

UNIVERSITY OF SWAZILAND
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
FIRST SEMESTER EXAMINATIONS 2012

TITLE OF COURSE: SALES MANAGEMENT (BA 417)
DEGREE AND YEAR: 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: THE SWEET HOME PRODUCTS COMPANY – SELECTING A SALES REPRESENTATIVE

“You are putting me on the spot 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?” Sanele Zondi, president of Sweet Wood Products Company was quizzing his operations manager, Maxwell Dlamini regarding three individuals whose names had been submitted for Sanele’s consideration to hire as the firm’s sales representative in Manzini.

The company was formed in 1970. Among its first products were wood boards, which found wide spread acceptance in the huge and rapidly growing Manzini real estate market of the 1970s. However, during the 1980s and 1990s wood boards came under attack from many sources. The Fire Department 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 action groups and various Members of Parliament opposed their use in the construction industry. Many people who owned homes with wood boards sought to replace them with fire proof boards.

As a result, many firms rushed into the market with concrete boards. However, there were some problems. The concrete boards were heavier than the wood boards thus preventing their use in most homes. The structures had not been engineered to support such heavy loads. Moreover, the early concrete boards were not strong and thus would break when walked over by the various repair people who had to walk on the roofs. They also had no nail-holding power so holes had to be drilled through the concrete so that they could be attached to the roofs.

Sanele had studied the problem for several years and had continually experimented with new forms of boards that would answer all these problems. In the late 1990s he had perfected a process to produce boards made by bonding wood with cement, such as is used to make concrete. The resulting product was fire proof, long lasting, resilient, could hold nails and was light in weight. While the new boards were slightly heavier than the wood boards, they were much lighter than the concrete boards. The wood boards gain much water weight during rainy weather but the new boards did not absorb water. Thus the new boards could be used to replace the wood boards without structural strengthening. Sanele called the new boards Cem-wood. Several product line extensions using the new technology formed the bulk of the company’s sales in early 2010. It was this product that the new sales representative would be selling in Manzini.

All sales of the product were made through reputable building contractors. The job entails working closely with the building contractors in selling the product to large customers. A representative had to train the builder's employees in proper installation techniques, trouble shooting tasks, and how to respond to customer's warranty claims. He also had to educate the fire and building departments and politicians about the benefits of Cem-wood.

The job paid a salary of E50 000 per year plus a bonus. The previous Manzini sales representative had resigned to start his own company in Piggs Peak.

Sanele asked Maxwell, "How on earth is it possible for you to come up with three people who are so different and expect me to pick the best? It seems to me the job forces us to hire people just like the ones we now have – ones that have been successful. We have the pattern, let's just use it."

Maxwell waited to make sure that Sanele was through talking before trying to answer any of the questions posed to him. "No, I am not pulling your leg. I am also not teasing or testing you. It's not a joke, this is a serious matter. Take a good look at the three people, each one of them has a good case."

"I have looked at them! One is an old man, one is a pushy female and the other one is a university graduate who wants my job. Come on, they can't all be equal candidates for the job. Who is the best," Sanele asked Maxwell.

"Each one has a story. It depends on what we want," Maxwell explained. "Why don't you save me time and tell me the case for each of the potential sales representatives. What about the old man? We can't have a 60 year old guy climbing around on roofs. It's too dangerous. And how many years is he going to work for us?" Sanele asked.

"You are referring to Bongani, 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. He is stronger than us. I know that isn't saying much but this guy is a physical specimen. He goes to the gym, takes vitamin pills, runs forever, and he looks like he is 40! But that is not his story. The fact is that this guy has been in the building industry in all his life and he really knows it inside out. All his former employers say nothing but good about him. He tried retiring but could not stand it. He says he is going to work till he drops. The guy can do a great job for us."

"So hire him! Why look at the next two?" Perhaps I can answer it. Let us consider Banele first. He has got it all. He is smart, ambitious, personable, has good work habits and values, everything you want your 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. Banele can be with us here in management after two or three years in sales, maybe sooner!"

“Then why don’t you hire him as a management trainee and forget hiring him as sales trainee,” Sanele enquired. Maxwell replied, “You know the budget will not allow it right now. Maybe we can slot a trainee in for the next year but by then Banele 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 Simphiwe,” Sanele urged.

Maxwell responded, “Simphiwe is a hardworking, down-to-earth person who needs to work for a living to support her family. She is tough physically and she has worked in the construction industry for some time. All her previous employers speak highly of her and I have talked to them personally. She is currently selling tiles for VIP Tile Company and is their top sales representative but she is not satisfied with her pay. We can pay her substantially more. She lives in Manzini so she won’t need to move. Her kids are grown up and her husband is retired so they need income. She is a very determined lady. Everyone who interviewed her came away with the feeling that she could do the job. So there we are. There are three great prospective sales representatives and enough money to hire only one of them. What do you want to do boss?”

QUESTION

Which person should Sanele hire and why? (25)

TOTAL: 25 MARKS

SECTION B **INSTRUCTIONS**

ANSWER ANY THREE (3) QUESTIONS FROM THIS SECTION

QUESTION 2

- a. Explain the different types of sales jobs indicating the special skills necessary for the job where applicable. (15)**
- b. How can a sales manager determine the kind of sales people he hires in the organization? (10)**

TOTAL: 25 MARKS

QUESTION 3

- a. There are several theories of motivation that have been developed to explain what motivates sales people to work. Discuss five of these theories, indicating their application in sales management. (15)**
- b. You hear a sales manager making the following statement: “I do not get stressed by the sales representatives who do not fit in, they can feel free to leave.” How would you advise him to change his mind” (10)**

TOTAL: 25 MARKS

QUESTION 4

- a. Explain the criteria that a sales manager can use to evaluate the effectiveness of his training program. In your answer, outline the pros and cons of evaluating a training program. (15)
- b. Of what significance is sales force specialization in sales management? What type of specialization would you recommend in the following cases:
 - i. A manufacturer of high quality women's clothes with 100 sales people selling to stores countrywide.
 - ii. A hardware wholesaler covering the South-East area of the country with 50 sales people.
 - iii. A manufacturer of chemicals used in fertilizers with 35 sales people selling to 500 accounts countrywide.
 - iv. A manufacturer of office machines with 1000 sales people. (10)

TOTAL: 25 MARKS

QUESTION 5

- a. Discuss the internal and external sources that a sales manager can use to recruit sales people. (15)
- b. Khalangilile Company is facing the following two problems:
 - i. Sales people tend to emphasize on the easy-to-sell product lines in an effort to increase sales volume while other more profitable product lines are left in the background.
 - ii. Sales people are failing to improve the long-term position of the company. They are not doing more missionary work and are not developing long-term customers to meet expected competition.

Suggest a specific type of compensation plan that may be used to solve each of these problems. (10)

TOTAL: 25 MARKS