Sales Objectives and Quotas

Chapter 7
Quota

- Refers to an expected performance objective
- Quotas are assigned to sales people and sales units, such as regions and districts
- A sales quota is a performance goal assigned to a marketing unit for a
Main Points

- Why do we use quotas?
- Types of sales quotas
- Procedure of setting quotas
- Administration of sales quotas
Why do we use quotas?

- To provide performance targets
- To furnish a goal and
- To indicate any
- To evaluate
- To improve the
- To control
- To evaluate
Types Of Quotas

- **Sales volume (dollars and units) quota:**
  - VW, Siemens, IBM, and Caterpillar

- **Profit Quotas:**
  - in order to generate profitable sales
  - Gross margin quota
    - Sales volume - Cost of goods sold
    - **Drawback:**
  - Net profit quota
    - Sales volume - (Cost of goods sold + salesperson's expenses)
    - **Drawback:**
Types Of Quotas

- **Activity Quotas:**
  - Set objectives for job-related duties useful in having salespeople reach their performance targets.
  - Very helpful in having salespeople perform important

- Activity quotas should not be a basis for rewards. Rather, their attainment helps the manager **better understand** why salespeople do or do not meet their sales volume quota
Types Of Quotas

Expense Quotas:
- Aimed at controlling costs of sales units
- Cannot spend more than budgeted for a sale

Use of a combination of quotas
- This is why quotas could be so complicated
- Adidas, Cannon, and BMW use __________?
Procedure For Setting Sales Quotas

Territorial potentials are available

- The quota is set directly to the territory's share of the total sales in the national market
  - In 2006, 14% of total company sales came from Scotland, then for 2007, 14% of the UK quota will be awarded to Scotland

- The quota is then adjusted for individuals
  - Human factors
  - Psychological factors and compensation
Procedure For Setting Sales Quotas

- Territorial potentials are NOT available
  - Quotas are set strictly on the basis of past sales
  - Quotas may be determined solely by executive/expert judgment
  - Quotas may be related to compensation plan
  - Salespeople set their own quotas
  - Two good examples (read pg. 149 - 152 in the book)
Administration Of Sales Quotas

- **Specific** (for each product line/mix)
- **Measurable**
- **Attainable**
- **Realistic**
- **Time specific**
Main Points

- Sales Human Resource Management
- People Planning
  - Job Analysis
- Employment Planning
  - Sales Recruitment
  - Selection
  - Socialization
Activities Involved In Managing A Sales Force’s Human Resources

Sales Human Resource Management

People Planning
- How Many to Hire?
- Type of People?

Employment Planning
- Recruitment
- Selection
- Socialization
From Interview To Territory: A Long Time

Determine How Many to Hire
First Interview
Graduation
Begin Work
Training Ends
Assigned Territory

Time Line

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Time Line
Sales Human Resource Management

- Refers to activities undertaken to attract, develop, and maintain effective sales force personnel within an organization.
Goals for a Good Sales HRM System

- Hire the **best people** they can with minimum expenditure of resources
- Have the resources necessary to help **train** and **develop** individuals so that they can assume an increasing responsibility in the organization
Sales Force People-forecast Model: Factors To Consider When Determining How Many To Hire

- Sales Force Objectives
- Strategic Plans
- Territorial Design

Current Sales Force Personnel + Hiring, Promotions, Transfers In - Quits, Terminations, Promotions, Transfers Out, or Retirement = People Forecasts
People Planning

Why is an analysis of the present Sales personnel important?
- Helps to find internal sources of “human power” to fill the company’s needs

What “tools” are helpful in the current analysis?
- Gives information about the present employees, their performance, what they would like to do in the firm, etc
People Planning

More helpful tools in current analysis

- Shows current employees in positions, and who their

- More developmental and long term
Job Analysis

- Involves assembling and analyzing factual information on specific jobs

- Used for:
Job Description
“What the Job Entails”

- Job objectives
- Duties and responsibilities
- Reporting relationships
- Evaluation/performance criteria
| Position: Sales Representative | Organization Unit: Replacement Parts |
| Reports to: District Manager | Date: (When Job Was Described) |

**NATURE OF JOB**

- Responsible for developing new accounts and reaching profitable sales goals in assigned territory.

**PRINCIPAL RESPONSIBILITIES**

- Meeting total sales goals for product lines and individual products.
- Maintaining an average of six daily sales calls.
- Maintaining an average of one monthly product presentation to wholesalers.

**DIMENSIONS**

- Develop strong promotional support from retail and wholesale customers.
- Plan effective territorial coverage resulting in high sales/call ratio.
- Inform management of activities by submitting daily and weekly call and sales reports to district manager.

**SUPERVISION RECEIVED**

- General and specific tasks are assigned for each sales period. Every two months work with supervisor for a minimum of one day.

**SUPERVISION EXERCISED**

- None
Job Description Reduces:

- Role ambiguity

- Role conflict

- Role overload
  - Productivity declines
Job Specifications

Convert job descriptions into the qualifications (e.g., abilities, behavior, education, skills) that the organization feels are necessary for successful performance of the job involved
Sales Recruitment

- Definition
- Benefits of an effective recruitment policy
- Major components of the sales recruitment activity
Sales Recruitment

The set of activities and processes used to legally obtain a sufficient number of individuals in such a manner that the people's and the sales force's best interests are taken into consideration.

It is a process of
Major Influences And Components Of Sales Recruitment

Sales Human Resource Planning

Recruitment

Internal Sources

External Sources

Applicant Pool

Qualified Applicant Pool

Evaluate Recruitment Results

Selection
Benefits of an Effective Recruitment Policy

- Lowering the cost of
  - Lowering
  - Meeting individual
  - Increasing

- Improving

Because of these benefits, recruiting effectiveness increases, thus lowering the total costs associated with operating the sales force.
To be an effective recruiter, a sales manager must have the answer to several questions, including:

- How many people do I need to recruit?
- Who does the recruiting?
- Where do I find recruits?
- How can I develop a qualified pool of applicants?
- How can recruiting programs be evaluated?
Internal Versus External Sources of Recruitment

Internal sources of applicants
- Include current employees, interns, former employees, and former applicants
- Most important
  - Refer people to the firm and also become applicants themselves through promotions and transfers
- Advantages
Internal Versus External Sources of Recruitment

- Internal sources of applicants
  - Disadvantage
Internal Versus External Sources of Recruitment

External sources of applicants

- Walk-ins; unsolicited résumés; employment agencies; advertisements; college campuses; and career fairs.
Internal Versus External Sources of Recruitment

- External sources of applicants
  - Advantages
  - Disadvantage
The organization should find out:

- How candidates obtain information regarding job availability.
- What attracts people to the job.
- Potential likes and dislikes about the job.
- Why the person took the job.
The next steps

- Selection
- Socialization
Selection

- The process of choosing the best available person for the job
- Major steps in personnel selection process
- Five phases of the sales interview
- Socialization
MAJOR STEPS IN SALES PERSONNEL SELECTION PROCESS

1. Application
2. Initial Interview
3. In-depth Interviews
4. Testing
5. Reference Checks
6. Physical Examination

Decision

Yes

No
FIVE PHASES OF THE SALES INTERVIEW

1. Preparation
2. Opening the Interview
3. The Interview Proper
4. Ending the Interview
5. Post-interview Activities
Personal Interview Process

**Positives**

- Allows **face-to-face selling** for both the company and the applicant
- Helps to determine if there is a **match** between the applicant and the
Personal Interview Process

Negatives

- Too many interviewers are untrained, especially regarding
- Non-verbal cues may sway an interviewer’s judgment
Socialization

- The process through which salespeople learn about the roles they have in the firm, the basic goals of the organization, acceptable behavior patterns, etc.
- It is how people get started correctly and positively on the job.
Chapter 10
Main Points

- Sales training
- Basic factors
- Training methods
Sales Training

... is the effort put forth by an employer to provide the opportunity for the salesperson to receive job-related culture, skills, knowledge, and attitudes that result in improved performance in the selling environment.

The weak links in the sales functions are

Most frequent?

Second most frequent?
SALES TRAINING MODEL - Determine How To Evaluate Training When Planning

Planning Phase → Organizing Phase → Staffing Phase → Directing Phase → Evaluation Phase

Dotted lines indicate feedback loops or iterative processes.
Sales Training Model

- You need to determine how to evaluate training at the same time you plan it.

Planning Phase
- Needs Assessment

Organizing Phase
- Training methods
- Training place–classroom, on the job
- Facility
- Frequency
Sales Training Model

- **Staffing Phase**
  - Who?

- **Directing Phase**
  - Training culture

- **Evaluation Phase**
  - Quantitative
  - Qualitative
Basic factors in Sales Training

- Properly identify the real skills your salespeople need (Needs Assessment)
  - Technical knowledge
    - Sales techniques that are necessary for the job
    - Product knowledge
  - Human components
    - Dealing with people
  - Conceptual skills
Basic factors in Sales Training

Know why a salesperson fails

- He/she does not know
- He/she does not know
- He/she
  - No
- Don't feel
Training Methods

- **Lectures**
  - Least effective
  - One way communication
  - Good for mass instruction

- **Seminars and conferences**
  - Appeal to salespeople's interests and experiences
  - Limit lecturing and provide opportunities for discussion
Training Methods

- Demonstrations
- Behavioral Simulation
  - Role playing, Case studies, and Business games
- Video tapes
- On the job training (OJT)
  - Follow a salesperson on call and instruct them on what they did right and what they did wrong.

- Xerox, Clorox, RJR, SC Johnson's, etc.
Motivation

- **Refers to the arousal, intensity, direction, and persistence of effort directed toward job tasks over a period of time.**

- **Sales manager seeks to influence salespeople to do certain activities, work hard to reach activity goals, and do so over the long haul, not just occasionally.**
Main Ideas

- What motivates top salespeople?
- Importance of goal setting
- Sales Motivational Mix
- Four career categories that affect Behavior
What motivates top salespeople?

- **Need for**
  - Everyone likes to be

- **Need for**
  - Money may not motivate some people

- **Need for**
  - Want to

- **Need for**
  - Internal

- **Need for**
  - Something
Importance of Goal Setting

Failures: Reason people don't succeed?

- Failure to involve the salesperson actively and openly in goal setting
- Failure to set realistic and tangible goals
- Failure to meet and reset goals when necessary
- Failure to provide feedback on how to correct shortfalls
- Failure to provide timely public recognition for goal achievement
Seven Components of the Sales Motivational Mix and examples of each motivational method

1. Sales culture
   - Ceremonies and rites
   - Stories
   - Symbols
   - Language
   - Challenging work assignments
   - Recognition

2. Basic compensation
   - Salary
   - Commissions
   - Fringe benefits
   - Sales meetings

3. Special financial incentives
   - Bonuses
   - Contests
   - Trips

4. Nonfinancial rewards
   - Opportunity for promotion
   - Publicity

5. Sales Training
   - Initial
   - Ongoing

6. Leadership
   - Style
   - Personal contacts

7. Performance evaluation
   - Method
   - Performance
   - Activity
Four Career Categories that Affect Behavior

- **Exploration**
  - Beginning years
  - Uncertain about what you want to do with your life

- **Establishment**
  - A few years later
  - This is the career for me; successful at it

- **Maintenance**
  - A while down the road
  - Peak level of career. Where will you retire? Maintain level of performance.

- **Disengagement**
  - Getting ready to retire.
  - Not likely to be motivated by most things on the
Exploration: Early 20's just out of college

- **Motivations**
  - Career concerns - not sure what you want to do;
  - Self development concerns - want to be good at what you do;
  - Personal challenge - want to be known as a professional;
  - Socialization - Want to fit in; want to be recognized; want to be
Establishment: Late 20s early 30s, work in multiple companies; want to be successful; top performers

**Motivations**

- Want greater autonomy - use skills to attain higher level; want to be left alone
- Personal challenge - respect/promotion - define who they are by job;

- Esteem needs -
Maintenance: Middle management; become negative and create hassles; victims of **PO-PO culture**; reach a level in an organization and are stuck

**Motivations**

- Career concern: Holding on to what you have achieved;
- Development tasks: self-development - want to do things they missed out on before; feel themselves as
- Personal challenge - Maintain that level of motivation - don't like where they are
- Psychological needs - reduced level of competitiveness; driven more by
Disengagement: Getting ready for retirement; want to complete career well and with dignity

Motivations

- Personal challenge: accept that their career is over
- Psychological needs: detachment from the company; won’t make any new friends
- Motivations: respect = make sure that they retire with dignity; make them feel good
Motivational Techniques

Teach teamwork
Empower
Communicate
Hear
Notice
Initiate integrity
Query
Unify
Exalt
Set standards
The Final Analysis

- All motivation is primarily
- Motivation cannot cure problems