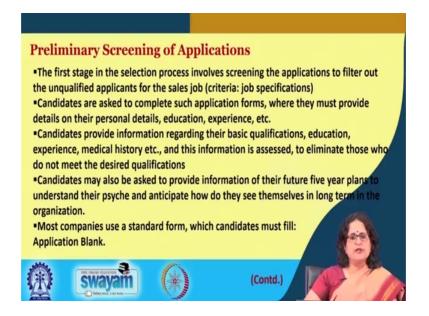
(Refer Side Time: 16:53)



And the process will vary from company to company from one sales job to another, it would also depend on the nature of the sales job and the time and financial you know limitations which a company may have. While we start with screening of applications and we move on across 6-7 stages to finally, arrive at you know the final placement or the final offer.

Each step each stage acts as a screen which means that the applicants who are able to qualify that round or that you know qualify that step, move forward or move further while those who cannot are dropped. So, each stage in the process acts as a screen and the applicant may be dropped at any of the stages due to his or her unsuitability. This would mean exclusion of the candidate from the process and from further consideration. A person who survives all the stages or qualifies all the stages with his qualifications and competence, is the one who would be able to meet the job requirements and he will be the one who would be finally selected.

(Refer Side Time: 17:55)



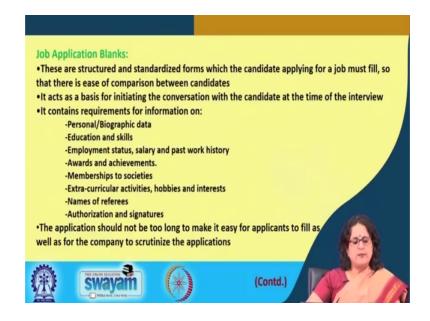
So, first we start with the preliminary screening of applications. Now this is the first stage in which involves the screening the applications to filter out those who are unqualified for the job, the criteria is of course, specified in the job specification and those who do not meet this criteria are eliminated at this stage.

Now candidates are generally asked to complete such application forms where they must provide details on their personal history, their education, their experience. They provide information regarding their basic qualifications, their educational experience and also their education their work experience, the medical history etcetera and this information is assessed to eliminate those who do not meet the desired qualification.

Candidates may sometimes be asked to provide information or which is more futuristic or for example, what do they think of they would be doing in the next 5 years or where do they for foresee themselves in the future. So, such questions are asked to see if the candidate has a vision of his or her own and what how he could contribute to the organization in the long run both at his level at individual level as well as the organizational level.

Now, most companies use a standard form which candidates must fill and this is what we refer to as the application blank.

(Refer Side Time: 19:10)



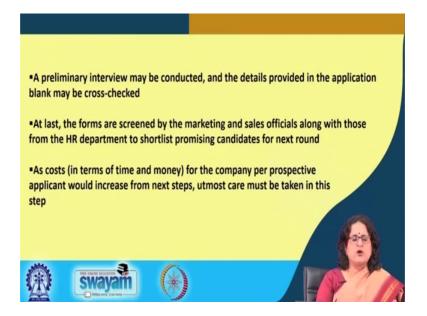
So, the application blank are standardized forms very structured, where the candidate is asked to fill up. He is asked to fill up details with respect to his personal or biographic data, education and skills employment, status, salary and past work history, his awards achievements, memberships to societies, his hobbies, interests, extra-curricular activities as well as names of referees and you know for his signatures or authorized authorization and signatures.

Now these are various the application blanks are very structured and standardized forms, and there are two reasons why they are used by organizations. One they ease cross comparison between candidates. So, you know when people have filled up very standardized and structured forms every candidate or every applicant has provided the same details in the same way. So, he has actually given details his own details in the same way and so, it is easier for the you know hiring team to make cross comparisons. Second it also acts as a basis for you know initiating the conversation with the candidate at the time of the interview.

Now, this application blank should not be made very long, because then you know comparison becomes difficult and they also should be easy you know easy for application applicants to fill and so, also a long application blank would mean that candidate may not fill it up properly or an entirety or he may not be you know he may give a lot of other irrelevant details rather than you know focusing on more important ones; also if the form is very long you know the hiring team may have difficulty in

scrutinizing these applications. So, the application blank should not be too long. So, so as to make it easy for applicants to fill as well as for the company to scrutinize them.

(Refer Side Time: 20:59)



Now, of course, a preliminary interview may follow at this stage, where whatever details have been provided by the candidate may be cross-checked. And you know as costs in terms of time and money are huge it is always better that care is taken at this step so, that unqualified and unsuitable candidates can be eliminated at this stage itself.

(Refer Side Time: 21:22)



The second stage in the a selection process is group discussions and selection tests. Some companies use group discussions within group discussions you know encourage participation amongst candidates encourage discussion. The advantage of group discussions is that you know there is participation and some kind of a bond gets developed between a people, when they start discussing things. The disadvantages is; it is very time consuming, some candidates may dominate the discussion and not let others speak and in fact, some candidates may not speak at all. So, these could be certain disadvantages of the GD.

(Refer Side Time: 21:58)

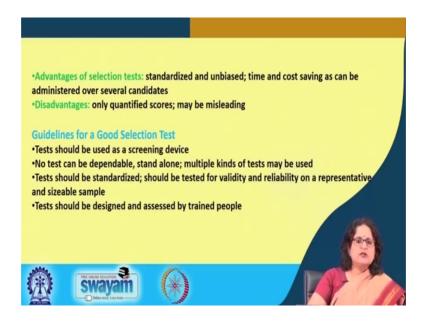


Most companies use selection tests these aim at matching the applicants cases with the job requirements. Now these tests are again standardized instruments, they facilitate cross comparison also because they are administered in the same environment to all and I uniformly applied you know candidates can the performance of the candidates can be compared and objective assessments can be made.

Now, this test may be of different types you have paper-pencil tests, time bound tests, but majorly the kind of tests which are used for sales jobs could be the test of ability which will actually check upon the mental ability of a person you know and his intelligence, especially you know abilities and aptitude tests. Then there could be tests of habitual characteristics which are more of performance tests and attitude tests and personality tests. And then you have the interest tests, which will check how interested a person

would be you know in doing a job of a sales person whether he would like to talk to others, mingle with others whether he would like to work in teams or individually. And then there is tests of achievement which is the knowledge test. So, tests of ability, tests of habitual characteristics, interest tests and achievement tests. They are all basically aimed at understanding the and knowledge levels, the aptitude, the you know interests of candidates, their you know achievement levels how you know they try to see the they check their potential for towards performance towards achievement and also try to assess their personality types their interpersonal skills etcetera.

(Refer Side Time: 23:36)



Now, what are the advantage of selection tests? They are very standardized and very unbiased instruments, the time and cost in they also time and cost saving as they can be administered over several candidates all over geographically spread. And, but the disadvantages is that there are only quantified stores quantified scores and these may be misleading. Now what are the guidelines of a good selection test for the sales selection process? One is test should could be used as a screening device, no test can be dependable stand alone and multiple kinds of test must be used. Test must be standardized they should be tested for reliability and validity and they should be designed and assessed by trained people, that would make them a good selection test.

(Refer Side Time: 24:20)



The third stage is interviews; interviews are formal in depth conversation with the candidate to evaluate his competence on the job. They are most they are the most widely used in fact, in some companies this is the only step and in the selection process. A very effective way towards obtaining and verbally verifying the information that has been provided by the applicant in the application blank, and they also provide a very effective for judging an applicant in terms of his oral communication, his manners, his attitude towards selling, attitude towards life in general his personality etcetera.

(Refer Side Time: 24:58)



Now, interviews are popularly used in the sales function and in other you know functions as well during selection procedures, with first big for you know for a major reason which

is flexibility.Interviews allow a to exchange of information where wherein the

interviewer can get to know the applicant better and he can ask such questions that have

not been asked in the in written test or are you know the such details which are not

mentioned in the application blank. So, the interviewer is able to gain insights into the

subjective traits of the candidate better like you know his interest and energy levels, his

enthusiasm and the applicant also can get to know the employer better. Good interviews

must always review the application filled by applicants well in advance, as it helps them

to interact you know with the applicants in a better manner.

So, good interviewers must also always ensure that before the candidate enters the room

the interviewer has actually gone through his you know application form an application

blank so, that he can begin or initiate a discussion or a dialogue. He would also be able to

verify the you know whether the information given in the application blank is something

which is true and valid and of course, it would because the interviewer would be well

prepared with some background information about the candidate, it would be easy to

build rapport and you know start dialogue.

Now, again the employment interview can be one-to-one sequential or by a panel, one-

to-one you know where one candidate is interviewed only by one person, which would

happen you know when selection process is highly decentralized at the branch. It could

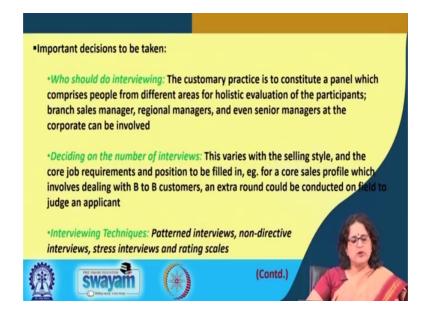
be sequential stage wise where the candidate moves from one interview into another

panel or another round of interview or another third round of interview or it could also be

with a panel. And interview questions could be open, they could be probing, they could

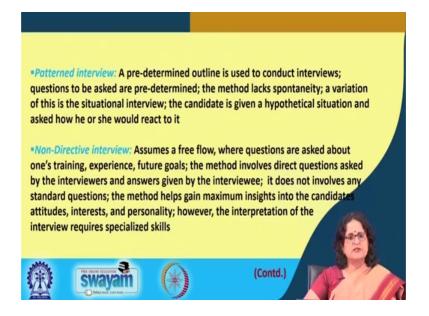
be hypothetical questions.

(Refer Side Time: 26:56)



Now, important questions that you know need to be you know addressed or who should do the interviewing, deciding on the number of interviews and the interviewing technique. So, who could do the interviewing the car generally it is a panel which comprises people from different areas for holistic evaluation of the participants which is used. They could be people from branches, from regions or even senior managers at the corporate who can get involved. As far as the number of interviews is concerned this begin is actually with vary across the level you know at which hiring is taken place, it would depend on the job position, it would also vary with the selling style. For example, if there is; it is a very core sales activity where in it involves dealing with B to B customers, companies may go for 2 or 3 rounds before they finally make a judgment about a applicant. And the different kinds of interviewing techniques which may be used could be patterned, interviews, non-directive interview, stress interviews and rating scales.

(Refer Side Time: 27:57)



Now, pattern interviews as the name goes are you know interviews which are very structured and predetermined outline is used to conduct them, questions to be asked are already predetermined. And a variation of this is of course, the situational interview whether candidate is given a hypothetical situation and he asked as to how he would react to it. Then we had the non-directive interview which is absolutely free flow you know with this huge amount of spontaneity, questions are asked about once training experience future goals etcetera and the method involves direct questions asked by the interviewers and answers given by the interviewee. It does not involve any standard or structured questions, and the process here is such that one question leads to another into another. So, it helps the interviewers gain maximum insights into the candidate's attitudes, interests and personality. However, when it comes to interpretation it is something which needs to be very carefully done as, it require and an interpretation of the; of such interviews requires the interviewer to possess certain specialized skills.

(Refer Side Time: 29:02)



Third is a stress interview as the name goes applicants are made to go through stressful situations and their reactions are observed. It is a complex technique which helps a judge the subtlety of the applicants and what the this particular kind of technique could involve a team of interviewers, few of who would create the stressful situation and one of them would just sit and observe the candidate his physiological responses, his behavioural responses you know so that he; the with panel is able to judge whether the salesperson would be fit to deal with stressful situations.

And if and when such situations are presented how would he deal with them. Another method which we have for interviews is the rating scales, personal interviews lack objectivity and companies can overcome this by using rating scales; where you know the scale is shared with the interviewers at the beginning of the interview and provides them with you know how certain you know answers or certain kinds of replies by the candidates must be you know rated on a rate is rating scale.

(Refer Side Time: 30:07)



Advantages of interviews are they are face to face to exchange of information, flexible, interviewer can get to know the candidate better into even interviewees and also can get to know the company and their job profile better and, but the disadvantages with the interview is that, they can always be problems with well at validity and reliability, also interviewer bias and prejudices can be issues which need to be tackled upon.

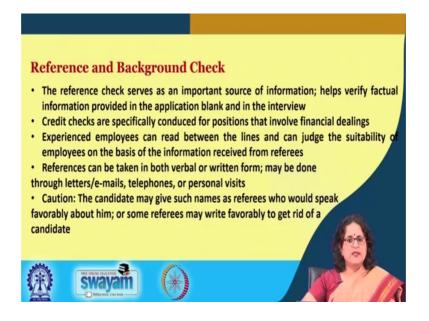
(Refer Side Time: 30:36)



The guidelines for a good interview; you know that specified the dos and don'ts, there should be a checklist with weightages assigned to critical attributes. Interviewers must possess interview skills, which would involve establishing rapport, listening patiently

keeping control of the situation and proper training must be given to interviewers so, that they ask the right questions and evaluate the candidates objectively.

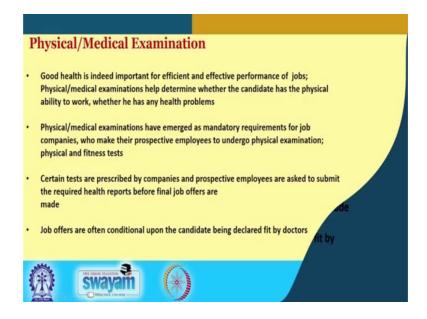
(Refer Side Time: 31:01)



After this stage we have the reference and the background check or the reference check actually help verify the factual information provided in the application blank and in the interview, from external sources. Credit checks are specially done for such positions that involve financial dealings.

Now reference checks can be both verbal or written form; may be done through letters and emails or telephones or even personal visits of course, as a point of caution the candidate give name such names as referees who would speak favourably about them or some referees may write favourability to get rid of a candidate. So, one has to actually assess whether the name of the referee or the kind of referee which have been given by the candidate is something which can be relied upon. Companies may often use multiple sources to check and cross check.

(Refer Side Time: 31:48)



Thereafter companies go for a physical or a medical examination ah. In fact, it determines whether a candidate is physically you know has the physical ability to work or whether he suffers any kind of medical issues and health problems and in fact, medical of physical examination is a mandatory requirement for several sales jobs and where prospective sales employees are made to undergo physical examination, physical and fitness tests, and certain tests are prescribed by companies before you know and perspective cum employees are asked to submit the health reports before final job offers are made. So, job offers are often conditional above upon the candidate being declared fit by the doctors.

(Refer Side Time: 32:33)



Finally you know the last two stages where there is an employment offer and a probationary period. So, the job offer is made and the candidate now an employee is put into a probationary period, which could be anywhere between 6 months to 2 years depending upon the level of hiring, with which level he has been hired and for what job position he is been hiding. And of course, of after the probationary period is over, a final selection is made and the salesperson is confirmed and placed at the appropriate job position.

(Refer Side Time: 33:03)



So, this bring us to an end of this session the references are as follows.

(Refer Side Time: 33:10)



And we are now concluding with the fourth lecture on the fifth module of the course. I hope this you found this session useful.

Thank you.