

UNIVERSITY OF SWAZILAND
DEPARTMENT OF BUSINESS ADMINISTRATION
MAIN EXAMINATION MAY 2011

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: SWAZILAND ENVELOPE COMPANY ANALYSIS OF SALES VOLUME

“You are drowning in data. Don’t you have anything to do around here than reading those reports? You are wasting so much paper,” exclaimed Alex Lushaba, Swaziland Envelope Company’s President. He had stopped by the office of Wendy Zikalala, the firm’s Sales Manager for the past seven years to visit her. His remarks were due to the stack of computer printouts spread out in front of Wendy. She stopped looking at the printouts as Alex walked in.

Alex was smiling as he commented on the pile of paper before her, but Wendy had been warned previously by an acquaintance who had worked for Alex in another company that he was not a big believer in paper work. She recalled the words, “He likes to keep things simple.” The Swaziland Rite Envelope Company manufactured and distributed a wide line of envelopes of all weights and sizes. Its sales force sold to printers, paper wholesalers, and larger organizations.

Wendy was proud of the sales analysis system she had developed. All sales orders were classified by the stock numbers of the products bought, who bought them, who sold them, when they were bought, and how much gross margin was realized from the order. The data were for the previous week and previous month, all compared with sales for the same periods the previous year. Any significant changes in performance were automatically highlighted for her attention by the program. A printout of each week’s sales orders was delivered to her home each Sunday morning so she could study it in preparation for the Monday morning sales meeting. The reports were generated on Saturday by the Accounting department.

Wendy felt obliged to defend her system for analyzing sales. “I find it helpful to have the facts about what has happened before I go into my meeting every Monday morning. I know who is selling and who is not selling. I know what is selling and what is not selling. And I know how much we are making on everything we sell and on every order.”

“I see that knowledge is power. Is that it?” Alex asked.

Wendy nodded slightly, she understood she was under attack. Had she been too aggressive in defending her system, considering that she hardly knew Alex? She wondered. Oh! I see that something is highlighted on that page you are looking at. What is it?”

“Well, it seems like the sales of item number 2510 are down significantly for the month compared to last year. We sold hardly any of it last week. Let us see, 2510 is our A5 envelope,” Wendy said as she read from the reports.

“So what are you going to do about it?” Alex asked Wendy.

Wendy knew she was in a bit of trouble, but she could not back down. “I will make enquiries from the sales force to see if any of them has an explanation. Is something wrong with our product or is it pricing? Is it just a random event? Does it reflect a change in market requirements? I will keep my eye on it to see if anything develops that warrants taking some action.”

Alex replied, “That is what I call micro management. How many of such items are there in that report that will require you to do something? Don’t answer that! I am afraid of the answer. We seem to be on different wavelengths. I only want to know a few things, such as our gross margins by broad product lines and by each sales representative. And, of course, I want to know total Emalangeneni sales, gross margins, and expenses. But I would lose all perspective if I had to deal with that volume of information you are processing each week. What about the costs? Are they worth it?” Well, as long as the profit performance of your operation keeps doing as well as it has, you can stare at that paper as long as you like if that is what you want.

As Alex left her office, Wendy was a bit upset by the President’s attitude towards her sales analysis system. She had been taught that if she took care of the details, the totals would take care of themselves. She had found that by having good, recent information about all aspects of sales, she gained power in the organization. Her people had learned not to challenge her since she could always pull out data to support her position. She wanted people to know that she was on top of her job.

Wendy decided to think about the matter for a while and ask some other people about her system before doing anything about it. As she looked at the stack of paper in front of her, a troubling thought crossed her mind. Was she spending too much time analyzing these sales reports? Was it all worth it?

Questions

- 1. How should Wendy Zikalala evaluate the effectiveness of her sales analysis system? (15)**
- 2. What would you recommend that Wendy does in response to the situation in which her boss obviously disagrees with her attitudes towards information systems? (10)**

TOTAL: 25 MARKS

SECTION B

ANSWER ANY THREE (3) QUESTIONS FROM THIS SECTION

QUESTION 2

- a. **Discuss the difficulties that a Sales Manager faces in evaluating the performance of sales people. (10)**
- b. **Briefly discuss ten consequences of low sales force morale. (10)**
- c. **Identify the five things that a Sales Manager should always remember when designing a compensation plan. (5)**

TOTAL: 25 MARKS

QUESTION 3

- a. **Discuss the five methods that a Sales Manager can use to set up a promotion budget. (10)**
- b. **Briefly discuss ten challenges that a Sales Manager faces in the supervision of a sales force. (10)**
- c. **Identify five ways in which a Sales Manager can handle sales force expenses. (5)**

TOTAL: 25 MARKS

QUESTION 4

- a. **Describe, compare and contrast the following theories of motivation: (15)**
 - i. **Abraham Maslow and Alderfer's theory of motivation**
 - ii. **McClelland and Vroom's theory of motivation, and**
 - iii. **Attribution and reinforcement theory of motivation.**
- b. **Define a sales territory. Discuss the benefits and limitations of setting sales territories for sales representatives. (10)**

TOTAL: 25 MARKS

QUESTION 5

- a. **Define marketing costs analysis. Explain the reason why Sales Managers go through the trouble of analyzing their marketing costs. (10)**
- b. **Identify five types of interviews that a Sales Manager can utilize in selecting sales people. (10)**
- c. **What are the three major reasons for adjusting sales quotas? (5)**

TOTAL: 25 MARKS

QUESTION 6

- a. **Briefly explain fifteen topics than can be covered when training the sales force. (15)**
- b. **Compare and contrast the market sales potential and company sales potential (10)**

TOTAL: 25 MARKS