

UNIVERSITY OF SWAZILAND
DEPARTMENT OF BUSINESS ADMINISTRATION
SUPPLEMENTARY EXAMINATION JULY 2013

TITLE OF COURSE: SALES MANAGEMENT (BA 421)

**DEGREE AND YEAR: BACHELOR OF COMMERCE YEAR 4
OR BACHELOR OF COMMERCE YEAR 5**

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: ALL STAR INSURANCE

Ted Gary has been an insurance agent with All Star Insurance for 13 years. He has enjoyed success with the company and won a number of sales awards. In addition, he has developed a reputation as an honest agent who works hard for his clients. Over the last several years, however, the insurance market in his area became extremely competitive. Even though he was working harder than ever, he was not performing as well as he had during the 1990s. Management was beginning to wonder if Ted would be able to continue as an agent with the company. Two months ago a sales contest was announced. Ted saw it as an opportunity to re-establish his position. The company wanted to drive new business in the last quarter of the fiscal year, and the contest was based on submitting new insurance policies for underwriting. Ted worked hard to write new business during the period and his efforts yielded good results. Now, as the contest entered its last month, he was concerned about winning. Biweekly results of all the agents across the country showed the contest was down to Ted and two other agents.

This morning Ted got a call from a friend, also an agent with All Star, who encouraged him to go all out to win the contest and suggested Ted submit proposals that would most likely be rejected by underwriters but count during the contest period. Ted dismissed the strategy during the phone call. Although many agents engaged in this practice, Ted had never booked insurance business unless he was confident the underwriter would accept it. After the phone call, however, Ted began to think about the contest and his future with All Star. Technically, he would not be violating the rules of the contest, since it was based solely on generating new policies for underwriting. He had been working hard the last few years, and he felt it was not his fault that business was down all across his area.

He was sure that winning the contest would improve his standing with management. On the other hand, he knew that writing policies that will be rejected is against the interest of the customer or the company. The booked customers would be upset because they could not get the insurance they counted on, and having underwriters review policies that could not be approved wastes the company's money.

QUESTIONS

1. What should Ted do? Why? (10)
2. Is it correct for Ted to violate the spirit of the contest so long as he does not violate the letter of the contest rules? (10)
3. Who bears more of the ethical responsibility: Management or Ted? (5)

TOTAL: 25 MARKS

SECTION B

INSTRUCTIONS

ANSWER ANY THREE (3) QUESTIONS FROM THIS SECTION

QUESTION 2

- a. Define motivation. Discuss the three elements of motivation? (15)
- b. What are the characteristics of a good sales force expense plan? (10)

TOTAL: 25 MARKS

QUESTION 3

- a. Swaziland Building Suppliers, a manufacturer of building materials has 40 sales people in their employ. 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 for the following: (15)
 - 1. Sales force salaries
 - 2. Sales force travel expenses
 - 3. Salaries and expenses of the three regional sales managers
 - 4. Sales force training expenses
 - 5. General manager's salary and office expenses
- b. Under what conditions is a firm likely to establish routes for its sales people? Under what conditions is a firm not likely to establish routes for its sales people? (10)

TOTAL: 25 MARKS

QUESTION 4

- a. Why is setting sales quotas important? How would you justify not using sales quotas? (15)
- b. Identify and briefly discuss the ten methods that a sales manager can use to supervise his sales force. (10)

TOTAL: 25 MARKS

QUESTION 5

- a. Discuss the different types of budgets. (15)
- b. Define personal selling. Identify and briefly discuss the various types of closes that a sales person can use to gain commitment from a potential customer. (10)

TOTAL: 25 MARKS