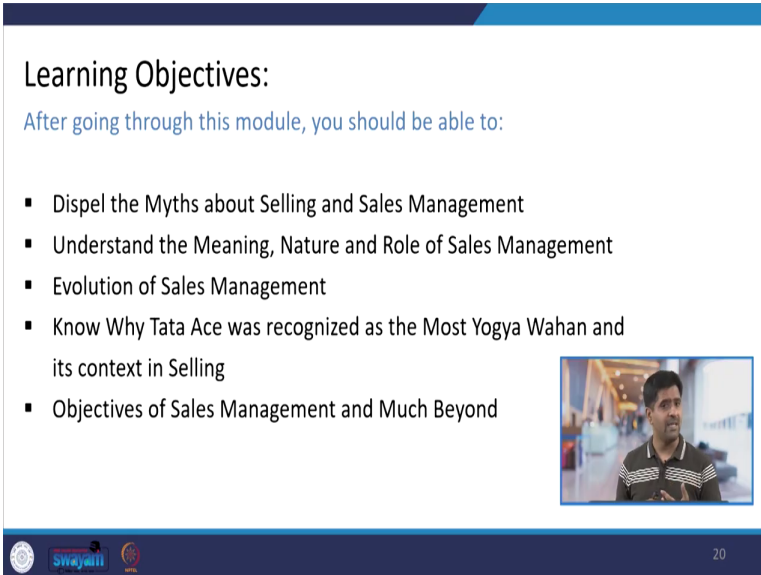


Strategic Sales Management
Prof. Sourabh Arora
Department of Management Studies
Indian Institute of Technology, Roorkee

Breaking the Myths and Learning the Basics (Continued...)
Understanding Selling from a Strategic Perspective
Lecture - 03
Tactical Role of Sales Management

Hello everyone. I welcome you back on this course Strategic Sales Management. So, we will be now beginning with session 3. But as far as session 1 and 2 are concerned, I really hope that you had an enriching experience, and you have been able to pick up or maybe break the myths and you know learn the basics of sales management.


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Learning Objectives:

After going through this module, you should be able to:

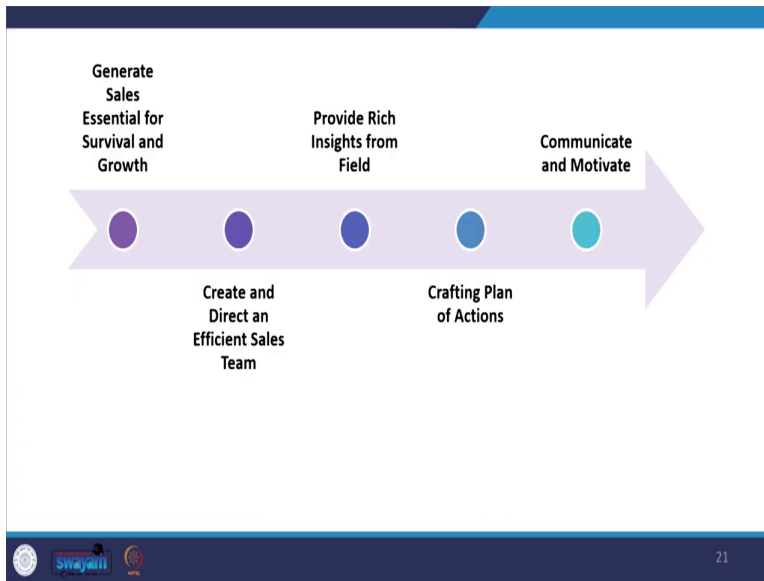
- Dispel the Myths about Selling and Sales Management
- Understand the Meaning, Nature and Role of Sales Management
- Evolution of Sales Management
- Know Why Tata Ace was recognized as the Most Yogya Wahan and its context in Selling
- Objectives of Sales Management and Much Beyond



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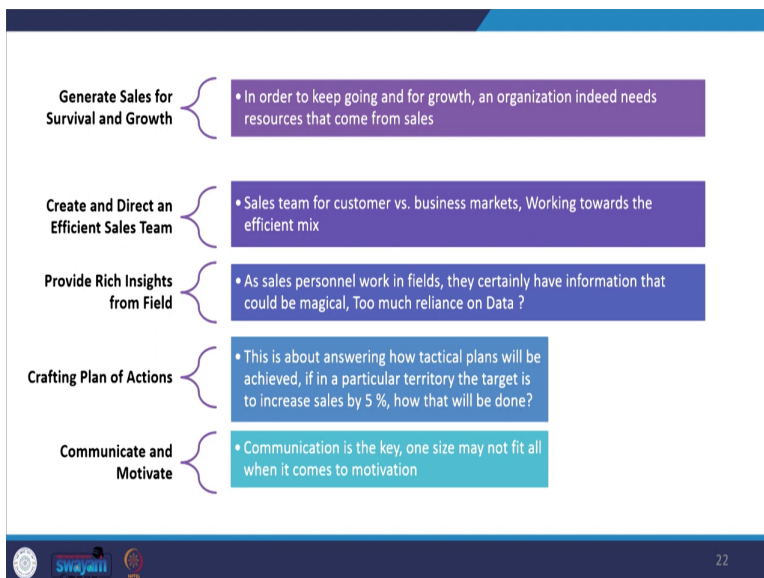
Now, we have already dispelled the myths about selling in sales management. We have understood the meaning, nature and maybe you know we are moving more further towards the role of sales management. Like in the last session, we basically discussed the more strategic role of sales management. But here we are, and we will be talking about now the tactical role of sales management.

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So, it basically encompasses generating sales essential for survival and growth, creating and directing an efficient sales team, providing rich insights from field, crafting plan of actions, communicating and motivating.

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Now, when you talk about generating sales for survival and growth, see many times I have told you I think in the last two sessions also, that sales management is not just about sales, but we also cannot deny the fact that it is an important aspect. Because it is the only unit that creates revenue for the organization, right.

If you look at other departments, maybe let us say look at, even if you look at other functions of marketing like advertising, you know sales promotion, all these are cost driven, right. They come up with the cost. Sales organization also come up with the cost, but it brings in a lot of revenues also which is very very essential to keep an organization going.

So, the another important facet is creating and directing an efficient sales team. See, if you understand it from the perspective of customer and business markets, you will definitely understand why this is important. Like, I will explain this with an example. Let us say when you are preparing a sales team for business markets, it is very very important that they have thorough knowledge even about the technical specifications which might not be required for consumer markets.

And the other thing is you need to be very very thorough and clear about what is going to be your efficient mix, how much of missionary salesmen do you need, or what is going to be the composition of creative salesmen, you know delivery salesmen, order takers. Let us say if you have more of stores in the city or maybe let us say Pan India Stores are higher, then definitely our composition of order takers, inside order takers who suit in stores could be more as compared to other people.

Another important facet about you know tactical role of sales management is, see it is about providing rich insights. You know as sales persons work in fields they are the only one who get to the nerves of customers. And they can clearly pinpoint what is it that the customer wants. I will give you one example even with respect to how too much reliance on data may not work out sometimes.

Though the example is very very micro in nature. Now, think of a situation you have a shoe store maybe let us say in a city like Kochi, and the sales person is very very smart. You have a lot of people coming, especially women who want to buy shoes. Now, the stock which is more available is for red shoes. But whenever a woman customer comes she always asks for yellow shoes. But you have a very smart salesman he and he ends up selling you know every time the red pair of shoes to the customer. And this continues for 6 months.

Now, just imagine if you are going to look at the data points, you will feel, ok the yellow is not being demanded and the red shoes are in very high demand whereas, the story is entirely different. So, the whole point is about understanding the human touch or the insights that you

will get from people who are working in field, are going to be you know very very useful I would say for an organization.

We all know that how all this data analytics has been growing and it is indeed useful. But we cannot undermine the role of insights that a single sales person can provide when he is talking to the customers or when he is serving in the store. The other important facet which is again quite important with respect to the role of sales management is crafting plan of actions, which means that it also requires a some kind of customization.

Because your sales promotion techniques which could might work in Haryana, may not work in Punjab or which might work in South, may not work in North. So, we also need to look at how these actions are to be designed. Now, broadly when you talk about crafting plan of actions the example which I gave is very very micro. It can happen in any way. With respect to let us say if in a particular territory the target is to increase sales by 5 percent, how that will be done?

That will again come from the plan of action that you have whether we will be doing it by offering discounts, opening more of stores, or what would be the other way out. Now, the last part of when we primarily look at you know the role of sales management is communicate and motivate. Now, we definitely have looked at the motivation aspect. We mentioned it in the implementation part with respect to the strategic role. But again, we are now looking at it from the perspective of aligning it with communication.

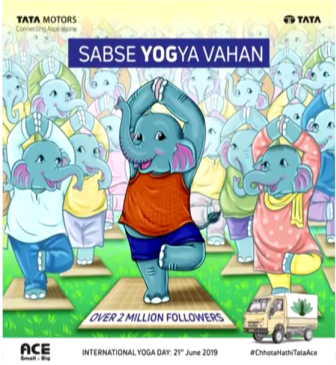
Communication is the key you need to have regular meetings with your sales team and sometimes also with your customers, right. And one size may not fit all when it comes to motivation. And see, again this will break that myth you know you give more of sales incentives and you have you will have sales people selling products like hot cakes. This might not work always because as a person gradually evolves, money still may be an important motivating factor for them.

But you also might have you know a section of people who could be more motivated by job enrichment or maybe a pat on the back or other motivational tools that will be definitely be looking at as we will move further in this course. So, as of now I really think that you are very much thorough with respect to the strategic and technical role of sales management. And definitely, you must have got an idea about the broader perspective which can be kind of accumulated to a sales organization in a broader or a larger spectrum of an organization.

Now, as we move further, I think we are getting to the part which actually I am more excited about, which is one of the sections that I also have in my other lectures some extra fodder for thought, which is as of now or in this session we will be discussing about the resounding success of Tata Ace.

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Some Extra Fodder for Thought : Resounding success of Tata Ace




Source: <https://www.facebook.com/TataAceChhotaHathi/>

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Just look at the image, how exciting is it. You know Tata Ace has been considered as the sabse yogya vahan, and we also have this chota hathi who in a way is a kind of a brand ambassador for this product.

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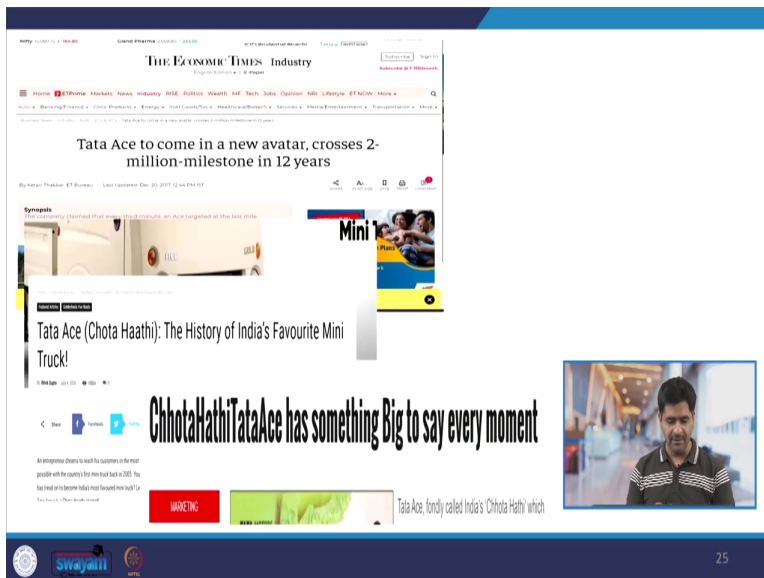


Source: <https://www.facebook.com/TataAceChhotaHathi/>

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Other thing is Acebook the face of trust because Tata is indeed has been very very successful in winning the trust of commercial vehicle owners across the country. Now, just look at the other image “chhota hathi hai sab khairiyat hai”. It again indicates that this is a one stop solution for people who are looking for you know smaller commercial vehicles.

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And all these news, Tata Ace to come in a new avatar crosses 2 million milestone in 12 years. Tata Ace the chhota hathi, the history of India’s favorite mini truck, India’s favorite mini truck. I am repeating it, so that you get an idea you know how loved this particular product has been. Chhota Hathi Tata Ace is a something big to say every moment. Tata Ace fondly called as Chhota Hathi.

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The team that created the magic vehicle and revolutionized the commercial vehicular market

Source: <https://www.businesstoday.in/magazine/cover-story/story/biggest-indian-innovation-tata-ace-46694-2014-05-08>

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Now, you might be wondering why we are talking so much about it. Definitely, I will explain you more, but just look at these fabulous team who was behind creating this magic vehicle that actually revolutionized the commercial vehicle segment. So, you have Mr. Dinesh Dhani, as chief engineer he developed the chases and integrated the vehicle. Mr. Anand, he kept a tight leash on all aspects of expenditure. Mr. AK Agarwal, he engineered the body, the cabin, and the trims. And Mr. Girish Wagh, Tata Ace was his baby right from the concept to the final vehicle was created.

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Tata Ace which was introduced in 2005 stands credited for revolutionizing the concept of mini-truck in India. As per 2017 notification by the Tata Group, in terms of sales, the Tata Ace which can be considered as the **India's best mini-truck** has overlapped the important milestone of **20 lakh vehicle sales**.

"Over the past 12 years, every 3rd minute, the Tata Ace has given rise to new business, generated employment and inspired entrepreneurship opportunities thus transforming lives in the remotest areas in India"

- Press Note by Tata Group*

Source*: <https://www.tatamotors.com/press/tata-ace-crosses-20-lakh-sales-milestone/>

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Now, Tata Ace which was introduced in 2005 stands credited for kind of creating a revolution with respect to the concept of a mini-truck in India. If you go by the statistics as per the 2017 notification by the Tata group itself, almost 20 lakh vehicle sales have been done. And I was today looking at one of the videos on YouTube. If you search Tata Ace and I think with respect to the YouTube channel by Tata group, you will be able to see that as of now they have even crossed 23 lakh vehicle sales.

So, this is what the press note by Tata group rate. “Over the past 12 years, every 3rd minute, the Tata Ace has given rise to a new business, generated employment, inspired entrepreneurship opportunities thus transforming lives”. Now, I want you to focus on this part. They are not talking about you know that we have just sold this product. They are talking about creating new business opportunities, generated employment, inspired entrepreneurship.

Now, just imagine rather than kind of solving the functional problems of let us say you know taking stock from one place to another which can be taken with you know through this Tata Ace, it has done a much more. That is why it became so popular.

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Highlighting the success of this path-breaking innovation, *Girish Wagh, Head, Commercial Vehicle Business, Tata Motors said,*

“It is a moment of great pride and a testimony from our customers that India’s first mini-truck, our small wonder – The Tata Ace celebrates the significant milestone of 20 lakh vehicles on road in just 12 years of its remarkable journey”

Leading the market with a 65% market share, the Tata Ace has proven to be the most versatile small commercial vehicle in the industry.



Source: <https://www.tatamotors.com/press/tata-ace-crosses-20-lakh-sales-milestone/>; <https://economictimes.indiatimes.com/aceing-its-way-through-the-crowd/articleshow/1924279.cms?from-mdr>

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Now, highlighting the success of this path breaking innovation, Girish Wagh, Head Commercial Vehicle Business, Tata Motors said, “It is a moment of great pride and definitely a testimony from our customers that India’s first mini truck, our small wonder celebrates the significant milestone of 20 lakh vehicles on road in just 12 years of his remarkable journey”.

Leading the market with a 65 percent share, the Tata Ace has proven to be the most versatile commercial vehicle in the industry.

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But the question is how did this happen?

or

To be precise, How Tata Ace proved to be the game changer for Tata Motors as regards beating the recession cycles in automotive sector ?

or

How are Sales so superfluous in case of Tata Ace?



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But the question is how did this happen? Or to put it in a different way or to be precise how Tata Ace has proved to be the game changer for Tata Motors as regards beating the recession cycles in automotive sector? Or the bigger question that we need to answer with respect to the specific course that we are doing is how are sales so superfluous in case of Tata Ace? Right. Because I think this is something which you would be more interested in knowing. Or maybe what are the selling lessons that we can actually learn from the success of Tata Ace?

Now, see if you go back to 1998 or 99, there was you know definitely a recession in the automotive sector. I think maybe you can Google and read about it.

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Recession in the automotive sector in 1998/99 was persistent and deep. Recovery was sought to be a distant dream. And what made it worse for Tata Motors was their large manufacturing capacity. They were approximately reaping a loss of 500 crores.

It was almost nearing the end of 2000 when Mr. Ravi Kant, who was heading the commercial vehicles business at Tata Motors formulated four cross-functional teams to get to the fields and analyze how consumer needs were changing or evolving given the slump in the vehicular demand.



Source: <https://www.tatamotors.com/press/tata-ace-crosses-20-lakh-sales-milestone/>; <https://economictimes.indiatimes.com/aceing-its-way-through-the-crowd/articleshow/1924279.cms?from-mdr>



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And recovery was basically sought to be a distant dream. And it was considered to be a major problem for Tata group because they had the large manufacturing capacity. And they were almost reaping a loss of 500 crores. I think which is very huge, right. So, it was almost or maybe say nearing the end of 2000, when Mr. Ravi Kant, who was heading commercial vehicles business at Tata Motors he formulated 4 functional teams and he wanted them to be on the fields and talk to customers.

So, that they could figure out the reasons of this the slump which was going around in the vehicular demand.

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Mr. Ravi Kant selected Mr. Wagh, 29 year old mechanical engineer to study the sub-four-tonne market, which was at that time captured by three-wheelers primarily being manufactured by Piaggio, Bajaj Auto and Mahindra & Mahindra.

Wagh along with his team spent approximately six months in taking interviews across the streets interacting with over 600 customers encircling owners, drivers, mechanics, end-users as well as opinion makers - across the country.



Source: <https://www.tatamotors.com/press/tata-ace-crosses-20-lakh-sales-milestone/>; <https://economictimes.indiatimes.com/aceing-its-way-through-the-crowd/articleshow/1924279.cms?from=mdr>



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Now, Mr. Ravi Kant went ahead and definitely selected this wonderful guy Mr. Wagh, who was 29 year old mechanical engineer at that time, to study the sub photon market. Why they specifically picked up this? Because see, this market was specifically being captured by three-wheelers you know players at that time, maybe Piaggio, Bajaj Auto and Mahindra and Mahindra. So, basically, they wanted to explore if there is a gap or maybe you know find out new markets where they could venture into.

So, Wagh definitely along with his team spent approximately 6 months which indeed is a huge time in taking interviews across the streets. They interacted with a lot of people and around 600 customers encircling owners, right, drivers, mechanics, end users, as well as opinion makers across the country.


Now, see this is very very important with respect to marketing and selling. We will definitely talk about this in the end, because in a way this highlights that you are being customer centric, and you are trying to interact with people for whom you will be definitely manufacturing a product.

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Mr. Wagh indeed mentions that he considered interacting with customers as an eye opener for someone who was always behind doors as an engineer. This indeed allowed them to get rich insights:

It was in a meeting with a Tata 407 owner that Wagh got the idea of a mini truck as the owner complained three wheelers were killing their market by charging less and delivering goods faster. He wished for a mini truck half size of Tata 407, a 2.5 tonner.

In a Tamil Nadu village near Coimbatore, a young man said,
"If I have a four- wheeler, then better marriage proposals will come."
This specified that a 4-wheeler was seen as aspirational and more of a status symbol.



Source: <https://www.tatamotors.com/press/tata-ace-crosses-20-lakh-sales-milestone/>; <https://economictimes.indiatimes.com/aceing-its-way-through-the-crowd/articleshow/1924279.cms?from=mdr>

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Mr. Wagh in one of the articles published in Economic Times indeed mentions that you know interacting with customers, foreign engineers was definitely something odd. Because he has always been behind the doors as in engineer or I think the right word would be which he mentioned that it was basically an eye opener for him.

Now, it was in a meeting with a Tata 407 owner that Wagh got the idea of a mini truck as the owner complained three-wheelers were killing their market by charging less and delivering goods faster. He wished for a mini truck half size of Tata 407, kind of a 2.5 tonner. Likewise, in interacting with one of the customers or maybe I would say young man in Tamil Nadu, in a village near Coimbatore, he said if I have a 4-wheeler then better marriage proposals will come this indeed specify that a 4-wheeler was seen as aspirational and more of status symbol.

See, in a way this indicates that you know the aspiration for owning a 4-wheeler, by the people who are who could who did not have that much financial resources to own it and have to kind of get sorted with the three-wheeler. Was kind of you know they wanted to have that feel good factor or feel better or kind of they associated with it more of a status symbol. That, if you have a 4-wheeler you know they will also be able to kind of feel good about it.

Maybe for the lack of words, I would say in that way, maybe they will have a sense of pride while driving it or owning it, right.

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When Tata-Ace project was presented for the first time to Mr. Ratan Tata, a 10 minute presentation went for 45 minutes as he was so intrigued with the idea and felt that this could be a game changer for BOP (Bottom of the Pyramid) markets.

Despite by nod by Mr. Tata and support of top management, the path was certainly challenging as regards engine. Without engine project would be a non-starter. The team decided to develop a two-cylinder version of the four cylinder version of Indica engine in-house. However, on launch in 2005, Tata Ace just swiped off the markets.

Source: <https://www.tatamotors.com/press/tata-ace-crosses-20-lakh-sales-milestone/>; <https://economictimes.indiatimes.com/acing-its-way-through-the-crowd/articleshow/1924279.cms?from-mdr>



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See another exciting thing about this Tata Ace Project was when this was you know for the first time presented to Mr. Tata it was supposed to be a 10-minute presentation. But actually, it went for 45 minutes which in a way indicates the interest he might have had in this product or he was so much intrigued with the idea that he also felt that this is definitely going to be a game changer, especially for BOP or bottom of pyramid markets.

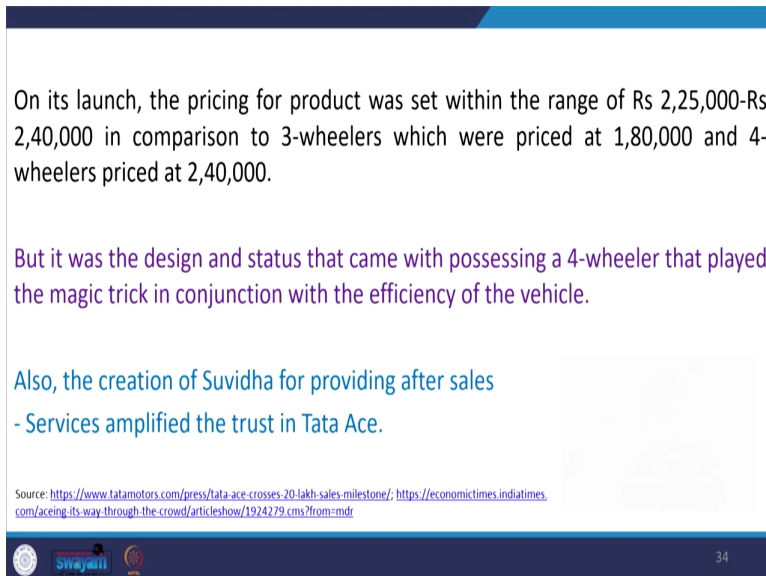
See, when you talk about bop markets you might have a very different idea. But specifically with respect to this industry we are looking at it from the perspective of the fact that people who were not able to afford trucks at that time. That is why they decided to create this beautiful mini version for them.

But the path was definitely challenging. It was not that easy. Despite the note or maybe you can say then thrilling support by Mr. Tata or the support of top management, it was difficult because they had a lot of challenges. And the first bigger problem was the engine. See, because at that time the engines that were basically available were either one-cylinder or four-cylinder, but the issue with Tata Ace or I would say the best part was they were trying to create a compact version of the truck. So, they definitely needed a smaller engine.

So, what they eventually decided was that they went ahead with the two-cylinder version of the four-cylinder version of Indica engine in-house which they had actually kind of manufactured or used for the Indica. Now, other thing was even globally nothing was

available which could fit the Tata Ace. We are talking about from the perspective of an engine. And however, on launch in 2005 Tata Ace just swiped off the markets.

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On its launch, the pricing for product was set within the range of Rs 2,25,000-Rs 2,40,000 in comparison to 3-wheelers which were priced at 1,80,000 and 4-wheelers priced at 2,40,000.

But it was the design and status that came with possessing a 4-wheeler that played the magic trick in conjunction with the efficiency of the vehicle.

Also, the creation of Suvidha for providing after sales
- Services amplified the trust in Tata Ace.

Source: <https://www.tatamotors.com/press/tata-ace-crosses-20-lakh-sales-milestone/>; <https://economictimes.indiatimes.com/aceing-its-way-through-the-crowd/articleshow/1924279.cms?from=mdr>

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So, on its launch the pricing for the product was set within the range of rupees 2,25,000 to rupees 2,40,000 in comparison to 3-wheelers which were priced as 1,80,000 and 4-wheelers which were priced at 2,40,000. But definitely it was the design and status that came with possessing a 4-wheeler that played the magic trick in conjunction with the efficiency of the vehicle.

And see, the other thing is you know it was not just about creating a star product. Its not like you know you just launched the product which is quite good, as in case of Tata Ace and you have people rushing around to buy it or maybe you can say there is a huge demand. It is also about looking at the aspect of after sales.

See because if you are not able to provide good after sales services then also it might not work or you might not have those referrals. Because if you talk about Tata Ace and I would still recommend you to go and look at the videos or the success stories of Tata Ace. I will be able to see in one of the videos which has been posted in January 2022 only that 1 lakh of Tata has been sold only through referrals. So, the magic which worked was the creation of Suvidha which was only focus on Tata Ace customers with respect to providing after sales services.

Now, we will be getting to the most exciting part which actually I have been waiting for. I think I have repeated it a number of times that there are many fabulous lessons that we can actually learn from Tata Ace and they can be looked at from two perspectives.

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Lessons Learnt From TATA Ace:

As regards Sales: Right mix of Research + Customer Participation + Value driven approach can be magical, Quashes the idea of Sales being forceful

As regards Innovation:

INNOVATION A small truck with a payload of less than one tonne	An independent team with execution-oriented members helps
EXECUTION LESSONS Innovation starts and ends with customers	Bold decisions need to be taken
Top leadership's support critical. It helps in adequate resource allocation	Innovation is a collaborative effort. Involving the ecosystem helps

Source: <https://www.tatamotors.com/press/tata-ace-crosses-20-lakh-sales-milestone/>; <https://economictimes.indiatimes.com/aceing-its-way-through-the-crowd/articleshow/1924279.cms?from=mdr>

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One is maybe from the perspective of sales, another facet could be innovation. So, one thing which becomes very very obvious with the example of Tata Ace is, and maybe the myth that it squashes is that sales is not always forceful. If you come up with the product you know which you have developed after doing the right research or maybe I would say if you come up with the product in which you have been working hands and hands with marketing, it is definitely going to be magical.

Because you know the sales of Tata Ace of now could be around 23 lakhs which is a very very huge number or I would say 23 lakhs satisfied customers. So, it is all about saying that when you have right mix of research, customer participation, as we saw in case of Tata Ace that the team was out in streets. They were talking to truck owners. They were also talking to mechanics. They were also talking to you know opinion makers and trying to understand what are the problems that they face and where does the gap actually lie.

And the other thing or another example could be, if you have a value driven approach with respect to selling which means that you come up with a product which actually adds value or maybe solves the problem for the customers. Again, it is going to be a very very smooth ride with respect to selling.


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Lessons Learnt From TATA Ace:

As regards Sales: Marketing and Sales Perfect Balance: Right mix of Research + Customer Participation + Value driven approach can be magical, Selling just doesn't stop at transfer of possession, Quashes the idea of Sales being forceful

As regards Innovation:

INNOVATION A small truck with a payload of less than one tonne	An independent team with execution-oriented members helps
EXECUTION LESSONS Innovation starts and ends with customers	Bold decisions need to be taken
Top leadership's support critical. It helps in adequate resource allocation	Innovation is a collaborative effort. Involving the ecosystem helps



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And the other part is selling just does not stop at transfer of possession. It is not like you know someone has bought Tata Ace and your job is done. I mentioned the example of Suvidha where they were trying to give the best of after sales services to their customers. So, these are a few lessons that we can learn. But what I want you to do is I also want you to think of the lessons as regards sales is concerned or whatever we have learnt till now with respect to Tata Ace and sales management.

And then, maybe you can express your views in the forum, and we will take this discussion forward. Because there are a few things which even I am holding on because I first want you to have you know keep your mind rolling or have a thought process with respect to what you think. As far as the innovation is concerned there are again some lessons which are clearly mentioned in the slides. Like you know there has to be a support from top management, you should be willing to take risk or maybe if the need be you should be willing to take the bold decisions.

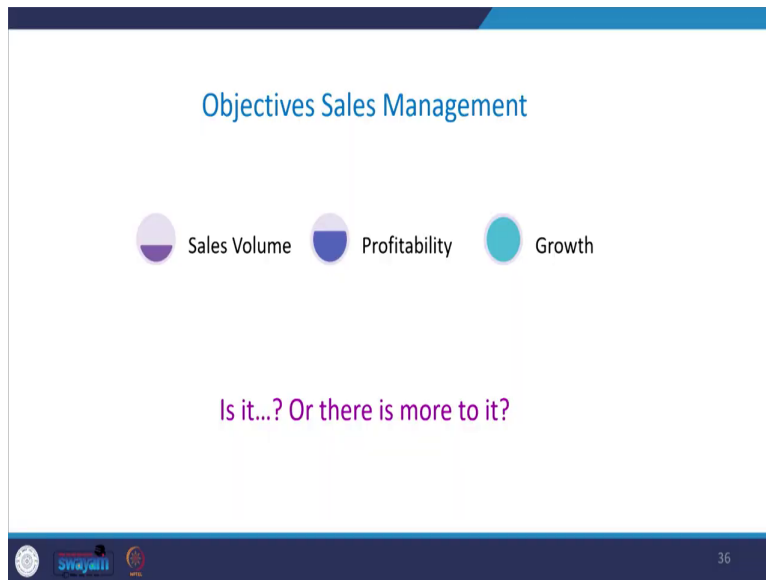
So, I would request you to read about all these lessons also. And there is another thing which becomes very very obvious that innovation is a collaborative effort. Its not like you have just one person who is working on coming up with the star product.

If you have people you know who are from different departments, like in this case you had someone who was kind of taking care of the technical aspects. You have someone who was taking care of keeping the budget intact. You have someone who was focusing on what are

the insights that are coming from customers. It is definitely going to make a lot of effort with respect to coming up with very good or maybe I say magical product.

So, I will definitely look forward to what you guys actually write in forum and then we will be talking a lot more about it.

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Now, as we move forward we will be learning about the objectives of sales management. Primarily, maybe we can say there are 3 prime objectives of a sales organization. Let us say it is about pumping up the sales volume or maybe we can say making sure that the products are being sold in required numbers. At least the breakeven points are being closed, which means that at least there is no loss with respect to the volume which is being sold.

Another objective which can be mentioned with respect to this is profitability. It is not just about increasing the volume of sales. It is also important that what is being sold at least brings in some amount of profitability. See, if you have or maybe you can say the sales numbers are gradually increasing, but if you look at the profitability registers if they are telling a sob story. It is not going to make sense. So, it is very very important that what is being sold it should definitely bring in some amount of profits for the organization.

And the last objective which again is of very crucial importance is growth, which means that you know in one way maybe you can look at it this way let us say the sales department is the

department which only brings in the required revenues or maybe the cash flows which can be used for growth.

The other way is it is again very very important for the sales management to kind of make sure that the products are being sold, and also bring in the ideas for new products which again can pump up the growth for an organization. Because again the key point is that it is only the sales department or the sales people who are in touch with the people on the ground or maybe say who are in direct touch with customers. And they can definitely provide that right kind of feedback.

But wait my question is it or there is more to it? So, definitely there is a lot more to it. And as far as our approach towards understanding the objectives of sales management is concerned, we will be definitely looking at it in a more exciting way.

So, I hope this session has actually been enriching for you. And as we move forward there is a lot more that is waiting for you in stores.

Thank you.