

**UNIVERSITY OF SWAZILAND**  
**DEPARTMENT OF BUSINESS ADMINISTRATION**  
**MAIN EXAMINATION MAY 2014**

**TITLE OF COURSE:** SALES MANAGEMENT II (BA 418)  
**DEGREE AND YEAR:** BACHELOR OF COMMERCE YEAR 5  
INSTITUTE OF DISTANCE EDUCATION  
**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: REPRESENTATIVES SELLING LOW PROFIT PRODUCTS**

Over the past several days the top executives in the XYZ Company had been conducting their annual performance review of the company's operations. The company president, John Miller, sat in on most of these sessions and periodically became quite involved in some of the department reviews. The sales department was the one currently under discussion and Peter Matthews, the general manager, was the focus of attention. Overall, the sales and profit results were satisfactory but the executives noted what they thought was a problem in two sales territories. One was centred in Durban where Mary Jones was the sales representative and the other was in Maputo, which was Paul Lewis' territory.

In each of these territories, the sales representative's total sales volume was satisfactory. The problem was that the bulk of their sales volume was in low-profit products (products whose gross margin was well below the company's desired average). Then the chief financial officer, Moses Smith, recalled that this same situation had been brought up at last year's performance review. Peter Matthews realized he was on the spot with his fellow executives, including the president.

Top management really did not want to change the basic compensation plan (which was made of straight commission on volume) because, over the company as a whole, it apparently had been working okay. And Matthews concurred in this decision. He pointed out that Mary and Paul consistently met their total sales quotas, and each had won a sales contest designed to stimulate total sales. But their performance was not balanced. They went way over quota on low-margin products and generally failed to meet the quota on high-margin goods. They were not selling a desirable mix of products nor were they generating their share of new accounts. Basically they were getting large, repeat orders from a few established accounts. Mary and Paul generally were neglecting the newer products that were the foundation of the company's future growth.

Matthews had been aware of this situation for some time. However, he never gave the problem the attention it deserved partly because the two representative's total sales volume was satisfactory and partly because he had other bush fires to put out. Now he was convinced that he had better do something and do it quickly.

**QUESTION**

**What should Peter Matthews do to solve the situation?**

**TOTAL: 25 MARKS**

**SECTION B**

**INSTRUCTIONS**

**ANSWER ANY THREE (3) QUESTIONS FROM THIS SECTION**

**QUESTION 2**

- a. Define a sales quota. Discuss the purposes of setting a sales quota. (15)
- b. Briefly discuss the benefits of relationship marketing to the company and to the customer. (10)

**TOTAL: 25 MARKS**

**QUESTION 3**

- a. Define a sales volume analysis. Discuss the bases for analyzing sales volume in an organization. (15)
- b. Define a sales territory. Briefly discuss the benefits of sales territories. (10)

**TOTAL: 25 MARKS**

**QUESTION 4**

- a. Sales force morale can either be too low or too high. Discuss the process that a sales manager can follow in building sales force morale. (15)
- b. Evaluation of sales force performance requires collection of information against which the results can be compared to the standards. Briefly highlight the source of this information. (10)

**TOTAL: 25 MARKS**

**QUESTION 5**

- a. Define sales force supervision. Discuss the factors that determine how much supervision is needed. (15)
- b. All departments in an organization need a sales forecast. Discuss this statement giving a practical example in each case. (10)

**TOTAL: 25 MARKS**