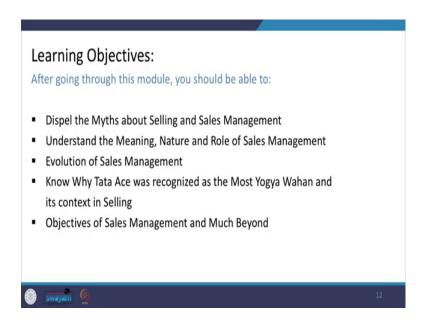
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Breaking the Myths and Learning the Basics (Continued...) Understanding Selling from a Strategic Perspective Lecture - 02 Evolution and Role of Sales Management

Welcome back everyone. In the last session we definitely broke the myths and I am very sure you must have gained something out of it. Now in this session which is the session 2, we will be moving ahead with learning the basics and learning about the evolution of sales management.

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Now, you might be wondering why you need to learn about the evolution. See we really want you to be the true blue salesman. So, it is important for you to know about the major turning points in various years which kind of amplified the sales management and gave it a different meaning or added more value to it

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Now, let us look at 1945 end of Second World War, definitely a recovery period and a lot more tragic also. But in this case production orientation was dominant simply because is this was just the period after Second World War. So, everything which was being manufactured could be sold.

So, the focus was actually on production because that is how the people will think about right. If you manufacture more and you know that people are going to buy that you will definitely think about the profits that you can generate out of it. Selling was not given that much importance simply because that they clearly knew that whatever they are going to make will be just off the shelves.

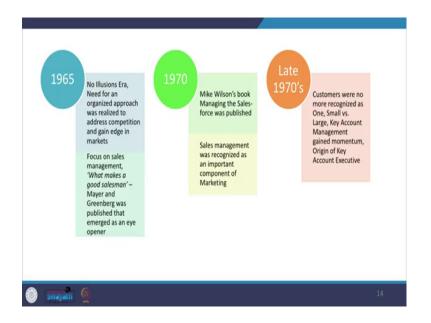
Now, it was in 1955 when marketing orientation started to gain momentum aggressively. People started realizing that it was important to make sure that the products appeal to customers. Now this was not the phase where you are just manufacturing anything and you have people who could buy those products not at all. In 1955 the focus was on realizing what is it that the customers want. The focus was more on understanding their needs and trying to come up with products which will definitely appeal to them.

Now, we get to 1963 and the exciting part about this year is the publication of Vance Packard's book 'The Hidden Persuaders' definitely a treat. I would request you to read it, but why we need to refer to this in sales management? Because the point is this was the particular book which actually highlighted how marketers were using various techniques specifically

depth interviews to kind of get into the unconscious mind of consumers and sell their products off.

So, the whole idea about or maybe by the author was to make customers realize that you are being made to buy a lot of products that you actually do not need. This was more like kind of putting things in perspective you know do not buy anything that comes your way. You have to be more you know understanding with respect to if the product is actually or the service is actually going to add value for you or not.

So, I would still recommend you to kind of Google it and read more about it. And one thing which again becomes important is it was only after this book that advertising policies were being given more importance or even the government got into motion with respect to coming up with a kind of a plan or maybe you can say a blueprint of what should be the policies with respect to advertising.



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Now, we get to 1965. No illusions era, it was only 1965 when it was realized that we need to have an organized approach to address competition engage edge in markets which means you know this was more like getting into an advanced marketing approach where things were now getting more of systematic and even sales was being given that much importance, which was long due.

And again the exciting part about this year is this year marks the publication of one of the HPR classics 'What makes a good salesman' written by Mayer and Greenberg and again trust me guy this is one of the wonderful articles that I would again recommend you to read and it talks about the two essential qualities that salesman should have and apart for them it also talks about the fallacy that you know for all these years whether it was organizations or even the recruiters had when they got into the market with respect to hiring sales people.

But, the good news is I will be definitely talking about this article a little more as we will move further in this course and I am very sure you will find it definitely intriguing. You know when you will understand when the companies hire sales people what is it that they see, and what is it that they miss out on and what they miss out on is something, which actually makes a very very huge difference.

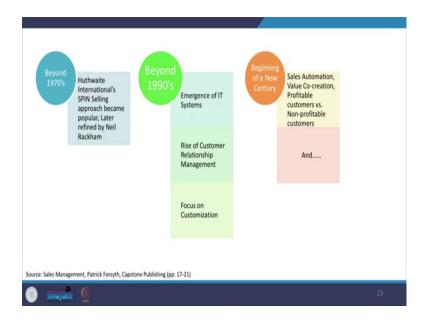
Then as we get to 1970 Mike Wilson's book managing the sales force was published which again indicates that we are getting into more of an organized momentum with respect to understanding that definitely you need to be a little more organized and systematic with respect to managing your sales force and indeed sales management was recognized as an important component of marketing not something, which could be subsided, and we all know how important is sales management with respect to marketing. In the sense we will also be learning about this in the course.

Now, we get to the late 1970s, customers were no more being recognized as one. The people in the industry has started realizing that you might have small customers and large customers. Now why we need to understand this differentiation? See when you talk about large customers they could be the one who are generating a very high revenue or you know profits for you. So, you definitely need to give them more importance right and that is how the concept of key account management or origin of key account executive happened.

Now, usually in key account management one particular employee or a team is associated or kind of allocated to a huge account, which contributes a major chunk of the business and you see just look at it from the perspective of profits. You would never want someone to be unhappy or you know to be kind of a little dissatisfied when you know they are contributing to your sales majorly. With respect to the small customers it is good to keep them happy because they again might contribute a major chunk right.

But, the whole difference is about understanding how they should be treated right because you will definitely like to focus more on consumers or the clients who are contributing 80 percent of your business.

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Now, we get to beyond 1970s Huthwaites International SPIN Selling approach became popular and it was very very highly popularized by the Neil Rackham later on. Now what exactly is SPIN selling.

See it is one of the most basics and I would say very exciting sales techniques because when you talk about SPIN it is more about understanding the situation questions, the problem questions, implication questions and need payoff questions, which is a very very you know one of the pathways I would say which the sales people can use when they get into the market and they are very naive about how they should do their job or in a way how should they should start their conversation when it comes to the prospects.

We are definitely going to talk lot more about this also. Now we get to beyond 1990s, emergence of IT systems, rise of customer relationship management and the focus on customization. Now one thing which definitely the emergence of IT systems has changed was record keeping was easy. It was also easy for the sales people to maintain their records in a way it also became a web for the organizations to kind of keep a stricter control on the sales people, because they could be asked to fill their details of what they did in the day or what are

their plans with respect to the next day of visiting customers on the sheets which was basically a software.

So, in a way if you ask a sales person he is never definitely not going to like it, but still it made sense provided the organizations kept it more open and the control was kept a little less. Now the rise of customer relationship management and this again was amplified by the emergence of IT systems where now the data was being available if you store the data of consumers over a period of time. You definitely were in a position to kind of use that data to draw more of insights with respect to understanding customers.

And in a way this also gave rise to customization because once you have data and you get into the mode of understanding a customer more. You are definitely able to pinpoint what is it that the customer will like or may not like and you might customize the products for them. But one thing at this juncture which I really want you to understand is the difference between customer relationship management and relationship marketing.

See when we talk about CRM, it only focuses on customer's right. But when you talk about relationship marketing you are also going to take account of other stakeholders which could be government which could be NGOs, which could be customer activists, which could also be your customers, which could also be your finances, which could also be you know banks or other bodies which in a way are being impacted by the business and how can we forget society in this.

Now, we get to the beginning of a new century where sales automation, value co creation and kind of understanding the difference between profitable customers and non profitable customers started gaining momentum. Now value you talk about value co creation what is it that we need to do is. You need to make your prospects or customers or your existing clients or advocates and you need to start working towards coming up with the solutions which are definitely going to be beneficial for them and profitable for you as well and again I will repeat it. Again the focus was shifted on understanding the profitable and non profitable customers.

See you really need to understand one thing, if you keep on delivering to a customer who is not going to be profitable for you. It is definitely not going to make any sense for the organization though you might achieve your targets in short run in somehow selling your products may be at a later price. But, just think of the association if you want to keep it long for an organization you would also definitely want an organization to flourish and in a way you also have a moral responsibility towards the organization right because, that is what from where your food comes. Though this may come across like a moral lesson, but still if you will think about it this definitely makes sense.

Now, you might be wondering why I have written and in the next block. This is definitely for you. I want you to think of some of the factors with respect to sales management you know which happened in the beginning of a new century or maybe I would say you can think of the present times, which you think kind of revolutionized the sales management mechanics and I think forum for you would be the best way to express what you think, then we will definitely have a discussion about it or we will interact in the forum as well.

So, and is more like your homework and I want you to think more about it. Now, we definitely learnt about the evolution, but this story is definitely going to be incomplete if you do not learn about the sales and marketing orientation which is production, selling product and marketing.

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Now, production orientation, if you ask me just think about China. What they focus is on just manufacturing the product mass production. So, that the prices are reduced and the products are readily available for the customers at lower prices.

Now, we are talking about pre 1920s era. This was basically initiated by Henry Ford when he mass produced model T Ford because the objective was to achieve maximum production efficiency. See precisely the Henry Ford was coming up from the thought process that definitely there is a huge demand for cars in the market right and there is a chunk of people who are not in a position to afford it.

So, what he wanted to do was he wanted to produce it in a mass scale. So, that the cost is reduced and the cars can be made available to the people who were actually earlier were not able to afford it. So, the whole idea I am again repeating it or in a way the motto was to make products available at lower prices, but what I want you to think further is how much will it work in present scenario? I gave you the example of china for some products or for some customers it might work, but I want you to think will it actually work in long run right.

So, the next orientation which I want you to understand is selling which is more like at the heart of sales management as it used to be earlier not now guys, because the sales management has definitely evolved a lot right. So, this is believed to be created in 1920s and 1930s and the main objective was to sell products basically because there was a lot of overcapacity.

So, when you see products lying which are not off the shelves yet you will definitely think of somehow selling it to them. So, the whole focus was not on how and what to produce, but on selling. This basically thrives on the belief that if left to the customers on their own they are not going to buy it. In one example which I would really want you to think in this aspect is about insurance industry.

See many times you might not think of buying an insurance policy right. I definitely agree now people have become a lot more you know with respect to these policy they have become a lot more aware or I would say a lot more cautious, but earlier that was not the case, but still in insurance industry some kind of selling orientation works. They will keep calling you will receive a lot of calls with respect to these policies and I think definitely you must have had this experience with respect to the calls that we usually get.

Now, we are moving to another orientation which is product. Here the focus was just on coming up with the quality and you know a product, which can deliver a very high performance and this there then you will have customers coming and buy that product as we see the image in case of Apple right, people were having a lot of cues.

So, the product orientation simply focuses on coming up with the product which is of very high quality and they say that you will have customers coming and buying it, but one of the problems with this is that it can lead to marketing myopia which is a concept which was actually given by T Levied.

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The issue is in this case or in case of marketing myopia you start having a very limited approach, like you will try to come up with the star product. You want to have more of features, you want to make it more of quality, but you are delusioned. You actually do not think about how much this is going to make more of sense for the customer and the other thing is see if you come up or you keep adding features to a product it might even get out of price range for a lot of customers.

Now, again you have to decide who is going to be your target market and where you are going to fit the product, but again I would request you to go and read more about marketing myopia. Trust me the concept is very fascinating and definitely T Levied stands credited for this.

Now, we get to the exciting part the marketing orientation, where the focus was all on coming up with products which you know after understanding the needs of the customers this is more like having more of orientations, giving importance to customer research, trying to understand what is it that the customer actually wants. In a way you are trying to identify the gaps. So, the focus is on finding out what the customer wants and then we will make it philosophy. You do not have a pre existing idea for a product or you might have, but still you will get into the market, you will talk to customers, you will identify the gaps and then you will come up with that product which you think will be able to a perfect fit for your customers.

I hope guys you got the gist of production selling product and marketing orientations and what is their relevance with respect to understanding, how sales and marketing have evolved. See I am using sales and marketing together. So, they should not be treated as synonymous or as you know in a way we can say they complete each other if we look at an organization from a very very broader or a strategic perspective.

But, there is one more orientation which though it is not in slides I would like to tell you that is called as holistic marketing orientation. So, when we talk about holistic marketing orientation which can be considered as an advancement from the marketing orientation, we actually say that everything matters in marketing and it has got four pillars.

So, the pillars are relationship marketing, integrated marketing, internal marketing and performance marketing. So, when you talk about performance marketing the idea is all about creating an accountability. It is not like the marketers can get a lot of money and spend it the way they like and they will not be hand accountable.

If you have run a marketing campaign and you have spent lakhs on that you really need to explain it to the management. What is the output good bad or the lessons learnt from it. So, the other pillar in internal marketing. Internal marketing is the orientation in a way which basically comes from the services industry and is related to employees. The whole ideology is about understanding that only happy employees can create happy customers.

So, this is more about taking care of your employees keeping them certified and on a broader perspective also selling the idea of marketing to them. See you might have a lot of policies in place or you might have a vision or a mission which is completely focused on marketing, but what if the employees who are dealing with customers are not kind of imbibing it, that is definitely not going to make sense and will not be reflected in the deliverables which are being offered to the customers.

So, the other pillar which is again an important aspect of holistic marketing is relationship marketing. As I just explained you the difference between CRM in relationship marketing

with respect to the relationship marketing as a pillar of holistic marketing, the whole idea is about creating a network of relationships, which is beneficial for an organization.

I will give you one example with respect to that. Let us say there is a huge demand for a product which you are selling in the market and right and you need some raw material for that. Now there could be other players also which might need the same raw material and you only have one vendor who has it in abundance.

So, it is only your relationship with that vendor which is going to decide how much of the share you get of that raw material or even with respect to customers or other stakeholders. It is very very important that you work towards building relationships or you create a network, which is very very beneficial for you in long term.

So, the fourth pillar of holistic marketing is definitely the integrated marketing. Now when you talk about integrated marketing the whole idea is about creating the synergy between various marketing functions and you work towards creating 1 plus 1 11. In a way you can say let us say when the sales team is out in the market the advertising should also do its job, which means the campaign should be running in its full swing or in a way you can say when the campaign has been launched and people are watching advertisements that this new product has come.

It should also be available in the retail stores. So, this is how the synergy is created and the magic of holistic marketing is definitely going to do wonders for an organization. I hope guys you got an idea about the orientations that we just discussed.

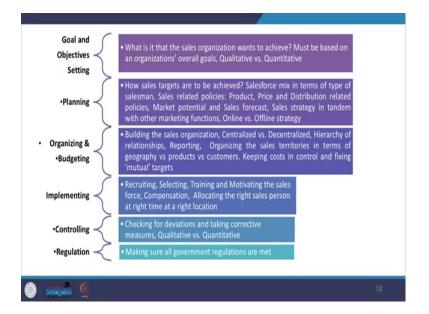
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	Role of Sales Management						
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Now, we will be moving towards understanding the role of sales management and primarily we will be looking at it from two perspectives and definitely you could also feel that there is some overlap, but still we will resolve that.

So, first we will be looking at it from a very strategic level. So, when you talk about the role of sales management from a strategic perspective it could be related to goal and objective setting planning of course, organizing and budgeting implementing controlling and regulations.

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So, with respect to understanding goal and objective settings we first need to understand what is the goal and what is an objective. So, when you talk about a goal it is usually long term and broader, but when you talk about an objective it is very specific and usually meant for short term. I think many times you must have heard that whenever you are kind of working towards specifying objectives they should be smart, where s stands for specific, m stands for measurable a for attainable, r for relevant and t for time bound that is why we say they are short term because, the element of time bound being exist.

I think with respect to understanding from sales management perspective maybe we can say let us say the goal could be we want to increase the sales by 10 percent in this year. But when you will specify objectives you will clearly pinpoint how much sales do we need to increase or get more of market share in which quarter and how much and how that will be done, whether you will be doing it by opening more stores or whether you will be doing it by coming up with sales promotion offers for your distributors and for your customers.

Now, when we talk about goal and objective settings we are primarily trying to answer what is it that the sales organization wants to achieve. Now you must be wondering another jargon which is sales organization. So, when actually the sales management was evolving earlier you know the marketing department would simply give just one room to the sales people and they will be doing all their activities, but now things have completely changed.

Sale organization maybe you can understand it from the fact it could be like a mini organization. In the larger organization which will be primarily devoted to taking care of the sales objectives. Technically you can say it is a group of people that could share formal and informal relations and are working towards achieving the qualitative and quantitative objectives of an organization or a sales organization.

Now, again you might be wondering another jargon how qualitative and quantitative and what is the difference. See usually this in a way again squashes the myth that we had discussed earlier that sales is not just about somehow selling the product to the customer right. So, when you look at qualitative objectives, these are usually long term and they can be kind of you know in a way they will move from one promotional program to another or maybe you can say even they can even move from one year to another to third or fourth maybe they can even travel for 5 years.

Now, qualitative objectives are usually like let us say we will focus on relationship building, this is the qualitative objective. We will focus on surviving right. This is the qualitative objective if there is a very very cutthroat competition or if the player is new in the market.

Another qualitative objective will be working towards brand building. These are not something which can be quantified in a way; rather these provide directions for quantitative objectives, which could be like ok we want to increase our market share by 5 percent. We want to capture the 10 territories that have not been yet touched by us, but the competitor is present right.

We want to increase our profitability by 5 percent. So, all these can be referred to as quantitative objectives. Now the another role which usually sales management has is related to planning. Now what exactly is planning, put very simply planning is about managing the future or in a way we can say we have set the goals and objectives.

Now, when we come to planning we are trying to understand what is it that we want to achieve we got it from goals and objectives right, but how that is to be done. What are the activities that we need to perform to kind of achieve our objective. So, that will comprise the part of planning.

Now, as it is written how sales targets are to be achieved. What is the plan, what are the activities that we need to undertake? Determining sales force mix in terms of type of salesman. See again see usually many people have this idea there is only one type of a sales person who gets into the field and sells, but it is not the case. You definitely have different categories of salesmen like you have machinery salesmen, you have delivery salesmen, you have order takers, then you have creative salesmen or maybe say the salesman who get fresh orders.

So, an organization also needs to plan the composition of these people. I will explain you this with an example. See when you talk about missionary salesmen they are not involved in direct selling. In a way they support the staff who is directly selling it to the customers or the people who might be visiting to the prospect in a shorter span of time to get an order or maybe pitch the products.

So, the role of machinery salesman is simply to build the positive aura about the brand or the product or the organization. So, whenever they visit their clients in a theoretical way they will

never get into pitching the products. They will try to explain what the organization stands for and you know what is so, special about the products or what is it that makes an organization unique in the market with respect to competitors.

So, let us say if the job of the organization or maybe say the goal or objective of the organization is to create awareness right. Then it would be more appropriate to have more of machinery salesman and let us say if the organization wants to get very aggressive and cutthroat with respect to kind of you know increasing the market share, then it would be more appropriate to have more of creative salesmen. Creative salesmen are those people who get into the market and are do the most difficult job of getting new customers or getting new orders.

Apart from that with respect to planning, we also looked at the perspectives of the policies, what will be our product policies pricing and distribution policies. Now you might be wondering how sales department will plan these. I agree to your thought process. See in a way these will be taken care of more on a strategic level, but if the sales department is not included in these trust me it is not going to be fruitful.

Because, whatever product policies you have any way it is only going to be the sales department or sales management or sales organization that will finally, get into the market to sell it. Who will be pitching it to the customers and convincing them what is it you know that the values that our product offers.

And let us say with respect to product policies when you are deciding what is it that the organization will sell or when you are talking about product line, which means the products that an organization offers to the market. Let us say you have 10 products and you get some feedback from the sales department or sales management unit you know this product is not going well with the customers. Just imagine how insightful this can be in deciding where we will be diverting our resources.

Likewise when you talk about price related policies like what should be the appropriate price and how will be the geographical pricing and why would it would be different or you know what are the discounts that the sales people can offer which is very very important. See many times you need to give that extra discount to the prospect to close that deal because it is not only you that is competing in the market right you have a lot of competitors also who might be offering something extra. So, just imagine if pricing policies are decided without you know kind of taking sales department or sales organization in the loop, just imagine how this will go. Likewise you have distribution related policies in which we decide whom to sell. What will be our distribution network whether it is going to be larger, it is going to be shorter right or you can also look at it from this way whether we are going to have intensive distribution network, where you will try to make the product available at every place or you are going to have a selective distribution network, where you will not make it available at every place.

But at selective places or you are going to have a exclusive distribution network where the product will only be available at exclusive few places. So, all these facets are very very important with respect to planning for the sales organization. Other thing which again becomes you know very vital or crucial for the sales organization is determining market potential and sales forecast or also the sales potential. Now market potential simply indicates you know let us say if we are talking about selling mobile phones.

What are the maximum opportunities that are available in the market like what is the maximum count of let us say mobile phones that can be sold in tier two cities by all the players that exist, this will be market potential right and when you talk about sales forecast you are trying to get an estimate how much an organization will be able to sell it to the customers whereas, when you talk about a sales potential you are trying to understand the maximum that an organizational sell under a marketing program in the market to the customers.

Apart from that you will also be with respect to planning you will be determining sales strategy in tandem with other marketing functions. Now how this makes sense let us say you have your sales people who are pitching products and they are taking orders and what if the production department is not ready to fulfil that demand. Just imagine how this would go or in a way if the sales people are in the market pitching discounts and these are not being supported by the advertising campaign right.

So, see this is more like creating a synergistic effect, when we say 1 plus 1, 11 that becomes a synergistic effect. So, it is very important that there has to be tandem of the sales strategy with other marketing functions. Then see if we look at the present markets now it is not that the corporates or the players are only selling through departmental stores.

A huge bunch of even your social media platforms ever most we can sell our products through LinkedIn, we can sell it through Facebook and how can we forget Instagram. Though the products you know product fit with respect to LinkedIn, Instagram or Facebook might differ, but still you need to have a strategy right and see this again becomes very very important just consider the example of OnePlus they are not selling the products to physical stores right if you look at India.

Likewise there are many other players who are now only launching their products to online platforms like I think Realme had a very very close knit deal with Flipkart. The Realme mobiles were only available on Flipkart, but they were only selling through stores right, but if you talk about OnePlus it was not at all available through the physical stores.

Now, the other aspect with respect to role of sales management is about organizing and budgeting, which is about building the sales organization. You will be definitely looking at whether it is going to be centralized or decentralized, which means the central office or the head office will keep all the control or they will be passing on or they will be delegating that power to different units which could be based in different locations like you could have an office in south, north, east, west.

Then what is going to be the hierarchy of relationships whether it is going to be a line organization functional or a staff organization, then who will report to whom which eventually will get clarified with respect to the organization structure that the sales organization will have.

Then with respect to organizing the other thing is how your sales territories will be defined. Now sales territories simply indicate see do not confuse it with the location. This can be in the form of a geography, but this can also be in the form of a product or a customers.

Now, first get to what is the sales territory. A sales territory simply indicates the class of customers which is made available to a salesman for sales. Now this could be geographical right. I might say ok you have to take care of the sales or get new customers from let us say the South of Bombay or maybe the North of Delhi something like that, but what if I classify this with respect to products ok. This particular salesman or this particular team of salesmen will be only selling a projector to these cities.

Now this can also be a classification or this can also be with respect to customers. Now, this team of salesmen will be only handling this huge customer which we can also refer to as the key account management and the other thing about definitely organizing and budgeting is keeping cost in control and also with respect to making sure that the targets are being achieved.

Now, when we get to the implementing part, you have decided what you want to do you have also planned you know what are the activities you need to do to achieve your objectives. Now implementing will be taking care of recruiting making sure that right kind of people apply to your organization, selecting making sure that you pick up the best from that.

Now, when you talk about selecting in sales it is very very dicey. Again because people have a lot of myths if someone is very extrovert he could be a good salesman. If someone is you know very smart or charming he can be a good salesman. But, trust me as we move further and we will be talking about one of the wonderful articles what makes a good salesman which is an HPR classic. You will get more idea about what are the two things that can really be magical with respect to a salesman.

Then we also see the training programs that are required, see because training programs could also vary for the new person who has just joined in sales or the existing sales team like let us say if the new product is launched you might have a training program. You also might have a training program for kind of you know enhancing the skills of people who work in fields. Even when new policies come let us say you have new product price and distribution policies.

But, the crux is about allocating the right person at the right time at the right location that again is going to be something difficult, but if done right you do not need to bother much. Then again we will talk about controlling which is about checking for the deviations and taking corrective measures.

Now, how this becomes important for sales management. Let us say the sales people are doing their job, they are all in the streets and trying to sell it to the customers, but still you know sales registers maybe are telling a very sobering story maybe they are kind of indicating that the situation is not good.

So, it is it will only happen through controlling that you will go ahead and figure out what is the problem. See the problem could be maybe the competitor has come up with the very very fabulous product where product is kind of coming across as inferior right though you cannot blame it on the sales people right.

So, controlling is very important, otherwise you might realize maybe the sales people are not very motivated or not that pumped up to sell, then again you will have to relook ok how do we need to motivate them. So, these are going to be the aspects of controlling, but controlling is not just going to be related to achieving targets. It can also be related to controlling budgets and cost that can be accumulated or attributed to different territories or units.

Then the last is regulation making sure that all the government regulations are met. Let us say you launch a product, which is not very health friendly or maybe say let us say which is not kind of very much aligned with environmental protection. So, that is where regulations will come in picture.

I hope you have got an idea about the strategic role of sales management whether it was goal and objective setting, planning, organizing and budgeting implementing controlling or regulation. So, as we will move to the next session we will be definitely looking at technical role of sales management and then we will get to the more thrilling part.

Thank you.