

UNIVERSITY OF ESWATINI
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
MAIN EXAMINATION PAPER

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TITLE OF PAPER	:	SALES MANAGEMENT
COURSE CODE	:	BUS 427 / BA 418 (I.D.E)
TIME ALLOWED	:	THREE (3) HOURS

INSTRUCTS:

- 1. TOTAL NUMBER OF QUESTIONS IN THIS PAPER (6)**
- 2. SECTION A IS COMPULSORY**
- 3. ANSWER ANY THREE (3) QUESTIONS IN SECTION B**
- 4. THE MARKS TO BE AWARDED FOR EACH QUESTION ARE INDICATED ALONG SIDE THE QUESTION.**

NOTE:

MARKS WILL BE AWARDED FOR GOOD COMMUNICATION IN ENGLISH, AND FOR ORDERLY AND NEAT PRESENTATION OF WORK. FURTHER MARKS WILL BE AWARDED FOR USE OF RELEVANT EXAMPLES.

SPECIAL REQUIREMENTS: NONE

THIS PAPER SHOULD NOT BE OPENED UNTIL PERMISSION TO DO SO HAS BEEN GRANTED BY THE INVIGILATOR.

THE CARS ARE USED, THE IDEA IS NEW

Brothers' business built on saving sellers hassle of advertising

From humble beginnings as a two-man operation in Pretoria nearly 20 years ago used-vehicle retailer WeBuyCars has evolved into a multibillion-rand business in which JSE-listed taxi financier Transaction Capital recently acquired a 49% interest.

Valued now at R3.6bn, the business was started by brothers Faan and Dirk van der Walt in 2001 with about R150,000 in capital. Since then it has grown organically to become a household name.

Looking back on WeBuyCars' early days, Faan, who is CEO, says the biggest frustration used to be "sitting with three or four cars" and "not having any more money to buy more stock even though there were bargains available".

"The dream was to be in a situation where you could just buy vehicles without worrying where the money comes from. We also learnt lessons during this time, such as right pricing and correct marketing."

Faan says that for the first 10 years, he and Dirk - who is executive director of the company - did everything themselves.

"We had no buyers. We were the buyers at WeBuyCars. We drove around Gauteng, we got to know every street, every suburb from Lenasia to Garsfontein to Modderfontein to Brakpan, everywhere.

"We drove a lot of miles every day. We would come home tired to Pretoria in the evening after just visiting a client in Rand-burg and the phone would ring and it would be someone in Benoni and you would turn around and you would go to Benoni to have a look at another vehicle.

"We've seen everything. One day I was phoned and it was Johnny Clegg, he sold me his Kombi. That was probably 2006. So we've met the rich and famous and everyone."

Wheeling and dealing started for the brothers in their teens. "In high school I bought a motorbike for R400 and later sold it for R450. A few weeks later I bought a bike for R800 and spent a little bit of money on it and sold it for R1,500," Faan says.

"That is probably when I realised there is an opportunity here." Nonetheless, buying and selling vehicles was initially a side hustle as Faan first tried his hand at teaching.

He and his wife went to the UK in 1999 to teach for a couple of years, and left R50,000 in capital with Dirk "to take the wheel".

The couple saved R300,000 while in the UK, using two-thirds of it to buy a house in cash when they returned to SA. The rest went into what would become WeBuyCars.

Faan credits Dirk with "the brilliant plan to find the sellers of vehicles before they put their cars in the market".

"It is as easy as putting up flyers on notice boards everywhere, saying, 'Cash for your vehicle, phone me,' with little tear-off slips.

He did that on a big scale in Pretoria in those years. When I came back, that changed our business fundamentally because we now approached clients in a different way. Once we started advertising in newspapers this grew and people were hungry for this service where you don't take the risk of advertising."

Faan says the company ploughed profits back into the business and kept overheads 'very low".

"In those early years we didn't have a premises. We worked from home so we would park cars in our gardens. The neighbours would moan and then we would move house and go to a different place. We just grew like that."

He says the two brothers make a good team - he is "task - focused" and has a good eye for a bargain, his brother has the "big ideas" and provides creative input.

"Way back in the day when we started, Dirk said we must get a website?'. I said, 'But why do we need a website? He laughs.

"A few years later he says we need to start advertising on Google. I asked why. He was also the first person to introduce' the topic of artificial intelligence as a way to price cars. He always comes up with the big ideas."

Today the group uses three' main routes to sell its vehicles: 40% are sold to dealers who need stock for their showrooms; some go on auction; the rest are bought by individuals.

"The one thing we do differently to the traditional car dealer is our starting point. When most people decide to become a car dealer they say, 'I am going to sell these brands in these price ranges.'

"With us, unintentionally did things differently because we had limited funds so we couldn't play the high price ranges like the big players. We always had this underdog mentality where we would do the best we could with what we had. We started in the lower price ranges and that's probably the less riskier price ranges because that is where most of the buyers are."

The group buys about 6,000 vehicles a month and its target is 10,000 a month over the next two to three years.

It has seven warehouses and employs 1,050 people, 150 of them buyers.

And if you are looking to work at WeBuyCars don't think being a car fanatic will help.

"We don't really appoint people from the motor industry because they come with their baggage and preconceived ideas.

"We are rather looking for someone who has really good interpersonal skills and creates a really good impression with clients."

Nick Wilson. Sunday Times. Business Times. Business Companies. September 27, 2020.
Page 5.

SECTION A

- Q.1 When did the business turn around, and sales started to balloon ?
10 marks.
- Q.2 What strategies did they put in place from the early days to grow the company ?
16 marks.
- Q.3 What other factors carried the company forward afterwards ?
10 marks.
- Q.4 What lessons can be learnt from this business success story ?
4 marks.
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- 40 marks.

SECTION B

- Q.1 Discuss the main functions of a Sales Manager with the use of relevant examples.
20 marks.
- Q.2 Sales Managers must consider a number of emerging issues as they go about their work. Discuss these with the use of relevant examples.
20 marks.
- Q.3 Personal selling involves a number of important issues / functions. Discuss with examples.
20 marks.

Q.4 When a Sales Manager is looking for good sales people, several factors must be considered .Discuss these with examples.

20 marks

Q.5 Motivation is very important in sales management. Discuss the reasons with relevant examples.

20 marks

60 marks

TOTAL 100 marks
