

BA 421

UNIVERSITY OF SWAZILAND
DEPARTMENT OF BUSINESS ADMINISTRATION
FINAL EXAMINATION PAPER MAY 2006

TITLE OF PAPER : SALES FORCE MANAGEMENT

**DEGREE AND YEAR : B. COM IV MARKETING FULL TIME
IDE B. COM V MARKETING**

TIME ALLOWED : THREE (3) HOURS

INSTRUCTIONS :

- 1. TOTAL NUMBER OF QUESTIONS ON THIS PAPER: 6**
- 2. ANSWER SECTION A WHICH IS COMPULSORY AND ANSWER ANY THREE (3) QUESTIONS FROM SECTION B.**
- 3. THE MARKS AWARDED FOR A QUESTION/PART OF A QUESTION ARE INDICATED ALONG SIDE THE QUESTION/PART OF THE QUESTION.**

NOTE : MARKS WILL BE AWARDED FOR GOOD COMMUNICATION IN ENGLISH LANGUAGE AND FOR ORDERLY PRESENTATION OF WORK.

SPECIAL REQUIREMENTS: NONE

THIS PAPER IS NOT TO BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR.

INSTRUCTIONS

ANSWER SECTION A AND ANY THREE (3) QUESTIONS FROM SECTION B

SECTION A: (COMPULSORY)

QUESTION 1: PROBLEM WITH A MATURE SALES REP

“It’s time to talk about old Dan. He’s not cutting it, not getting the job done these days. You’ve been protecting him, but I had accounting send up his numbers. He hasn’t met a quota for two years. He serves some of our most important accounts. Why haven’t you done something about it before this?” Kurt Diamond, CEO of Diamond Housewares, demanded of Dave Mitchell, the company sales manager.

Diamond Housewares had been formed in 1950 by Mr Diamond’s father to sell a line of imported products, all designed to be used in operating a home. As the years passed, the company began to develop its products and have them manufactured by subcontractors. As plastic and rubberized goods increasingly displaced metal products in the housewares industry, the company purchased a financially distressed, local plastic injection moulding company in Chicago, Illinois. It began making some of its own products. Kurt Diamond spent most of his time in production creating and making new products. Sales were left in the hands of Mr. Mitchell.

The company was financially sound and highly profitable due to the steady introduction of new products that found ready market acceptance. The company did little advertising, preferring instead to spend its promotional money at the housewares industry’s trade shows. It maintained sales offices and showrooms in the major trade marts. Dan Ricker was the sales rep working from Dallas Trade Mart, an important market for the company. One of his key accounts was the J.C. Penney Company, headquartered in Dallas.

Dan Ricker had been hired in 1956 when he graduated from the University of Oklahoma as a marketing major. Dan’s father, and Kurt’s father had been close friends so Dan and Kurt had known each other most of their lives, but they were not considered close since they had contrasting personalities. Kurt was an introvert and socialised little, while Dan had an outgoing personality and many friends. Dan developed a highly profitable business for the company in the South Western territory by working long hours and hard developing the department stores and the emerging mass distributing firms as accounts.

Dave Mitchell was more than a little surprised at Mr Diamond’s sudden interest in Dan Ricker. It was the first time he had taken any interest in the sales force for a long time. Usually he had something to say only when sales were down, which fortunately they seldom were, or when one of Mr. Diamond’s new products flopped. Of course, any product failure was the fault of the sales force and had nothing to do with the product. Dave understood how the game was played, which was one reason he had kept his job for so long. He had joined the company in 1959 and was promoted to sales manager in the Chicago home office in 1980 after spending 20 years working out of Pittsburgh,

Pennsylvania. He later learned that Mr. Diamond had offered the sales management job to Dan but had turned it down for two reasons: He did not want to take the pay cut and he did not want to move to Chicago. Being paid on a straight commission, Dan's earnings had been substantially higher than the sales manager's salary. However, that had changed. His earnings had declined with his sales volume.

Dave paused after Kurt stopped talking and then said, "Do you want an answer or was that just some therapy we went through?" He didn't wait for a verbal answer. One was written on Kurt's face. "OK, no need to give you the Dan Ricker history. We both know how much he has done for us. He's been a top producer for years. And he has been loyal to us. Time and again, some competitor has tried to lure him away from us but he's been one of us all the way. So don't you think we should cut him a little slack, give him time to work out his problems?"

Kurt replied, "I recall a punch line that went, 'what have you done for me lately.' And what do you mean problems?" Kurt asked. "What's going on?"

"Evidently more things than Dan can handle all at once. First, you remember his daughter Kay and that guy she married. Well, he lost his job at IBM and hasn't been able to find another one. He's been out of work for a year. They had to sell their home and have moved in with Dan, two kids and all. So now Dan is out about \$40 000 a year trying to keep Kay's family intact. If that wasn't enough, his son Matt has gotten into some serious legal trouble with substance abuse and that's also costing Dan a lot of money and worry. To top that off, I'm not so sure about his health. He won't say anything but he's dragging a bit, doesn't look too good to me."

Dave shook his head as he continued, "I've talked with him about his problems but what can I say. I haven't any solutions for them except to let him work them out. It'll take some time, but these things will work themselves out. Dan's no fool and he's working on them. Then he will come back with us full time."

Kurt responded, "Come on. Give me a break. Dan is over the hill. He's a tired old man. Tired of working. Tired of hustling and for what? For a few more bucks for us? Get Real!" He continued, "If you don't do something we'll be losing some key account and well, never mind."

The discussion was suddenly interrupted by a telephone call for Dave. It was from a buyer at J. C. Penney.

- a. What should Dave Mitchell do about Dan Ricker? (15)
- b. Assume you are Dan Ricker. What would you do in response to what was recommended in the first question? (10)

TOTAL: 25 MARKS

SECTION B

ANSWER ANY THREE (3) QUESTIONS FROM THIS SECTION

QUESTION 2

- a. Briefly contrast the basic approaches to sales force compensation. Which plan is the best? (15 marks)
- b. Traditionally, many firms felt that “good sales people are born not made”. Is this true. Justify your answer. (10 marks)

TOTAL: 25 MARKS

QUESTION 3

- a. How can the sales force be organised. State one advantage and one disadvantage of each type of organisation. (15 marks)
- b. The Sales Force Manager of XYZ Corporation is upset. Only 10% of the sales force met or exceeded the quota. He wants to announce at the annual sales meeting that only those who met the quota will receive a salary increase. Do you agree with this strategy? Why? (10 marks)

TOTAL: 25 MARKS

QUESTION 4

- a. Outline the steps in the personal selling process. (15 marks)
- b. What is meant by relationship selling. Why is it becoming such an important factor in personal selling? (10 marks)

TOTAL: 25 MARKS

QUESTION 5

- a. Describe how sales people can be specialised giving one criticism of the effectiveness of each method. (15)
- b. What are the benefits of budgeting for the sales department. (10)

TOTAL: 25 MARKS

QUESTION 6

- a. Discuss the benefits and limitations of sales territories (15)
- b. How can a Sales Force Manager determine the accuracy of sales people's reports? (10)

TOTAL: 25 MARKS