

**UNIVERSITY OF SWAZILAND**  
**DEPARTMENT OF BUSINESS ADMINISTRATION**  
**FINAL EXAMINATION MAY 2008**

**TITLE OF COURSE: SALES MANAGEMENT (BA 421)**

**DEGREE AND YEAR: BACHELOR OF COMMERCE YEAR 4/  
IDE BACHELOR OF COMMERCE YEAR 4**

**TIME ALLOWED: THREE (3) HOURS**

**INSTRUCTIONS:**

- 1. TOTAL NUMBER OF QUESTIONS ON THE PAPER IS 5**
- 2. ANSWER QUESTION 1 IN SECTION A AND ANY THREE (3) QUESTIONS FROM SECTION B**
- 3. MARKS AWARDED ARE INDICATED AT THE END OF EACH QUESTION**
- 4. MARKS WILL BE AWARDED FOR GOOD COMMUNICATION IN ENGLISH LANGUAGE AND FOR ORDERLY PRESENTATION OF YOUR 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: SWEET HOME WOOD PRODUCTS**

**“You are putting me on, now aren’t you? These aren’t really the three choices you have come down to, are they? You are either testing me or teasing me. Which is it?” Earl Goddard, president of the Sweet Home Wood Products Company, Oregon, was quizzing his operations manager, Wes Wilson, about the three individuals whose names had been submitted for Goddard’s consideration to hire as the firm’s sales representative in Southern California.**

**The company had been formed in 1950. Among its first products were cedar shingles, which found wide spread acceptance in the huge and rapidly growing Southern California real estate market of the 1950s. However, during the 1970s and 1980s wood shingles came under attack from many sources. Fire departments strongly recommended that they be banned since they had proven to be great fire hazards during the annual fire season suffered each summer by the residents of the area. Insurance companies, consumer advocates, and various legislators strongly opposed their use in both the new construction and replacement markets. Many people who owned homes with wood shingles sought to replace them with fire proof shingles.**

**Many firms rushed into the market with some form of concrete shingles. However, there were some problems. The concrete shingles were heavier, than the wood shingles. The structures had not been engineered to support such weight loads. Moreover, the early concrete shingles were brittle and thus would break when walked upon by the various repair people who had to go on the roofs. Moreover they had no nail holding power so holes had to be drilled through the concrete so they could be attached to the roof nailing strips.**

**Earl had studied the problem for several years and had continually experimented with new forms of shingles that would answer all of these problems. In the late 1980s he had perfected a process to produce shingles made by bonding wood fibers with cement. The resulting product was fire proof, long lasting, resilient, held nails, and was light in weight. While the new shingle was slightly heavier than dry wood shakes, it was much lighter than wet wood shakes. Wood shakes gain much water weight during rains and damp weather, whereas the new shingle could be used to replace wood shakes without structural strengthening. Earl called the new shingle Cemwood. Several product line extensions using the new technology formed the bulk of the company’s sales in the early 1990s. It was this product line that the new sales representatives would be selling in Southern California.**

**All sales were made through reputable roofing contractors. The job entailed working closely with the roofing contractors in selling the product to large customers. A sales representative had to train the roofer's employees in proper installation techniques, trouble shooting tasks, and respond to customers' warranty claims, and educating the fire and building authorities, the zoning commissions, and the politicians about the virtues of Cemwood. For example, during the past month the San Diego sales rep had helped Mike Petronelli, owner of Petronelli Roofing Company; make a sale of Cemwood shingles for reroofing 500 homes in a gated planned community. The total volume was 12, 500 squares of shingles (a square is 100 square feet) for a single sales value of about \$4 million over the next four years. At the same time, a previous customer had complained that the Cemwood shingles that had been installed were discoloring, turning white. The sales rep inspected the job and discovered that the white coloring was the result of alkali leaking out as a result of cement curing. The shingles had been rushed to the job without sufficient time to cure properly. The discoloring would disappear – wash out – with the rains. On another job the sales rep had to solve a problem caused by improper installation; he spent half a day training the roofers how to handle such problems.**

**The job paid a salary of \$50,000 a year, plus a bonus based on company profitability. All expenses were paid. The previous sales rep had resigned to form his own roofing company in Ventura, California.**

**Earl continued, "How on earth is it possible for you to come up with three such different people for me to pick from? It seems to me that the job forces us to hire people just like the ones we now have – ones that have been so successful. We have the pattern, let us just use it."**

**Wes waited to make sure that Earl was through talking before trying to answer any of the questions posed to him. "No, I am not pulling your leg. No, I am not teasing you or testing you. It is not a joke. This is serious stuff. Take a good look at these three people. Each has a good case."**

**"I have! One is an old man, one is a pushy female, and one is a college dude who wants my job. Come on, they can't all be equal candidates for the job.**

**"Each has a story. Depends on what we want to buy!" Wes explained.**

**"Why don't you save me some time and tell me the case for each of them. What about the old man? We cannot have a 60 year old guy climbing around on roofs. It is too dangerous. And how many years is he going to work for us? Earl began.**

**"You are referring to Boris, of course, and you ought to look at him. They are not making 60 year olds like they used to. He is in great physical shape, stronger than either of us. I know that is not saying much, but this guy is a physical specimen. Pumps iron, takes pills, runs forever, looks like he is 40! But that is not his story.**

**The fact is that this guy has been in roofing all his life and he really knows it inside out. All his former employers say nothing but good about him. His sales record has been outstanding. He tried retiring but could not stand it. He says he will work till he drops. The guy can do a great job for us.”**

**“So hire him! Why look at the next two?” Earl asked.**

**“Good question. Perhaps I can answer it. Let us consider Eric first, He has got it all. He is smart, ambitious, personable, has good work habits and values, everything you want the kid to be. I think he is management material and you know how thin we are in the ranks of management. We need more managers to support our growth. Look at the quality control problems we’ve been having in trying to expand production. That happened because we had some management decisions being made by the warehouse workers. Eric can be with us here in Sweet Home after two or three years in sales may be sooner!”**

**“Then why not hire him as a management trainee and forget him as a sales trainee?” Earl inquired.**

**Wes replied, “You know the budget would not allow it right now. May be we can slot a trainee in for next year but by then Eric will be working elsewhere. This is what we have for him right now and it has the compensation he needs. He will not come for a trainee’s pay.”**

**“Ok! Now let’s talk about Beth,” Earl urged.**

**Wes responded, “Beth is a hardworking, down to earth person who needs to work for a living to support her family. She is tough physically; she has worked in construction and on roofs for some time. All her previous employers speak highly of her and I have talked with them personally. She is currently selling tile for VIP Tile Company and is their top producer, but she is not satisfied with her pay. We can pay her substantially more. She lives right in the middle of the territory so she will not have to move. Her kids are grown, but her husband is an invalid, and they need income. She is a very determined lady. Everyone who interviewed her came away with the feeling that she would and could do the job. So there we are. Three great prospective employees and enough money to hire only one of them. What do you want to do boss?”**

**Source: Spiro, Rosann., Stanton, William., and Rich, Gregory. (2003) Management of a Sales Force. 11th Edition. McGraw Hill. Irwin.**

**Question:**

**Which person would you first try to hire? (25)**

**TOTAL: 25 MARKS**

## **SECTION B**

**ANSWER ANY THREE (3) QUESTIONS FROM THIS SECTION**

### **QUESTION 2**

- a. **Discuss five different sales jobs, indicating what each job entails. (15)**
- b. **Discuss five leadership styles indicating the different situations in which a leader can use each of the leadership styles. (10)**

**TOTAL: 25 MARKS**

### **QUESTION 3**

- a. **Discuss Alderfer's; Herzberg; Vroom's; Likert; and Churchill, Ford and Walker's theories of motivation briefly indicating how each theory can be applied in motivating a sales force. (15)**
- b. **Discuss the five types of sales people as identified by Darmon and indicate how each of them needs to be compensated. (10)**

**TOTAL: 25 MARKS**

### **QUESTION 4**

- a. **Discuss the steps to be monitored in ensuring that a company keeps customers for a long time. (15)**
- b. **A luggage manufacturer uses sales volume quotas for its sales force. What effective measures can this firm take to encourage its sales people to do non selling tasks? How can one protect the customers against high pressure selling by the sales force? (10)**

**TOTAL: 25 MARKS**

### **QUESTION 5**

- a. **A company with 15 territories found that product A accounted for 40 to 50 percent of the sales in 13 of the territories, but this product brought in only about 20 percentage of the volume in the remaining two territories. What factors might account for the relatively low standing of product A in the two territories. (15)**
- b. **Futrell says there are several ethical issues in sales management. Briefly discuss each of these issues. (10)**

**TOTAL: 25 MARKS**