

UNIVERSITY OF SWAZILAND
DEPARTMENT OF BUSINESS ADMINISTRATION
SUPPLEMENTARY EXAMINATION JULY 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: PROBLEMS WITH A MATURE SALES REPRESENTATIVE

“It’s time to talk about old Dan. He is 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 Diamonds Hardwares, demanded of Dave Mitchell, the company’s Sales Manager.

Diamond House wares had been formed in 1950 by Mr. Diamond’s father to sell a line of imported products, designed be used in operating a home. As the years passed, the company developed its own products which were manufactured by sub contractors. As plastic and rubberized goods increasingly displaced metal products in the house wares industry, the company purchased a financially distressed, local plastic injection molding company in Lagos, Nigeria. 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 steady introduction of new products that found ready market acceptance. The company did little advertising, preferring instead to spend its promotional money at the house ware industry’s trade shows. It maintained sales offices and showrooms in the major trade marts. Dan Ricker was the sales representative working from the Swaziland Trade Mart, an important market for the company. One of his key accounts was the Spar Superstores. Dan Ricker had been employed in 1956 when he graduated from the University of Swaziland 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 socialized little, while Dan had an outgoing personality and had many friends. Dan developed a highly profitable business for the company in the Southern Africa region by working long and hard developing the departmental 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 an interest in the sales force for a long time. Usually he had something to say only when sales were down, which fortunately they were seldom were, or when one of Mr. Diamond’s 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 that 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 1980 after spending twenty years with the company. He later heard that Mr. Diamond had offered the Sales Manager ship to Dan but Dan had turned it down for two reasons: He did not want the pay cut and he did not want to move from Swaziland. Being paid on straight commission, Dan's earnings had been substantially higher than the Sales Manager's salary. However that had changed. His earnings had declined with sales volume.

Dan 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 what he has done for this company. He had been a top producer for years, and he has been loyal to us. Time and again, some competitor had tried to lure him way from us but he has been on our side 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 like that went 'what have you done for me lately'. What do you mean problems?" Kurt asked. "What's going on?" "Evidently more things than Dan can handle at once. First you remember his daughter Kay and that guy she married. Well he lost a job and hasn't been able to find one. He's been out of work for a whole year. They had to sell their home and have moved in with Dan, two kids and all. So now Dan is out about E40 000 a year trying to keep Kay's family intact. If that was not enough, his son Matt has gotten into some serious legal trouble with substance abuse and that is also costing Dan a lot of money and worry. On top of that, I'm not so sure about his health, He won't say anything, but he is dragging a bit, he doesn't look good to me."

Dave shook his hand and continued, "I have talked with him about his problems but what can I say. I haven't got any solution for them except to let him work them out. It will take sometime, but these things will work themselves out. Dan is no fool and he is working on them. Then he will be back with us full time." Kurt responded, "Come on. Give me a break. Dan is over the hill. He is a tired old man. Tired of working. Tired of hustling and for what? For a few more bucks for us? Real!!" He continued, "If you do not do anything we will be losing some key accounts. Lose the Spar account and... well, never mind."

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

Questions:

- a. What should Dave Mitchell do about Dan Ricker? (15)
- b. If you were 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. **Define a sales quota. Discuss the reasons why setting sales quotas for sales people is important. (15)**
- b. **Briefly discuss ten characteristics of a good organizational structure giving an example in each case. (10)**

TOTAL: 25 MARKS

QUESTION 3

- a. **Discuss five methods that a Sales Manager can use to forecast sales, stating one advantage and one disadvantage of each method. (15)**
- b. **Discuss ten laws that govern sales management. Illustrate your understanding by using one example in each case. (10)**

TOTAL: 25 MARKS

QUESTION 4

- a. **Discuss five methods that a Sales Manager can use to analyze sales volume indicating one advantage and one disadvantage in each case. (15)**
- b. **Discuss five sales closes that a sales person can use to gain commitment from a potential customer, giving a practical example in each case. (10)**

TOTAL: 25 MARKS

QUESTION 5

- a. **Discuss five types of buyers in the business market. (15)**
- b. **Discuss ten types of jobs that can be performed by sales people. (10)**

TOTAL: 25 MARKS

QUESTION 6

- a. **Identify and briefly discuss five theories of motivating sales people, indicating the major significance of each of these theories. (15)**
- b. **Discuss five characteristics of a good expense plan. (10)**

TOTAL: 25 MARKS