

MANAGEMENT OF SALES FORCE

UNIT 2

1. SALES ORGANISATION

Meaning of sales organisation

Sales organisation is a wing or department of the organisation of an enterprise established for the purpose of directing, coordinating and controlling the sales operations. It is the most important department of the enterprise because the work of the enterprise is not complete until the product and services created are turned to the consumer.

Increases Managerial Efficiency

Encourages Specialisation

Advantages of Large-Scale Production

Better Coordination and Control

Increases Profitability

Creates Market

Reconcile the Complaints

Other Advantages

Personnel or Staff Function

Sales control Function

Sales Direction Function

Product Development Function

Sales Programme Function

Sales Promotion and Advertising Functions

Principles of Sales Organisation

The Principle of Objective

The Principle of Specialisation

The Principle of Authority and Responsibility

The Principle of Coordination

The Principle of Flexibility

The Principle of Span of Control

The Principle of Ultimate Responsibility

The Principle of Simplicity

The Principle of Efficiency

The Principle of Unity of Command

Types of Sales Organisation

Line or Military type of Sales Organisation

Line or Staff type of Sales Organisation

Functional type of Sales Organisation

Committee type of Sales Organisation

Factors determining Structure of Sales Organisation

Nature of Product

Price of the Product

Nature of the Market

Size of the enterprise

Ability of the Executives

Sales Policies of the enterprise

Distribution System

Finance

Number of Products

Objectives of Sales Organisation

To lay down the objectives and targets of sales department

To check the repetition of work

To provide training to the sales force

To establish and maintain healthy atmosphere in the sales organisation

To think and adopt modern sales devices of increasing sales

To achieve efficiency in routine work

To economise on executive time

To boost the morale of sales department employees

2. SALES PLANNING

Planning is deciding in advance what to do it, when to do it, and who is to do it. According to Louis A. Allen, “management Planning involves the development of forecasts, objectives, policies, programmes, procedures, schedules and budgets”.

Elements or Components of Sales Planning

Part of overall Managerial Planning

Policies

Programme

Forecasts

Procedure

Schedule

Budget

Scope and importance of Sales Planning

Offsets future Uncertainty and Change

Focus on Objectives

Profitable Employment of Resources

Better and Effective Coordination

Essential Prerequisite of Control

Management by Exception possible

Helps in customer’s satisfaction

Encourages Innovation and Creativity

Economy in Operation

Types of Sales Planning

Product Oriented Sales System
Market-Oriented Sales System
Function-Oriented Sales system
Customer Oriented Sales system
Time Oriented Sales system

Difficulties in Sales Planning

Hazards of Projecting the future
Rapid Environmental changes
Increasing Cost of Sales Planning
Other job Pressures
Diversity of Alternatives
Corporate Inflexibilities
Uncertainty in the Customer's Behaviour
Vacillating Policy of the Government

3. SALES FORECASTING

The sales forecast is a prediction of expected sales for a specified period. It is an estimate for sales in rupees or units for a specified future period.

Objectives of Sales Forecasting

Short-run objectives

Long run sales forecasting

Factors Affecting Sales Forecasting

Business Environment

Conditions within the Industry

Internal Condition of the Business Enterprise

Socio –economic Conditions

Factors Affecting Export Trade

Different Methods of Sales Forecasting

Jury of Executive Opinion Method

Sales Force Composite Method

User's Expectation Method

Experts Opinion Method

Historical Method

Market Test Method

Statistical and Quantitative Method

Steps involved in Sales Forecasting

Setting the objectives

Identifying the Determinants of demand

Selecting of Sales Forecasting Method

Collection and Analysis of data

Study of Competitors Activities

Preparing the final forecast

Applying Sales forecast Results

Evaluation and Review

Importance of Sales Forecasting

In the field of Production

In the field of Distribution

In the field of Advertising and Sales Promotion

In the field of Market Management

Limitations of Sales forecasting

Change in fashion

Non availability of data

Psychological Factors

Lack of Efficient and Experienced Sales Executives

Change in the prices

