

**An Assessment of Sales Management Practices in Mohammed Hussein
Ali-Alamoudi (MOHA) Soft Drinks Industry Share Company**

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Fulfilment of the Requirements for the Degree of Master of Arts in
Marketing Management Education**

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Acronyms

ADR: Account Development Representative

CR: Customer Representative

MOHA: Mohammed Hussein Ali-Amoudi

MUM: Marketing Unit Manager

NAM: National Account Management

SMM: Sales and Marketing Manager

S.C: Share Company

TC: Territory Coordinator

TDM: Territory Development Manager

Abstract

This research attempted to describe how sales management functions are practiced in MOHA Soft Drinks Industry S.C. Respondents were drawn judgmentally factory wise. Both questionnaire and interview were used for primary data collection. Secondary data were collected from company owned sources. Based on the sources the findings indicate that new sales people are needed mainly when a vacancy occurs to a sales position. The recruitment and selection process is centralized and to fill the vacancies, sales managers consider internal employees as a major source of recruitment. In the sales management unit not all sales personnel are well-qualified and there are no specialized sales people in each step of the personal selling process at all. When sales forecasting is done by field sales people and top managers independently, it tends to be inaccurate. Mainly sales volume quotas are set by sales managers. Once the sales budget is allocated based on the newness of the sales territory, it fluctuates in response to unforeseen market conditions. The decision-making process in the sales management unit is not highly participative. Most often, the sales management unit prepares both entry level and refresher training to sales staff. Mainly customers' service training is given to sales people and training effectiveness is determined by measuring sales volume increment. Sales people are offered an incentive when they meet or exceed sales volume quotas. All sales personnel are provided financial incentives. Therefore, to address the aforementioned gaps, the researcher presented possible solutions. The company should prepare reserved sales people prior to any sales vacancy arises. The company should initiate sales people to upgrade their educational level by joining colleges and universities. On the other hand, the sales managers are supposed to stipulate the required qualifications in the vacancy announcement and employ only eligible sales people. To support their recruitment task, those in hiring position should consult field sales managers and field sales people regarding the nature of the vacant sales position and ask them to recommend prospective sales person. Corporate managers need to adopt decentralized training since it minimizes the cost of sales people travel while training is given at the central level, allowance for executives who train the sales people and it accommodates individuals' level of understanding. Sales managers should closely work with field sales people in order to develop an accurate sales forecast and sales quota. Sales managers should go through a comprehensive assessment of sales training effectiveness and performance improvement. The decision making process should be participative to make well-informed decisions.

Chapter One

1. Introduction

1.1. Background of the Study

Management covers a far-reaching position in both for-profit and for non-profit organizations. Regardless of the orientation of the organization (whether it is for-profit or for non-profit), every functional area within an organization requires prudent management to succeed. Management as a process involves situation analysis, planning, organizing, implementing, controlling and performance evaluation. So does sales management. The integrated process of all these managerial functions ensures an organization's objective attainment and performance improvement. Many present their perspective about sales management. Sales management is simply the management of an organization's personal selling function (Ingram, 1989). Therefore, it is the management of human element, which makes it a challenging profession, yet it is the lifeblood of an organization.

Sherlekar (2007) described sales management as the backbone of marketing. In every organization the sales management unit if not the only is the main functional unit that links customers and the company and only through which revenue of the company is generated. In the past sales management used to be about police work (Chitwood, 2000). The manager operated like a watching dog, making sure people came to work, completed the paper work and stayed productive. Chitwood, argues, "I believe that the greatest asset of any company is the undeveloped potential of its sales people". In this line, the sales manager today is more of a coach than a true manager. The sales manager must play a significant role in the career guidance and development of the sales people he/she supervises.

Wotruba (1992), "guiding salesmen to accomplish their goals reflect the characteristics of all management jobs: getting things done through others rather than doing them oneself". Wotruba argues that directing others is somewhat frustrating because many sales managers who were once sales people retain a natural tendency even a strong desire to participate directly in selling. All the perspectives from which we view sales management remains to exist, the generic processes that sales manager undergoes should be integrated to get the sales management unit performing well to exploit the best effort of personal selling. Planning is

unique among the elements of management as it may warrant no further action. Planning activity is essential to effective sales management. Implementing the results of planning is fundamental to functions of organizing (concerning how the sales task is divided into a manageable proportion), directing (coaching and guiding the company's sales force to the direction which brings about optimum expected outcome) and controlling (making a follow-up to be sure that things are going right and evaluating the ultimate ends to ensure that the sales objectives are accomplished best).

Controlling is part of the larger process of management as are planning, organizing and coordinating (Still, 1976). According to Still, all sales executives are responsible for controlling the personal selling effort of the organizational units they head. If all detailed functions in each element of the sale management process go misfit, organizational sales objectives do not come true to the level that would be attained if all were concomitant.

Studies in the profession of sales management show and stress the invaluable contribution of sales management unit to organizations if effectively practiced. For example, a prudent research and development department may welcome a saleable new product; a finance department may raise the fund for the development of new product; purchasing and procurement department may be capable for on time input supply; a calibre production department may process production very careful; advertising department may develop and communicate plausible messages about the product; at the end disorganized sales management unit may kill all the investment. It is the last functional unit that channels and hand over the product to target customers. In an effort of narrowing the gap between how sales management is being practiced and how should it be practiced the theme of this study centres on examining sales management practices in the process of managerial functions in MOHA Soft Drinks Industry S.C. so as to solicit gap filler alternatives.

1.2. Background of the Organization

Soft drinks industry is admirably profitable world-wide with the two core players in the market (Coca Cola and Pepsi Cola). Pepsi Cola traces its origin to 1898 when Caleb Bradham, a pharmacist in New Bern, North Carolina, created a curative drink for dyspepsia called Pepsi Cola. Pepsi Cola emerged for the first time as a serious competitor of Coca Cola during the 1930s. When did Pepsi Cola start in Ethiopia? Nefas Silk Pepsi Cola in Ethiopia is the first Pepsi Cola plant and was established in 1966 as a share company.

Mohammed Hussein Ali-Amoudi (MOHA) Soft Drinks Industry S.C. was formed and registered under the commercial code of Ethiopia on the 15th of May in 1996. The company was formed after the acquisition of four Pepsi Cola plants located at Addis Ababa (Nefas Silk and T/Haimanot), Gondar and which were purchased by Sheik Mohammed H. Al-Amoudi on the 18th of January 1996, through bid which was tendered by Ethiopian Privatization Agency. The handover of the factories was finalized on the 4th of April in 1996 (MOHA Soft Drinks Industry employees' handbook, 2003).

Currently the company has seven operating units including Summit Plant, Bure Plant, and the recently inaugurated Hawassa Plant in the Southern Nations & Nationalities People's Region. The major products of MOHA are Pepsi Cola, Mirinda Orange, 7-Up, Mirinda Tonic, Mirinda Apple (all Pepsi Brands), and Kool (Bure Kool and Tossa bottled water products). The company is operating in a 52% market share in soft drink industry in Ethiopia, annual production capacity of 27 million crates of various types of soft drinks and sales volume annual growth rate reaches up to 15%. The company relies both on company-owned sales people (customer representatives) and independent sales representatives operating in Addis Ababa and outside Addis Ababa to access the product for the entire market in Ethiopia. To avoid sales territory conflict the company deploys company-owned sales representatives to a territory separated from independent sales representatives (MOHA, 2003).

1.3. Statement of the Problem

Sales management evolved through distinctive stages in the business world. However, unlike the earliest rudimentary practices, this world sales management is and should be scientific and artistic to go through a sound planning, organizing, directing, controlling and evaluating the personal selling effort to succeed the overall marketing objectives of the company. All these procedural sales management activities are equally indispensable to reach predetermined sales objectives.

The development of effective strategies is one thing; successfully implementing them through sales organization structure is another; still following-up to correct wrong doings if there are any and comparison and analysis of the gap between what level was set forth and what has been materialized at hand are due sales management functions. All maintain an interrelationship. For example, planning in sales management determines the type sales organization that the company seeks to have and the way how sales organization should be structured. Conversely, sales organization structure affects at large plans and policies developed at the corporate level and put into practice through it. The supervisor who directs sales people guides them in line to the plans and objectives developed at the top. Again the sales manager oversees and evaluates the activities and performances of sales representatives according to the standards which come down from the top to the operational level. Therefore, it is the harmonious run of all the processes that meets the desired performance. Unfortunately, if core selling activities are disintegrated, company's objectives will remain unmet satisfactorily.

Byrnes (2005) "many managers ask for references to best practices that they can observe and replicate. In virtually every company, the answer exists within the company itself". On the other hand, good sales management properly applied is the least expensive, most accessible means for organizations to beat competition, increase profits and grow (Calvin, 1991).

Literally, sales management processes are uncovered to every organization of any industry. However, the way how each seemingly minor task but probably causes incurable difficulties in the processes come down to earth varies and in turn shapes organizations' trend in undesirable direction. If sales management processes are duly carried out, organizations' profitability in general and performance and effectiveness of personal selling will prosper.

Designing the sales organization is extremely important and complex task. For example, in MOHA's sales organization structure, the marketing unit managers (MUM) receive objectives from sales and marketing manager for the upcoming years or months. Then, review and assess market unit and territory performance. Territory development managers (TDM) gather data and results of prior month or year and discuss the MU objectives for the upcoming years or months. Once TDM receives and considers objectives from MUM, communicate objectives to account development representatives, territory coordinators, and customer representatives (CRs) at weekly team meeting and distribute route specific objectives to CRs. Having distributed sales objectives to each CR, the TDM makes a follow-up, giving suggestions to improve any deficiencies and ensuring the availability of selling aids to excel sales volume (MOHA Soft Drinks Industry employees' handbook, 2003). Therefore, the following are basic research questions:

- How do sales managers develop a sales plan?
- How the sales resource is organized to attain the expected result?
- How directing and training of sales people is carried out?
- Do sales managers exercise control of the personal selling effort and evaluate effectiveness of sales performance?

1.4. Rationale of the Study

Sales management's history traced back to the start up of marketing. But the practice which is going on this time entirely varies from the earliest one.

In the production orientation era selling was of secondary concern next to production and sales men were hired often more for their personality and aggressiveness with mere consideration of their business skill (Wotruba & Simpson, 1992).

In the selling orientation era, the selling function had been extended from simple finding of customers to capturing and keeping them away from competitors.

Still in the marketing orientation, era sales management shifted from outside-in approach to inside-out approach to add up mutual benefit.

Thus, this research was initiated to extract lacks or unmet situations in sales management practices in each process of managerial functions to solicit possible remedies.

1.5. Objectives of the Study

The general objective of this study is stated as:

Assessing the sales management practices of MOHA Soft Drinks Industry

Specifically:

- ❖ To distinguish acceptable sales management practices from unacceptable ones
- ❖ To disclose effective selling effort organization aspects
- ❖ To identify unsatisfactory sales force directing and training practices
- ❖ To detect loose controlling and evaluation practices in the sales management level

1.6. Significance of the Study

The expected contribution this research will lay down up on completion is multidimensional:

- It serves as a stand point for those who pursue further study in the area
- It opens an avenue for the company to adopt new ways of sales management practice or to modify an existing one for each step in the process.
- Besides the company that the research is designed to others may find it incorporating fruitful experiences to reform their sales management organizational and functional setup.

1.7. Scope of the Study

This research is restricted to deal with the subsequent steps of sales management process: sales people employment, sales forecasting, sales budgeting, and sales goal setting, organizing (sales force organization, sales force sizing, sales force organization structure, territory management, directing and controlling of the personal selling effort. All sales personnel in Nefas Silk plant and Tekle Haimanote plant were selected to participate in the study. However, independent sales representatives are excluded from subjects of the study.

1.8. Limitations of the Study

The researcher has faced numerous difficulties:

Research experience of the student researcher: the expertise the researcher has possessed in conducting this research is open to question.

Missing responses and unreturned questionnaires: not all the respondents return the questionnaire on time. Then, five questionnaires were not returned. This reduces the accuracy of the sample. In addition to this, some questions within the questionnaire were not answered.

Financial deficiency: the researcher experienced financial difficulty while working on the research.

The researcher considered different ways the researcher to combat those difficulties. For example, to get expertise guidance, the researcher had had frequent contact with the Advisor. To reduce financial problems, the researcher did himself the writing and editing task instead of paying others for writing and editing service.

1.9. Operational Definition of Terms

Sales management: the administration and direction of those people who are engaged in personal selling or who provide direct support to the sales force.

Sales forecasting: is the prediction of sales for the upcoming periods.

Sales force: the totality of employees who directly involved in generating a sale

Sales quota: the minimum sales goal for a set time span expressed on the amount of dollar, units sold, activities performed, sales calls made, new accounts identified and qualified.

Sales organization: is the organizational structure through which the sales manager's plans and objectives are achieved.

Sales budget: the statement of revenues and costs that are expected for a given time period; allows managers to monitor whether sales costs are consistent or appropriate for the level of expected sales.

Personal selling: the direct one-to-one or one-to-group communications between sales people and customers to determine their needs and satisfy those needs.

Recruitment is the process of securing a pool of applicants to be considered for hiring

1.10. Organization of the Study

Five chapters constitute this research. Chapter one is about research proposal, which is the prerequisite of doing an actual work. In this chapter, the following elements are included: Background of the organization, Background of the study, Statement of the problem, Rationale of the study, Objectives of the study, Significance of the study, Scope of the study. In chapter two extensive related literatures about sales management practice were reviewed. Chapter three incorporates detailed research methodology (Questionnaire Pre-test, Data Presentation, Analysis and interpretation, Data Type and Data Collection Instruments and Sampling Technique). Chapter four discusses the findings collected from respondents and secondary sources in a table, graph and chart form. The last chapter presents the summary of the entire work, the conclusion and recommendation.

Chapter Two

Review of Related Literature

2. Introduction to Sales Management Practices

A sales organization employs both sales and sales management process-both of which help the sales force execute the sales strategy. The processes are, in effect the “glue” that holds the strategy and organization structure together. Basically to get buyers purchase an organization’s product, an extensive effort needs to be invested from the side of the sales organization. Production is completed only when the product reaches the target market to which it is intended and tailored. This can be realized through establishing a sales management unit to expedite selling activities by effectively managing the personal selling effort.

Sales management involves planning, organizing, directing, and controlling and evaluating the company’s personal selling effort. This sales management process needs to support the go-to-market personnel and drive superior sales force. Each of the managerial process comprises numerous crucial activities which collectively constitute the entire sales management function and requires sales men’s and sales manager’s persistent effort to bring about acknowledged outcome. All the processes are complementary. If any miscarriage of an activity happens in one of the processes, the subsequent steps and functions will go wrongly.

Decisions about sales forecasting, sales budgets, sales quotas, hiring of sales people, determining the sales organization structure, sales force deployment directing sales force and controlling the progress of sales force performance and evaluating the outcome are all the variables this research deals about.

2.1. The Sales Management Process

A sales management process includes all the aspects, resources, and procedures involved in selling. Every managerial process is a chain of tasks dependent on human resources for its completion. Sales management integrates the doing aspects of selling and the planning aspects of overall marketing strategy. The success of the whole process in sales management in the form of increasing sales revenue and profits depends on the efficient execution of tasks at every level. Wotruba & Simpson (1992), state a fundamental demand of sales managers as

guiding their subordinates in carrying out the selling process. In directing sales person's work, sales managers call on their own selling experience, insight and training. But sales managers remain credible and effective leaders only by keeping up to date.

A sales plan is basically your strategic and tactical plan for achieving your marketing objective. The key features of sales plan is its use of sales projections and associated dollar values. Sales plans are about targets and numbers (Rodriguez, 2006). For Sherlekar (2007), a sale planning is part of marketing planning which covers sales forecasting, sales programs, to achieve sales foals and making sales policies. It is deciding in advance a future course of action regarding the selling of the product- what is to be sold, how, when and by whom it is to be sold.

2.1.1. Recruitment and Selection of Sales Personnel

Sahu & Raut (1993), "recruitment is one of the most important jobs of the sales manager. For implementing the sales policies a carefully planned and systematic method of recruitment and selection is highly essential. A substandard recruitment and selection will make all subsequent actions meaningless. Recruitment of sales people is an endless job because of the following reasons:

To replace the gap created: gap arises due to resignation, retirement and promotion

To match the expansion programs: industries grow and expand with the passage of time. To match such expansion programs, new posts with in the sales organization is also created. Thus there arises the need of recruitment of sales personnel. Here arises a problem about the number of sales personnel required and their qualifications. The necessary qualification of sales men to be recruited can be known by analyzing the job.

In many firms, the sales department works in conjunction with the human resources department to carry out the recruiting task (Wotruba & Simpson, 1992). The sales management department usually makes the final hiring decision, however, in order to match responsibility with authority. Lacking hiring authority the sales managers' responsibility for accomplishing objectives through the sales force might be excused with such statements as: "I can't help the result when you give me people to work with!" For similar reasons, final hiring authority in many firms has been centralized.

2.1.1.1. Objectives of Hiring

Moncrief & Shipp (1997), the objective of the firm is to replace leaving sales people as quickly as possible. Traditionally, when turnover creates an open territory, the sales manager immediately begins searching for a replacement because an empty territory means declining sales for the district. Hiring only when a territory becomes available is known as just-in time hiring. The opposite of just in time hiring stock-filling is defined as hiring recruits before a territory opens, with the assumption that a territory will become available in the near future.

2.1.1.2. Timing of Hiring

Timing has two dimensions; when new sales people will be needed and when the best recruits will be ready to commit to a job (Wotruba & Simpson, 1992). The first dimension is crucial because of the serious consequences of not having sales people when needed. If new personnel are not ready, poor performers may be retained to longer, or newly hired people may be rushed through training too fast in order to get them in the field quickly.

2.1.1.3. Qualification of those Hired

Wotruba & Simpson (1992) state that determining what qualifications an applicant must possess to be given a job offer may be the most challenging task in the entire hiring process. There is no standard set of job qualifications. Position analysis, personal history analysis, customer characteristics or expectations help managers identify proper job qualifications.

2.1.1.4. Sources of Recruitment

After knowing the exact number of salesmen required for the sales organization and their required qualification, the sales manager has to search the possible sources of recruiting these sales personnel. The various sources of recruitment can broadly be divided into two sources (1) internal sources (2) external sources (Sahu & Raut, 1993).

2.1.1.4.1. Internal Sources

Some business organizations make recruitments from among the persons working in the organization. The company may have talented and qualified persons and they are chosen for the vacancies that arise from time to time.

Advantages of internal sources

- Internal applicants already have experience in the firm and thus are acquainted with general company policies product and culture
- Very often no training and guidance is needed
- Recruitment within the company is done chiefly on the basis of reliability, loyalty, sincerity and hard working of employees
- Internal source of recruitment saves expenditure on training, hence this method is economical.

2.1.1.4.2. External Sources

In fact, internal sources provide limited for recruitment. Either internal sources may not provide suitable candidates or provide only a limited number of persons for such requirements. Therefore, almost all the organizations depend on external sources for recruiting salesmen. The following are some of the important external sources of recruitment.

Advertisement: this is one of the best and popular sources of recruiting salesmen. The advertisement openly specifies the requirements and requisite qualifications. This source offers the merit of wider selection scope.

Employment agencies: these are special offices which render services to both job seekers and employers.

Recommendations: salesmen may be recruited by the recommendations of the existing employees. As the employees know the requirements of the organization, they recommend the right person.

College and school: schools colleges and universities are an important source of recruitment particularly in western countries.

Competing firms: salesmen serving in competing firms may be offered higher salary and other facilities and amenities so that they are attracted to join the specific firm.

Self-offers: in highly unemployed countries many concerns often receive application of job seekers.

Wholesalers, retailers and customers: At times, wholesalers, retailers and customers happen to be an important source of recruiting salesmen. Some customers even have greater product knowledge than the sales man (ibid).

Firms hire sales people at the entry level and promote sales people from within the organization to sales management positions and this increases sales people's trust in the organization and reduce sales people turnover and opportunistic behaviour (Ganesan; Weitz & John, 1993).

Proper recruitment and selection provides a sound foundation of a good vibrant sales organization and sales management and it ensures the right person for the right job (Sherlekar, 2007). Therefore, the statement that holds the firm should recruit the most able sales people for any given task is inescapable (West, 1987). This recruitment planning provides more time for locating the best recruit by carrying out job analysis/job descriptions and (Ingram & Laforge, 1989). The most important decision you ever make is whether or not to hire or promote a specific person to your sales staff (National Society of Sales Training Executives, 1993). Because selection mistakes are so costly, it is clear that a sales manager must follow cyclical-scientific thought process through the four steps: analyze the facts (job specification and candidates' qualification), identify the objective, evaluate pros and cons of many possible solutions, and decide, while avoiding the counterproductive.

Ingram & Laforge (1989), recruitment and selection are perpetual activities in some sales organizations but in others are conducted only when a vacancy occurs. The most popular methods of locating sales recruits is through employ referral program- which is relatively quick and inexpensive compared to other recruiting methods. While it is a good idea to include internal sources as part of recruitment and selection program, there may not be enough qualified people inside the organization to meet the human resource needs of the sales force.

Determinants of success such as training and motivation are highly dependent on the intrinsic qualities of the recruit (Jobber & Lancaster, 2006). Moncrief & Shipp (1997), the objective of hiring is to replace leaving sales people as quickly as possible. But poor section decisions have immediate and long-term effects. So, hiring an individual whose performance is mediocre at best causes the organization lose potential sales that an outstanding hire might have made and this mediocre hire also has higher potential of being a quicker turnover because recruits who take jobs they are not really satisfied with will soon become turnover statistic. The best thing

to do is keep on recruiting continuously even when you have no openings so you have a really list of to qualify candidates (National Society of Sales Training Executives, 1993).

2.1.2. Sales Force Training

Futrel (1992) says a person can become successful sales person through company and personal training and by the proper application of knowledge in developing skills and abilities that benefit customers. Typically, when people think of training they perceive the training of new personnel, but training is a continuous process that can occur at multiple levels.

Many people believe that salesmen are born and the skill and ability of sales man ship cannot be acquired (Sahu & Raut, 1993). It is partly true and no doubt that there are born salesmen. But these people require training before they are accepted as salesmen (in other words, even born salesmen need some training).

Sherlekar (2007) put the view that good salespeople are not born; they are made-by planned and well-executed training programs. Therefore, trained sales people are able to secure sales orders more quickly, sell more, and are easier to manage. Manning & Reece. (1992) state that some managers believe that a solid training program can compensate for lesser qualifications in a new recruit and produce an outstanding performer. Conversely, weak training or a poor motivational climate can reduce the performance of a highly qualified sales person'.

Boykin (2010) says investing in training for your sales force can be expensive. One thing you want to make certain is you maximize the value of your investment. To maximize the value means that your sales team will take what they learn from the training and actually use it in their sales efforts on a daily basis.

2.1.2.1. Objectives of Training

Wotruba & Simpson (1992) explain that from the management's standpoint the objective of training program serves to coordinate the program with other sales activities and goals. From the trainer's stand point, however, objectives stipulate what is to be accomplished. The training program can be developed and presented: internally, by professional experts in the field, or some combination. Initial sales training is only the beginning of the sales person's career

development but the company's formal program itself may go on throughout the sales person's career.

Sahu & Raut (1993) state objectives of sales training as follows:

- ✓ To teach salesmen the principles of the art of salesmanship
- ✓ To acquaint salesmen with the policies of the firm
- ✓ To teach the sales force all facts relating to the quality of goods, the manufacturing process, and the history of the company
- ✓ To enable the sales staff to gain enough knowledge and technique so that they do not remain inferior to the salesmen of competing organizations
- ✓ To keep a reserve force of the salesmen to take the place of those who retire or resign

Calvin (1991), to be effective, any sales training must accommodate the specific type of sales person and product involved. A sales program cannot be mass produced. It must accommodate the sales person's background, skill and experience level.

2.1.2.2. Types of Training and Development Programs

Moncrief & Shipp (1997) mention four types of training and development programs that must be considered. **Indoctrination Training:** it is defined as the training of new sales personnel in the way to do the job. This training is thorough and intense.

Refresher Training: as the sales environment continues to evolve, sales people must be able to adapt to the changes. This adaptation may consist of refresher training. Most managers believe that even the most experienced representatives need refresher training to keep current on new trends and changes in the product or industry, as well as to revitalize the individual.

Sales Person Development Programs: the purpose of sales person development program is to help the entire business grow and prosper. Specifically sales person development programs develop added skills, professionalism, goals and habits for the sales person beyond those needed for the present job.

Executives Training: sales executives also need additional training known as executives training development programs, to help them expand their skills and continue an upward path.

2.1.2.3. Training Locations

The location of training can be centralized or decentralized. In centralized training approach, all personnel are trained in the same location (at company head quarters or a national training centre) (Moncrief & Shipp, 1997). Supporters of centralized training argue that training everyone at the same location leads to much more efficient and consistent learning. The downside to centralized training is the high level of expense for the organization. In decentralized training simultaneous training occurs at multiple locations- at a number of district offices. Some companies have combined both a centralized and decentralized format, with general training occurring at the corporate head quarters and then more specific training occurring at district office.

Centralized locations are generally best when affordable by the firm (Wotruba & Simpson, 1992). The cost is high because trainees must be reimbursed for travel and lodging, and valuable time of top executives who participate in the program is often involved. Centralized instruction provides greater consistency in program content.

Decentralized location involves learning closer to the actual local of the job and from field managers who will be the trainees' eventual supervisors. An extension of decentralized program is on the job training, in which the trainee learns by doing, often with the oversight and criticism of an experienced sales person.

2.1.2.4. Training Program Evaluation

The training process begins with an assessment of the need for training. Likewise, the process will end with an assessment of the results (Moncrief & Shipp, 1997). Management can ascertain the results of the training by measuring the increase in sales, the increase in sales calls, customer satisfaction, and the effectiveness of sales person communication and service or through a number of other variables. One serious problem with the measurement solution is that changes sales volume may have occurred because of non-training environmental factors. Therefore, the most beneficial way of determining training success is by comparing trained sales people versus a group of untrained sales people on the skills in question.

Wotruba & Simpson (1992) explain that trainees must be informed about the standards of performance expected in company evaluation programs. Factors such as number of calls per day, average order size, expense-to sales ratios typically are used in monitoring sales people progress. They should be explained to the sales people along with the rationale for using them. The reporting system used in evaluation and control programs also must be designed to help assess training effectiveness and in particular, how well training objectives are being met.

2.1.3. Sales Forecasting

Cohen (1991) defines forecasting as predicting the future by analyzing the past. This does not mean that what happened in the past will also happen in the future, only that analysis of the past begins the process. Through forecasting it is possible to determine the needed number of sales people, decision on distribution channels, price products, develop sales quotas, determining advertising budgets, determine the potential benefits of sales promotion programs.

Calvin (1991) says obtaining the best estimate of future sales on the basis of current knowledge represents the ultimate objective of your forecasts of sales. (Wotruba & Simpson, 1989), if sales managers don't know the size of potential markets, they can't determine whether sales forecasts represent feasible goals or the levels of effort needed to reach them. A forecast of sales never exceeds a sales potential, and they rarely should be equal, because firms seldom have marketing plans that reach all possible customers.

Sales forecasting is not a guess work and forecasters should remove as many of the hunches as possible and substitute scientifically processed facts to enable predictions to be made (Bolt, 1987). According to Bolt, since a wide range of factors affect prediction and make exact forecasting impossible, analysis of the difference between actual sales and forecasts should indicate the beginning of trends to cause management to take a proper action. One objective of sales forecasting should relate to the degree of accuracy, it could indicate what is desired and what is considered realistic. It is the analysis of variance between the previous forecast and the previous actual sales that indicates the beginning of a new up-turn or down-turn in sales.

2.1.3.1. Sales Forecasting Methods

Forecasters can use either quantitative or qualitative forecasting methods or in combination (Moncief & Shipp, 1997). On the idea of Still, Cundiff & Govoni (1976) these are termed as unsophisticated or sophisticated methods which rely on judgment of experts or involve applying statistical techniques with varying degree of difficulty respectively. The moving average technique (categorized under the sophisticated methods) minimizes the impact of randomness on an individual forecasts because it is an average of several values rather than simply a linear projection like a naive or trend projection method (Wotruba & Simpson, 1992). Industry survey of the unsophisticated methods requires the company to survey all the manufacturers of a considered item or those interests in buying it. One survey of 175 different firms showed that the jury of executives' opinion and sales force composite were the two most popular methods used; but sales forecasting should not be based on popularity or who uses the method rather on situational factors, including feelings about the company's sales force, how quickly the forecast can be made, cost accuracy and so forth.

The sales force composite method is useful because it relies on the judgment of those closest to the customers in that sales managers ask them to estimate future sales as part of their overall territory planning process and this likely to foster confidence in sales people when it is to develop quotas (Moncief & Shipp, 1997; Wotruba & Simpson, 1992).

Some sales managers are reluctant to involve sales people in forecasting for fear that the resulting forecast will be too high or too low. But the experience of sales managers using sales force composite method does not support this fear (Wotruba & Simpson, 1992). Cohen (1991), when sales are forecasted by sales people it will tend to be underestimated because sales forecasts eventually lead to sales quota. Conversely, when top-down forecasting is employed, the problem arises in correlating economic variables and quantity demanded, as well as the assumption that this observable relationship will continue. But the sales forecast estimate does not necessarily become the company's sales quotas. According to Wotruba & Simpson, if sales personnel turnover is high, sales force composite method is less valuable, because inexperienced sales people are less knowledgeable about their customers and overall trends in their territories.

Calvin (1991) says that some companies ask their sales people to forecast sales but they never compare actual results with the forecast submitted. In forecasting there is no one best technique, use only what is most appropriate for your company's circumstance.

Before submitting forecasts to higher management, sales executives should evaluate them carefully regardless of their personal involvement in the preparation (Moncief & Shipp, 1997; Ingram & Laforge, 1989). Bolt says that the objective of forecasting may be to adjust production scheduling, financial planning, or to buy advantageously in the seasonal market. Wotruba & Simpson (1992), when sales forecasting is viewed only as a projection of what is going to happen in the company, the firm is not planning effectively. At times a sales forecast may present undesirable picture causing management to take corrective action. If the corrective action is successful, the original forecast would appear to have been inaccurate.

Ingram & Laforge (1989), forecasting of sales can be used by sales managers to determine where selling effort is needed and how it should be distributed. Possibly you should put less emphasis on general economic indicators and sales trends and give more emphasis to changes in industry demand, new accounts, and competitors' new products. The biggest problems in obtaining accurate sales forecasts include: inability of sales people and sales managers to judge their sales prospect accurately, difficulty in predicting the state of the economy.

Wotruba & Simpson (1992) state that at times a sales forecast may present an undesirable picture, causing management to take corrective action. If the corrective action is successful, the original forecast would appear to have been inaccurate.

Each month you compare cumulative actual sales for each territory with those projected, analyze the reason for the variances and take appropriate corrective actions (Calvin, 1991).

2.1.4. Sales Quota

Quotas are quantitative objectives assigned to specific marketing units- individual sales persons and specify desired performance levels for sales volume (Still, Cundiff & Govoni, 1976).

On the idea of Wotruba & Simpson (1992), a plan is not helpful without an incentive to carry it out. To make quotas work as incentive devices, managers increasingly are asking sales people to participate in quota setting. The belief is that participation produces goals that are more meaningful to the sales people involved. One training manager put that “people own their own targets and if you have high trust ...sales people don't lowball you”. Managers use quotas to adjust differences among sales people in ability and experience. The best control of sales performance occurs when quotas cover all aspects of the selling job. For example, is expected to do considerable missionary work, a quota covering only sales volume can be misleading. Ingram & Laforge (1989) “since sales forecast represents an expected level of firm's sales for a defined geographic area, time period and strategy, there should be a close relationship between the sales forecast and the sales quota”.

Wotruba & Simpson (1992) say that quotas have limited value when personal selling is of minor influence in the sale, for example, if the product is low price and if the sales person is an order taker. Some sales managers believe that sales quotas limit performance because sales people might strive to reach their quotas but then not extend themselves beyond their quota level even if the opportunities exist there.

Reynolds (2010) says when quotas are set effectively, the consistent attainment will directly and positively impact a company's ability to achieve its overall sales budget or plan. Most sales commission payouts are linked to the attainment of quotas and therefore, it is common for sales quotas to increase year over year.

In the view of Wotruba & Simpson, quotas are not only goals but also provide incentives to reach goals. But unless effective evaluation for accuracy is carried out, judging whether performance gaps are the fault of the sales person or reflect poor management planning is difficult. Reasons for setting and using sales quotas include to provide quantitative performance standards, to motivate desired performance, to obtain more effective budgetary control, and to use in connection with sales contests (Still, Cundiff & Govoni, 1976).

2.1.4.1. Types of Sales Quota

Wotruba & Simpson (1992) mention types of sales quota as follows:

- 1. Sales volume quotas:** Sales volume quotas are especially important for growing territories with substantial untapped potential. In established territories management may emphasize profitability rather than sales volume.
- 2. Financial quotas:** These types of quotas are especially useful in established territories where cost control should be emphasized.
- 3. Activity quotas:** These quotas are to sustain sales force efforts that have long-range effect on sales. For example, quotas for letters written to prospects, displays arranged, product demonstrations to be made and calls on new accounts.
- 4. Professional development quotas** are improvements of sales people skills in selling techniques.

2.1.4.2. Methods of Setting Sales Quota

Sahu & Raut (1993) mention four methods of quota setting.

- 1. Top management down-ward:** in this method the management and executives estimate the total sales for the coming year by their experience and judgment. Sales executives having enough experience in the sales field are given responsibility of setting such sales quotas. This method is sometimes called guess work quota setting method because it is estimated on the basis of executives thinking or guesses work.
- 2. Territory estimate upward:** in this method the salesmen are asked to make estimation of sales of their territories for the coming periods. The branch managers make adjustments in the sales man's estimates. The district and divisional sales managers make further adjustments of sales man's estimates with the cooperation of sales people. The salesmen under this method are allowed to make their estimates. This method assures the management regarding the achievement of sales quotas by the sales people as they actively participate in quota setting.
- 3. Combination of the two:** at the head quarters, the management by their past experience and judgment estimate the sales quota. At the grass root level, the sales men are asked to make their own estimates. Next both the estimates are put together with adjustments. Ultimately a final sales estimate for the entire sales field of the company is prepared based on both the estimates.

4. past performance method: under this method, sales estimates are made keeping in view the past sales performance taken as the base and the total sales estimate for the future is made by increasing the sales by a certain percentage.

2.1.5. Sales Budget

Sales budget is the statement of revenues and costs that are expected for a given time period (Moncief & Shipp, 1997). Sales budgets are among the most important control devices available to sales managers allowing them to monitor whether sales costs are consistent or appropriate for the level of expected sales. It is important, however, that the process of calculating a budget takes much less time than negotiating the amounts and deciding which manager will be responsible for which costs. Managers are often compensated on the extent to which they meet budget. In constructing sales budget, any of the following methods can be used: all you can afford method, percentage of sales method, industry parity method, objective-and- task method, zero- base budget, and return on investment or a combination.

Preparing a budget requires accumulating as much detail as possible on anticipated monthly expenses from the sources of those expenses, whether the sources be the sales manager, the sales force or the sales forecast (Calvin, 1991). The person responsible for creating expenses know better the next years expense This bubble-up process results in greater accuracy, involvement and commitment.

Wotruba & Simpson (1992), without a carefully planned budget, management would have no means of detecting when and where spending is out of control. Any increased budget request should be supported by evidence of additional sale opportunities. A sales budget controls the finances allocated for achieving sales targets of a company and it is the stand point for comparing the actual sales performance of a company. A good sales budget should serve as a guide and it should be flexible and resilient to the volatile changes in the market'. If new high potential market segment is discovered in the middle of a budget period, the sales force should not be kept from pursuing it surely because no funds are in the original budget to cover the expense. Moncief & Shipp (1997), budget flexibility does not mean that sales managers should be able to change budgets at will, because such freedom will reduces the incentive to

keep a close eye on expenses and may allow managers to hide problems until they become major. Rather budget flexibility is necessary to cope with new responsibilities or market changes that occur during the budget period.

One study found that percentage changes in sales force expenditures had more impact on market share changes than percentage changes in advertising, sales promotion, customer service, product quality. Another study reported that a 5% change in sales force expenditures produced an average 6.5% change in market share for both consumer and industrial business. Cited in (Ingram & Laforge, 1989).

Wotruba & Simpson (1992), when the budget is allocated to each territory, it should consider such factors as: that territory's competitive situation, development stage and potential. In this regard the build-up approach reflects market conditions better on the other hand a break-down approach reflects the firm's financial conditions as well as its overall goals and strategy better. Whichever method is used, each person responsible for budgeted activities should participate in preparing budget requests for those activities. Calvin (1991) recommends that each quarter you should review the budget for future periods and based on any new information make the appropriate adjustments.

2.1.6. Sales Force Organization

2.1.6.1. Sales Organization Structure

Moncief & Shipp (1997) state sales organization as the organizational structure through which sales strategy is implemented. In addition to focusing on how to structure the field sales force, sales management must consider whether to use other selling methods such as telemarketing, national account management, and how to combine the entire firm's selling methods into a cohesive program.

Wotruba & Simpson (1992), the organization is a system of checks and balances that provides control. Management should undertake organizational audits periodically to ensure that the systems making up the organization are still operating properly to achieve corporate goals. The way in which sales organization is structured can affect the methods of forecasting. For

instance, there is little prospect of using the sales force in forecasting when it is composed of independent agents.

Sales organization involves a set of selling and sales management positions and a set of relationships among these positions together they form an organization structure. The level of the position in the organization affects span of control (the number of people who report to a typical supervisor). The higher the position is in the sales organization, the less is the span of control because of the greater job complexity at higher levels. There is no ideal span of control. For example, for consumer products an individual supervises 8 sales people. A natural temptation is to increase span of control, which requires fewer supervisors. The sales manager should be cautious about increasing the spans too much; however, the result might reduce role clarity and performance and lead to great frustration because of less opportunity to interact with a supervisor. The most effective sales organization is the one that fits its environment best by going through organizational environment analysis, determination of activities to be performed, selecting best organizational option and evaluate the organization (ibid).

2.1.6.2. Sales Force Organization Options

The sales force can be organized by product line, account/customer, geographic territory, function, some combination of those methods or with no restrictions (Wotruba & Simpson,1992).

1. Product line organization: if your company offers a wide variety of dissimilar or unrelated products-especially if they are complex and are sold to totally different markets, you should consider a sales force organized by product line.

2. Account based organization: if your company sells large quantities of products to a limited number of major customers-especially customers with many branches, you should consider a sales force organized by account. A sales force organized by account allows each major customer to receive a high degree of specialized attention.

3. Geographic territory organization: if your company sells similar or closely related products to a large number of widely dispersed customers in the same industry, you should consider a sales force organized by geographic territory. This means that the sales people sell all your products to any appropriate customers within their assigned territories.

4. Functional organization: if you offer a product that requires considerable service after the sale and different skills for selling consider a two tiered organization with separate functions. In a functional sales organization, customers sometimes dislike the change of sales people and sales people dislike the change of customers.

5. No restrictions organization: if the methods described previously for organizing your sales force do not appear appropriate, consider having no restrictions. Sales people who sell customer services often operate without restrictions.

2.1.6.3. National Account Management (NAM)

Moncrief & Shipp (1997), NAM is a team approach too selling to a firm's largest customers. National account management teams usually combine a national account manager who is responsible for coordinating communication between the customer and the seller and with members of the selling organization as needed. NAM allows sellers to meet a frequently heard request from major buyers. One study shows that the most important reason companies adopt NAM is to increase sales. NAM program deliver very high levels of service to major accounts.

2.1.6.4. Sales Force Deployment

The decision of classifying customers, determining sales force size, and designing sales territories are collectively known as sales force deployment (Moncief & Shipp, 1997). In classifying customers using single factor models provides systematic justification for allocating sales calls to different customers and require little data and little expertise on the part of sales mangers but these models do not take all relevant characteristics of customers into account. To determine sales force size sales executives may use Breakdown method, Workload method, or Incremental method. The most important flaw of break down method is that it reverses cause and effect (it assumes that sales cause the number of sales people not the other way round). Therefore, determining sales force size on the basis of expected sales, in a sense limits sales to that expected level. The work load approach assumes the proper cause-effect relationship that effort causes sales. But this method lacks sensitivity to changes in the competitive environment. The incremental approach is quite difficult to accomplish in practice because it is difficult to calculate the incremental revenue derived from additional sales person (ibid). Nevertheless, the incremental approach is based on one main proposition; net profit will

increase when additional sales personnel are added if the incremental sales revenues exceed the incremental cost incurred (Still, Cundiff & Govoni, 1976).

2.1.6.5. Territory and Time Management

Once you have decided on the most effective means of organizing your sales force, you must determine the exact size and limits of each territory. To create territories that most effectively use sales people's time and maximize company revenues, you should examine current and potential sales, current and potential customers (Calvin, 1991). The reason for territory design includes: market coverage, balancing work load, evaluating the sales force performance, controlling direct and indirect costs and maximizing the amount of time sales people spend in front of customers (Moncief & Shipp. (1997). Because business is a dynamic process, you should reanalyze territories each year. Every year customers come and go, grow and decline.

2.1.6.5.1. Routing and Scheduling of Salesmen

The sales force should have a well planned routing and scheduling. This helps the sales force to minimize the waste of time and effort and avoid duplication and improve coverage of sales territories. A well planned routing and scheduling helps the management to secure closer control over the sales force's time and effort (Sahu & Raut, 1993).

2.1.7. Personal Selling Processes

The primary responsibility of a sales person is to conclude a sale through the evolved selling process which assumes that the sales person typically will perform the various steps in the process in some form but the steps do not occur for each sales call rather they occur over time, accomplished by multiple people within the selling firm, and not necessarily in any given sequence (Jobber & Lancaster, 2006).

The sales person who does not adhere to the formal and universally accepted sales process for the modern business will find that their performance will be lagging somewhat whenever they neglect or skip certain stages (Mulrennan, 2008). During training, the sales person must be drilled for every stage of the sales process. Jobber, D & Lancaster, G. (2006) have mentioned the necessary skills involved in selling as: opening, need and problem identification,

presentation & demonstration, dealing with objections, negotiation, closing the sale and follow-up.

Sahu & Raut (1993), a good salesman is never satisfied with existing customers- always try to find out new accounts and tries to avoid suspects who are not prospects. Prospecting methods include: endless chain or family tree method, canvassing or cold turkey method, centre of influence method, personal observation, direct mail or telephone method, and company records.

Sales people call on unqualified prospects because qualifying prospects prior to calling on them is time consuming and not always easy, yet calling on unqualified prospects is a waste of time (Wotruba & Simpson, 1989). Moncief & Shipp (1997), a lack of proper pre-approach work greatly diminishes the likely hood of a successful sale. Sales peoples in approaching phase do hand shake, eye contact, and physically appear. If a strong relationship has already been maintained with the buyer, the approach becomes less important. A sales person's objective in approaching stage is to make a favourable first impression and to gain the customers attention and interest sufficiently to make the presentation (Dwyer, John, & Warren, 2010).

Moncief & Shipp (1997), many new sales people perceive a customers' objection as a negative, however experienced sales representatives argue that in reality objections provide a clearer picture of customer needs and are an expected step in the selling process. An important attributes for a sales person in overcoming objections are an empathetic attitude towards the buyer and the ability to discern the real objections from pseudo objections. Five common reasons for customers' objection during sales presentations and discussions include: poor qualifying, as a negotiation tool, brand loyalty to a competitor's product, lack of information and procrastination. People perceive that sales people have something to hide or lack confidence when they are unable to look the buyer in the eye and maintain contact while encountering objections. Tart, N. (2008), explained that if you comfort customers about their objections, they will probably make their final decision.

For many people closing the deal is the hardest part of the sales process (Monchief & Shipp, 1997). Buyer closures are rarely voluntary. Instead the seller must be proactive in the process and ask for the order. After closing as an organization seeks new customers, it unintentionally ignores existing ones. Good sales people will do everything in their power to make sure the buyers do not have a bad experience with the product the objective of sales presentation is to convince the prospect or customer that the seller's product can satisfy the customers' needs better than can those of the competition.

2.1.8. Directing the sales force

Directing involves counselling and coaching sales people to remove the defects and weaknesses in their performance, giving them adequate information regarding company plans and policies and changes in those policies (sherlekar, 2007). Ingram & Laforge (1989) state that direction implies that sales people choose where their efforts will be spent among various job activities. The motivation task is incomplete unless sales people's effort is channelled in directions consistent with the overall strategic role of the sales force within the firm. Motivation can be intrinsic (if sales people find their job to be inherently rewarding) or extrinsic (if sales people are motivated by rewards provided by others).

Motivation is not a state "I am motivated" rather a direction "I am motivated to go to the movies rather than to study" (Wotruba & Simpson 1992). That implies people are motivated towards something they can relate to and something they can believe in. Calvin (1991), motivated sales people produce more dollars or revenue per dollar of expense and stay with you longer since they have less reason to leave and this reduces the cost of turnover. Sales people want to be noticed, praised, appreciated for their performance and reinforced for positive results.

Some people state they don't know how to give appreciation; others don't know why to give appreciation in the work environment; yet others say they are too busy to give appreciation and this is the biggest sin of managers, being too busy to give appreciation for a good job well done (Sykes, 2010). As a leader, a majority of your job is to motivate others to succeed so that everyone's goals are accomplished.

David & Moore state “my success and continual career growth depended upon my ability to motivate and manage sales people rather than on my own efforts to develop business”, Cited in (Ingram & Laforge, 1989). Research has shown that improving motivation is important to sales success and high levels of motivation leads to: increased creativity, working smarter and a more adaptive selling approach, increasing use of win negotiation tactics, a more relaxed attitude and a less negative emotional tone, and an enhancement of relationships.

Sales people need to feel that their work serves a useful purpose and contributes significantly to the company’s success and well being (Calvin, 1991). Calvin argues that sales people require consistent, motivated, and competent leadership in order to maintain their motivation. A sale coaching is frequently the least understood; most inconsistently implemented skill for sales managers and coaching sales teams provides challenges unlike those of other management disciplines.

Sherlekar (2007), sales supervision is directly concerned with the basic need of motivating sales men by satisfying their needs for security, opportunity, self expression, respect and good conditions of work. Ability to work is different from the will to work. You can buy a man’s time and physical presence at a given place, his muscular motion per hour. However, you can’t buy his willingness to work, his enthusiasm or his loyalty (Sherlekar, 2007; Sahu and Rout, 1992). Weitz, et al. (2001), most sales people work in the field without direct supervision if motivated.

Effective motivation requires a deep understanding of sales people as individuals, their personalities and value systems because motivation works differently for each single salesman i.e. what turns one sales man on turns another off and the sales manager’s ability to motivate on an individual basis will determine whether sales people are a grade A, grade B or grade C (Jobber & Lancaster, 2006; Adams, 1999).

The major motivating factor in selling is compensation given to the sales force and the amount paid has a direct impact on the efficient working of the organization and the sales force (Sahu & Raut, 1992). Salespeople may be remunerated for their performance through straight salary method, straight commission method, salary and commission or salary, commission and bonus method.

Witthaus (1999) argues that employee incentive schemes will only prove effective where employers ask what their employees want and then act on this information. Notes that incentive programmes now embrace a wider range of customer-facing staff rather than just salespeople. Firms are moving away from offering cash incentives. Companies must understand the complexities of employee behaviour in order to deliver the most effective schemes in terms of motivation and contribution to performance.

Manning & Reece (1992), sales managers discovered that simply asking sales people for their opinions and then following-up on their suggestions, where appropriate, are excellent ways to motivate them. Effective communication seems to be underutilized form of motivation. So, sales people should work in an atmosphere that encourages open, free, two way communications. There is no perfect sales force compensation plan and each plan must suit the specific types of selling job, the objectives of the firms marketing program and the type of customer served.

Two of the major approaches used by a firm to retain sales people possessing idiosyncratic skills (company specific skills) are: bind sales people to long-term employment contracts and provide financial incentives for sales people to remain with the firm (Ganesan; Weitz & John, 1993). In order to minimize the cost for both the sales person and the firm by encouraging long term relationship between them, promotion of sales people to sales management positions from within the firm is needed. From this policy the sales people are benefited because they know that opportunities for future rewards in the form of promotion will be restricted. The firm benefited because it is able to realize the efficiencies gained through developing firm specific skills in its sales people without the cost of continually training replacements.

2.1.9. Controlling and Evaluation of Sales Force

2.1.9.1 Controlling the Sales Force

The success of planning depends greatly on the control of the selling force. Controlling is ordinarily understood as giving of orders or commands. Adams (1999) says controls are not always designed to detect misconduct; rather they are designed to act as aids to management, information providers that enable both manger and salesman to operate as efficiently as

possible. For effective control, the sales manager must set performance standards for sales people, check whether the standards are being met, compare actual with anticipated or planned performance and take corrective actions (Sahu & Raut, 1993). In reporting and recording method of control, the reports by the sales men may be submitted weekly, monthly depending upon the requirements.

Some sales managers would complain about sales person rather than analyzing the underlying problems and attempt to solve them through a formal evaluation process. They dislike sitting in judgment and they especially dislike the disagreements caused by negative appraisals (Calvin, 1991).

2.1.9.2. Sales Force Performance Evaluation

One study shows that behaviour measures were six times as important as outcome measures in determining the sales manager's evaluation of the sales person. Another study shows that behaviours accounted for a larger portion of the variance in predicting sales manager's evaluations of sales people than objective measures of sales performance cited in (Moncrief & Shipp, 1997).

When sales managers give a sales person a poor appraisal they are in effect evaluating their own performance as managers. The evaluation process involves:

- (1) Deciding what to appraise (sales quality, sales results, sales activity, selling skills, job knowledge, self organization and planning, participation, paper work, expense control, customer relations, company relations and personal characteristics)
- (2) Developing individual performance objectives and measurements for each sales person.
- (3) Observing, rating, and evaluating actual performance.
- (4) Discussing the evaluation with each sales person.

Objectives can become quotas which serve as a base for both compensation and evaluation. You should conduct performance reviews and evaluation four times per/year (ibid).

An outcome-based evaluation focuses on objective measures of results with little monitoring and directing of sales person behaviour by sales managers. In contrast, behaviour-based

evaluation in corporate complex and often subjective assessments of sales people characteristics and behaviours with considerable monitoring and direction (Ingram, T & Laforge, R. (1989).

Outcome based measures measure results of the selling process like: revenue (dollar sales and sales unit volume and measures of profitability (net margin, sales expense or a ratio of cost/sales. But behaviour based control measures product, knowledge, presentation quality, closing ability, number of calls made, number of days work, etc (Monrief & Shipp. (1997).

2.1.10. Sales People Turnover

People leave organizations for a variety of reasons, and management must always plan for the inevitable loss of personnel (Moncrief, W & Shipp, S, 1997). There are many reasons for turnover. Sales people may leave an organization to escape poor working conditions and inferior supervision, because of real and perceived low compensation or because of dissatisfaction with the job itself. In addition, sales people leave because they are offered a better position elsewhere, they are promoted or reassigned within the organization or they may retire.

Chapter Three

3. Research Methodology

The nature of the study is descriptive and its central point was to describe the practices of sales management in MOHA Soft Drinks Industry. Sales management being a vital functional unit to the organization, the researcher tried to assess how the core functions are being carried out by sales staff.

3.1. Study Population Characteristics

The study participants are categorized into two groups based on the responsibility they handle. The first group contains 10 respondents (the Sales and Marketing Managers, the Marketing Unit Managers and Territory Development Managers). The second group contains 46 respondents (Territory Coordinators, Account Development Representatives and Customer Representatives).

3.2. Sampling Technique and Sampling Procedure

Judgemental sampling was applied to select the respondents. In this time MOHA Soft Drinks Industry S.C. has 6 operating plants. Three of them are found in Addis Ababa and the rest three are found in different cities of Ethiopia. Two of the plants (Nefas silk plant and TekleHaimanot plant). The researcher has judged that sales personnel in two plants would provide the desired information because when the researcher requested the administrators in the aforementioned plants to apply the case in their factory, they were willing. All sales personnel in these selected plants were included in the sample.

3.2.1. Sample Size

The number of sales personnel currently working in the sales management unit is 56. Since all sales personnel were included as study participant, the total respondents were 56. Nefas silk plant has 21 sales routes, which are administered by three Territory Development Managers (TDM). An individual TDM is responsible to manage 7 sales routes and has control over one Account Development Representative (ADR), one Territory Coordinator (TC) and 7 Customer Representatives (CR)/field sales people. Therefore, in Nifas silk plant there are 32 respondents including the Sales and Marketing Manager (SMM) & the Marketing Unit Manager (MUM).

TekleHaimanot plant has 12 sales routes which are administered by one Sales and Marketing Manager (SMM), one Marketing Unit Manager (MUM), three Territory Development Managers (TDM), three Account Development Representatives (ADR), three Territory Coordinators (TC), and 13 Customer Representatives (CR). Totally, 24 respondents were drawn from Tekle Haimanot plant. In sum, 56 respondents were obtained. The total 56 respondents were classified in to two groups. The first group includes the SMM, the MUM and the TDMs (10 sales staff) exposed to 38 research questions. The second group includes ADRs, TCs and CRs (46 sales people) presented with 28 research questions.

3.3. Data Type and Data Collection Instruments

For the completion of this research, data were sourced from both primary and secondary sources in a non-routine basis. Primary data were collected directly from the aforementioned 56 respondents via mail questionnaire and structured interview conversed with the sales and marketing manager only in Nefas silk plant. Secondary data have been fetched from employees' handbook and Territory University manual based on which MOHA Soft Drinks Industry S.C. leads the business.

Primary data collection:

- i. Structured and pre-coded questionnaire comprising close and open-ended questions (28 evaluative statements/likert scale type and 13 direct questions with vertically appeared response categories) were distributed to respondents.
- ii. Structured interview was conversed with the sales and marketing manager in Nefas silk plant. Eleven open-ended questions were presented to an individual interviewee (the Sales and Marketing Manager). The reason that the researcher has selected only an individual interviewee is, because not all the questions measure attitudinal variation of the respondents. Whether the questions are asked to the total respondents or to a single respondent, the response is the same unless an answer is responded with misconception.

For likert items, the researcher has used bipolar scaling method i.e. measuring either positive or negative response to a statement by asking respondents to specify their level of agreement to each statement. Each likert item is presented with a non-forced choice method.

3.4. Questionnaire Pre-test

Prior to distributing the questionnaire to the actual sample, a participating questionnaire pre-test was materialized by taking 19 sales personnel in Summit plant which belongs to MOHA Soft Drinks Industry S.C. Those involved in the pre-test were told to comment on questionnaire layout, word meaning confusion, question difficulty and appropriate set of response categories. To ensure reliability of the instrument statistically, alpha coefficient is calculated using SPSS. The researcher has found a reliability coefficient (Cronbach's Alpha) value which ranges from 0.92. Therefore the instrument's internal consistency is accepted.

3.5. Data Presentation, Analysis and Interpretation

After collecting the questionnaire from the field, the researcher has gone through it in order to check questionnaire completeness, response legibility, response clarity and acceptability in order to screen out usable questionnaires. For missing responses, the researcher has applied pair-wise deletion. That means, those respondents who did not respond to a given question have been excluded from the sample while that specific question is analysed.

Even though likert scales are summative scales, in this research the researcher has gone through uni-variant analysis (an examination of one variable at a time or each item is analyzed separately). In non-likert items, a response for each single variable has been portrayed and described using tables, charts and graphs to summarize responses. Frequencies were computed using SPSS.

Chapter Four

4. Data Presentation and Analysis and Interpretation

This chapter is filled in by demographic variables and major findings. Data collected from interview, questionnaire and employees' hand book are discussed in detail. Most basic research questions are evaluative statements with response categories labelled as strongly agree, agree, neutral, disagree and strongly disagree. To ease the analysis task, response categories are divided into three by bringing strongly agree and agree into general agreement to the statement; disagree and strongly disagree into general disagreement to the statement and finally neutral response category.

4.1. Demographic Data

The response rate for the questionnaire instrument was 91%. That means from the total 56 eligible respondents 5 respondents did not return the questionnaires on time and they were ignored. Therefore, the sample size considered for analysis contains 51 respondents.

Table 1. Demographic information

		Frequency	percent	Valid percent
Sex	Male	51	100	100
	Female	0	0	0
Age	<21	0	0	0
	21-30 years old	15	29.4	29.4
	31-40 years old	30	58.8	58.8
	41-50 years old	5	9.8	9.8
	51-60 years old	1	1.96	1.96
	>60 years old	0	0	0
Marital status	Unmarried	18	35.29	40.9
	Married	25	51.4	59.1
	Divorced	0	0	0
	Missing	7	13.7	-
Educational level	High school complete	18	35.29	36
	Preparatory Complete	7	13.7	14
	College Diploma	4	7.84	8
	BA Degree holder	19	37.25	38
	MA holder	2	3.92	4
	Above MA holder	0	0	0
	Missing	1	1.96	-
Income level (birr)	<1,000	1	1.96	2.32
	1,000-1,800	16	31.37	37.2
	1,801-2,600	15	29.41	34.9
	2,601-3,400	3	5.88	7
	3,401-4,200	5	9.8	11.6
	>4,200	3	5.88	7
	Missing	8	15.7	-
Work experience (years)	<1	2	3.9	3.9
	2-3	2	3.9	3.9
	3-5	12	23.5	23.5
	6-8	2	3.9	3.9
	>9	33	64.7	64.7

Source: Questionnaire

Table 1 contained demographic profile of the respondents. Based on the table, all of the respondents are male. According to table 1, 29.4%, 58.8%, 9.8% and 1.96% of the respondents are categorized under the age level of 21-30, 31-40, 41-50 and 51-60 respectively. This implies most of the employees in the sales management functional unit are within the age of 31-40.

Marital status data of the respondents reveals that 41% of the respondents are unmarried, 59% are married and 2.3% are divorced. Therefore, married sales employees are greater than unmarried and divorced ones in number.

As we can see from the table 1, 36% of the respondents have completed high school education level; 14% of the respondents have completed preparatory education; 8% of the respondents reported that they have earned college diploma; 38% of the respondents are bachelor degree holders. Finally, 4% of the respondents are MA degree holders. This information shows that most of the employees in the sales management functional unit did not possess adequate educational level. For example, more than half of the respondents complete only high school and preparatory education respectively; 8% of the respondents have college diploma. Thus in the sales management unit there is a significant employees' qualification gap.

Income status information indicates that 37.2% of the respondents fall into 1,000-1,800 birr income level category; 35% of the respondents have stated that they are paid an income level which falls in the range of 1,801-2,600birr; 7%, 11.6% and 7% of the respondents have reported that their income fall into the category of birr 2,601-3,400, 3,401-4,200 and greater than birr 4,200 respectively. As it can be seen 72.25% of the respondents earn an income level between birr1000-2600.

The sixth element in the demographic variable is respondents' work experience. As indicated in table 1, 64.7% of the respondents have been working for more than 9 years; 23.5% of the respondents have been working for 3-5 years; 3.9% of the respondents replied that they have been working for less than 1 year; still, 3.9% of the respondents have been working for 2 years. The remaining 3.9% of the respondents have communicated that they have work experience of 6-8 years. This implies that, most of the respondents have an extended period of work experience, which is more than 9 years. This implies that the sales management functional unit in MOHA Soft Drinks Industry S.C. has possessed experienced sales staff.

4.2 Sales Management Practices

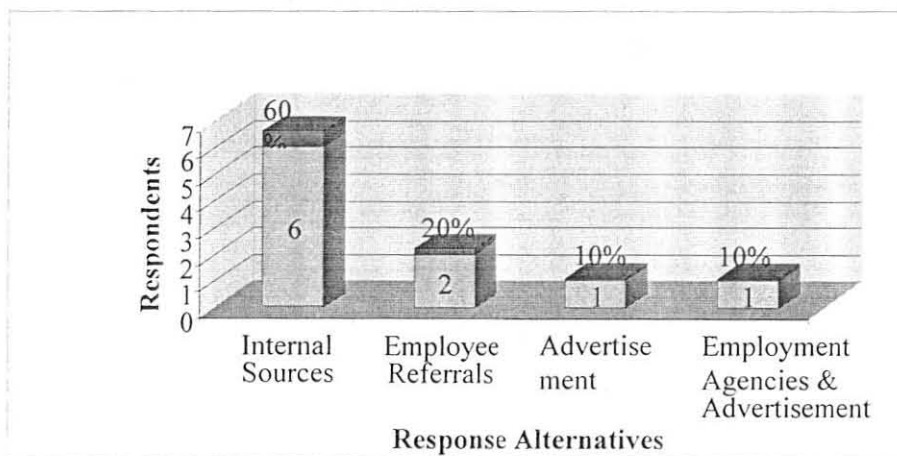
This section deals about sales management practices such as sales people employment, sales forecasting, sales quota, sales budget, organizing sales force, sales people training, customer handling, directing sales effort and sales people control and performance evaluation.

In the previous section, we have seen demographic information of the respondents. Now the researcher presented basic research questions with responses. Secondary data collected from company employees' handbook are also discussed in this section.

Sales Staff Employment

According to the response of the interviewee, in MOHA soft drinks industry sales managers use the workload method to determine the sales force size. The interviewee said that once the total selling effort that brings about the optimum sales volume and profit is determined, the sales force size which handles the expected selling effort is going to be determined.

In case of sales people recruitment and selection, the interviewee has believed that recruitment of new sales people is centralized. That means field sales managers and field sales people are not consulted about the characteristics of the vacant sales position and they are not given a chance to recommend prospective sales people.

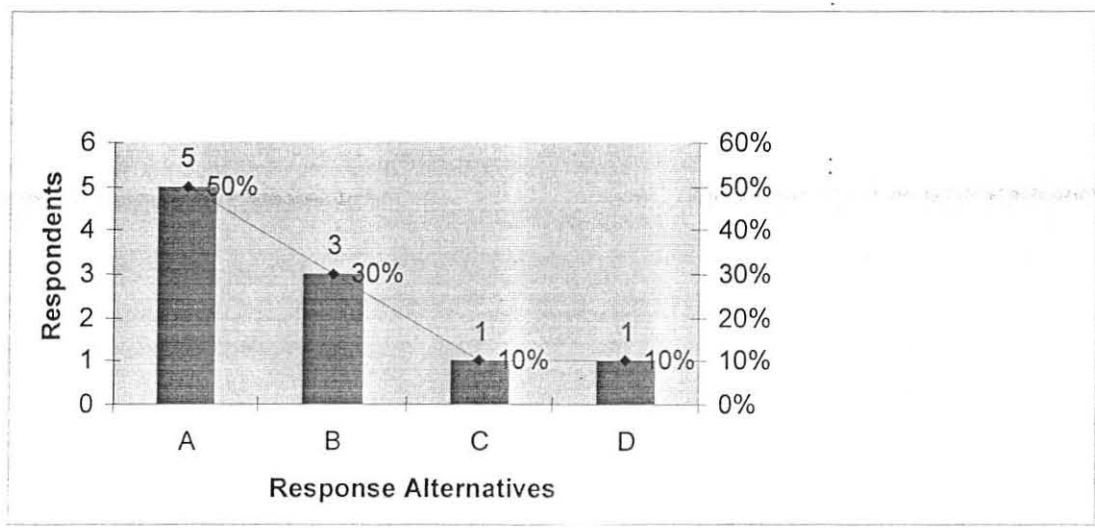


Source: Questionnaire

Figure 1 sources of sales staff recruitment

In Fig. 1, 60% of the respondents have mentioned that internal employees are major sources for the employer to recruit new sales people; 20% of the respondents have replied that employee

referrals are taken as main sources of recruitment. On the other hand, 10% of the respondents have cited advertisement as a source that the employer considers to obtain prospective sales people. Another 10% of the respondents have indicated that the employer considers both advertisement and employment agencies. As is evident from the given information, in MOHA soft drinks industry when new sales people are needed to a vacant position, the employer considers internal employees as major sources. So, the company will be beneficial by hiring sales people who are familiar to the company in several aspects.



Source: Questionnaire

Figure 2 occasions by which new sales personnel are employed

- Where: A=when a vacancy occurs
- B=by considering future business expansion
- C=by considering future employee turnover
- D=when a vacancy occurs and by considering future business expansion

Fig. 2 portrays occasions by which new sales people are wanted in the sales management department. As indicated, 50% of the respondents have replied that new sales people are sought to be hired when a vacancy occurs in a sales position. On the other hand, 30% of the respondents have replied that the employer seeks new sales people considering future business expansion. Further, 10% of the respondents have approved that the employer needs to hire new sales people considering future sales people turnover. The remaining 10% of the respondents have indicated that the employer wants to hire new sales people considering future business

expansion and only when a vacancy occurs. In view of this, it can be summarized that in MOHA soft drinks industry the employer does not want new sales people unless a vacancy exists to a sales position. The employer solicits prospective sales people as soon as a vacancy occurs. If new personnel are not ready, poor performers may be retained to longer, or newly hired people may be rushed through training too fast in order to get them in the field quickly (Wotruba & Simpson 1992: 366).

Table 2 Sales force training

Item	Sample	Response	Response categories					Missing
			SA	A	N	D	SD	
The sales management unit gives an entry level training to sales staffs before they are placed to any sales position.	51	F	16	17	3	8	6	1
		P	31.4	33.3	5.9	15.7	11.8	2
		V.p	32	34	6	16	12	-
Refresher training is given to sales staff continuously.	51	F	13	12	5	14	6	1
		P	25.5	23.5	9.8	27.5	11.8	2
		V.p	26	24	10	28	12	-
One to one coaching and feed-back is given to sales people at the TDM level.	41	F	11	14	3	8	5	0
		P	26.8	34.1	7.3	19.5	12.2	0
		V.p	26.8	34.1	7.3	19.5	12.2	-

Source: Questionnaire

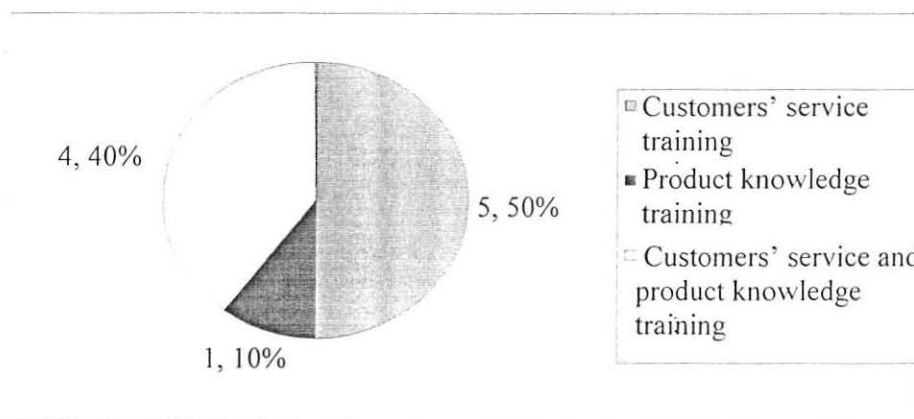
Table 2 shows that 66% of the respondents have agreed that the sales management functional unit gives an entry level training to new entrants before placing them to any sales position. Against to this, 28% of the respondents have decided that the sales management functional unit doesn't give an entry level training to new entrants before they start any selling operation. So, it can be inferred that new entrants to the sales management unit are primarily given an entry level training prior to handle any responsibility.

When we see the training program of the sales management unit, it is centralized. The individual interviewee stated that at times when sales people training is needed, all sales people

in all plants who are supposed to attend the training program are pooled together and receive the desired training program at the corporate level. Some times on the job-training and coaching are individualized at the Territory Development Managers level.

Item 2 of table 2 deals with the status of frequent refresher training given to sales staffs. According to 50% of the respondents, refresher training is given to sales people in a continuous manner. Unlike this, 40% of the respondents have agreed that continuous refresher training is not available to sales staff. Lastly, 10% of the respondents neither agreed nor disagreed to the statement. Proportionally if not quite enough, continuous refresher training is moderately available.

From table 2 when we see one-with-one coaching and feedback to sales people at the TDM level, 61% of the respondents indicated that sales people have an access of one-with-one coaching and feedback at the TDM level. On the other hand, 31.7% of the respondents disproved this statement. In addition to this, the employees' handbook states that the Territory Development Manager is there to assess sales people capability through WORK* WITHs and ONE on ONE's providing development feedback. According to these two sources we can infer that Territory Development Managers give each sales person coaching and feedback individually and this brings about open discussion between the sales person and the Territory Development Manager.

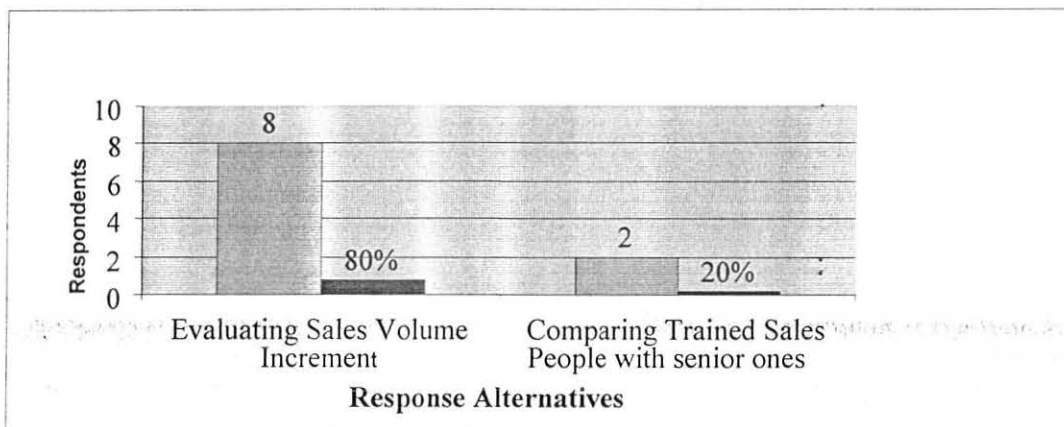


Source: Questionnaire

Figure 3 types of sales people training

In fig. 3, 50% of the respondents indicated that customers' service training is mostly given to sales people; 40% of the respondents replied that sales people mostly attend both customers'

service and product knowledge training. The rest 10% of the respondents indicated that the company's sales people mostly attend product knowledge training. From this point of view, we are in a position to conclude that in MOHA soft drinks industry S.C. most often sales people are presented with customers' service training.



Source: Questionnaire

Figure 4 ways of Evaluating Sales people training

In fig. 4 above, two ways of determining training effectiveness are displayed. Most of the respondents (80%) have answered that top managers determine the training effectiveness by measuring sales volume increment in the sales territory where newly trained sales people are working. Only 20% of the respondents have said that top managers consider both sales volume increment and compare newly trained sales people with their senior ones in terms of skills to determine the effectiveness of sales training. In this regard it is obvious that in MOHA Soft Drinks Industry sales volume increment is taken as a criterion to determine the effectiveness of sales training.

Sales Forecasting

Here under data on sales forecasting (sales forecasting technique, the adjustment of sales forecast and the tendency of underestimating or overestimating the sales forecast) were gathered.

The interviewee replied that sales managers use the moving average sales forecasting technique whereby the next period's sales is estimated to be the average of the recent past consecutive months or years.

Table 3. Sales forecasting

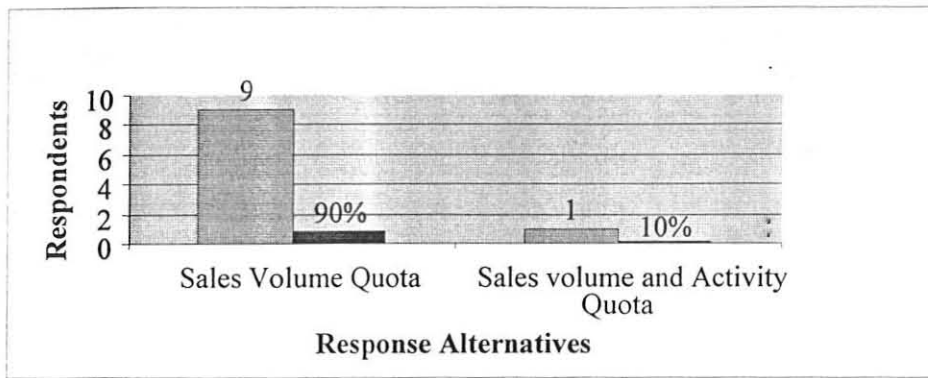
Item	Sample	Response	Response categories					missing
			SA	A	N	D	SD	
The forecasted sales are adjustable when unforeseen happenings in the market are noticed.	51	F	13	21	3	7	6	1
		P	25.5	41.2	5.9	13.7	11.8	2
		v.p	26	42	6	14	12	-
When sales forecast is done by field sales people, it tends to be underestimated.	51	F	12	14	6	16	3	-
		P	23.5	27.5	11.8	31.4	5.9	-
		v.p	23.5	27.5	11.8	31.4	5.9	-
When sales forecast is done by top managers, it tends to be overestimated.	51	F	17	10	5	15	2	2
		P	33.3	19.6	9.8	29.4	3.9	4
		v.p	34.7	20.4	10.2	30.6	4	-

Source: Questionnaire

As shown in table 3, 68% of the respondents have judged that in the sales management functional unit a calculated sales forecast is adjustable when unforeseen happenings in the market are noticed. In contrary to this, 26% respondents did not accept this statement. This information implies that sales forecast once determined, it is subject to be adjusted depending on unusual market conditions.

Item 2 of table 3 signifies that 51% of the respondents pointed out that if sales forecast is done by field sales people, it tends to be underestimated. Unlike this, 37.3% of the respondents responded that the predetermined sales forecast is not adjustable in response to unexpected market situations. Small numbers of respondents (11.8%) have preferred to indicate a neutral response.

In dealing with sales forecast by top managers in table 3, 55% of the respondents have approved that when sales forecasting is done by top managers, it tends to be overestimated. In opposition to this, 34.7% of the respondents have answered when sales forecasting is done by field sales people, it tends to be underestimated. In conclusion, if sales forecasting is done by field sales people and top managers independently, it tends to be underestimated and overestimated respectively. This implies that there will be inaccurate estimate of future sales.



Source: questionnaire

Figure 5 Types of Sales Quota

From the above graph, we can see that 90% of the respondents indicated that sales volume quota is the type of quota mostly assigned to sales people in MOHA soft drinks industry S.C. Only 10% of the respondents have pointed out that both sales volume quota and activity quota are assigned to sales people. Therefore, sales people in the company are expected to achieve sales volume quota by merely considering activity quota, financial quota and professional development quota.

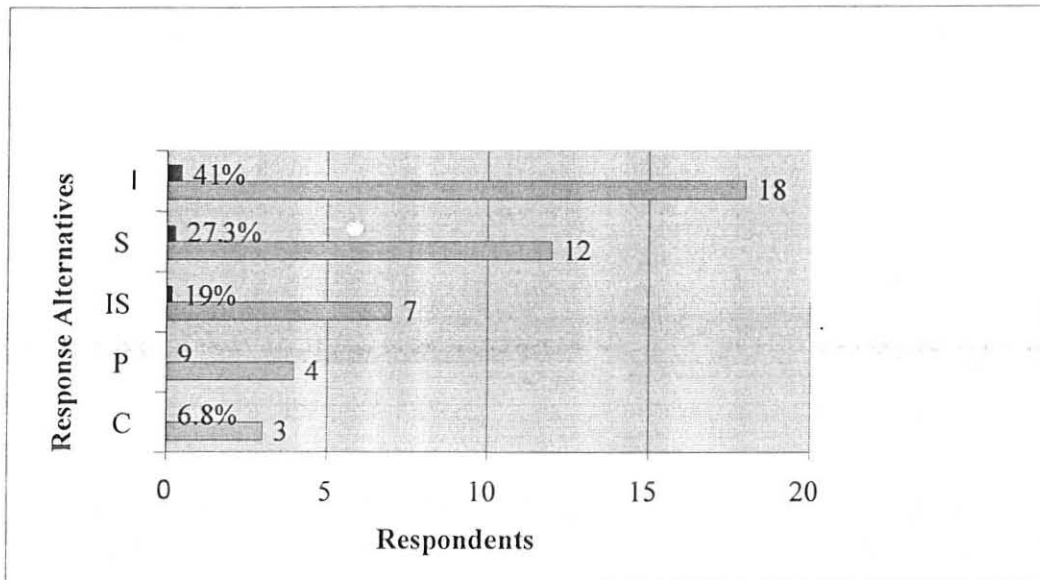
Table 4. Sales Quota

Item	Sample	Response	Response categories					missing
			SA	A	N	D	SD	
Planned sales quota outweighs actual sales in your sales territory.	51	F	16	20	4	7	2	2
		P	31.4	39.2	7.8	13.7	3.9	4
		v.p	32.6	40.8	8.2	14.3	4.1	-
When quotas are divided in to sales territories and sales people the ability and experience of sales people are considered.	51	F	15	12	1	16	7	0
		p	29.4	23.5	2	31.4	13.7	-
		v.p	29.4	23.5	2	31.4	13.7	-

Source: Questionnaire

According to table 4, 73.4% of the respondents have agreed that planned sales quota is greater than actual sales; differently 18.4% of the respondents have replied that planned sales quota doesn't exceed the actual sales in the company. For this issue, only 8.2% of the respondents

have preferred to be neutral. As we have seen in table 3, if sales forecast is independently done by field sales people and top managers, it tends to be inaccurate. Therefore, we can infer that there is a mismatch between planned sales quota and actual sales in MOHA soft drinks industry S.C.



Source: questionnaire

Figure 6 Reasons for Imbalance between planned quota and actual sales

Where,

C=Consumers' buying power

P=Product shortage

IS=Inaccurate quota and sales people performance variation

S=Sales people performance variation

I= Inaccurate quota

As it can be seen from fig 6, 41% of the respondents have indicated that planned sales quota is greater than actual sales because of inaccurate quota setting and 27.3% of the respondents accepted that sales people performance variation results in planned sales quota which is greater than actual sales. Still 19% of the respondents have mentioned that planned sales quota is greater than actual sales because of both inaccurate quota setting and sales people performance variation. As well, 6.8% of the respondents stated consumers' buying power and 9% of the respondents specified that product shortage appear to be a cause for imbalance between

planned sales quota and actual sales. Consequently, we can judge that planned sales quota is greater than actual sales because of inaccurate quota setting. The existence of inaccurate sales forecast at the beginning emerges to be a cause for inaccurate sales quota which is distributed to each sales territory.

In table 4, item 2 tells us whether the ability and experience of customer representatives (sales people) is considered when quotas are divided to sales territories. As we see, 53% of the respondents have agreed that the ability and experience of sales people is taken in to account when quotas are divided to sales territories; 45% of the respondents have reported that the ability and experience of customer representatives is not considered when quotas are divided to sales territories. The remaining 2% of the respondents did not decide either to agree or disagree. This information implies that when planned quota is divided to different sales territories, sales people experience and selling skill is moderately taken in to account.

In business world not all products have stable demand throughout the business period. Rather some organizations may face irregular demand. For this issue the interviewee has replied that when MOHA Soft Drinks Industry faces decline of sales during slack periods, customers are offered incentives. That means if customer buys 10 crates of different soft drinks, 1 crate soft drink is given as an incentive to this customer. In addition the interviewee explained that in order make the demand stable, field sales people and field sales managers visit their customers and initiate them to increase the visibility of the product to impress consumers' impulse during off-peak demand season. For example, placing the soft drinks refrigerator in a place where catching consumers' eye easily.

By any means when an individual sales person is incapable to serve his/her sales territory on account of emergencies, the interviewee has mentioned three mechanisms which sales managers use. The first mechanism is that if the problem arises from the vehicle that the sales person drives, there is a reserved truck and the sales person resumes his/her regular operation using that reserved truck.

The second mechanism is that if the problem arises from the inconvenience of the sales person, another sales person near the uncovered sales territory is informed to extend his/her responsibility covering the uncovered sales territories in addition to his/her assigned territories till the incapable sales person recovers. The third mechanism mentioned by the interviewee is

that there are reserved sales people who serve the uncovered sales territories in place of the incapable sales person.

Table 5. Sales Budget

Item	Sample	Response	Response categories					Missing
			SA	A	N	D	SD	
Sales managers consider whether the sales territories are new or well established while allocating sales resources.	51	F	16	23	4	7	1	0
		P	31.4	45.1	7.8	13.7	2	0
		V.p	31.4	45.1	7.8	13.7	2	-
The sales budget is fairly allocated to each sales expense category.	10	F	3	2	3	2	0	0
		P	30	20	30	20	0	0
		V.p	30	20	30	20	0	-
In the sales management unit the sales budget is flexible to address unforeseen opportunities and threats in the market.	51	F	21	19	1	8	2	0
		P	41.2	37.3	1.96	15.7	3.9	0
		V.p	41.2	37.3	2	15.7	3.9	-
A given change in sales forces expenditure results in a larger change in sales people performance.	51	F	16	18	5	9	3	0
		P	31.4	35.3	9.8	17.6	5.9	0
		V.p	31.4	35.3	9.8	17.6	5.9	-
In comparison, actual sales expenses out-weigh planned sales expenses in the organization.	10	F	2	4	1	0	3	0
		P	20	40	10	0	30	0
		V.p	20	40	10	0	30	-

Source: Questionnaire

As indicated in table 5, for the first item, 76.5% of the respondents have confirmed that sales managers consider whether the sales territories are new or well-established when sales resources are allocated. On the other hand, 15.7% of the respondents have refused that sales managers do not consider the newness of sales territories when sales resources are allocated.

Lastly, 7.8% of the respondents have preferred to be neutral. Therefore, relying on the aforementioned figure, it can be concluded that in MOHA Soft Drinks Industry S.C. sales resources are allocated based on the newness of the sales territories. That means if the sales territory is new, it requires huge investment and if the sales territory is well-established, a relatively low sales resource is required. In this line, sales managers in the company discriminate sales resources between new sales territories and well-established ones.

The 2nd item in table 5 shows that 50% of the respondents have approved that the sales budget is fairly allocated to each sales expense category. However, This 20% of the respondents have replied that the sales budget is not fairly allocated to each sales expense category. Apart from this, 30% of the respondents did not decide to say either agree or disagree. In this regard, the greater numbers of the respondents have agreed that the sales budget is fairly distributed to each sales expense category. Accordingly, it can be inferred that in MOHA Soft Drinks Industry S.C. all sales expense categories are funded comparatively without discrimination.

A response on flexibility of the sales budget is indicated in table 5. Accordingly, 78.5% respondents have agreed that the sales budget is flexible to meet unforeseen conditions in the market; 19.6% of the respondents have replied that the sales budget is flexible to meet unforeseen conditions in the market. Finally, 2% of the respondents have replied to be indifferent in their response. Majority of the respondents have agreed that the sales budget is flexible in response to unexpected market conditions. For example, if competitors' action is changed or market demand changes, the sales budget fluctuates so as to escape the influence of these unexpected happenings in the market.

Item 4 in table 5 deals with the rate of changes in sales people performance as a result of changes in sales force expenditure. In the table, 78.5% respondents have agreed that the sales budget is flexible to meet unforeseen conditions in the market. However, this statement is criticized by 23.5% of the respondents. At last, 9.8% of the respondents have neither agreed nor disagreed to the statement. Based on the indication of the data, we assume that a given change in sales force expenditure results in a larger change in sales people performance in MOHA soft drinks industry S.C.

Comparison was made between actual sales expenses and planned sales expenses as can be seen in table 5. Based on the response obtained, 60% of the respondents accentuated that actual sales expenses outweigh planned sales expenses in the sales management functional unit. On the other hand, 30% of the respondents replied that actual sales expenses do not exceed planned sales expenses. This takes us to conclude that the sales management unit faces the situation wherein actual sales expenses outweigh planned sales expenses. This means, there are conditions which enforce the department to reallocate additional budget beyond the planned sales budget.

Sales Force Organization

This part is filled in by sales force organizational structure, sales staff's specialization, sales force size determination, sales force organizational fitness, availability and wise use of selling aids.

When we see the sales force organizational structure of MOHA soft drinks industry, the interviewee has ensured that the sales force is organized on the basis of geographical location whereby each sales territory is served by an assigned sales representative or sales team. According to the response of the interviewee, primarily customers are divided based on locations where they are found in. Then, each sales territory is administered by a particular sales team assigned for that specific territory. In connection to this the interviewee said that in addition to its own sales force, the company has independent sales representatives that are given a separate sales territory both in Addis Ababa and out of Addis Ababa.

MOHA soft drinks industry does not have a separate key accounts manager who is responsible to serve only selected key accounts. In this line the interviewee described that those key accounts which are found in each sales territory are administered by sales people who work in that territory. Again key accounts located in the territories which are given to independent sales representatives are served by those independent sales representatives.

With respect to territory adjustment, the interviewee explained that at first a sales person is assigned to a given sales route containing close to 300 customers (retailers and institutions which directly purchase for immediate consumption). This individual sales person is

responsible to visit 50 customers per day. Eventually if customers' size in that sales route grows to the level that individual sales person is incapable to cover, territory development managers go through territory data analysis and finally the territory is going to be restructured and another sales person will be assigned. Still the interviewee replied that if customers' size in a given sales territory shrinks, the sales person in that territory will be given additional territories.

When sales people working in the field they may face unscheduled sales calls from new accounts or existing ones. Concerning this the interviewee explained that if those unscheduled sales calls require prompt purchase of the product sales people address these calls up on request. However, if the product is not available at hand while customers decide to buy, sales people go back to the factory and deliver the product to those unplanned calls. According to the interviewee if those unplanned sales calls are raised for future purchase, sales people record these opportunities and inform territory development managers about those opportunities.

Table 6. Sales staff Specialization

Item	Sample	Response alternatives	Frequency	Percent
Does the sales management unit have sales people specialized in each step of the personal selling process?	10	Yes	3	30%
		No	7	70%

Source: questionnaire

For the question in table 6, 70% of the respondents have said that the sales management unit has not sales people specializes in each step of the personal selling process. Conversely, 30% of the respondents have stated that the sales management functional unit does not have specialized sales people for each personal selling step. Relying on 70% agreed response; we judge that in the sales management unit of MOHA, steps of the personal selling process are not being handled by specialized sales people.

The response obtained from the interviewee shows that the sales management unit neither organize a separate research unit nor enter into a contract with commercial research firms to undertake a market research. Up to this time an intense and formal marketing and sales research has never been conducted.

Table 7. Sales Force Organization

Item	Sample	Response	Response categories					Missing
			SA	A	N	D	SD	
The sales management unit has hired Well-qualified sales staff.	10	F	1	2	2	5	0	0
		P	10	20	20	50	0	0
		V.p	10	20	20	50	0	-
The decision making process in the sales management unit is participative (involves all sales staffs while sales objectives are developed and performance standards are determined).	51	F	13	9	1	20	8	0
		P	25.5	17.6	1.96	39.2	15.7	0
		V.p	25.5	17.6	1.96	39.2	15.7	-
Field sales people inform sales managers about any new phenomenon in the market as soon as they notice.	51	F	37	12	2	0	0	0
		P	72.5	23.5	3.9	0	0	0
		V.p	72.5	23.5	3.9	0	0	-
Selling aids are available with field sales people up on needed.	41	F	13	9	1	9	9	0
		P	31.7	22	2.4	22	22	0
		V.p	31.7	22	2.4	22	22	-
Sales people utilize all the necessary selling aids effectively.	10	F	2	3	2	2	0	1
		P	20	30	20	20	0	10
		V.p	22.2	33.3	22.2	22.2	0	-

Source: Questionnaire

As exhibited in table 7, in the sales management unit employees' qualification is open to question because 50% of the respondents have stated that employees in the sales management functional unit haven't the required qualification. However, 30% of the respondents replied that the sales management unit employees are not well qualified. The remaining 20% of the respondents presented a neutral response. Furthermore, the profile of the respondents mentioned earlier in the classification data section has implied this fact i.e. 50% of the respondents are still with secondary school completing certificate (36% high school complete and 14% preparatory complete). In view of this, it can be said that the sales management functional unit has faced wide employee qualification gap which challenges the operation of the business.

Item 2 in table 7 presents decision-making in the sales management unit. In this line, 43% of the respondents have reported that the decision-making in the sales management unit is participative i.e. involves every sales staff while sales objectives are developed and performance standards are determined. Unlike this, 55% of the respondents replied that the decision-making process does not involve front line sales people. From this information, we can conclude that the decision-making process in the sales management unit is not participative (it is dominated those in high management level).

When we see item 3 in table 7, 96% of the respondents pointed out that as soon as they observed unusual market conditions, field sales people inform their immediate sales managers about those unusual market conditions. This implies that, most of the company's field sales people are ready to inform the sales managers about new opportunities and threats in the market as quickly as possible.

In table 7 for the availability of selling aids, 53.7% of the respondents reported that selling aids are available with field sales people up on needed. Unlike this, 44% of the respondents have declared that selling aids are not available with field sales people up on needed. Based on this information, it can be concluded that field sales people have a moderate access of selling aids when they want. However, this does not guarantee to say the necessary selling aids are sufficiently available since 44% of the respondents claim that there is lack of necessary selling aids. Therefore, sufficiency of necessary selling aids is open to question.

Item 5 in table 7 shows wise use of the necessary selling aids by field sales people. 55.5% of the respondents have responded that field sales people utilize the necessary selling aids effectively. On the contrary, 22.2% of the respondents revealed that sales people do not utilize the necessary selling aids effectively. Finally, 22.2% of the respondents presented a neutral response. To generalize, in MOHA, field sales people utilize the necessary selling aids effectively. Therefore, sales people can make their selling task easier by using these necessary selling aids. In addition, if field sales people use selling aids, one sales person can serve so many customers with minimum time and effort.

Table 8. Customer Handling

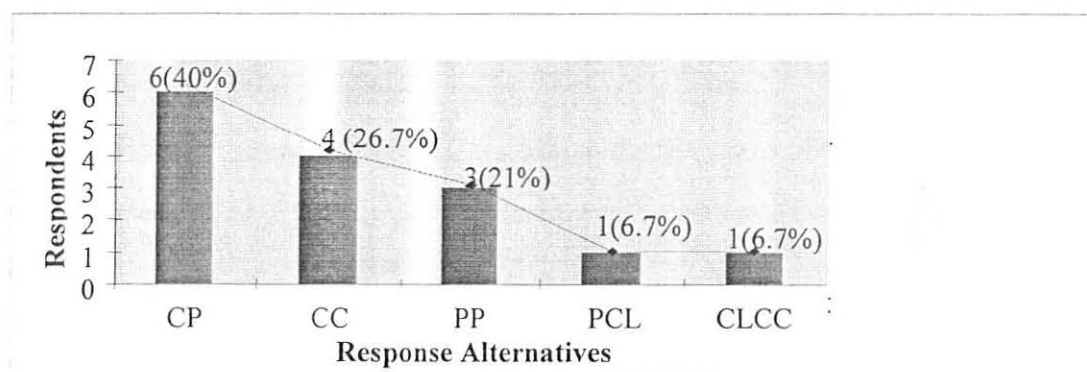
Item	Sample	Response	Response categories					Missing
			SA	A	N	D	SD	
There is high customers' objection in your sales territory.	51	F	5	11	5	18	12	0
		P	9.8	21.6	9.8	35.3	23.5	0
		V.p	9.8	21.6	9.8	35.3	23.5	-
You frequently face unconvinced objections of customers to your product.	51	F	4	11	2	24	10	0
		P	7.8	21.6	3.9	47.1	19.6	0
		V.p	7.8	21.6	3.9	47.1	19.6	-
There is high customers' attrition rate in your sales territory.	51	F	5	10	9	14	13	0
		P	9.8	19.6	17.6	27.5	25.5	0
		V.p	9.8	19.6	17.6	27.5	23.5	-

Source: Questionnaire

Table 8 contained 3 questions which were asked about customers handling. The first item in the above table states that there is high customers' objection in the sales territory. For this statement, 58.8% of the respondents replied that there is no high customers' objection in their sales territory. However 31.4% of the respondents have responded that they encounter high customers' objection. The rest 9.8% of the respondents have preferred to be neutral for the statement. As is evident from the given information, in MOHA there is no hard customers' objection. This indicates that sales people effectively carry out the prior steps of objection handling include; prospecting, pre-approach, approach and sales presentation steps in the personal selling process.

On the subject of unconvinced objections, 66.7% of the respondents have mentioned that they did not face frequent unconvinced objections from customers about the product; yet, 29.4% of the respondents have answered that they faced frequent unconvinced objections from customers. From this information we can infer that most sales people did not face frequent unconvinced objections the company's sales people may be skilled to handling customers' objection systematically.

The issue of customers' attrition rate is presented in table 8. Accordingly, 53% of the respondents have emphasized that there is no high customers' attrition rate in their sales territory. On the other hand, 29.4% of the respondents have declared that there is high customers' attrition rate in their sales territory. Lastly, 17.6% of the respondents preferred to present a neutral response. All in all, in the company the rate by which customers change their loyalty or switch to competitors' brand is low. This means that the company's customers have strong loyalty to the company.



Source: questionnaire

Figure 7 causes for unconvinced objections of customers

Where,

CP= Customers lack of information about the company's product

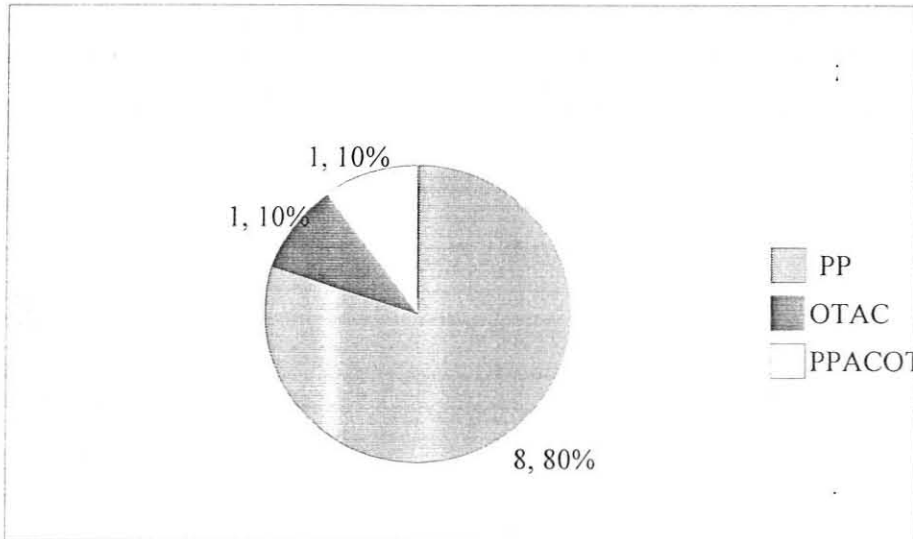
CC= Customers loyalty to competitors' brand

PP= Poor prospecting and poor qualifying

PCL= Poor prospecting and poor qualifying, and Customers loyalty to competitors' brand

CLCC = Customers lack of information and their loyalty to competitors' brand

Fig 7 displays possible reasons for unconvinced objections. As mentioned by 6 (40%) of the respondents, customers' lack of information about the product causes unconvinced objections. Whereas, 4 (26.7%) of the respondents have indicated customers' loyalty to competitors' brand as a reason for unconvinced objections; 3 (20%) of the respondents have recognized that poor prospecting and poor qualifying results in unconvinced objections. Still 6.7% of the respondents mentioned that poor prospecting, qualifying and customers' loyalty to competitors' brand are causes for unconvinced objections. Lastly, 6.7% of the respondents have specified that customers' lack of information about the product, customers' loyalty to competitors' brand, and poor prospecting and qualifying jointly result in unconvinced objections. Having this information, we can conclude that lack of information on the part of customers about the product is taken as a cause for the emergence of unconvinced objections in MOHA Soft Drinks Industry S.C. even if its existence is minimal in the company.



Source: questionnaire

Figure 8 ways of approaching customers

Where: PP = via physical presence to customers' work place

OTAC = over the telephone and ask customers to come to the factory

PPACOT =via physical presence, ask customers to come to the factory and over the telephone

As it is displayed by fig. 8, 80% of the respondents said that sales leaders maintain physical presence to customers' work place to deal with any discomfort about the selling operation. Apart from this, 10% of the respondents have stated that disappointed customers will be treated

over the telephone or they will be asked to come to the factory. At last, 10% of the respondents, if customers have any displeasure about the selling operation, sales leaders deal with the case via physical presence to customers' work place, over the telephone, or asking customers to come to the office. It is obvious that most sales leaders go to customers' work place to discuss with customers on account of problems about the selling operation. When sales leaders physically appear to customers' work place in this manner, customers may feel confidence that they are treated well and their problems are heard.

Table 9. Motivation of Sales People

Item	Sample	Response	Response categories					Missing
			SA	A	N	D	SD	
The sales management unit holds ceremonies most often to recognize salespeople of good performance.	51	F	16	11	2	11	11	0
		P	31.4	21.6	3.9	21.6	21.6	0
		V.p	31.4	21.6	3.9	21.6	21.6	-
Non-financial incentives inspire sales people effort than financial incentives.	51	F	8	12	3	12	16	0
		P	15.7	23.5	5.9	23.5	31.4	0
		V.p	15.7	23.5	5.9	23.5	31.4	-

Source: Questionnaire

The first item in table 9 talks about recognition of good performers in the sales department. For the statement which holds that the sales management functional unit prepare ceremonies most often to recognize sales people of good performance, 53 % of the respondents have reached an agreement. On the contrary, 43.2% of the respondents have replied that the sales management unit doesn't prepare frequent ceremonies where by hardworking sales people are recognized. To conclude, in MOHA Soft Drinks Industry, the sales management unit moderately prepares ceremonies in order to recognize outstanding sales people. This statement is supported by the employees hand book which refers to sales people recognition has a ceremony that conveys a sincere appreciation of work performed by sales people. When an employee exceeds an objective or performs an outstanding job, s/he is congratulated (MOHA Soft Drinks Industry S.C. employees hand book).

In table 9 comparison was made between financial and non-financial incentives. On one extreme, 39.2% of the respondents have answered that non-financial incentives inspire sales people effort than financial incentives. On the other extreme, 55% of the respondents have approved that non-financial incentives are not so powerful to inspire sales people effort as financial incentives.

From this stand point, we can infer that sales personnel in MOHA Soft Drinks Industry haven't believed that non-financial incentives encourage sales people effort than financial ones. Therefore, the company's sales personnel prefer financial incentives to non-financial incentives.

Table 10. Basis of Providing Incentives and Types of Incentives Given to Sales Staff

Item	Sample	Response alternatives	Frequency	Percent
What is the base for providing incentives to sales people?	10	Sales volume increment	9	90%
		Services provided to customers	-	-
		Number of new accounts identified	-	-
		Sales volume increment and Services provided to customers	1	10%
Which type of incentive sales people mostly receive?	10	Money	10	100%
		Product	-	-
		Promotion	-	-
		Recognition	-	-

Source: Questionnaire

Types of incentives and basis of providing incentives are explained in the above table. In table 10, 90% of the respondents have said that the sales management unit focuses on sales volume increment to provide an incentive to sales people. 10% of the respondents have replied that sales volume increment and services provided to customers are considered so as to present an incentive to sale people. Thus in MOHA Soft Drinks Industry S.C. sales personnel need to achieve or exceed an expected sales volume. When sales people achieve or exceed the predetermined performance level, they are offered financial incentive.

Employees in MOHA soft drinks industry S.C. shall be primarily given an explanation of the nature of their assigned duties and expected standards of performance (MOHA Soft Drinks Industry S.C. employees hand book).

Table 11 below compiled sales force control and performance evaluation information. According to the table, for the first item 57% of the respondents have responded that sales managers early inform front line sales staff about performance standards against which they will be evaluated. However, 21.6% of the respondents have decided that field sales people are not informed in advance about performance standards against which they will be evaluated. The remaining 21.6% of the respondents have presented a neutral response. Relying on the two sources (the employees hand book and the response of study participants), we can infer that the desired performance standards are explained to field sales staff at the commencement of the selling job.

Table 11. Sales force control and evaluation

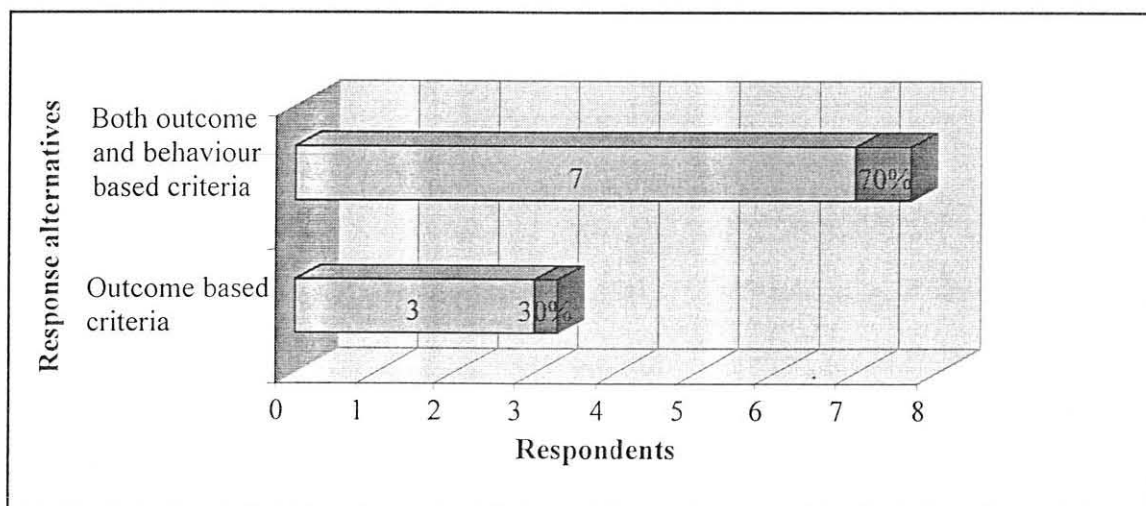
Item	Sample	Response	Response categories					Missing
			SA	A	N	D	SD	
Front line sales personnel are informed in advance about performance standards against which they will be evaluated.	51	F	15	14	11	5	6	0
		P	29.4	27.5	21.6	9.8	11.8	0
		V.p	29.4	27.5	21.6	9.8	11.8	-
Corrective actions are given quickly to field sales people by sales managers if something goes wrong.	51	F	20	21	5	2	3	0
		P	39.2	41.2	9.8	3.9	5.9	0
		V.p	39.2	41.2	9.8	3.9	5.9	-
Performance levels evaluated by sales managers are informed to each sales person being evaluated.	41	F	9	15	9	5	3	0
		P	22	36.6	22	12.2	7.3	0
		V.p	22	36.6	22	12.2	7.3	-
In the sales management unit sales people' self-evaluation is taken as right by sales managers.	51	F	10	16	8	14	3	0
		P	19.6	29.4	15.7	27.5	5.9	0
		V.p	19.6	29.4	15.7	27.5	5.9	0

Source: Questionnaire

In table 11, item 2 is about immediacy of corrective actions given to sales people. As indicated in the table, 80.4% of the respondents have agreed that sales managers give field sales people corrective actions quickly; 9.8% of the respondents have confirmed that field sales people do not get immediate corrective actions. Finally, 9.8% of the respondents have provided a neutral response. Ultimately, we can generalize that sales managers give due emphasis to provide immediate corrective actions to field sales people when wrong doings are noticed.

Item 3 in table 11 concerns how transparent sales managers are in terms of informing performance levels to each sales person. For this matter, 58.6% of the respondents have concluded that performance levels evaluated by sales managers are clearly informed to each sales person being evaluated. On the other hand, 19.5% of the respondents have said that performance levels evaluated by sales managers are secreted to each sales man being evaluated. The remaining 22% of the respondents remain neutral.

For the issue sales people self-evaluation in table 11, 49% of the respondents replied that sales managers in MOHA accept performance evaluation which sales people do for themselves. On the contrary, 33.4% of the respondents disproved this statement. The greatest numbers of the respondents have indicated that employees' self-evaluation is taken as right by sales managers. So, sales managers approve the performance evaluation made by sales people.



Source questionnaire

Figure 9 Criteria of measuring sales force performance

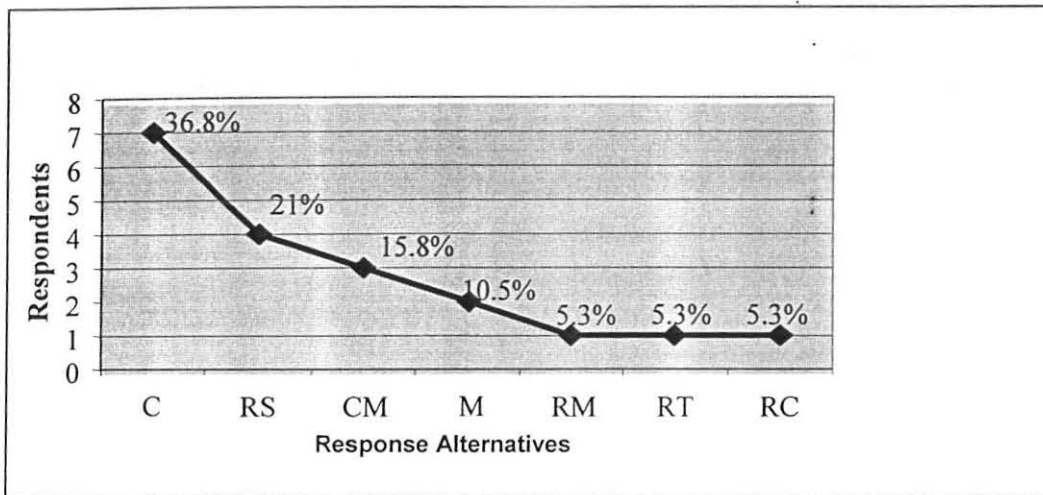
Fig. 9 shows criteria of measuring sales people performance in MOHA soft drinks industry S.C. Accordingly, 30% of the respondents have confirmed that sales managers work with outcome-based criteria in measuring sales people performance. However, 70% of the respondents have said that they assume both outcome-based and behaviour based criteria in measuring sales performance. So, in the sales management unit when performance standards are developed, they target both behaviours and outcomes that sales people achieve. So, sales people are expected to fulfil both the required behaviours and out-come because their performance is determined in terms of behaviours and end results they archived.

Table 12. The Status of Sales People Turnover Rate

Item	Sample	Response	Response categories					Missing
			SA	A	N	D	SD	
There is high rate of employee turnover in the sales management unit.	51	F	13	9	13	12	4	0
		P	25.5	17.6	25.5	23.5	7.8	0
		V.p	25.5	17.6	25.5	23.5	7.8	-

Source: Questionnaire

In table 12, the status of employees' turnover is illustrated. On one extreme, 43.1% of the respondents have indicated that there is high rate of sales people turnover in MOHA Soft Drinks Industry S.C. On the other extreme, 31.3% of the respondents have confirmed that there is no high rate of sales people turnover in the company. In the middle, 25.5% of the respondents have become neutral. To conclude, in the sales management functional unit there is high rate of employee turnover. That means once sales people are employed, they do not stay longer working in the selling job.



Source: questionnaire

Figure 10 Reasons for sales people turnover

Where:

C= Compensation problems

RS= Recruitment and selection problems

CM= Compensation and motivation problems

M= Motivation problems

RM= Recruitment, selection and Motivation problems

RT= Recruitment, selection and training problems

RC= Recruitment, selection and compensation problems

Fig. 10 shows possible reasons for employee turnover in the sales management department. Accordingly, 36.8% of the respondents associated high rate of sales people turnover with compensation problem. Differently, 21% of the respondents stated that recruitment and selection problems cause sales people turn over; 15.8% of the respondents have linked sales people turnover with compensation and motivation problems; 10.5% of the respondents have cited that motivation problems as causes for sales people to leave their job. Still 5.3% of the respondents have pointed out that recruitment, selection and motivation problems result in sales people turnover; 5.3% of the study participants have indicated that recruitment, selection and training problems tend to be possible causes for sales people turnover. Finally, 5.3% of the respondents have believed that sales people turnover is caused by recruitment, selection and compensation problems in combination.

As indicated in fig. 10, inequitable compensation causes high rate of sales people turnover in the sales management unit. However the influence of other factors like recruitment and selection decisions are not minimal for sales people turnover.

The researcher asked the interviewee if the sales management unit conducts sales research by its own research unit or entering into a contract with commercial research firms. The interviewee explained that MOHA Soft Drinks Industry hasn't a separate marketing research unit; yet the company doesn't enter into contract with commercial research firms to conduct any research to help the selling operation. Up to this time formal and intensive marketing research has never been conducted in the sales management unit.

Chapter Five

5. Summary, Conclusions and Recommendations

5.1. Summary

This research was conducted to present an adequate description about sales management functions' practice in MOHA soft drinks industry S.C. To do so, the researcher has sampled all sales staff in Nefas Silk plant and TekleHaimanot plant and collected the required data which enable to generalize about sales management practices.

In addition to mail questionnaire offered to sales personnel, the researcher has collected data from supplementary sources (interview and employees hand book).

The basic research questions were:

- How do sales managers develop a sales plan?
- How the sales resource is organized to attain the expected optimum result?
- How directing and training of sales people is carried out?
- Do sales managers exercise control of the personal selling effort and evaluate effectiveness of sales performance?

The general objective of this research was to describe the practices of sales management in MOHA Soft Drinks Industry S.C. Particularly the following elements have been dealt: sales staff employment, sales forecasting, sales quota, sales budget, sales force organization, directing sales force, controlling and evaluating sales force performance.

Major findings are summarized in the following way:

As 50% of the respondents indicated, in MOHA Soft Drinks Industry S.C. new sales people are sought to be hired in the functional unit mainly when sales position vacancies occur. In order to fill those vacancies, the sales managers consider internal employees as major sources of new recruits (60% of the respondents have replied this way). The interviewee replied that when prospective sales people are recruited, field sales people and field sales managers are not consulted about the characteristics of the selling job which is vacant and are not initiated to refer/recommend prospective sales people.

Most of the respondents (76%) have indicated that new sales people are given an entry level training prior to handle any selling job. As indicated by 50% of the respondents, the type of training which sales people mostly attend is customers' service training. In addition, sales people are given refresher training continually as 50% of the respondents replied. The interviewee explained that both entry-level training and refresher training are given to sales people in-group at the corporate level i.e. sales people training is centralized. 80% of the respondents indicated that once sales people are trained and deployed to field work, Sales Managers determine the effectiveness of sales training by measuring sales volume increment of the sales territory in which newly trained sales people are assigned. 615 of the respondents have confirmed that at the lower level Territory Development Managers provide coaching and feedback to field sales people individually.

The interviewee replied that sales managers in MOHA Soft Drinks Industry S.C. work with the moving average sales forecasting technique. As the response of 68% respondents show, once the sales forecast is determined and implemented, it is adjustable based on unanticipated market trends.

As majority (51%) of the respondents indicated, if sales forecasting is done independently by field sales people and top managers, there is a likelihood of underestimated and overestimated sales forecast respectively.

Based on 90% of the respondents, in MOHA Soft Drinks Industry, sales people are expected to meet sales volume quotas by merely considering other quota types like activity quota, financial quota, professional development quota, etc. As 67.3% of the respondents replied, in MOHA Soft Drinks Industry S.C. planned sales quota outweighs actual sales mainly because of inaccurate quota setting.

When sales quotas are divided to sales territories the skills and experiences of sales people are moderately considered (53% of the respondents have agreed for this statement).

In this research, 76.5% of the respondents have confirmed that the sales budget is allocated to each sales territory based on the newness of the territory. In addition, the sales budget in the

functional unit is fairly allocated to each sales expense category as expressed by 50% of the respondents.

As 78.5% of the respondents replied, the sales budget is flexible in response to unexpected market conditions. Finally at the end of the budget period comparatively actual sales expenses are greater than planned sales expenses.

Most (60%) of the respondents believe that a given change in sales force expenditure results in a larger change in sales people performance.

As described by the interviewee, the company's sales organization is organized geographically whereby customers are divided based on locations where they are found in. Therefore, one sales team or sales person is assigned to specific sales territories.

Based on 50% of the respondents, in MOHA Soft Drinks Industry, sales people did not possess the required qualification. Yet there are no sales personnel specialized in each step of the personal selling process (70% of the respondents have agreed this way).

Majority (55%) of the respondents have responded that the decision-making process in the sales management unit is not participative. When sales objectives are developed and performance standards are determined, the decision making process does not involve all members of the sales management functional unit. That means top managers and middle level managers dominate the decision-making. As is evident from table 7 almost all of the respondents have said that field sales people inform sales managers about any new occurrences in the market as soon as they notice.

The greater number (53%) of the respondents have agreed that in the sales management unit, the necessary selling aids are moderately available up on needed and field sales people utilize them effectively.

According to 58.8%, 66.7% and 51% of the respondents, customers' objection, unconvinced objections and customers' attrition rate are minimal in their sales territories respectively. Based on the response of 40 respondents unconvinced objections happen because of customers' lack of information about the company's product. 80% of the respondents stated that if disappointed

customers arise, sales executives deal with them by maintaining physical presence to customers' work place.

As replied by 53% of the total respondents, sales managers in MOHA Soft Drinks Industry moderately prepare ceremonies by which outstanding sales people are recognized. In comparison, 55% of the respondents believe that financial incentives are stronger than non-financial incentives to inspire sales people effort. Sales volume increment is considered by sales managers to provide incentives for sales people as answered by 90% of the respondents.

According to 57% of the respondents, sales managers clearly inform front line sales people about performance standards against which they will be evaluated. 80.4% of the respondents have answered that if wrong doings arise from the sales people, sales managers quickly provide corrective actions to field sales people. Once sales managers determine sales people performance levels, the result is displayed in the score board and each sales person can clearly see his/her own performance level made by the leader. When sales people performance is evaluated, sales managers apply both behaviour-base criteria and outcome-based criteria of measuring performance as expressed by 70% of the respondents.

49% of the respondents have confirmed that sales managers in the company accept sales people self-evaluation. When field sales people evaluate their own performance level, sales managers approve the result.

The greater percent (43) of the respondents have indicated that there is high rate of employee turnover in the sales management functional unit because of compensation problems.

5.2 Conclusions

This part presents major implications derived from the findings.

The sales management unit is purposely organized to carry out the following functions: Recruiting and selecting sales people, designing sales training program, sales forecasting, sales quota setting, sales budgeting, managing the sales force and the sales territory, directing the sales force, controlling and evaluating the sales force performance and planning and executing sales research works.

When sales positions become vacant or when existing salespeople leave their job, the burden of filling those vacant positions goes to sales managers to sustain the normal operation of selling. If reserved sales people are not ready up on vacancies, poor performers may be retained to longer, or newly hired people may be rushed through training too fast in order to get them in the field quickly or sales managers may keep the sales position vacant until eligible sales are obtained. Sales managers may consider internal employees, employee referrals, advertisements, employment agencies or other sources to get prospective sales people

When new sales people are recruited and selected, sales managers may or may not consult field sales people and field sales managers about the requirements of the sales position and initiate them to recommend prospective sales people. Field sales people and field sales managers know better the characteristics of the selling job and they can recommend eligible prospective sales people to a sales position because they have high interaction with many people internally and externally.

Business operates in a constantly changing environment. Thus, sales managers prepare sales training programs for new entrants in order to familiarize them to the common activities and for existing sales people in order to refresh and upgrade their skills. To determine the effectiveness of the training, sales managers assume numerous elements like sales volume increment, services provided to customers, number of new accounts identified, number of promotional activities made, etc solely or in combination.

In an atmosphere where sales people do not fulfil the apt qualification, the sales management unit fails to enjoy competitive advantage. Unqualified sales people may not work their job

properly. Because of this they will be paid low compensation. If this is the case, they will leave the job quickly because they perceive they will be paid better somewhere else. In addition to qualification, specialization of sales people in the personal selling process plays an important role. If the personal selling steps are not handled by specialized salespeople, converting prospective customers to actual customers and convincing them to place an order may be challenging.

If field sales people are asked to estimate future sales, they underestimate it because the estimated sales volume eventually leads to the company's sales quota. On the contrary, top managers overestimate the sales forecast because they may not clearly know the real market trend. Once the sales forecast is done inaccurately, the sales quota also becomes inaccurate. If sales quota is beyond realistic sales people may be irritated. Furthermore, the task of quota allocation to sales territories considers the skill and experience of sales people. When Sales quotas are assigned to sales people, those sales managers who do not consider all types of quotas fail to measure all-rounded performance of sales people.

Preparing a sales budget with no or little participation of those members who involve in the spending of the budget may be followed by the imbalance between the planned sales budget and actual sales expense. The person who is responsible for spending those expenses knows better the next year's expense. However, if budgeting decision is dominated by top managers, it may not accurately respond to the changing market conditions. One study reported that a 5% change in sales force expenditure produced an average 6.5% change in market share for both consumer and industrial business. There is a direct relationship between sales expenditure and sales performance. If sales managers increase the sales budget, they see an increment of sales in return or any performance improvement.

If field sales people participate in the decision making, they develop clear understanding of the decisions to be made. Then, sales objectives and desired performance levels may be easily met to the expected level.

When sales people are recognized and appreciated for their good performance, they feel confidence that they are in a good position. Therefore if outstanding sales people are recognized in the face of their co-workers, they will be motivated to repeat the desired

performance later and others may be initiated to do the same. Basically employees vary in their interest to receive a reward. Some may be eager to get financial incentives and others prefer non-financial incentives to financial ones. Therefore, the incentive program that accommodates the interests of both groups is commented. A comprehensive measure of sales people performance signifies the strengths and weaknesses of sales people to provide an incentive.

5.3 Recommendations

Based on the findings the researcher recommends the company the following possible solutions for the observed practices.

1. If reserved sales people are not available at hand up on the emergence of a vacancy, sales managers busily employ ineligible sales people because eligible sales people may not be available hurry. So, the company should prepare reserved sales people prior to any sales vacancy arises. To minimize the cost of maintaining reserved sales people, reserved employees should not be idle but helping those who are permanently on the selling job.
2. Corporate managers need to adopt decentralized training. If sales training is decentralized, it minimizes the cost of sales people travel and when the number of the sales people is low, the training accommodates individual sales person on the other hand. Once sales training is given to measure its effectiveness, sales managers should consider a multitude of sales people functions like sales volume increment, new accounts identified, services offered to customers, etc.
3. Employee's lack of qualification affects the ability to provide competitive service levels. The researcher recommends two alternatives. On the one hand, the company should help sales people upgrade their educational level by joining schools, colleges or universities; on the other hand, from the very beginning sales managers are supposed to incorporate the required qualifications in the vacancy announcement and recruit and select only eligible sales people. This also helps the company retain sales people longer working with the company because if they are well qualified, they get equitable compensation.
4. When new sales people are recruited, information about the characteristics of the sales position can be gathered from field sales people and field sales managers. Field sales

people and field sales managers can recommend eligible prospective sales people. Therefore, those in hiring position should consult field sales representatives regarding the nature of the vacant sales position and the prospective eligible sales person. However, if recruitment and selection process is fully centralized, sales people and field sales managers may not work harmoniously with the sales person whom they do not recommend.

5. In the sales management unit, once the proposed training program is completed and sales people are deployed in the selling operation, the training effectiveness is determined by measuring sales volume increment. Using only sales volume increment as a base to determine the effectiveness of sales training is not advisable because many factors may contribute for sales volume to increase or decrease. Therefore, sales managers should go through a comprehensive assessment of services provided to customers and skill improvements of sales people in addition to sales volume increment.
6. When sales forecasting is independently done by field sales people and top managers, it will be inaccurate. In order to develop a relatively accurate sales forecast, top managers and field sales people prepare their own sales forecast separately and later on they come together to compromise the difference. In this way an accurate and attainable sales forecast and quota can be set.
7. The best control of sales people performance occurs when quotas cover all aspects of the selling job. In addition to sales volume quotas, sales managers should set and assign activity quotas, professional development quotas and others to sales people.
8. In order to develop an accurate sales budget, in the budget decision-making process those sales members who directly and indirectly involve in the spending of sales budget should participate. No one clearly knows the next year's expense other than the person responsible for creating those expenses. Once the sales budget is determined, any increased budget request should be supported by evidence of additional sales opportunities.
9. When sales objectives are developed and performance standards are determined, field sales people should actively participate in the decision making process. To the extent that field sales representatives actively participate when sales objectives are developed and performance standards are determined, decision makers enjoy two things. On the

one hand, well-informed decisions can be made since field sales people are the one who have high exposure to market information; on the other hand, sales people clearly know sales objectives and desired performance levels to easily achieve the expected level.

10. Selling aids are not sufficiently available to field sales people up on demand. As a result, sales people may find the selling task difficult. If the necessary selling aids are available to field sales people; one thing, sales people can convince customers easily. Another thing is that few sales people can reach many customers per day, week, month and annum. Therefore, the company should present the necessary selling aids in a sufficient level.
11. In order to convert potential customers in to actual customers each step of the personal selling process requires a systematic approach by specialized sales people. If the sales management functional unit organizes specialized sales people, many prospective customers may become actual customers and the company's market share grows.
12. The sales management unit should prepare frequent ceremonies by which employees will be honoured and recognized in the face of their co-workers for their good performance because when employees are appreciated for their performance, they feel they are working better and they want to repeat the desired behaviour later.
13. Literature presents that the reason companies adopt NAM is to provide customers high level of service and ultimately to increase sales. When big customers are treated separately from any ordinary customer, they feel they are given special attention and they become sticky loyal to the company. Therefore, sales managers in MOHA Soft Drinks Industry need to organize a key accounts manager who is responsible to serve company's key accounts.
14. In this full of suspicious customers world, running a business with the absence of consumers research does not guarantee to win competition. Sales managers in MOHA Soft Drinks Industry need to organize a marketing research unit which undertakes research works when necessary.

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Appendixes

Appendix 1

A questionnaire to be filled in by sales staff

Gender: Male [] Female []	Marital Status: Single [] Married [] Divorced []
Age: <21 [] 21-30 [] 31-40 [] 41-50 [] 51-60 [] >60 []	Educational Background: High school complete [] Preparatory Complete [] College Diploma [] BA Degree holder [] MA holder [] Above MA holder []
Income level: <1,000 Birr [] Birr1,001-1,800 [] Birr1,801-2600 [] Birr2,601-3,400 [] Birr 3,401-4,200 [] >4,201Birr []	Work experience: Less than one year [] 2 years [] 3.5 years [] 6-8 years [] >9 years []

NB: SA=Strongly Agree A= Agree N= Neutral D=Disagree SD=Strongly Disagree

Questions about Sales Forecasting						
No	Item	SA	A	N	DA	SD
1	The forecasted sales are adjustable when unforeseen happenings in the market are noticed.					
2	If sales forecasting is done by field sales people, it will tend to be underestimated.					
3	If sales forecasting is done by top management, it will tend to be over estimated.					
4	The planned sales quota outweighs the actual sales.					
5	When sales quotas are divided to sales territories the ability and experience of sales people is considered.					
6	Sales managers consider whether the sales territories are new or Well-established while distributing sales resources.					
7	The sales budget is fairly distributed to each sales expense category.					
8	In the sales management unit the sales budget is flexible to address unforeseen opportunities and threats in the market.					
9	A given change in sales forces expenditure results in a larger change in sales people performance.					
10	In comparison, actual sales expenses outweigh planned sales expenses in the sales organization.					

11	The sales management unit has hired well qualified sales staff.					
12	The decision making process in the sales management unit is participative i.e. involves all sales staffs while sales objectives are developed and performance standards are determined					
13	Field sales people inform sales managers about any new phenomenon in the market as soon as they notice.					
14	Sales people utilize all the necessary selling aids effectively.					
15	There is high customers' objection in your sales territory					
16	You frequently face unconvinced objections of customers to your product.					
17	There is high customers' attrition rate in your sales territory.					
18	The sales management unit gives an entry level training to sales staffs before they are placed to any sales position.					
19	Refresher training is given to sales staff continuously.					
20	The sales management unit holds ceremonies most often to recognize sales people of good performance.					
21	Non-financial incentives inspire sales people effort than financial incentives.					
22	Front line sales staffs are informed in advance about performance standards against which they will be evaluated.					
23	Corrective actions are given quickly to field sales people by sales managers if something goes wrong.					
24	In the sales management unit sales people' self-evaluation is taken as right by sales managers.					
25	There is high rate of employee turnover in the sales management unit.					

26. In what occasion the sales manager, pursue hiring of new sales people?

By hopping that employee turnover will occur in the future

By hopping future business expansion

Only when a vacancy occurs

Or any other, specify _____

27. Which source of sales people recruitment you consider?

Employment agencies

Advertisement

Employee referrals

Internal employees

Or any other, specify _____

28. Which type of training is given to sales staff most frequently?

Customer service training

About competitors' action training

Product knowledge training

Or any other, specify _____

29. How do you measure sales training effectiveness?

By comparing trained employees with yet not trained ones in terms of skill

By comparing trained employees with senior ones

By evaluating an increment in sales volume

Or any other, specify _____

30. Which type of quota is assigned to sales people?

Sales volume quota

Professional development quota

Activity quota

Financial quota

Or any other, specify _____

31. If planned sales quota exceeds actual sales, what do you think is the reason?

Inaccurate quota setting

Sales people performance variation

Both inaccurate quota setting and Sales people performance variation

Or another, specify _____

32. Does the sales management unit have staffs specialized in each steps of the personal selling process?

Yes

No

33. If you frequently face unconvinced objections of customers, what do you think is the reason?

Poor qualifying

Lack of information

Customers use it as a negation tool

Brand loyalty to competitors' brand

Or any other, specify _____

34. How do you visit your customers if they feel something unfavourable?

Via physical inspection to customers working place

Over the telephone

Asking customers to come to your office

Or any other specify _____

35. Which criteria of measuring sales force performance do you use?

Outcome based criteria

Behaviour based criteria

Both Outcome based criteria and Behaviour based criteria

36. What is the base for providing incentives to employees in the sales management unit?

Sales volume increment

Services provided to customers

Number of new accounts identified

Or any other, specify _____

37. Which type of incentive sales men mostly receive?

Money

Promotion

Commodities

Recognition

Or any other, specify _____

38. If there is high rate of employee turnover in the sales department, what do you think is the cause?

Recruitment problems

Training problems

Compensation problems

Motivation problems

Or any other specify _____

Appendix 2

The Amharic version of the questionnaire

በሽያጭ ሠራተኞች የሚሞላ:

ፆታ : ወንድ ሴት

እድሜ: ከ 21 ዓመት በታች ከ 41- 50
ከ 21-30 ከ 51-60
ከ 31-40 ከ 60 ዓመት በላይ

የገቢ መጠን: ከ 1000 ብር በታች ከ 1000-1800 ብር
ከ 1800- 2600 ብር ከ 2601- 2400 ብር
ከ 34001- 4200 ብር ከ 4201 ብር በላይ

የትዳር ሁኔታ: ያላገባ ያገባ ትዳር የፈታ

የትምህርት ደረጃ:

የሁለተኛ ደረጃ ትምህርት ያጠናቀቀ

የመሰናዶ ትምህርት ያጠናቀቀ

የኮሌጅ ዲፕሎማ ያለው

የመጀመሪያ ድግሪ ያለው

የማስተርስ ድግሪ ያለው

ከማስተርስ ድግሪ በላይ

የሥራ ልምድ:

ከ 1 ዓመት በታች

2 ዓመት

ከ 3-5 ዓመት

ከ 6-8 ዓመት

ከ 9 ዓመት በላይ

ማሳሰቢያ፡ መልስዎን ሲሰጡ ከመልስ መስጫ ሳጥን ውስጥ የ (x) ምልክት ያስቀምጡ።

ያስተውሉ ፡ “በእ”= በጣም እስማማለሁ፣ “አ”= እስማማለሁ፣ “ሀ”= ሀሳብ የለኝም፣ “አል”= አልስማማም እና “በአ”= በጣም አልስማማም የሚሉ ናቸው።

ተ.ቁ	ጥያቄ	በእ	አ	ሀ	አል	በአ
1	አንድ ጊዜ የተተነበየ እና ስራ ላይ የዋለ የወደፊት ሽያጭ በገበያ ላይ የሚስተዋሉ ያልተለመዱ ክስተቶችን በማመዛዘን እንደገና ለማስተካከል የተመች ነው።					
2	የወደፊት ሽያጭ ትንቢያ በደንበኛ ተወካዮች በሚሰራበት ጊዜ ዝቅ አድርገው ይገምታሉ።					
3	የወደፊት ሽያጭ ትንቢያ በበላይ የሽያጭ አስተዳደሮች በሚሰራበት ጊዜ ከፍ አድርገው ይገምታሉ።					
4	በመጀመሪያ ላይ ለደንበኛ ተወካዮች የሚሰጥ የሽያጭ ልኬት በባጀት ዓመቱ መጨረሻ ከሚመዘገብ የሽያጭ መጠን ይበልጣል።					
5	የሽያጭ ልኬት ለየመስመሩና ለሽያጭ ሰራተኞች በሚከፋፈልበት ወቅት የደንበኛ ተወካዮች የስራ ልምድና ችሎታ ከግምት ውስጥ ይገባል።					
6	የሽያጭ አስተዳደሩ የሽያጭ ባጀትን ለየ መስመሩ በሚያከፋፍሉበት ወቅት የመስመሩን አዲስነት ወይም ሲሰሩበት የቆዩ መሆኑን ከግምት ውስጥ ያስገባሉ።					
7	የሽያጭ ባጀት ፍትሃዊ በሆነ መልኩ ለሁሉም የሽያጭ ወጭ መደቦች ይከፋፈላል።					
8	በገበያ ላይ የሚስተዋሉ ያልተጠበቁ ክስተቶችን በምቱ ሁኔታ ለማስኬድ የሽያጭ ባጀት የሚፈለገውን ያህል ተለዋዋጭ ነው።					
9	የተወሰነ ለሽያጭ ሀይል የሚደረግ የባጀት ለውጥ የሽያጭ ሰራተኛውን አቅም በእጅጉ ይለውጣል።					
10	በንፅፅር በባጀት ዓመቱ መጀመሪያ ላይ የሚወሰን የሽያጭ ባጀት በዓመቱ መጨረሻ ላይ ከሚታየው ዓመታዊ የሽያጭ ወጭ ያንሳል።					
11	የሽያጭ ግብና የገቡን መሳካት መመዘኛ መስፈርቶች በሚወስኑበት ወቅት የውሳኔ አሰጣጡ ሁሉንም የሽያጭ ክፍል አባላት ያሳትፋል።					
12	የሽያጭ መርጃ መሳሪያዎች በሽያጭ ሰራተኞች በተፈለጉ ጊዜ በተሟላ መልኩ ይገኛሉ።					
13	የሽያጭ ሰራተኞች በገበያ ላይ ያስተዋሉዎቸውን ያልተለመዱ ክስተቶች ወዲያውኑ ለቅርብ አለቆቻቸው ያሳውቃሉ።					
14	እርስዎ በሚሰሩበት የሽያጭ መስመር ከፍተኛ የሆነ የደንበኛ ተቃውሞ ይገጥምዎታል።					
15	ብዙውን ጊዜ የማያሳምኗቸው የደንበኛ ተቃውሞዎች ይገጥሙዎታል።					
16	እርስዎ በሚሰሩበት መስመር ከፍተኛ የሆነ የደንበኞች መልቀቅ / ደንበኝነት ማቆም ይታያል።					
17	የሽያጭ ክፍሉ ለአዲስ ተቀጣሪዎች የመጀመሪያ ደረጃ ስልጠና ይሰጣል።					
18	የሽያጭ ክፍል ሰራተኞች በየጊዜው የማሻሻያ ስልጠና ይሰጣቸዋል ።					
19	በመስመር ላላፊ ደረጃ የሽያጭ ሰራተኞች/ የደንበኛ ተወካዮች በተናጠል ምክርና ስልጠና ያገኛሉ።					
20	የሽያጭ ክፍሉ ታታሪ የሽያጭ ሰራተኞች የሚሞገሱበትና የሚሸለሙበት ጉባኤ አዘውትሮ ይዘጋጃል።					

21	ከብር ማበረታቻ ይልቅ ብር-ነክ ያልሆነ ማበረታቻ የሽያጭ ክፍሉን ለስራ ያነሳሳል ።					
22	የሽያጭ ሰራተኞች የሚመዘኑባቸው መስፈርቶች አስቀድመው ይገለጹላቸዋል።					
23	በሽያጭ ሰራተኞች በኩል ጉድለቶች ሲከሰቱ የእርምጃ ርምጃዎች በሽያጭ አስተዳደሮች በአፋጣኝ ይሰጣሉ።					
24	የሽያጭ ሰራተኞች በሽያጭ አስተዳደሮች የሚሰጣቸውን የግምገማ ውጤት በግልፅ ያውቃሉ።					
25	በሽያጭ ሰራተኞች የሚደረግ የራስን ስራ ውጤታማነት መገምገም በሽያጭ አስተዳደሮች ትክክለኛ ተደርጎ ይወሰዳል።					
26	በድርጅቱ የሽያጭ ክፍል ውስጥ ከፍተኛ የሆነ የሰራተኞች መልቀቅ ይስተዋላል።					

27. በመጀመሪያ ላይ ለደንበኛ ተወካዮች የሚሰጥ ልኬት በበጀት ዓመቱ ከሚመዘገብ የሽያጭ መጠን የሚበልጥ ከሆነ ምክንያቱ ምን ይመስልዎታል?

- ሀ. ትክክለኛ ያልሆነ የሽያጭ ልኬት መኖር
 - ለ. የሰራተኞች የመስራት አቅም ከበፊቱ መለወጥ
 - ሐ. ከላይ የተጠቀሱት ሁሉምም
- ወይም ሌላ ካለ ይግለጹ _____

28. እርስዎ በሚሰሩበት መስመር ማሳመን ያልቸሉዋቸው የደንበኛ ተቃውሞዎች ካሉ ምክንያቱ ምን ይመስልዎታል?

- ሀ. በመጀመሪያ ደረጃ የተፈጠረ የደንበኞች መረጣ ችግር
 - ለ. ደንበኞች ስለ ርስዎ ምርት ያላቸው የመረጃ እጥረት
 - ሐ. ደንበኞች ተቃውሟቸውን እንደ መደራደሪያ መሳሪያነት ስለሚጠቀሙበት
 - መ. ደንበኞች ለተወዳዳሪ ምርት ያላቸው ፅኑ ታማኝነት
- ሌላ ካለ ይግለጹ _____

29 በድርጅቱ የሽያጭ ክፍል ውስጥ ከፍተኛ የሆነ የሰራተኞች ስራን መልቀቅ ካለ ለምን ይመስልዎታል?

- ሀ. የምልመላና የመረጣ ችግር
 - ለ. ከስልጠና ጋር የተያያዘ ችግር
 - ሐ. ሰራተኞችን ያለማነሳሳት ችግር
 - መ. የደመወዝ አከፋፈል ችግር
- ወይም ሌላ ካለ ይግለጹ _____

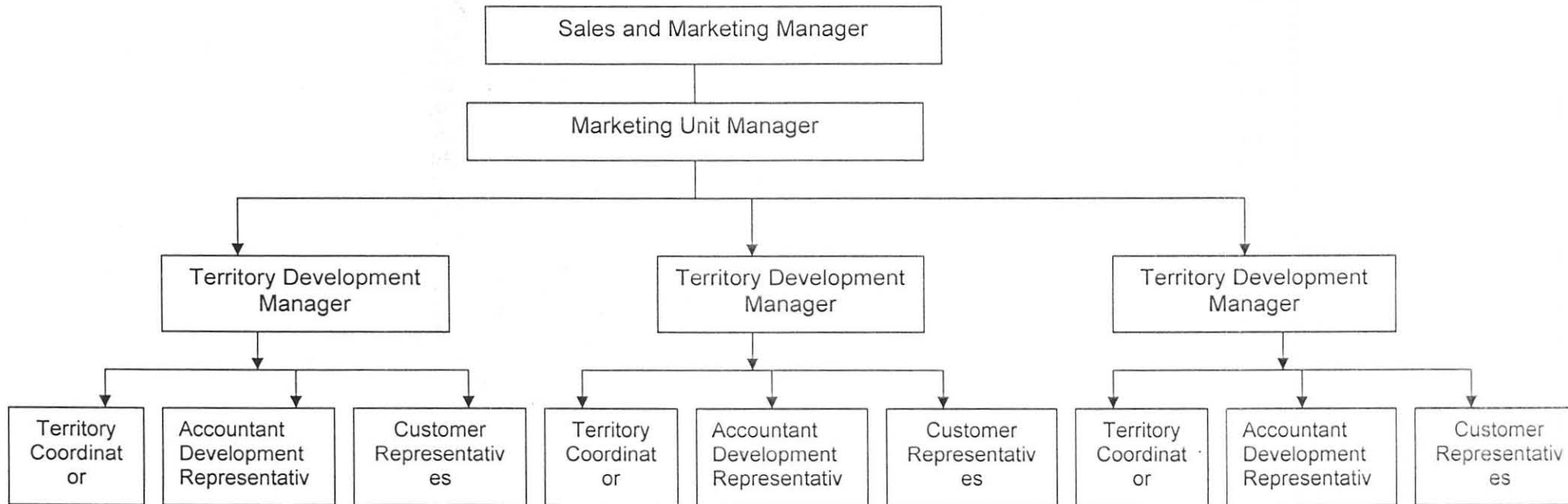
Appendix 3

Interview questions

1. Which methods of sales force size determination does your sales management unit employ?
2. Do you think that the recruitment and selection of new sales staff is decentralized?
3. Which type of sales forecasting technique does your sales management unit employ?
4. Which type of sales forecasting technique does your sales management unit employ?
5. What do you do when the products' demand declines seasonally (for example, during summer or nay slack periods)?
6. Which types of sales force organization structure the sales management unit applies?
7. By the time when the sales management unit seeks to conduct sales research, does the unit undertake the research via its own research team or entering into a contract with commercial research firms?
8. How do you undertake sales territory adjustment when needed?
9. How do your sales people handle unscheduled sales calls?
10. Does the company have a separate key accounts manager?
11. Do you think that sales people training is centralized in MOHA Soft Drinks Industry S.C.?

Appendix 4

Organizational Chart



Declaration

This Thesis is my original work and has not been presented for a degree in any other University.

The thesis has been submitted for examination with my approval as a university advisor.

Name: _____

Signature: _____

Date: _____