

Sales Organisation

Introduction

- With various tasks required to be performed the enterprise had to create a structure to ensure that work is done. (the Sears story)
- Principles of structure: authority, responsibility, performance, support/co-ordinate.

Concept of organization

- Group of individuals working jointly to achieve a defined goal and bearing formal and informal relations with one another. An organization is oriented towards and a co-operative endeavor and a structure of human relationships.

Purpose of organisation

- Eliminate waste of effort
- Minimize friction
- Maximize co-operation
- Permit development of specialists
- Ensure that all activities get done
- Achieve co-ordination/balance
- Define authority
- Fix responsibility

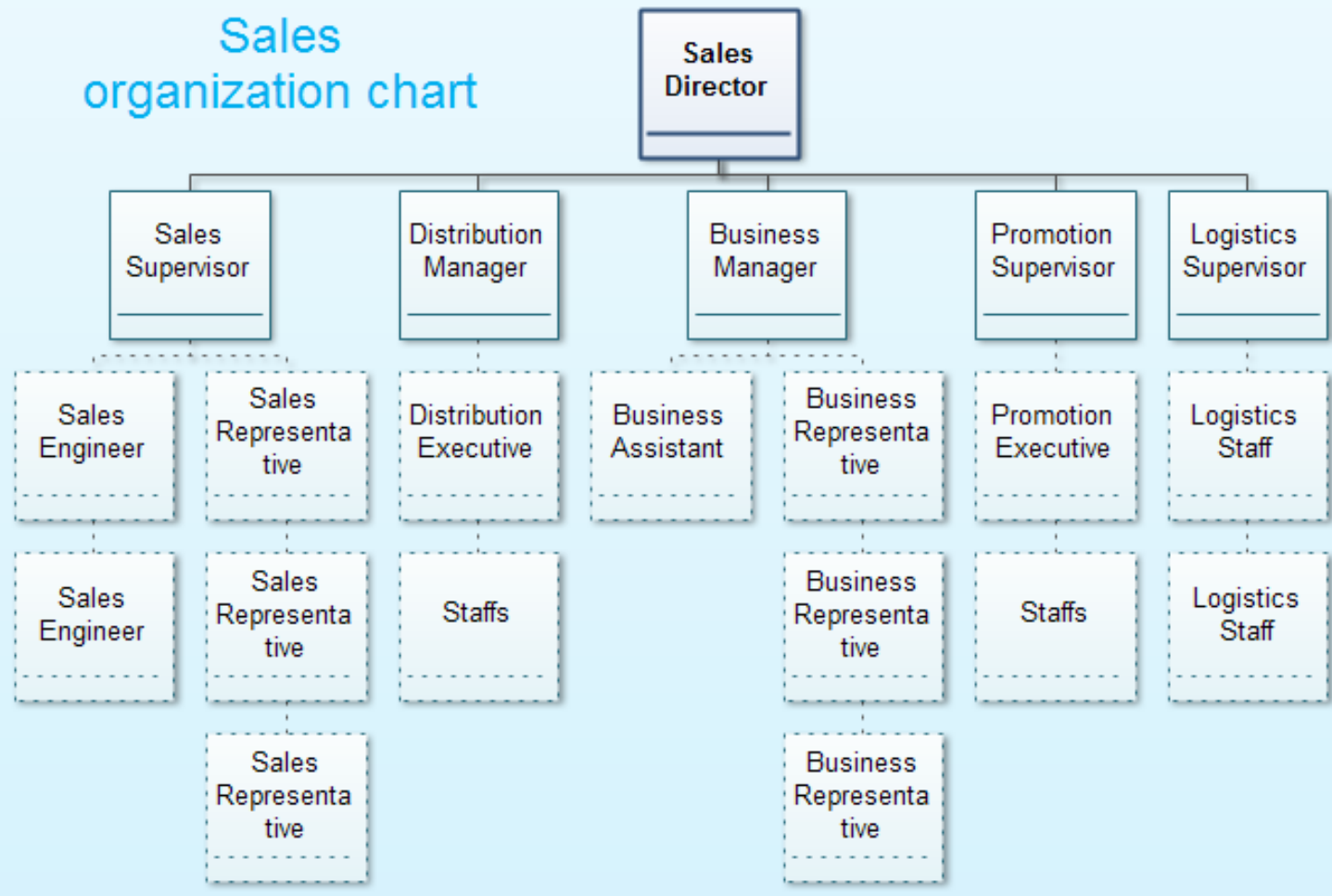
Sales Organisation

- **Sales organization is a structured framework, specifying the formal** authority and responsibility among persons working in the organization.
- It consists of group of individuals working to achieve selling objectives to increase sales, Maximizing profits, expanding market share etc. it establishes coordination among various selling activities necessary for the achievement of selling objectives.
- Sales organization is not a separate unit. It is affected by other functional areas such as production, finance, personnel etc.
- Sales organization organizes group of persons in the form of a suitable structure, depending upon the requirements of the enterprise.

Characteristics of Sales Organisation

- Sales organization is a part of the total enterprise.
- It works for the attainment of common selling objectives like maximizing sales volume, maximizing profits, increasing market shares etc.
- It consists of group of people engagement in selling activities like distribution, sales-promotion, personal-selling, advertising, etc.
- It defined the duties, responsibilities and rights of people engaged in selling activities and coordinate their activities.
- It establishes formal and informal relationships among persons engaged in selling activities.
- The success of sales organization depends on the unified and coordinated efforts of sales personnel.
- The sales organization works under the direct control of General Sales Manager.

Sales organization chart



Factors Affecting the Size / Structure of Sales Organization

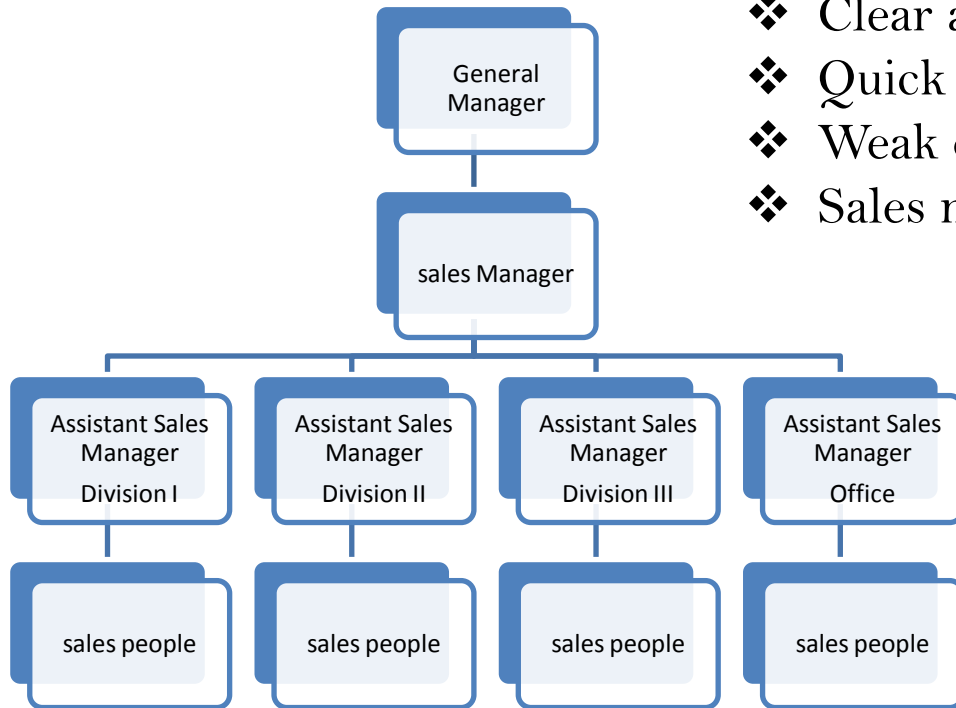
- Nature of the product.
- Area of Operation / Market Area
- Size of the Enterprise
- Number of products
- Distribution policy
- Level of competition
- Tradition and customs
- Sales policies
- Ability of Top-officials

Types of Sales Organisation Structure

Types of organization structures

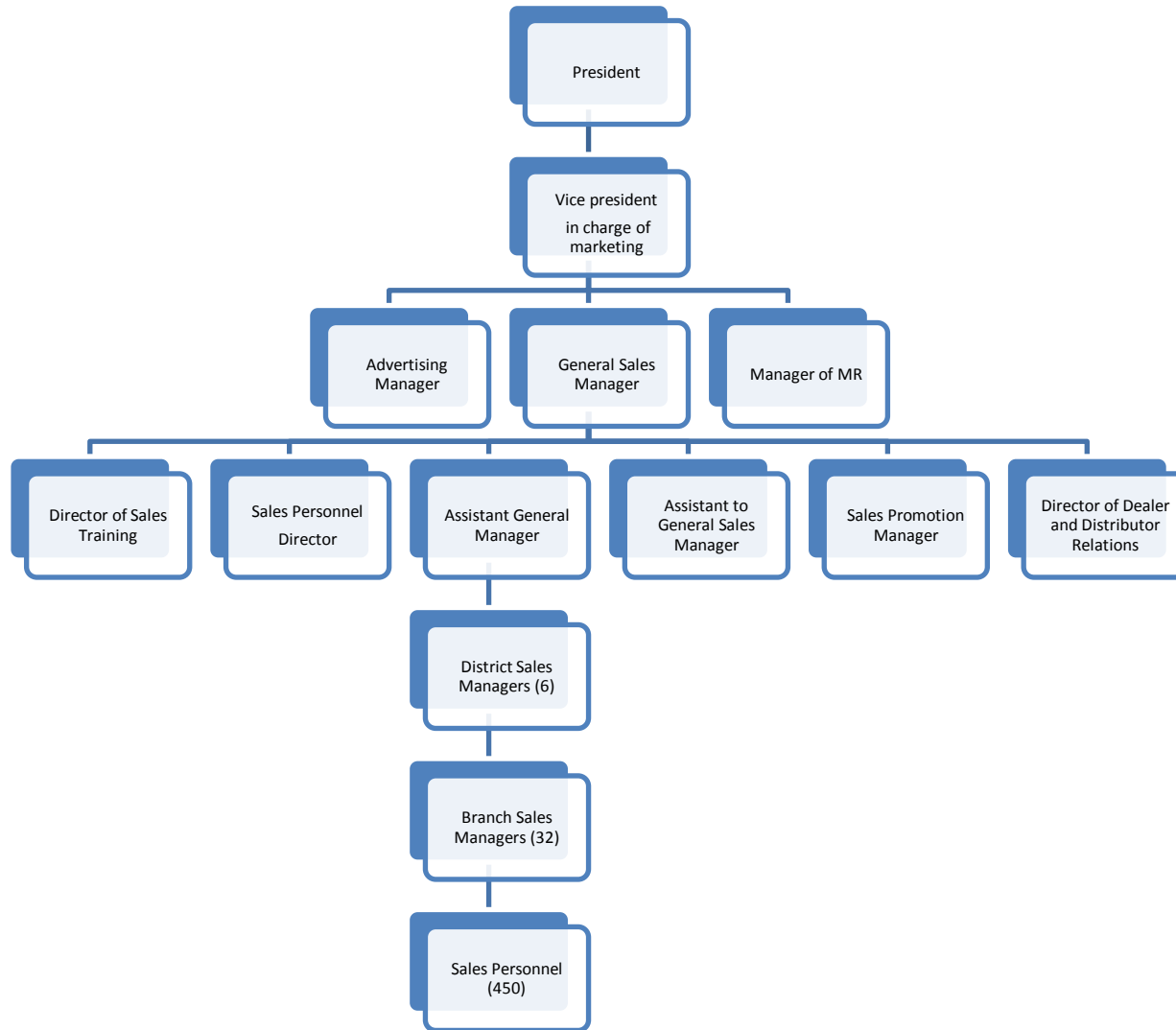
- **Line organization:** line managers perform sales and sales management activities.
- **Line and staff organization:** Staff managers have advisory or support responsibility. e.g. Market research manager, Training manager. They are not directly responsible for achieving sales targets.
- Functional
- Committee

Line Sales Organisation Structure

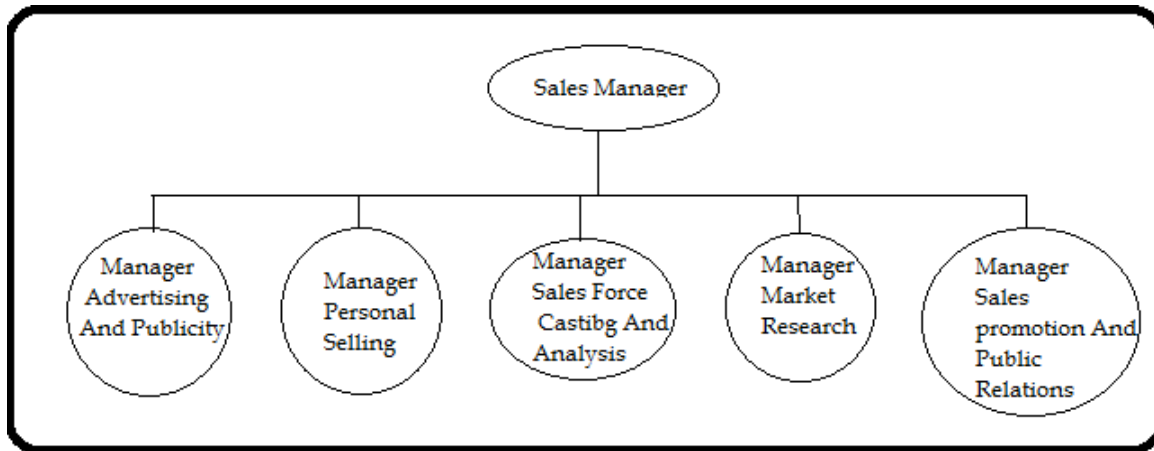


- ❖ Clear authority & Responsibility
- ❖ Quick response & Decision, Low Cost
- ❖ Weak on marketing inputs
- ❖ Sales manager controlled

Line & Staff Sales Organisation Structure



Functional Structure



SUITABILITY:

- Size of the organization is small.
- Where limited number of products are there.
- Where there is minor difference in technology of productions.

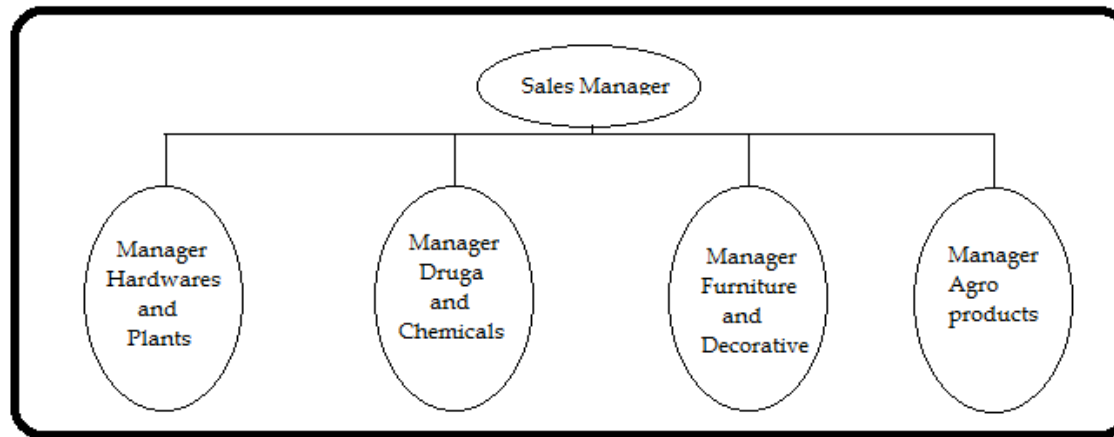
Merits:

- Specialization
- Flexibility
- Quick decision making
- Easy Coordination
- Economical

De -Merits:

- Products do not get due attention.
- Delay because of sub division of departments.
- Problem of co-ordination due to increased responsibility of general manager.
- Conflicts between departments.
- Ineffectiveness due to malfunctioning of departments.

Product Type



MERITS

- Each product gets due attention.
- Merits of specialization.
- Smooth un-interfered co-ordination.
- Easy assignment of responsibility.
- Possibility of comparative efficiency.

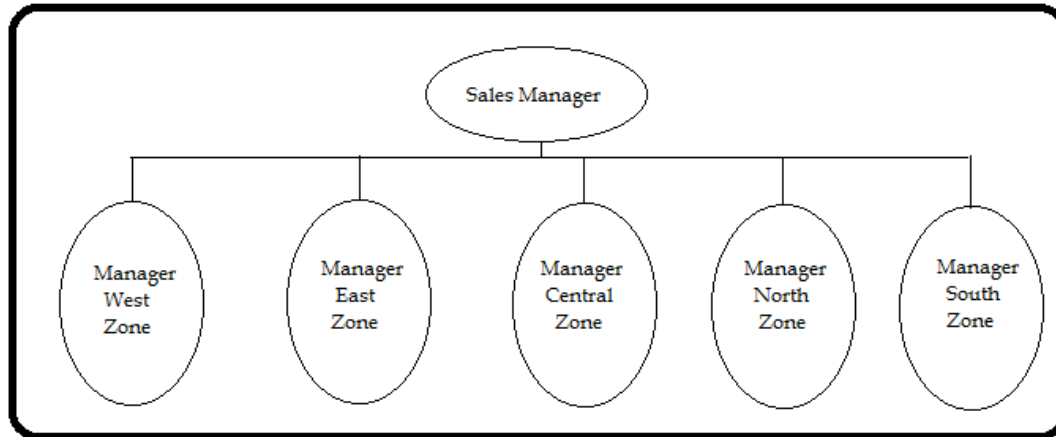
De-merits

- Problem of co-ordination between product department.
- Increased selling cost.
- High cost of operations.
- Self-contained unit.
- No brake on freedom of employees.

SUITABILITY:

- Too many products are there.
- Where products are highly priced
- Where products are of technical nature.

Area / Zonal Wise



Suitability

- Market territory is large and substantive.
- Each market is different.
- Products can be differentiated on quality zonal wise.
- Total sales much higher.

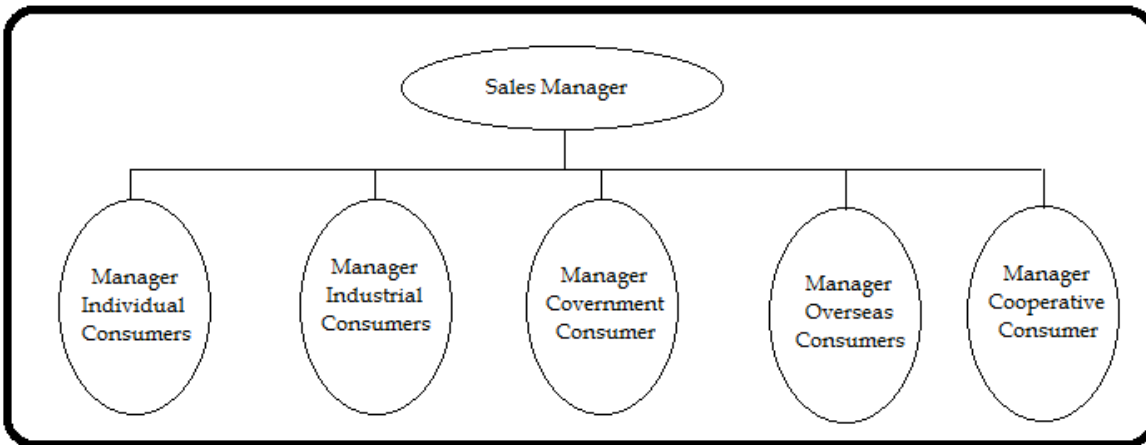
Merits

- Better service to customers,
- New and modified products can be provided.
- Transport cost can be reduced.
- Zonal competition can be combated.
- Zonal sales performance can be measured for betterment.

De-Merits

- It is a costly proposition.
- Problem of co-ordination of different markets.
- Greater conflicts for resource allocation and facilities.

Customer type



Suitability

- Too many customers are there requiring a special treatment.
- When company has all types of customer work caring for.

Merits

- Each category of consumer gets due attention.
- Maximum service to the consumers.
- Better sales planning and policies keeping each category at focus.
- Specialized salesmen to meet the requirements of costumers.
- Company image building.

De-merits

- Higher establishment expenses.
- Problems of co-ordination control of sales activities.
- Duplication of efforts and investments.

Functions of Sales Manager

- Planning for future
- Selection and placement of Salesmen
- Direction & Coordination of sales force
- Organizing the sales organization
- Advertising to top management
- Training the sales force
- Compensating the sales force
- Controlling the sales force

The salesman

-they make more noise and more mistakes, create more cheer, correct more errors, adjust more differences, spread more gossip, hear more grievances, pacify more belligerence and waste more time under pressure, all without loosing their temper, than any other class of professionals –including politicians.

The salesman

- ...they live in hotels, cabs and tents on trains, buses, eat all kinds of food, drink all kinds of liquids –good and bad- sleep before, during and after business, with no sympathy from the office.
- They draw and spend more money with less effort, they come at the most inopportune time, under the slightest pretext, ask more personal questions.
- Yet they are a power in society...

The salesman

- With all their faults, they keep the wheels of commerce turning, and the currents of human emotions running. More cannot be said any man. Be careful whom you call a salesman, lest you flatter him.
- Donald Benenson in Ziglar on Selling

Characteristics of a Successful Salesman

- Ability to Listen.
- Empathy.
- Competitiveness.
- Networking Ability.
- Confidence.
- Enthusiasm.
- Reliability.
- Honesty .
- Cooperative.
- Resiliency.

Sales budget

- A sales budget is a programme designed for a stipulated time frame that highlights the selling expenses and anticipated sales, quantitatively and in value terms.
- It is a statement aimed at comparing the revenue, net profits, sales volume and the selling expenses relating to a particular product or the entire business.

Types of Sales Expenses

- ***Fixed Expenses:*** These expenses pertain to the compensation of salespersons, office rent, insurance and interest on fixed assets like vehicles, office space, office equipment, etc.
- ***Performance-related Expenses:*** These include commissions, incentives, bonus and awards, etc.
- ***Activity-related Expenses:*** These include travel and communication expenses, etc.

Significance of a Sales Budget

- yardstick, to measure the performance/progress
- identification of improvement areas
- indicator to control
- comparing the actual performance with the budgeted performance
- helps keep expenses under control

Factors to be considered while preparing sales budget

Budget Purposes

- *Planning*
- *Coordination*
- *Control.*

- Past sales figures and trend
- Salesmen's estimates
- Plant capacity
- General trade prospects
- Orders on hand
- Proposed expansion or discontinuance
- Seasonal fluctuations
- Potential market
- Availability of material and supply
- Financial aspect