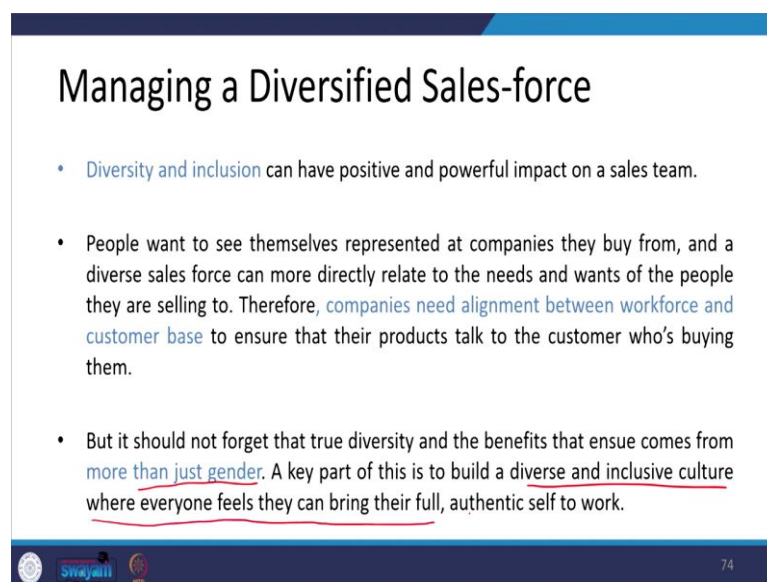


Strategic Sales Management
Prof. Kalpak Kulkarni
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Lecture - 40
Managing a Diversified Sales-force

So, after learning more about how technology is affecting selling process and how the recent trends in automation as well as virtual reality augmented reality and artificial intelligence affect selling. There is another very important factor that also affects how a sales performance is kind of you know getting impacted. So, here in this module, we are going to learn more about how to Manage a Diversified Sales force.

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The slide is titled "Managing a Diversified Sales-force" and contains three bullet points. The first bullet point states that diversity and inclusion can have a positive and powerful impact on a sales team. The second bullet point explains that people want to see themselves represented at companies they buy from, and a diverse sales force can more directly relate to the needs and wants of the people they are selling to. It notes that companies need alignment between workforce and customer base to ensure their products talk to the customer who's buying them. The third bullet point states that true diversity and the benefits that ensue come from more than just gender, and that a key part of this is to build a diverse and inclusive culture where everyone feels they can bring their full, authentic self to work.

So, diversity and inclusion can have positive and powerful impact on your sales team. People want to see themselves represented at companies they buy from, and a diverse sales force can more directly relate to the needs and wants of the people they are selling to. So, therefore, companies need alignment between workforce and customer base to ensure that their products talk to the customer who is buying them.

So, but it should not forget that true diversity and the benefits that ensue comes from more than just gender. So, diversity and inclusion is not about just gender, it is more than that. A key part of this is to build a diverse and inclusive culture where everyone feels they can bring their full authentic self to the work.

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Managing a Diversified Sales-force

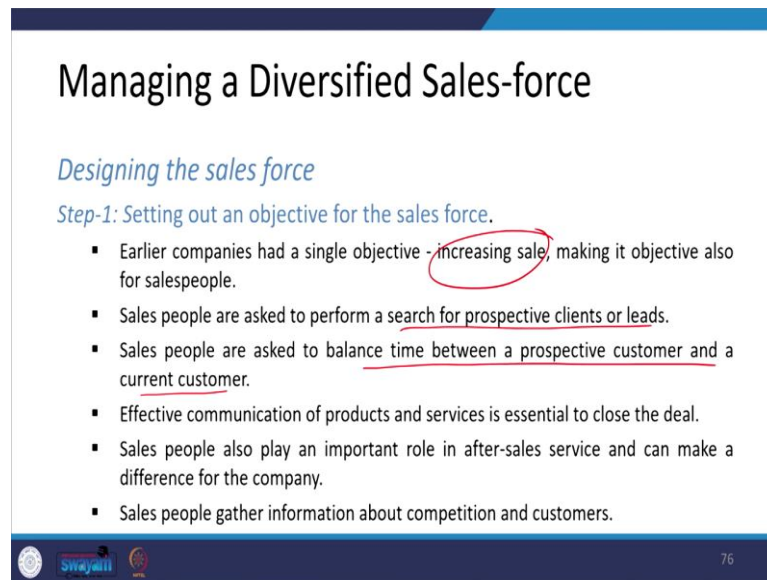
- Although people are quick to assume that workplace diversity only means having more people of different gender/color in the office, the technical definition is hiring and retaining employees who represent a number of different characteristics and walks of life.
- Diversity is about including others wherever possible, leveraging their strengths, and respecting their opinions. When organizations bring together people of different gender, culture, nationality, or socioeconomic background, they get access to a much richer set of innovative ideas.
- Having a more diverse group can be challenging as it takes time to get to know people and learn how to manage those who think or act differently. But the benefits exceed the costs.

Swajati 75

Although, people are quick to assume that workplace diversity only means having more people of different gender or color in the office, the technical definition is hiring and retaining employees who represent number of different characteristics and walks of life. Diversity is about including others wherever possible, leveraging their strengths and respecting their opinions as well.

When organizations bring together people of different gender, culture, nationality or even socio economic background, they get access to much richer set of kind of you know innovative ideas. So, having a more diverse group can actually be challenging as it takes time to get to know people and learn how to manage those who think or act very differently, but the benefits exceeds the cost.

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Managing a Diversified Sales-force

Designing the sales force

Step-1: Setting out an objective for the sales force.

- Earlier companies had a single objective - increasing sale, making it objective also for salespeople.
- Sales people are asked to perform a search for prospective clients or leads.
- Sales people are asked to balance time between a prospective customer and a current customer.
- Effective communication of products and services is essential to close the deal.
- Sales people also play an important role in after-sales service and can make a difference for the company.
- Sales people gather information about competition and customers.

76

So, how to involve more diversified sales force? We need to look back and we need to look at the processes that we employ while designing the sales force or selecting our sales persons and all. So, the step 1, in this particular designing sales force process is setting out an objective for the sales force. So, earlier companies had a single objective only increasing sales, making it objective also for sales people as well. So, sales people are asked to perform search for prospective clients or leads.

Sales people are asked to balance time between prospective customer and current customers. As well as there is effective communication of products and services should be ensured which is very essential to close the deals. Sales people also play an important role in after sales services as well and can make a difference for the company. So, sales people gather information about competition and customers as they are working in the field with this we need to set more objectives not just getting sales right.

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Managing a Diversified Sales-force

Designing the sales force

Step-2: Using salespeople strategically.

- Sales people have to combine efforts with other team members to achieve the objective.
- Sales people should be aware of how to analyze market data provided and convert them into marketing strategies.

77

So, 2nd step in designing a effective sales force is using sales people strategically. Sales people have to combine efforts with other team members to achieve their objective. So, the teamwork should be kind of know a good criteria to have a diversified sales force. Sales people should be aware of how to analyze market data provided and convert them into marketing strategies.

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Managing a Diversified Sales-force

Designing the sales force

Step-3: Deciding the structure of the sales force

Common sales force structures are as follows:-

- ✓ **Territorial structure** is used where every sales representative is assigned a specific geographical area. This structure is preferred for building relationships with locals.
- ✓ **Product structure** is used for complex and un- related product portfolio. Here the salespeople are directly associated with the research and development of the products.
- ✓ **Market structure** is used if the companies are operating in different industry or market segments. Every sales force specializes in a definite market and helps push a product efficiently across the given market. However, the disadvantage would arise if customers are located over a wide geographical area.
- ✓ **Complex structure** is used when companies are in the business of selling complex products to different customers across a large geographical area.

78

Coming to the 3rd step, which about which is about deciding the structure of the sales force. Now, there are different ways industries practices this kind of sale structures. And

here are some four basic criteria's or basic types of how sales force are structured across organizations. First type is a territorial structure, which is used where every sales representative is assigned a specific geographical area.

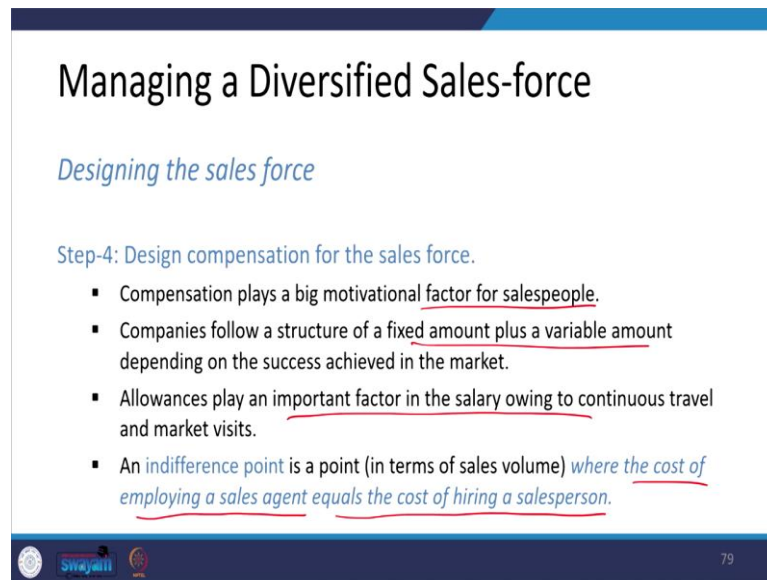
This structure is preferred for building relationship with locals. A best example is what FMCG companies does. Companies like HUL, P and G and all they use this territorial structure. A single representative is handling all the basket of a related products, and he is responsible for sale in that particular region or territory. Second type of sales force structure is product structure which is used for complex and unrelated product portfolios.

Here the sales people are directly associated with the research and development of the products, for example, in some sense pharmaceutical representatives. So, they work with a particular division let us say orthopedic, diabetic and they handle the related products that are assigned to that particular kind of you know product category.

Third type of sales force structure is market structure which is used if the companies are operating in different industry or market segments, and every sales force specializes in definite market and helps push a product efficiently across the given market; however, the disadvantage of this market structure is that it would arise if customers are located over a wide geographical area, then this market structure may not work efficiently.

And the final is nothing but the combination of all these three which we call as a complex structure of sales force, which is used when companies are in the business of selling complex products to different customers across large geographical area.

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Managing a Diversified Sales-force

Designing the sales force

Step-4: Design compensation for the sales force.

- Compensation plays a big motivational factor for salespeople.
- Companies follow a structure of a fixed amount plus a variable amount depending on the success achieved in the market.
- Allowances play an important factor in the salary owing to continuous travel and market visits.
- An indifference point is a point (in terms of sales volume) where the cost of employing a sales agent equals the cost of hiring a salesperson.

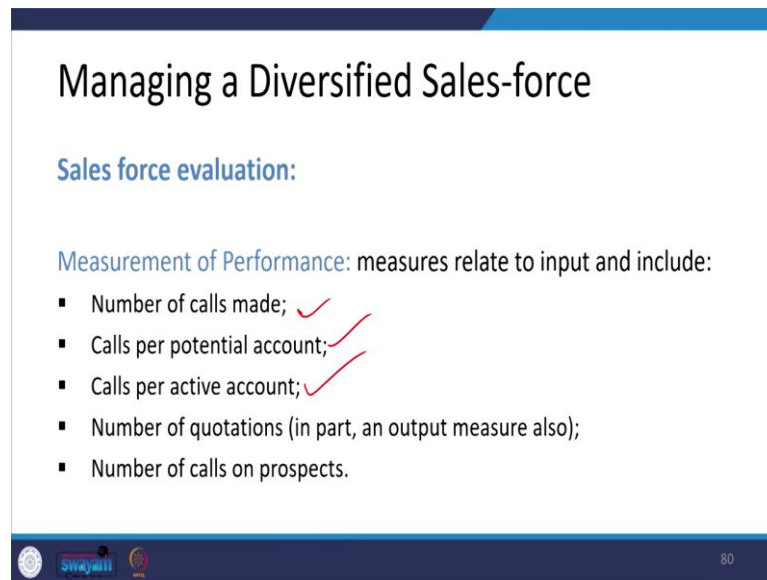
79

And then once we have a sales force catering to different kind of markets and products or customers, next stage is designing of an compensation for the sales force. So, compensation plays a big motivational factor for sales people. Companies follow a structure of fixed amount plus kind of you know a variable amount attached to it based on the performance of a particular sales person.

Allowances play an important factor in the salary owing to a continuous travel that is involved across the market. An indifference point is something which is used by many organizations to decide whether they want to hire an extra salesperson or not. So, an indifference point is a point where the cost of employing a sales agent equals to the cost of hiring a salesperson.

So, instead of giving my selling efforts to a third party or an agent on a commission basis, if I employ my own sales person and it kind of you know gives me more benefit as compared to a sales agent that point is called as a indifference point. And, if it equals or more than that then companies goes for hiring a particular sales person like you know their own sales force in that particular market or territory.

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Managing a Diversified Sales-force

Sales force evaluation:

Measurement of Performance: measures relate to input and include:

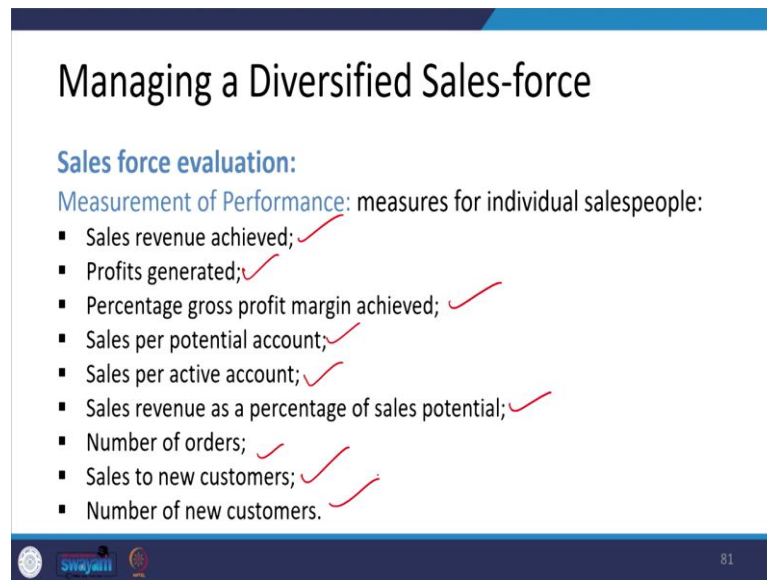
- Number of calls made; ✓
- Calls per potential account; ✓
- Calls per active account; ✓
- Number of quotations (in part, an output measure also);
- Number of calls on prospects.

80

And then, how to measure the performance? Compensation needs to have been linked with performance of particular sales person. And so, there are different measures that are available that can that can be used to measure performance of your sales reps. So, measures related to input and input and these include number of calls made, calls per potential client, then we have calls per active account like you know in pharmaceuticals also even if a particular physician is writing your products.

A medical representative or marketing representative has to make minimum two to three visits in a month to that particular physician. So, that is again one of the measure to perform to measure the performance of salesperson. Number of quotations generated that is in part an output measure also and number of course, on prospects as well.

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Managing a Diversified Sales-force

Sales force evaluation:

Measurement of Performance: measures for individual salespeople:

- Sales revenue achieved; ✓
- Profits generated; ✓
- Percentage gross profit margin achieved; ✓
- Sales per potential account; ✓
- Sales per active account; ✓
- Sales revenue as a percentage of sales potential; ✓
- Number of orders; ✓
- Sales to new customers; ✓
- Number of new customers. ✓

81

Coming to the measures for individual sales people, there are multiple measurements available for example, sales revenue achieved in a particular time.

Let us say quarterly targets, profit generated from that particular territory, percentage gross profit margins achieved, sales per potential account, sales per active account, sales revenue as a percentage of sales potential, then number of orders generated from that particular base and then sales to new customers and number of new customers added into the pipeline. So, these are the few kind of you know individual sales people focus measurement of performance indicators.

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Managing a Diversified Sales-force

Sales force evaluation:

Measurement of Performance: Hybrid ratios

- **Strike rate** = Number of orders / Number of quotations ✓
- **Sales revenue per call ratio** ✓
- **Profit per call ratio** (call effectiveness) ✓
- **Order per call ratio** ✓
- **Average order value** = Sales revenue / Number of orders ✓
- **Prospecting sales (or success) ratio** = Number of new customers / Number of prospects visited
- **Average profit contribution per order** = Profits generated / Number of orders

Swajati 82

Coming to kind of you know next level of measurement of performance where we are using hybrid ratios. So, companies use one of these or many of these at a time. For example, strike rate which is nothing but number of orders generated divided by number of quotations that they have given. Sales revenue per call ratio, profit per call ratio, order per call ratio these are again some of the hybrid ratios.

Average order value is something which is very much important indicator to measure the performance of individual sales representatives. For example, sales revenue generated divided by number of orders.

Similarly when we are we are at the prospecting stage we would like to you know prospecting sales or success ratio which is nothing but number of new customers divided by number of prospects visited and then average profit contribution per order right. So, profit generated divided by number of orders. So, these are the these are the some hybrid ratios that can be employed to measure the performance of sales persons.

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Managing a Diversified Sales-force

Sales force evaluation:

Measurement of Performance:

Qualitative measures

- Sales skills:** these may be rated using a number of sub-factors:
 - Handling the opening and developing a rapport. ✓
 - Identification of customer needs, questioning ability. ✓
 - Quality of sales presentation. ✓
 - Use of visual aids. ✓
 - Ability to overcome objections. ✓
 - Ability to close the sale. ✓
- Customer relationships:**
 - How well received is the salesperson? ✓
 - Are customers well satisfied with the service, advice, reliability of the salesperson, or are there frequent grumbles and complaints?
- Self-organisation:** how well the salesperson performs in the following:
 - Preparing calls. ✓
 - Organising routing to minimise unproductive travelling.
 - Keeping customer records up to date.
 - Providing market information to headquarters.
 - Conducting self-analysis of performance in order to improve weaknesses.

83

Then these are the quantitative ones. [FL], there are also some qualitative measures that can also be employed for example, with respect to sale skills like you know handling the opening handling the opening and developing a rapport with the customer, identification of customer needs, quality of sales presentations, use of visual aids like brochures, templates and all by our sales person ability to overcome objections and ability to close the deal.

These are some sale skill related measurements which are in qualitative nature. Customer relationship oriented qualitative measures include how well received is the salesperson, are customers well satisfied with the service advice, reliability coming from that particular salesperson with related to self organiaations, whether the sales person is preparing very well for the calls that he is making or appointments organizing routine to minimize unproductive traveling, keeping customer records providing market information.

So, these are all some of the qualitative indicators that define how a how well a salesperson is self organized.

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Managing a Diversified Sales-force

Sales force evaluation:

Measurement of Performance:

Qualitative measures

- 4 *Product knowledge:* how well informed the salesperson is regarding the following:
 - Their own products and their customer benefits and applications.
 - Competitive products and their benefits and applications.
 - Relative strengths and weaknesses between their own and competitive offerings.
- 5 *Cooperation and attitudes:* to what extent the salesperson will do the following:
 - Respond to the objectives determined by management in order to improve performance, e.g., increase prospecting rate.
 - Cooperate with suggestions made during field training for improved sales technique.
 - Use their initiative.
- 6 *Attitude towards the following:*
 - The company and its products.
 - Hard work.

84

Coming to the product knowledge of sales person, you can check whether they their own products and their customer benefits and applications competitive products and their benefits and applications. So, does your salesperson have all this information so as to make smooth sales call or sales pitch.

Again with respect to cooperation and attitudes you can check you know how he is responding to the objectives determined by management, how he is getting you know himself involved with a lot of initiatives whether he is showing the lot of initiatives or not. And then with respect to attitude toward the following like you know the company it is product hard work and all. So, these are qualitative these are the some qualitative measures that can also be employed to evaluate performance of a sales person.

Now, there are a lot of benefits of sales person diversification. So, as we have seen the designing of a sales force at the same time it is important to maintain the diversity not in just terms of gender or kind of you know color, but in terms of the way they are contributing across the organization hierarchy.

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Managing a Diversified Sales-force

Benefits of Salesforce Diversification:

- It enables a stronger customer connection
- It gives managers better access to top sales talent
- It boosts innovation by introducing a new perspective
- It promotes an engaged office

85

So, there are multiple of benefits that are offered when sales force is very diversified right. So, it enables a stronger customer connection. So, that is the first benefit. It also gives managers better access to top sales talent, it boost innovation by introducing a new perspective. And it also promotes an engaged office as well. Let us look at each of one of his each one of this in detail.

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Managing a Diversified Sales-force

Benefits of salesforce diversification

1. It enables a stronger customer connection:

- A diverse team with diverse practices can relate so much better to customers who themselves are more diverse.
- A salesforce that reflects its audience can relate more easily, creating stronger connections between brand and consumer.
- These connections translate to trust, which helps people make buying decisions sooner. That allows firms to close more sales and ultimately generate more revenue.

86

The first benefit that diversification enables a stronger customer connection. A diverse team with diverse practices can relate so much better to customers who themselves are more diverse right.

So, today's customers are so diverse and they are located across the globe. So, having a diversified sales force will actually make a strong customer connection. A sales force that reflects its audience can relate more easily creating stronger connections between brand and consumer. These connections translate to trust which help people make buying decisions more easily and more sooner, so that allows firms to close more sales and ultimately generate more revenue for the firm.

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Managing a Diversified Sales-force

Benefits of salesforce diversification

2. It gives managers better access to top sales talent:

- In a field where great talent is hard to find, diversification creates new recruitment opportunities for sales managers.
- By publicizing an inclusive working environment, advertising roles in varied spaces, and using considered language in job ads and descriptions, the company can widen their search to increase their chances of finding the perfect candidate.

Swajali 87

Second benefit that diversification brings it that gives managers better access to top sales talent. In a field where great talent is very hard to find, diversification actually creates new recruitment opportunities for sales managers. So, by publicizing in an inclusive working environment, advertising rules in varied spaces and using considered language in job ads and descriptions, the company can actually widen their search for increasing their sales chances and finding a great talent or a great candidate for the sales job. .

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Managing a Diversified Sales-force

Benefits of salesforce diversification

3. It boosts innovation by introducing a new perspective:

- Salesforce diversity allows managers to apply a range of perspectives to everyday business problems.
- This improves innovation, as a team with varied perspectives is more likely to find new, more efficient and productive ways to work than one comprising people who approach challenges in similar ways.

88

Third benefit that diversity also boosts innovation by introducing a new perspective. So, sales force diversity allows managers to apply a range of perspectives to everyday business problems. This improves innovation as team with varied perspective is more likely to find a new and more efficient and productive ways to work as compared to the routine works or routine kind of a decision that are taken.

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Managing a Diversified Sales-force

Benefits of salesforce diversification

4. It promotes an engaged office:

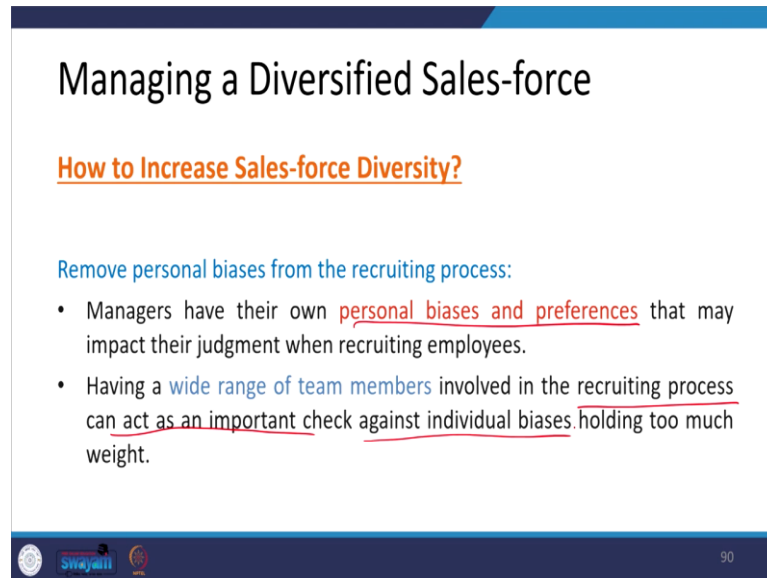
- Benefit of increasing the diversity of the sales team is that it brings about higher levels of employee engagement, and engagement is crucial to getting reps to perform at their highest level.
- In fact, engaged sales reps are not only more profitable, but they create stronger customer relationships and stay longer with their companies than less engaged employees.

89

Coming to the fourth benefit, the diversity also promotes an engaged office. Benefit of increasing the diversity of the sales team is that it brings about higher level of employee

engagement. And engagement is crucial to getting reps to perform at their highest level and give their best to the job. In fact, engaged sales representatives are not only more profitable, but they create stronger customer relationships and stay longer with the companies. So, the churn rate or attrition rate can also be minimized when you have a diversified sales force. Then how to increase sales force diversity?

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Managing a Diversified Sales-force

How to Increase Sales-force Diversity?

Remove personal biases from the recruiting process:

- Managers have their own personal biases and preferences that may impact their judgment when recruiting employees.
- Having a wide range of team members involved in the recruiting process can act as an important check against individual biases holding too much weight.

90

So, we acknowledge that there is a importance that one should have a diversified sales management of sales force, but then how to increase sales force diversity? So, there are some suggestions first one remove personal biases from the recruitment process. So, managers have their own personal biases and preferences that they impact judgment of the candidates they are interviewing with. So, having a wide range of team members involved in the recruiting process can act as an important check against individual biases.

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Managing a Diversified Sales-force

How to Increase Sales-force Diversity?

Bury old sales stereotypes:

- Sales is too often seen as a male-driven industry, where aggressive alpha-types rise to the top.
- But buying into that stereotype when hiring can be detrimental to a team's performance.

91

Second suggestion is to bury old to the old bury old the sales stereotype that persons are holding with them. So, sales is too often seen as a male driven industry right; whereas, aggressive alpha types rise to the top, but buying into that stereotype when hiring can be detrimental to teams performance.

And if you look at most of kind of you know companies across globe like you know we have our own example of Indra Nooyi heading PepsiCo to the newer heights. So, even that kind of you know stereotype male stereotype that we do it is an male driven industry and sales is something which should be only left to the male kind of you know gender. This kind of stereo stereotype should be kind of you know avoided.

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Managing a Diversified Sales-force

How to Increase Sales-force Diversity?

Be candid about the company's efforts and remain open to outside help:

- Share the journey with customers and clients, and explain the steps taken to improve diversity and inclusion efforts.
- Developing relationships with organizations outside of the office (like organization that focuses on inclusion, or service providers founded by women, people of color, or other under-represented groups) can provide assistance in diversifying organizations.

92

Coming to the next suggestion is be candid about the company's efforts and remain open to outside help. Share the journey with customers and clients and explain the steps taken to improve diversity and inclusion efforts. Even united nations now promote having diversity and inclusivity at the companies or businesses as one of the sustainable development goals. So, developing relationship with organizations outside of the office can provides assistance in diversifying organizations as well.

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Managing a Diversified Sales-force

How to Increase Sales-force Diversity?

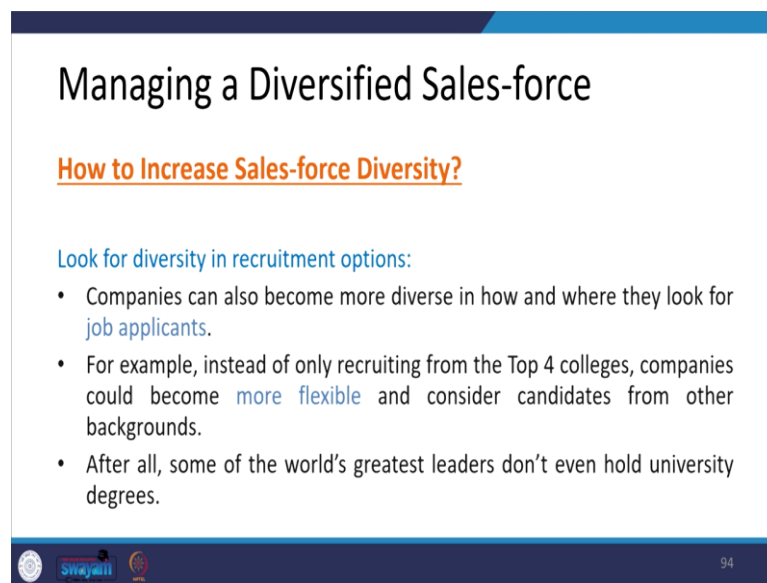
Aim for balance:

- Strengths balance weaknesses, and complimenting talents create a unified team that can meet the needs of any client, regardless of background.
- When increasing the diversity of a sales team, a recruiter should start with an in-depth understanding of the team already in place, to understand which perspectives and talents are lacking.

93

Aim for balance. So, strength balance weaknesses and complementing talents create a unified team that can meet the needs of any client regardless of background. So, when increasing the diversity of sales team, a recruiter should start with an in depth understanding of the team already in place. So, do we have a diversity already in the place? If you have at your organization sustain it, balance it, if you do not have try to balance it in your next effort or any recruitment efforts; just to understand the perspectives and you know talent that are lacking in your team.

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The slide is titled "Managing a Diversified Sales-force" and has a sub-heading "How to Increase Sales-force Diversity?". Below the sub-heading, it says "Look for diversity in recruitment options:" followed by a bulleted list. The list contains three points: 1. Companies can also become more diverse in how and where they look for job applicants. 2. For example, instead of only recruiting from the Top 4 colleges, companies could become more flexible and consider candidates from other backgrounds. 3. After all, some of the world's greatest leaders don't even hold university degrees. The slide footer includes a Swajathi logo and the number 94.

Managing a Diversified Sales-force

How to Increase Sales-force Diversity?

Look for diversity in recruitment options:

- Companies can also become more diverse in how and where they look for job applicants.
- For example, instead of only recruiting from the Top 4 colleges, companies could become more flexible and consider candidates from other backgrounds.
- After all, some of the world's greatest leaders don't even hold university degrees.

Look for diversity in recruitment options as well. So, that is where everything starts right. So, from hiring the first time hiring the sales person, companies can also become more diverse in how and where they look for job applications. If a same company is recruiting from a single campus or let us say single area or geographical territory it is very hard for them to maintain and balance the diversity, right.

So, for example, instead of only recruiting from the top 4 colleges companies could become more flexible and consider candidates from other backgrounds other kind of you know institutes as well. So, after all some of the world's greatest leaders do not even hold university degrees as well right. So, with that we just concluded the this module where we try to understand how to manage a diversified sales force and what are the ways we can do that.

Thank you.