CHRIST UNIVERSITY, BANGALORE-560029

MBA V Trimester Examination December 2009

Code: MBA570
Sub: Sales & Distribution Management

Max. Marks: 100
Duration: 3 Hrs

SECTION - A

Answer any TEN questions.  
10 x 2 = 20

1. Why do companies use more than one method to forecast sales?
2. Briefly write a note on Lateral relationship of a Sales manager
3. What are important dimensions of sales management
4. What are monetary & psychic wages?
5. Mention two benefits of a good sales territory design.
6. Write a very brief note on Routing and Scheduling of sales personnel.
7. What are the two steps in successful prospecting?
8. What is benefit selling?
9. Write a brief note on Channel Vertical Integration
10. What is the value addition provided by wholesalers in the marketing channel?
11. What are elements of channel information system
12. Define Logistics.

SECTION - B

Answer any SIX questions.  
6 x 5 = 30

13. A sales job is different from other jobs and is vital to a company’s financial well-being. Explain.
14. The sales forecast must take into consideration changes that have occurred, or are anticipated, that may affect sales. Explain.
15. Describe the three basic routing patterns for coverage of sales territories by sales persons.
16. An application blank is an excellent tool for getting significant information in three categories – physical characteristics, experience and socio-environmental factors. Explain giving reasons.
17. The pressure brought on by quotas, pay plans, and a fierce competitive environment breeds unethical behavior. Explain why it is important to resist such pressure.
18. A marketing channel is more than just a conduit for product; it is also a means of adding value to the product marketed through it. Explain.
19. List and explain the seven major causes of conflict among channel members
20. Explain the approaches by which you would achieve cost reduction in logistics area
21. Describe briefly the methods used in sales forecasting. In general, discuss how sales forecasts based on surveys differ from forecasts based on mathematical methods.

22. You are hiring for the position of sales representative for selling automotive replacement parts. Cast out job description & Job specification for this post.

23. You are to train a sales team of a leading MNC bank. In the sales training program what would you highlight as the most important stages of selling process.

24. In choosing a retail positioning strategy, the retailer’s choice of service outputs is important in making the purchase more or less attractive to the target market. Discuss the same on the basis of any two service outputs.

25. The potential to influence channel partners may be traced to various sources of power. Briefly discuss aspects of (1) Expert power and (2) Legitimate power.

Case Study (Compulsory Question).

26. Jac Dixon, sales manager, and Henry Granger, director of marketing research, of the Driskill Manufacturing Company, were in complete disagreement about the current method of preparing sales quotas.

The Driskill Manufacturing Company marketed a line of maintenance equipment used all over the country, in a variety of businesses, and had attained considerable prestige in the field. The company was comfortably successful, and its marketing effort showed no great sign of weakness. But the management, aware of external trends in motivation and control of sales personnel, and also aware of some internal friction among the sales staff, decided to scrutinize its motivation and compensation methods. Desiring the advantages of up – to – date knowledge and an unbiased point of view, Driskill engaged a management consulting firm specializing in selection, evaluation, compensation of employees, and management development to make a study of its existing practices.

The consulting firm discovered that Driskill’s current compensation and motivation practices were the result of adjustments to meet change almost on an emergency basis rather than a result of long – term planning. The original plan, adopted a number of years ago, had been continually amended piecemeal, and adequate consideration had not been given to the effect of amendments upon other provisions or upon the plan’s overall ability to promote the achievement of objectives. The result was a patchwork of policies, not an integrated program; it worked to the advantage of some sales personnel while inadvertently penalizing
Driskill knew that there was some dissatisfaction among the field sales force with its current practices and policies, but it did not know how strong this feeling was or how much it might affect sales. Recognizing that any new program was more likely to succeed if the sales force was given an opportunity to participate in its preparation, management emphasized that the private study would not be followed by a general announcement of sweeping changes. Instead, the study was to be based upon general cooperation and interest, involving carefully worked out changes.

The sales force welcomed the chance to have a say, and indicated approval of management’s interest in their opinions. Many of the staff brought not only a spirit of interest but lists of subjects to discuss, having given considerable previous thought to the matter. Dissatisfactions were minor often even unrecognized. The sales force generally agreed that the company’s prices were competitive and that the product was one of quality, superior to competitors’ in design and workmanship. Commission rates were generally satisfactory. Persons on straight commission felt, however, that an increase in commission rates on the new higher – price equipment was due because of the greater selling effort required. But the staff on salary plus commission, who sold more of the lower priced equipment, were not greatly concerned with the matter. The salary – plus commission personnel were mostly people with less than five years service with the company.

Approximately one – third of the sales force was paid on a straight – commission basis, receiving 7 percent on all sales and paying all their own expenses. These were the older salespeople, who had been with the company longest. The other salespeople were paid on a salary – plus – commission basis. New sales recruits were started at a salary of $18,000 and received semiannual increases on a merit basis. The average salary was $25,500. Every salaried salesperson was given an annual quota and received a commission of 4 percent on all sale above the quota. In addition, Driskill paid all selling expenses incurred by the salaries sales personnel; expenses average $700 per month per salesperson.

Earnings of the sale staff on a salary – plus – commission basis averaged $21,000. For example R.C. Andersen, who had been selling for Driskill for five years, had a quota of $355,000 and received a salary of $18,500. Since his actual sales were $415,000, he earned a commission of $2,400, or a total income of $20,900. R.A. Scott, who had been selling for Driskill for fifteen years, was paid on a straight – commission basis. His gross earnings were slightly in excess of the average of each person’s past sales. Arbitrary figures were selected for sales personnel who had not yet been three years on the job: these quotas represented a compromise between the experience of the salespeople formerly in the territory and the level of experience of the new persons. Jack Dixon, the sales manager, believed that the basis for determining quotas was satisfactory one. During the past ten years, 85 percent of the salaries sales staff had managed to exceed their quotas and earn some commission. In Dixon’s
opinion, therefore the motivation was satisfactory to achieve maximum selling effort on the part of the sales force.

Dixon supported the existing system, claiming that past sales had been an adequate basis for the establishment of quotas in the past. He held, furthermore, that if any new establishment of quota preparation were adopted, it should be based primarily on the buildup of sales estimates by the individual salespersons for the coming year.

Questions

1. Analyse the case using case study methodology

2. If you were acting as a consultant for the Driskill Company, what recommendations would you make with respect to the preparation of quotas for the sales force?

3. How would you evaluate the arguments of the sales manager and the marketing research director?