

UNIVERSITY OF SWAZILAND
DEPARTMENT OF BUSINESS ADMINISTRATION
FINAL EXAMINATION MAY 2010

TITLE OF COURSE: SALES MANAGEMENT (BA 421)
DEGREE AND YEAR: BACHELOR OF COMMERCE YEAR 4
IDE BACHELOR OF COMMERCE YEAR 5
TIME ALLOWED: THREE (3) HOURS

INSTRUCTIONS:

1. TOTAL NUMBER OF QUESTIONS ON THE PAPER IS 6
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: SWAZI PLASTICS (PTY) LTD

Mrs. Janet Jackson, Vice President of Marketing for Swazi Plastics, knew she had to make a decision on whom to select to manage the 56-person sales force. Seven months previously, the former Sales Manager for Swazi Plastics resigned to accept the Sales Manager position for Swazi Plastic's major competitor. Since that time Mrs. Jackson had assumed direct control of the sales force, but she clearly saw that in doing so she was not only neglecting her other duties but was also doing a poor job of managing the sales force. Mrs. Jackson's search for a new Sales Manager had narrowed down to two people: Gordon Price and Janice Wilson, both of whom seemed eminently qualified for the job.

Swazi Plastics (Pty) Ltd was one of the nation's leading manufacturers of plastic products. The sales representatives worked closely with customers. While there were new accounts, the bulk of the sales representative's time was spent working with long-standing established accounts.

The Sales Manager was charged with the full responsibility for maintaining the sales force which included hiring, firing, training, supervising, compensating, controlling, and evaluating the sales people. The Sales Manager was accountable for all the department's paperwork, which included budgeting, expense account auditing, and sales force planning. At times the Sales Manager had to work closely with sales representatives in handling special accounts or difficult customers. There were no field supervisors for the sales people, however, close communications were maintained through the extensive use of electronic technology.

Each sales representative had a mobile telephone, which allowed immediate contact with the Sales Manager. Information was readily available to all sales representatives by accessing the company's computers which contained an extensive customer data base. Every employee could be accessed by electronic mail. The Sales Manager had an assistant who handled all communication. A large portion of the Sales Manager's time was spent in meetings with other members of management in order to coordinate sales force activities with all the other functions of the organization. The Sales manager had to work particularly closely with Mrs. Jackson. Mrs. Jackson had taken the files of the two prospective managers home for the weekend to contemplate her decision. She had decided to announce her selection on Monday morning.

As she reviewed Gordon Price's file, she fully realized that if Gordon were not made Sales Manager, some repercussions might be felt. Gordon was not only the firm's best sales representative but was well regarded throughout the organization. He had sold for the company for 15 years and prior to that he had worked in the production department for 4 years after graduating from high school. Now 37 years old, he had outsold all the other representatives for the last 10 years and always exceeded quotas by more than 20 percent even in difficult times. Since the sales force was paid on a commission basis, Gordon had become moderately wealthy. His average earnings over the past decade exceeded E100 000, last year he earned E135 000.

Gordon was married to an understanding woman of considerable charm. Their three children were in high school and to Mrs. Jackson's knowledge the children were outstanding at school. The Price's were extremely adept at entertaining and socializing with people. Hardly a month passed that they did not have some sort of social event at their home. Although Gordon had not attended college, Mrs. Jackson knew that he was intelligent and had acquired considerable business management skills. He had accumulated an impressive library of business books and had participated in many meaningful self improvement programs.

When he learned of the previous Sales Manager's resignation, Gordon went directly to Mrs. Jackson and requested the position. He outlined his achievements for the company and then gave a brief account of the goals that he would work towards as Sales Manager. Mrs. Jackson recalled acknowledging at the time that Gordon was certainly a prime candidate for the job and that he could be assured that he would be given every consideration. However, she told Gordon that the decision was not entirely hers to make. The President had suggested that a thorough search be made in order to assure the organization that the best person available was placed in the position, since he felt keenly that the company had prospered largely because of its excellent sales force and he wanted to do nothing to jeopardize that success formula.

Privately, Mrs. Jackson had some reservations about making Gordon Sales Manager but she was hesitant to bring her thoughts into the open for fear of engendering animosities that would later haunt her. Firstly, she was fearful that if she promoted Gordon she would be losing a good sales representative and getting a poor Sales Manager. She had seen it happen in other companies and sales management literature was full of warnings that top sales people may not make good Sales Managers. Secondly, Mrs. Jackson was worried that Gordon would be unhappy with the Sales Manager's salary of E95 000, despite insisting that he would be happy. Thirdly, she was afraid that Gordon's preference for customer contact would result in him not staying in the office enough to do the required paper work.

Finally, she was disturbed by Gordon's relationship with the other representatives. He was extremely well liked by the men but the women in the sales force had communicated with her that Gordon was a bit too macho for their liking. However, none of the 14 women had indicated that Gordon had been anything but very proper and pleasant in his behaviour towards them.

Gordon had forced Mrs. Jackson to make the decision soon, appearing in her office on Friday morning with a rather strong ultimatum: He had been offered a job as a Sales Manager with a significant competitor and had to give the answer in two weeks. He made it clear that he did not want to leave but he would do so to become a Sales Manager if that opportunity was not to be his with Swazi Plastics. Mrs. Jackson inwardly rebelled at this hold up ploy but realized that it was a fair tactic. The last Sales Manager had given no warning of his impending departure. She thought that at least it was nice to be forewarned for a change.

Mrs. Jackson proceeded to review her other leading candidate, Janice Wilson, with whom she had been acquainted for more than four years. They were members of several clubs together and, while not close friends, had known each other from their college days. Janice was a Sales Manager for an electronic appliances company and had developed an enviable reputation in the industry for building an outstanding sales force. She was 32 years old, married, with two young children. While she had a more agreeable disposition, all evidence indicated that she ran a tight ship. She demanded outstanding performance and seemed to get it.

Jane casually mentioned her job opening to Wilson at one of their club meetings with the hope that she might know some person whom she could recommend for the job. Mrs. Wilson had hesitated for a moment and then replied: "Let's talk." She then confided that her company was about to be acquired by a larger firm and she was not at all enthralled about what she knew of its management. "They are not my kind of people," she went on to say. "From what I know of you and your operation, I think I would like very much to be considered for the job."

Mrs. Jackson sat for two hours contemplating the pros and cons of selecting each person, but was still undecided.

Question:

Who should Mrs. Janet Jackson make a Sales Manager for Swazi Plastics (Pty) Ltd? Why?

TOTAL: 25 MARKS

SECTION B

ANSWER ANY THREE (3) QUESTIONS FROM THIS SECTION

QUESTION 2

- a. **Identify and briefly discuss the steps that are involved in training a sales force. (15)**
- b. **Briefly discuss the five reasons why sales people need to be continuously motivated to do their job. (10)**

TOTAL: 25 MARKS

QUESTION 3

- a. **One of the functions of a sales manager is to compensate his sales people. Identify and briefly discuss the steps that are involved in designing a compensation plan. (15)**
- b. **Identify and briefly discuss the ten methods that a sales manager can use to supervise his sales people. (10)**

TOTAL: 25 MARKS

QUESTION 4

- a. **The choice of an organizational structure and sales force specialization is influenced by the following factors:**
 - 1. **Size of the company**
 - 2. **Nature of the product**
 - 3. **Density of the market**
 - 4. **Ability of the Sales Manager**
 - 5. **Financial condition of the company.**

Briefly explain how each of these factors may affect the choice of organizational structure and sales force specialization. (15)

- b. **Discuss five ethical responsibilities of a Sales Manager when dealing with the sales force. (10)**

TOTAL: 25 MARKS

QUESTION 5

- a. **Define sales budgeting. Discuss the advantages and disadvantages of sales budgeting. (15)**
- b. **Swaziland Building Suppliers, a manufacturer of building materials has 40 sales representatives. They each have their own territory and sell all three of the firm's product lines. They sell primarily to wholesalers and retailers in the building materials market. The company wants you to analyze its marketing costs by product line. Suggest an appropriate method you would use to allocate the following marketing costs:**
1. **Sales force salaries**
 2. **Sales force travel expenses**
 3. **Salaries and expenses of the three regional Sales Managers**
 4. **Sales force training**
 5. **General Manager's salary and office expenses. (10)**

TOTAL: 25 MARKS

QUESTION 6

- a. **Identify and discuss the steps that are involved in setting territories for sales people. (15)**
- b. **Discuss five characteristics of a good method of evaluating the performance of sales people. (10)**

TOTAL: 25 MARKS