

Sales Organisation

Effective sales executives insist upon sound organisation. They recognise that the sales organisation must achieve both qualitative and quantitative personal-selling objectives. Over the long haul, it must achieve qualitative objectives, which concern with fulfilling overall company objectives. In the short run, it must attain the quantitative personal-selling objectives in terms of not only sales volume, but also other objectives related to profit (such as keeping selling expenses within certain limits) and competitive position (such as attaining given market shares). Existence of a sales organisation implies the existence of patterns of relationships among subgroups and individuals established for purposes of facilitating accomplishment of the group's aims. The sales audit seeks to establish customer and non-customer attitudes toward the sales force and company. It would also normally involve comparisons of the sales force with competitors on aspects such as those listed below in an effort to determine its relative effectiveness and form a basis for improvement:

- Relative size of sales force
- Reward systems and levels of earnings
- Rate of sales force turnover
- Sales per sales person
- Sales force support systems
- Relative level of training
- Recruitment system
- Control system
- Relative images of sales force

Purpose of Sales Organisation

In the ideally organised sales department, wasted motion and duplication of effort would be eliminated, friction would be minimised, and cooperation maximised. Dynamic characteristics inherent in marketing preclude the achievement of such perfection. But when sufficient attention is given to sales organisation, the ideal is approached, if not attained, and personal-selling efforts increase in productivity.

How an organisation works is more important than how it is supposed to function. Sales management should direct its main organisational efforts toward the informal organisation. Through intelligent leadership and related "human relations" talents, the skilled manager moves both individuals and informal groups along lines that facilitate achievement of the purposes of formal organisation.

The purposes of sales organisations are:

A. To permit the development of specialists

As a business expands, marketing and selling activities multiply and become increasingly complex. It is difficult to fix responsibility for performance of all necessary activities, particularly when executives are reluctant to delegate authority.

One purpose of reorganising the sales department is to facilitate assignment of responsibility and delegation of authority. In fact, specialisation, or division of labor as economists call it, is the chief means through which the processes of organisation and reorganisation are affected. As tasks grow in number and complexity, they are broken down into manageable units and are assigned to specialised personnel. The assignments made are called "delegations of authority." This is conducive to the development of specialists.

B. To assure that all necessary activities are performed

As a sales organisation grows and specialisation increases, it is increasingly important to perform all necessary activities. The definition of "necessary activities" changes over time. When jobs are

highly specialised, danger exists that the organisational plan will not provide for supervision of all activities. Essential tasks may not be performed, simply because they are not assigned to specific individuals.

When a company is small, for instance, its executives are in close contact with users of the product. As a company grows, as marketing channels lengthen, and as the marketing area expands geographically, top executives become farther and farther removed from the customers. As soon as executives begin to lose their informal contacts with customers, an individual should be assigned responsibility for maintaining such relationships. If these contacts are highly important, responsibility for maintaining them should be assigned to an executive specialising in customer relations.

C. To achieve coordination or balance

Good organisation achieves coordination or balance. Individuals vary in competence, potential, and effectiveness. Their personalities may be such that through assumption of authority, failure to delegate it, or both, their positions are magnified out of all proportion to their importance. Worse yet, total accomplishments of the organisation are less than they could have been if, so to speak, greater advantage had been taken. By getting people to pull together as a team rather than as an assortment of individuals, the organisation accomplishes more collectively than its members could independently.

Motivating individuals to work together toward common objectives is, then, important in achieving coordination. Individual goals are subordinated to, or reconciled with, organisational goals. Some of the means for accomplishing this are indoctrination and training programs, group meetings, supervision and guidance, and two-way communications.

Modern organisational theory suggests that sales departments should be divided into small, freely communicating, and face-to-face groups to decrease the possibility of uncoordinated proliferation.

D. To define authority

Sales executives should know whether their authority is line, staff, or functional. Line authority carries the power to require execution of orders by those lower in the organisational hierarchy.

Staff authority is the power to suggest to that holding line authority the method for implementation of an order. Functional authority enables specialists in particular areas, such as in technical product service, to enforce their directives within a specific and limited field. Line executives make decisions on the need, place, and time of action over a wide range of matters. Staff executives advise line executives about methods but have no formal power to require or enforce the execution of their recommendations. Functional executives are specialists-experts in some aspect of the business-who assist executives holding general line authority. For example, such specialists advise on new product introduction.

A sales organisation receives directions from several sources. No person should have more than one boss, i.e. the principle of “unity of command” should be applied. The supporting argument is that, if individuals receive instructions from multiple sources, they may get conflicting and confusing directions. But modern organisational theory points out that the real problem is not to avoid the multiple-boss situation, but harmonising orders and directives from different sources. A smoothly operating sales organisation has built-in ways of achieving harmony. Two important ways are continuing coordination of the work of different executives and free-flowing communications systems.

E. To economise on executive time

As a sales department's operations and activities increase in complexity and number, additional subordinates are added. This permits higher-ranking sales executives to delegate more authority. It also allows for the more effective use of specialisation, while higher executives devote less time to operations and more to planning. One purpose, then, of organisation and one often overlooked is achieving economies in the use of executive time. Top sales executives need not concern themselves personally with all the sales department's problems and activities, particularly routine or technical ones, when they have capable and well trained subordinates.

In building the sales organisation, then, the need for effective coordination limits the number of subordinates who report directly to certain executives. This limit is the "span of control." But the greater the abilities of the coordinator and of those reporting to him or her, the larger the number that can be effectively coordinated. Lower-level sales executives, however, those with salespeople

reporting directly to them, have a wider span of control than higher executives devoting much time to planning and policy formulation and little to administrative and operating details.

Setting up a sales organisation

There are five major steps in setting up a sales organisation:

- 1) Defining the objectives
- 2) Delineating the necessary activities
- 3) Grouping activities into 'jobs'
- 4) Assigning personnel to positions
- 5) Providing for coordination and control

1) Defining objectives

The initial step is to define the sales department's objectives. Top management, of course, defines the long-run objectives for the company, and from these, the general, or long-run objectives for the sales department are derived. Quantitative personal-selling objectives, in turn, are set with an eye on the qualitative objectives. Survival, for instance, is the most basic qualitative objective of any enterprise as well as its sales department, and this requires, among other things, a continuing flow of sales revenue; so, securing a given level of sales volume is an important sales department quantitative objective.

Survival also requires profits. Hence, a second qualitative personal-selling objective is to produce profits, not only by making profitable sales, but also by controlling departmental costs and expenses.

It follows that a third qualitative personal-selling objective is to realise long-term growth in sales and profits. Therefore, three of the sales department's general objectives all traceable to management's desire for survival of the firm may be summed up in three words: sales, profits, and growth.

Quantitative personal-selling objectives are required as operating guideposts. Thus, the qualitative personal-selling objective of producing profits may be translated into specific quantitative personal-selling objectives

2) Determination of activities and their volume of performance

Fundamental to sound organisational design is recognition that activities are being organised. Only after determining all necessary activities and estimating their volume of performance is it possible to answer such questions as: What executive positions are required? What should be their relationships to other positions? What should be the duties and responsibilities of persons who fill these positions?

3) Grouping activities into positions

Next, the activities identified as necessary are allocated to different positions. The planner must keep in mind that activities are aimed at achieving certain objectives-ultimately the composite provides the raw material from which job descriptions are compiled (in terms of reporting relationships, job objectives, duties and responsibilities, and performance measures).

Activities are classified and grouped so that closely related tasks are assigned to the same position. Each position should contain not only a sufficient number of tasks but sufficient variation to provide for job challenge, interest, and involvement.

Certain activities are of crucial importance to success of the sales department, and this has implications for organisational design. For example, in a highly competitive field, product merchandising and pricing are assigned to positions high up in the organisational structure. Activities of lesser importance are assigned to lower-level jobs.

When a large number of positions is being set up, groups of related jobs are brought together to form departmental subdivisions.. The smallest number of administrative levels that permits the organisation both to perform its activities and to operate smoothly is best.

4) Assignment of personnel to positions

The next step is to assign personnel to the positions. This brings up the question of whether to recruit special individuals to fill the positions or to modify the positions to fit the capabilities of available personnel. This is a question that has long been controversial. Compromises are frequent. On the one hand, some position requirements are sufficiently general that many individuals possess the necessary qualifications, or can acquire them through training. On the other hand, some individuals possess such unique talents and abilities that it is prudent and profitable to modify the job specifications to fit them. Nevertheless, planners prefer, whenever the situation permits, to have individuals grow into particular jobs rather than to have jobs grow up around individuals.

5) Provision for coordination and control

Sales executives require means to control their subordinates and to coordinate their efforts. They should not be so overburdened with detailed and undelegated responsibilities that they have insufficient time for coordination.

Control and coordination is obtainable through both informal and formal means. Strong leaders control and coordinate the efforts of their subordinates largely on an informal basis. Through sheer force of personality coupled with unusual abilities to attract and hold the loyalty of followers, the strong leader tends to make minimal use of formal instruments of control and coordination. The most important formal instrument of organisational control is the written job description. This instrument sets forth for each job: reporting relationships, job objectives, duties and responsibilities" and performance measurements.

Good job descriptions provide clear pictures of the roles that jobholders are to play in the sales organisation, and are also useful in other situations. Written job descriptions find use in employee selection processes.

An organisational chart, another control instrument, shows formal relations among different positions. A chart reduces confusion about the individual's role. An organisational chart delineates formal relations and, because of this, rarely provides a true picture of how the organisation actually works. Nevertheless, availability of an organisational chart enables members of a sales department to learn the nature of their formal relations with others, to know with whom they are expected to cooperate, and to clarify their formal roles.

Basic types of sales organisational structures

Organisation structure is the arrangement of people and tasks to accomplish organisational goals. The grouping of activities into positions and the charting of relationships of positions cause the organisation to take on structural form. There are **four basic types** of sales organisational structure viz. line, line and staff, functional, and committee.

The first two types (line and line and staff) are the most common. Functional and committee organisations are rare. Most sales departments have hybrid organisational structures, with variations to adjust for personalities and to fit specific operating conditions.

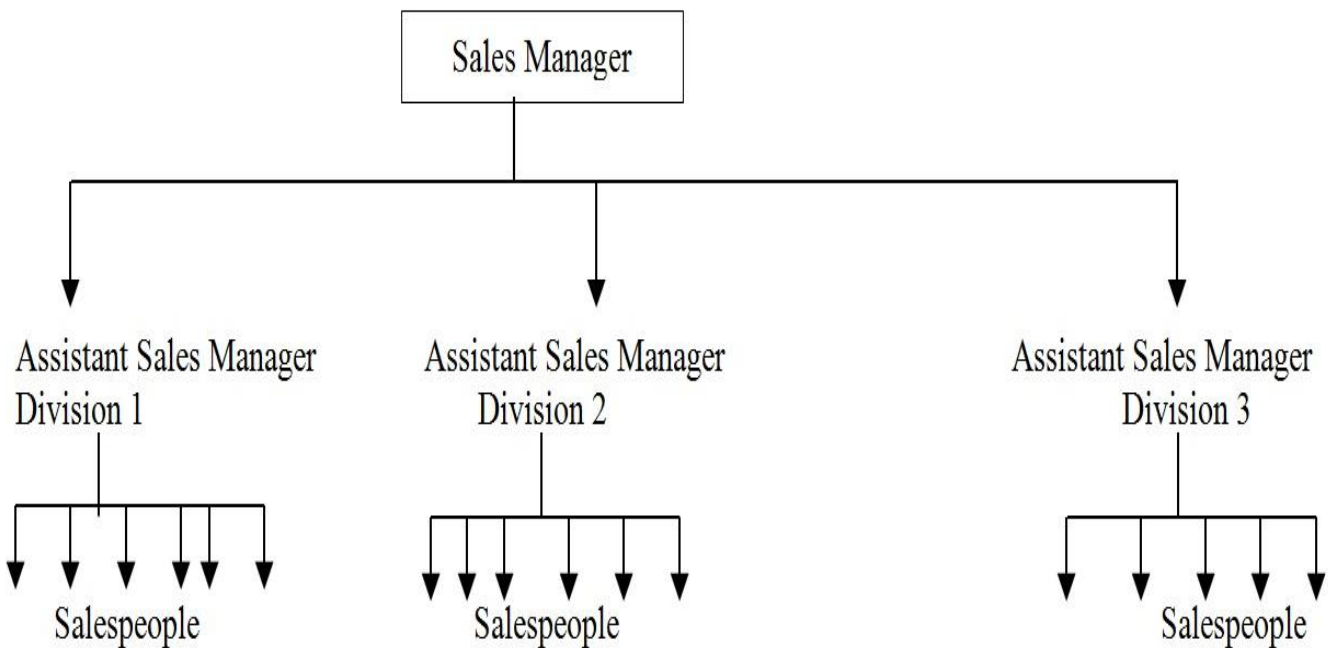
The sales department's structure evolves from the needs of the business. No two companies have identical sales organisations, because no two have identical needs. The customers, the marketing channels, the company size, the product or product line, the practices of competitors, and the personalities and abilities of the personnel are but a few of the factors affecting the organisational structure of the sales department.

1) Line Sales Organisation

The line organisation is the oldest and simplest sales organisational structure. It is widely used in smaller firms and in firms with small numbers of selling personnel-for instance, in companies that cover a limited geographic area or sell a narrow product line. The chain of command runs from the top sales executives down through subordinates. All executives exercise line authority, and each subordinate is responsible only to one person on the next higher level. Responsibility is definitely fixed, and those charged with it also make decisions and take action. Lines of authority run vertically through the structure and all persons on anyone organisational level are independent of all others on that level.

The line sales organisation sees its greatest use in companies where all sales personnel report directly to the chief sales executive. In these companies this executive often is preoccupied with active supervision and seldom has much time to devote to planning or to work with other top executives. Occasionally, however, the line sales organisation is used where more than two levels of authority are present.

Line Sales Organisation



The above figure shows a fairly large sales department organized on the line basis. The sales manager reports to the general manager, assistant sales managers report to the sales manager, and salespeople report to assistant managers. Theoretically, there is no cross-communication between persons on the same level. Contacts between persons on the same level are indirect and are effected through the next higher level. For example, the assistant sales manager of Division 1 arranges to confer with the assistant sales manager of Division 2 through the sales manager. Similarly, contacts by sales personnel with the office staff flow up through the organisation to the sales manager and back down through the assistant sales manager in charge of the office to the office staff.

Advantages

- The basic simplicity of line organisation is the main reason for its use.
- Because each department member reports to only one superior, problems of discipline and control are small.
- Lines of authority and responsibility are clear and logical, and it is difficult for individuals to shift or evade responsibilities.

- Definite placement of authority and responsibility saves time in making policy changes, in deciding new plans, and in converting plans into action.
- The simplicity makes it easy for executives to develop close relations with salespersons. With this working atmosphere, it is not surprising that executives who come up through a line organisation are frequently strong leaders. As the typical line sales department has few organisational levels, administrative expenses are low.

Disadvantages

- The head needs outstanding ability and rare qualifications, and should be well versed in all phases of sales management, for there are no subordinates with specialized skills and knowledge.
- Even if the head is an all-around expert, there is insufficient time for policymaking and planning, since rigidity of the line structure requires that a great deal of attention be given to direction of sales operations. The head often must make decisions and take action without benefit of planning. Under such conditions, results are often disappointing.
- For rapidly growing concerns and for those with large sales staffs, the line organisational structure is inappropriate. As the department grows, new layers of executives must be added to retain control. Orders and directions must be passed down through a growing series of administrative levels. Moreover, as growth proceeds, earlier advantages of close relations among executives and salespeople are sacrificed and maintaining morale becomes a greater challenge.

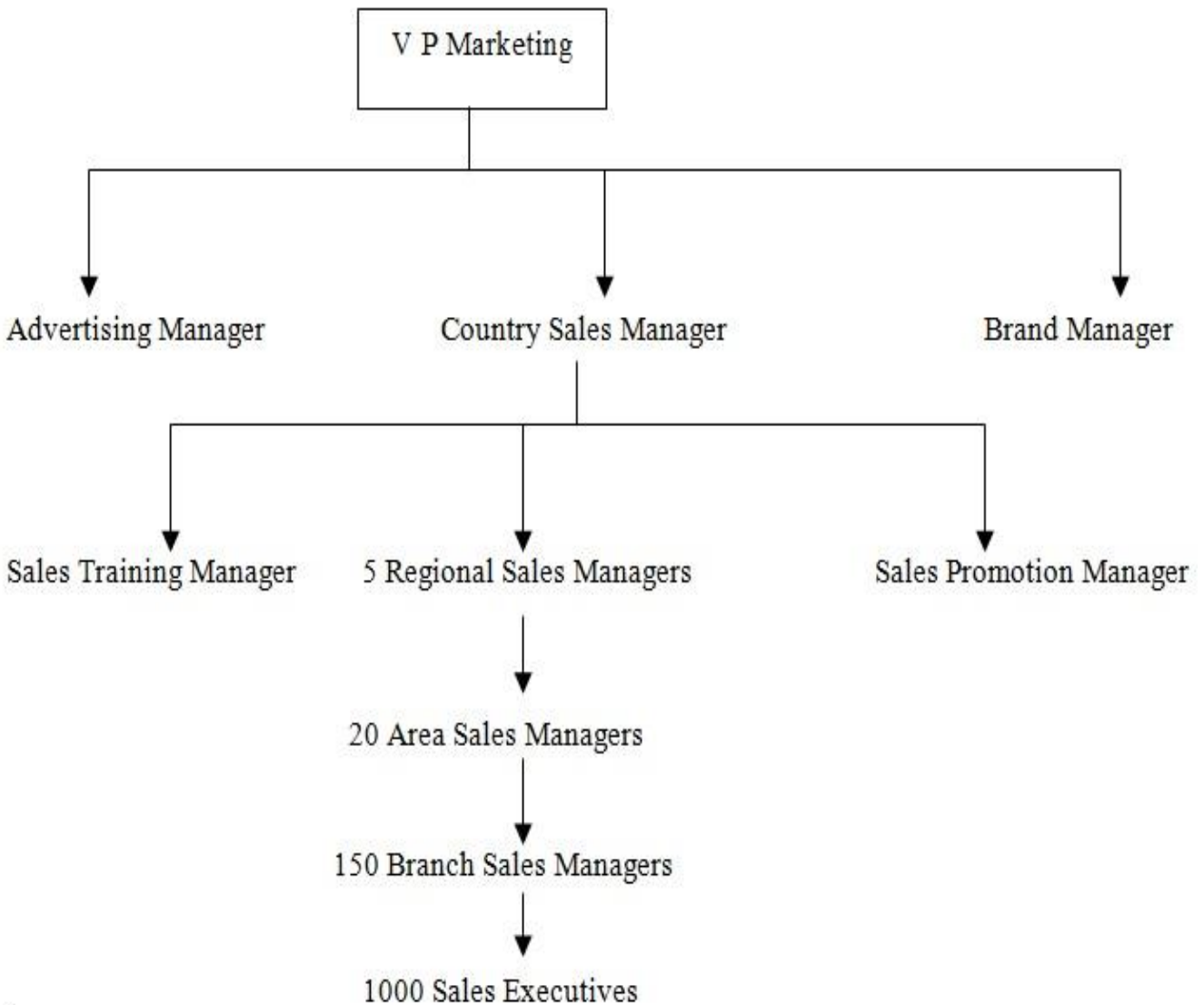
2) Line and Staff Sales Organisation

The line and staff sales department is often found in large and medium-sized firms, employing substantial numbers of sales personnel, and selling diversified product lines over wide geographic areas. In contrast to the line organisation, the line and staff organisation provides the top sales executive with a group of specialists-experts in dealer and distributor relations, sales analysis, sales organisation, sales personnel, sales planning, sales promotion, sales training, service, traffic and

warehousing, and similar fields. This staff helps to conserve the top sales executives' time and frees them from excessively detailed work. They make it possible for their chiefs to concentrate their efforts where they have the most skill. If the top sales executive is not equipped, through prior training or experience, to handle certain problems, staff specialists assist in increasing overall effectiveness of the department. Similarly, by delegating problems involving considerable study or detailed analysis to staff executives the top sales executive has more time for planning and for dealing with higher-priority matters. Staff sales executives do not have authority to issue orders or directives. Staff recommendations are submitted to the top sales executives, who if they approve, transmit necessary instructions to the line organisation



Line and Staff Sales Organisation



Above figure illustrates the line and staff sales organisation. The Country Sales Manager reports to the Vice President Marketing along with Advertising Manager and Brand Manager. Five Regional Sales Managers in charge of 5 regions (viz. east, west, north, south and central) report to Country Sales Manager. Each region is divided into 4-5 areas (like eastern region may be divided into 5 areas of Bihar, Orissa, Jharkhand, West Bengal and North-Eastern states), which are looked after Area Sales Managers (ASM). Under each ASM, 7-8 Branch Sales Managers (BSM) look after various sales branches across the designated area and each BSM controls 8-10 Sales Executives who perform the day-to-day field jobs.

Advantages

- The head of sales operations, being relieved from much detail work, can take a broader view of the department.
- Problems can be seen in clearer perspective, and connections between apparently unrelated problems are brought into focus.
- A pool of experts provides advice and assistance in specialised fields.
- Planning activities are subdivided and apportioned to staff members, and decisions and policies rests on a sounder base than in the line organisation.
- The hierarchical tree structure with clearly defined authority, responsibility and power relationships enables sales managers to properly control and coordinate their subordinates.
- Staff members assume much of the burden of solving problems in their areas. Thus, the top sales executive can devote more attention to the human aspects of administration.

Disadvantages

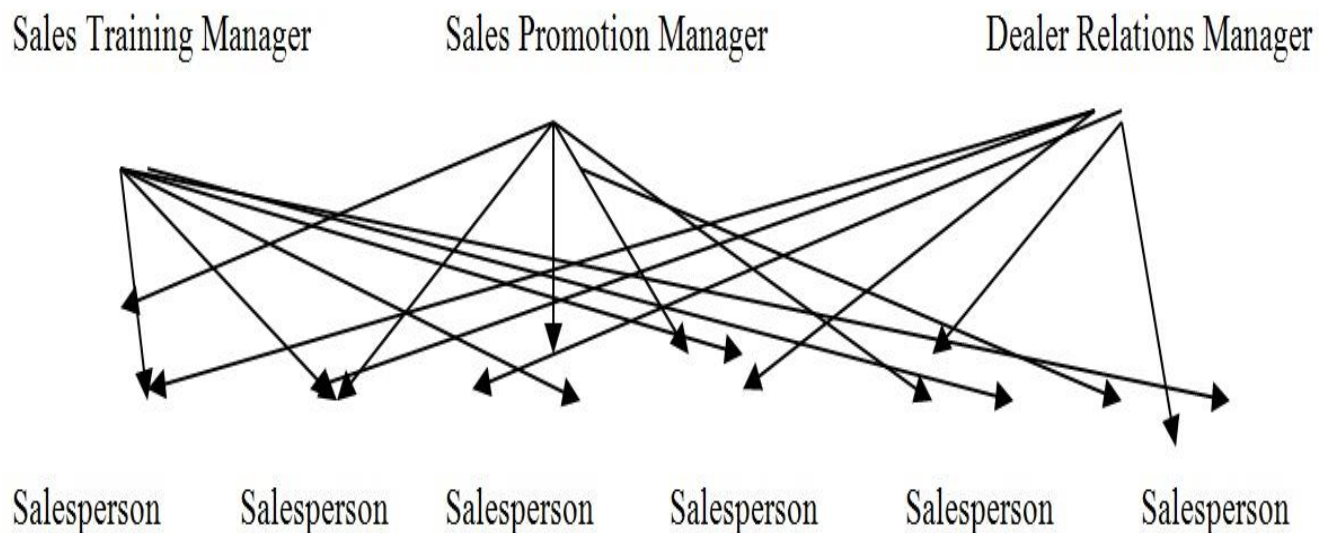
- Work of the staff specialists must be coordinated, and this is costly. Other administrative expenses may also increase, unless the number of staff executives is kept in line with departmental needs. The staff should be expanded only when it can be shown that the contributions of new staff members will equal or exceed the costs of maintaining them.
- Close control over staff-line relations is essential. If staff people issue instructions directly to line executives, it is difficult to prevent some persons from evading unwanted responsibilities
- When the line and staff sales organisation is used, the time between problem recognition and corrective action tends to widen. This results from giving staff executives time to study problems before making recommendations to the decision makers.

3) Functional sales organisation

This type of organisational structure is based upon the premise that each individual in the organisation executive and employee should as few distinct duties as possible. The principle of specialisation is used to the full extent. Duty assignments and delegations of authority are made according to function.

No matter where a particular function appears in the organisation, it is in jurisdiction of the same executive. In functional sales department sales people receive instructions from several executives but on different aspect of their work. Provisions for coordinating the functional executives are made only at the top of the structure; executives at lower level do not have coordinating responsibilities. In contrast to line and staff organisation, all specialists in functional organisation have line authority of the sort. Instructions and even policies can be put into effect with or without prior approval of the top level coordinating executives.

Functional Sales Organisation



The coordinating executive is the director of sales administration all executives in the next level are specialists. As shown in the above diagram, each sales person receives instructions from three different heads.

Advantages

- Specialised activities are assigned to experts whose guidance should help in increasing the effectiveness of sales force.

Disadvantages

- The sheer size of sales force in many large firms makes the highly centralized sales operation of a functional organisation impractical. This limitation is traced to the requirement in functional model for lone official to coordinate the specialists.
- The practicality of functional organisation for the sales department is open to question. Small and medium sized firms do not find it feasible or financially possible to utilize the high degree of division of labour.

4) Committee Sales Organisation

The committee is never the sole basis for organizing a sales department. It is a method of organising the executive group for planning and policy formulation while leaving actual operations, including implementation of plans and policies, to individual executives. Thus, many firms have a sales training committee (comprised of the general sales manager, his or her assistants, the sales training manager, and perhaps representative divisional or regional sales managers) that meets periodically to draft training plans and formulate sales training policies. Implementation of these plans and policies, however, is the responsibility of the sales training manager, if the company has one, or of the line and/or staff executives responsible for sales training in their own jurisdictions. Other committees found in sales organisations include customer relations, operations, personnel, merchandising, and new products.

Advantages

Before policies are made and action is taken, important problems are deliberated by committee members and are measured against varied viewpoints. Committee meetings, where ideas are interchanged and diverse opinions are present, promote coordination among members of the

executive team. When problems are aired in the give and take of committee meetings, cooperation is likely to be better than under any other organisation plan. However, unless decision-making and policy formulation are left to specific individuals, it is impossible to fix responsibility. Committees render their most important service in providing focal points for discussion and for the making of suggestions; so many companies prohibit committees from making decisions or formulating policies. No committee should develop into a vehicle for the evasion of responsibility.

For committees to operate effectively, other precautions are necessary. The agenda must be planned and controlled to avoid wasting time of executives not directly interested in the topics considered. The tendency for committees to consume large amounts of time is counteracted if the chairperson keeps the discussion focused upon the subject at hand.

Field organisation of the sales department

Every growing company faces, sooner or later, the necessity for establishing a field sales organisation. The sales manager can personally supervise field selling operations when a company is young, when only a few salespeople are employed, when the sales force travels out of the home office, and when the marketing area is small. As more salespersons are added, it is increasingly difficult to supervise and control them. If growth in sales volume is to parallel additions to the sales force, either the same marketing area must be worked more intensively or new areas must be penetrated. Both alternatives call for closer supervision and control of field sales personnel.

The field organisation consists of all employees of the sales department who work away from the home office. All outside salespeople are included, as are traveling sales supervisors, branch and district managers, and clerical employees in branch and district offices. Also included are service, repair, and sales promotion personnel. Although not all are concerned directly with increasing the effectiveness of field selling operations, each makes contributions to that end.

The two main purposes of a field organisation are

- (1) To facilitate the selling task and
- (2) To improve the chances that salespeople will achieve their goals. .

Sales personnel count on the field organisation for assistance and support. Their jobs should be made easier because of it.

Companies that consider centralisation desirable have complex supervisory organisations. Each salesperson is subjected to close supervision-hence the need for a considerable force of supervisors. Firms that believe in decentralisation, in contrast, permit individuals in the field to operate more on their own.

Numerous factors influence the size of the field organisation. The larger the firm, assuming similar sales-related marketing policies, the greater the required number of salespeople, supervisors, and regional, branch, and district managers. The relative emphasis placed on personal selling in the marketing program affects the size of the field organisation. For example, the firm selling directly to retailers, ultimate consumers, or industrial users commits itself to the performance of a sizable personal selling task, and it requires a field organisation of commensurate size. In contrast, companies using wholesalers find that their field organisations can be correspondingly smaller, since parts of the personal selling and other-tasks are transferred to these middlemen. Other factors affecting the size of the field organisation include desired frequency of sales calls, number of customers and prospects, and geographical spread of sales accounts.

Centralisation vs. Decentralisation in sales force management

In the centralised sales organisation almost all activities, including sales force management, are administered from a central headquarters. The central sales office has full responsibility for recruiting, selecting, training, compensating, supervising, motivating, controlling, and evaluating the sales force. In the decentralized organisation, in theory at least, all these activities/are handled by field sales executives.

A decentralised sales organisation is one in which there is decentralisation in management of various selling tasks and in performance of certain important personnel management activities. For example, branch or district sales offices may do the recruiting, selecting, motivating, and supervising; the central headquarters may handle training, compensating, and evaluating; and the branches and the central headquarters may share responsibility, in proportions varying with the marketing situation and management philosophy, for other aspects of sales force management. It

is rare, in other words, for sales force management to be either 100 percent centralized or 100 percent decentralized. Management's appraisal of relative costs and effectiveness results in some aspects being centralized and others decentralized.

Centralisation in sales force management varies. Smaller companies that have few salespeople and confine their operations to a small geographical area, keeping the unit of sales high, the sales call frequency low, and the calibre of salespersons relatively high, incline toward centralized sales force management. Manufacturing firms relying almost entirely upon specialized wholesale middlemen for marketing of their products need only minimum sales forces and, therefore, tend toward centralisation. Local wholesalers with restricted sales areas also have small sales forces and, by the nature of their operations, are highly centralized. The principal factor determining centralisation, then, is a small size of sales force, but other marketing factors, such as those illustrated, also move a company in this direction.

High decentralisation in sales force management is found mainly among companies with large sales forces. Likely to have considerable decentralisation, for instance, is a manufacturing firm distributing a wide line of consumer products over a vast market area and selling directly to varied retailers—all conditions indicating the need for a large number of salespeople. Wherever marketing conditions require large sales forces; the economies and effectiveness of decentralisation are more attractive than are those of centralisation.

Other things being equal, there is a strong pull in the direction of sales force decentralisation as a company grows. This is true even though decentralisation requires at least one more level of sales management, and the maintenance of branch and district offices (or both) causes additions to other fixed operating costs. With growth, the advantages of decentralized sales force management increasingly outweigh the higher costs. Among these advantages are:

1. More intensive cultivation of the market and, consequently, a higher sales volume to absorb the higher fixed costs.
2. More effective control, improved supervision, and increased sales productivity resulting from the addition of at least one intermediate level of sales executives, and from reduction of geographical separation of executives and sales personnel.
3. Improved customer service stemming from more effective control of sales personnel.

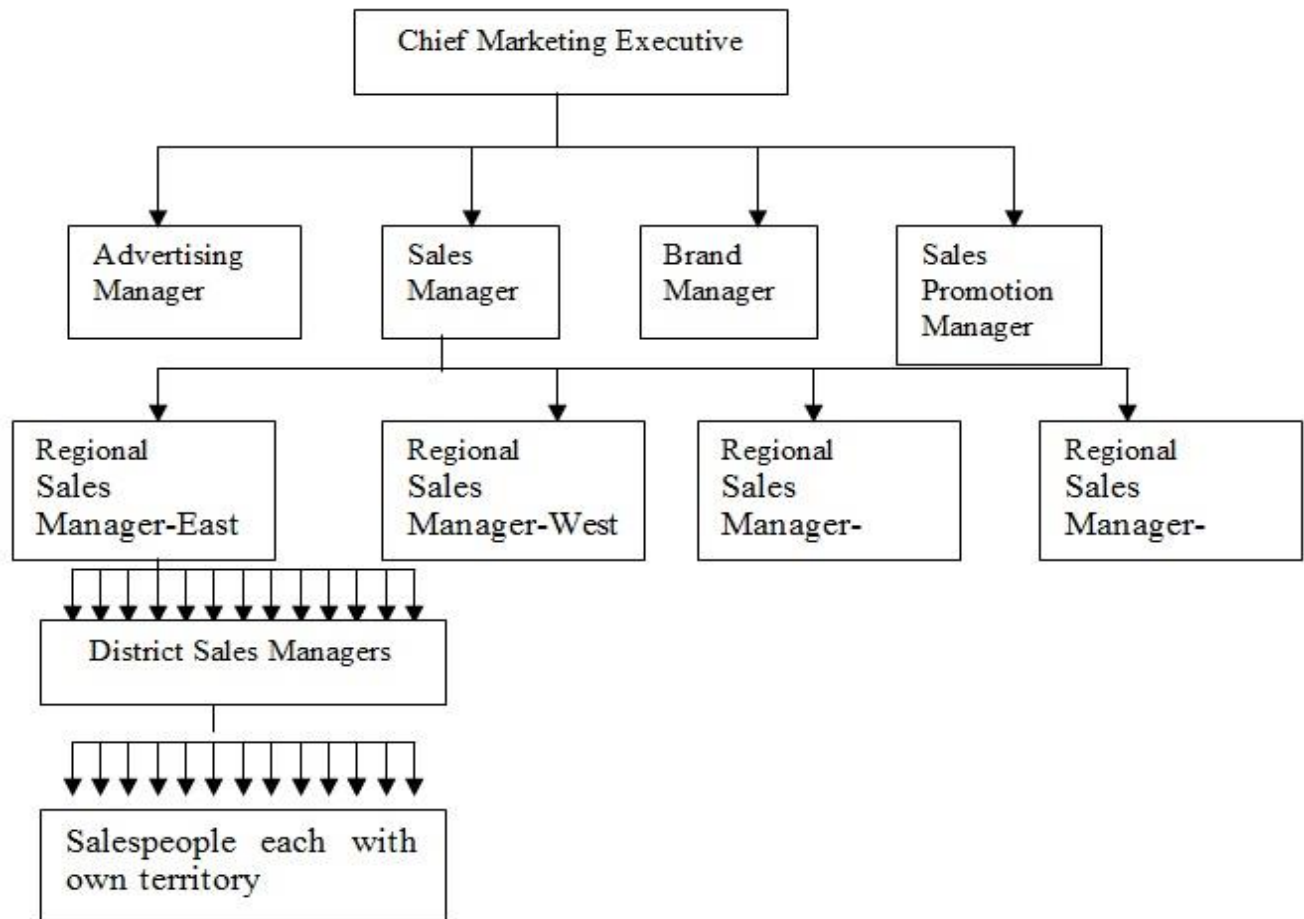
4. Reduced need for and costs of territorial "break-in" time, since more sale persons are recruited from the areas to which they are assigned.
5. Improved sales force morale-there are more frequent contacts with executives, reductions in travel time, and fewer nights away from home.
6. Lower travel expenses-salespeople are dispatched from decentralized points, and fewer field trips by home office sales executives are required.
7. A "built-in" management development program-branch and district offices not only provide realistic training, but also serve as proving grounds for future high-level sales executives. .

Schemes for dividing line authority in the Sales Organisation

As marketing operations expand, line authority and responsibility eventually become excessively burdensome for the top sales executive. There is an increasing number of people to supervise. Ordinarily, the first remedial step taken is to add a general line assistant, for example, an assistant general sales manager. As the burden of line administrative work continues to grow, it is necessary to provide additional assistants. These new subordinates are given line responsibilities narrower than those of the assistant general sales manager. Although they work with a variety of matters, their assignments cover a limited area of operations. Tasks of line administration are subdivided among these new assistants in one of three ways: (1) by geographic area, (2) by products, or (3) by customers or marketing channels.

1. Geographic Division of Line Authority

Geographic Division of Line Authority



The large firm with far-flung selling operations is likely to subdivide line authority geographically. This is particularly so if the characteristics of large numbers of customers vary by geographic location, if different selling problems are encountered in different areas, or if certain products are more strongly demanded in some regions than in others. But there is an even more compelling reason for dividing line authority geographically as more customers are added and as a wider area is cultivated, the size of the sales task increases enormously. Setting up geographic divisions is a way of cutting the sales task down to manageable proportions. When centralized administration becomes too great a burden for the top sales executives, secondary line executives are delegated authority to conduct sales operations within smaller areas. Geographic division is usually made first into regions or divisions. This may or may not be broken down further into districts or branches. .

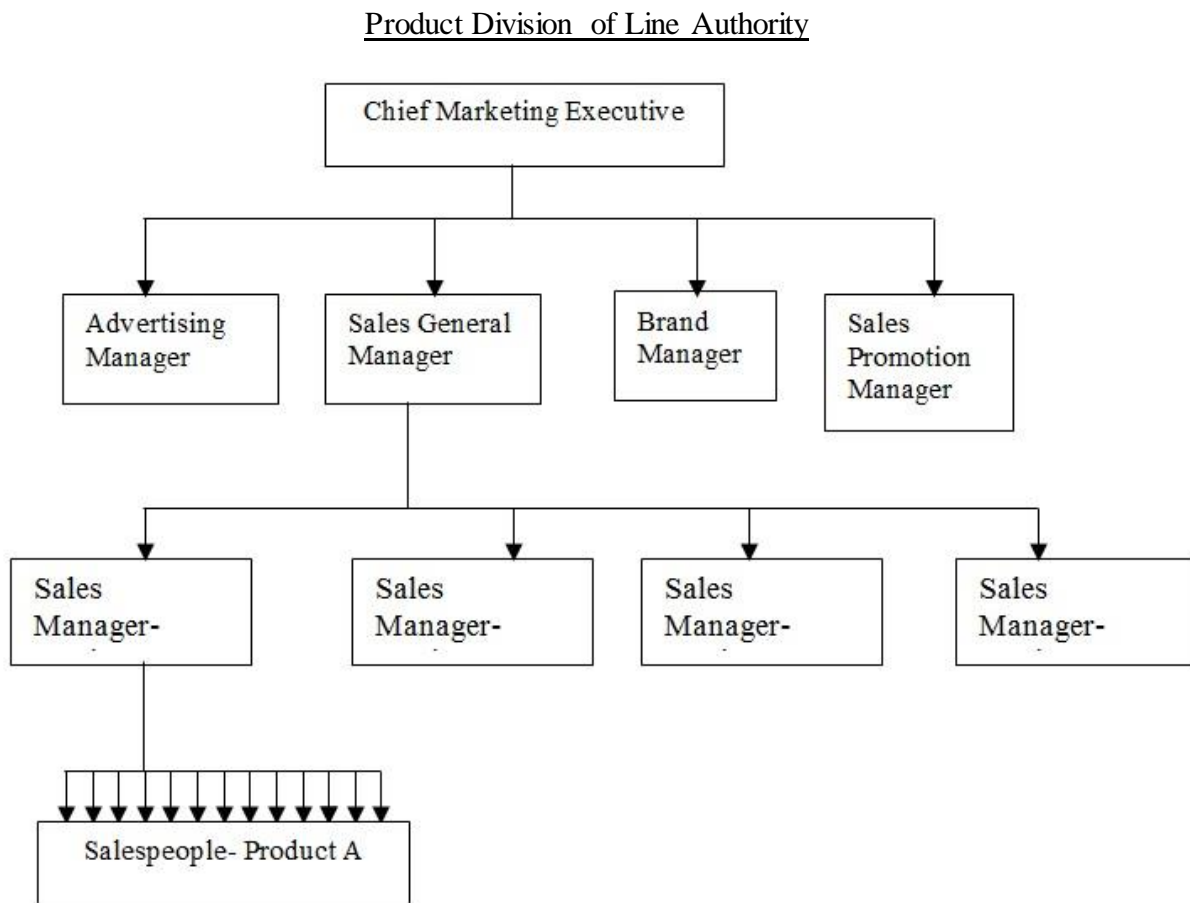
Advantages

- When line authority is divided geographically, local problems are handled speedily. It is not necessary to wait for decisions from the home office; rather executives personally acquainted with local conditions can answer many questions of importance to customers.
- Shortening the lines of communication makes possible closer supervision of salespeople, which, in turn, helps in improving customer service. Local markets can be cultivated intensively, and tactics of local competitors can be met and countered in the field.

Disadvantages

- This system calls for multiple offices and hence administrative expenses increase
- The top sales executive faces problem in coordinating several geographically widespread regional operations.
- Due to ineffective coordination and miscommunication, conflicting policies may develop in different regions.

2. Product Division of Line Authority



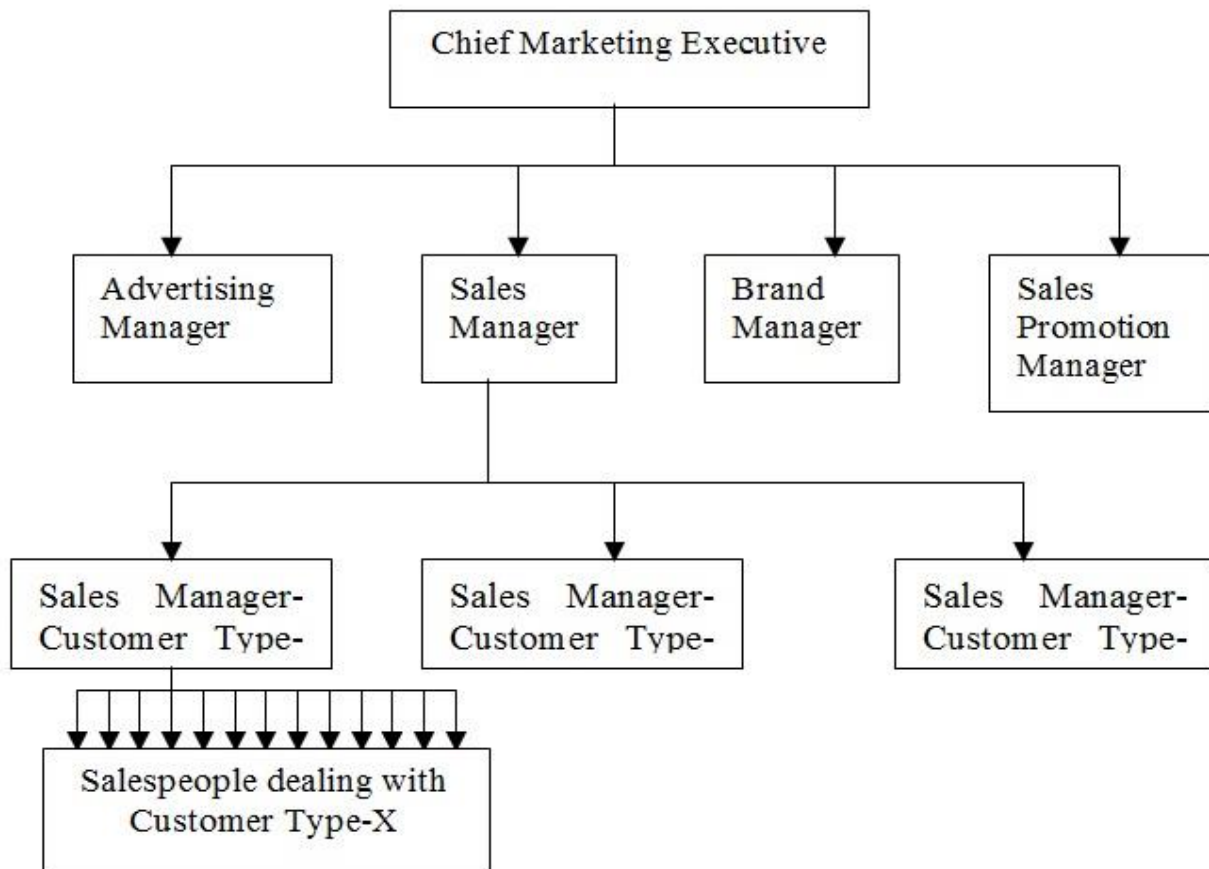
A second scheme for dividing line authority is to split the sales task among subordinate line executives, each of whom directs sales operations for part of the product line. When authority is so divided, more than one sales force may be required. Some companies' product lines are too wide to be distributed economically by a single sales force. Others sell both highly technical and non-technical products; thus some salespeople need specialized training and some do not. In still others, economies of a single sales force are reduced or eliminated because different products are marketed to different types of customers.

The decision to use the product type of sales organisation should rest on whether the benefits of product specialization outweigh the additional expenses. If they do not, it is wiser to organize the sales force on some other basis. Gains associated with specialized salespersons, who concentrate

on selling specific products, must be outweighed against increased expenses. Maintaining more than one sales force results in higher administrative and travel expenses. There are almost certain to be times when two company sales personnel selling different products make calls on the same customers. Although specialized salespeople may give more "push" to individual products, many customers object to multiple calls from the same company. The benefits of specialized sales forces are greatest for companies selling broadly diversified lines, reaching different markets with different products, and encountering unique selling problems for the various products.

3. Customer (or Marketing Channel) Division of Line Authority

Customer Division of Line Authority

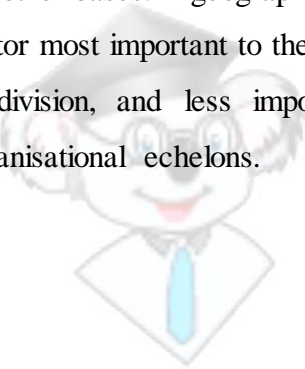


The third scheme for subdividing line authority is by type of customer (figure 10.6). This is appropriate when nearly identical products are marketed to several types of customers and the problems of selling to each type are different. When the same, or similar, products are sold to a

number of industries, they often find different applications in each industry. Customers not only have different needs, they are influenced by different buying motives. Thus, special sales forces sell to each major type of customer.

Dividing Line Authority on more than one basis

Few companies use a single basis for subdividing line authority. Most use a combination, subdividing the selling task more than once, to permit greater specialization. Nearly every large sales department subdivides authority on the geographic basis at some level of organisation, but this is done visually in combination with either the product or type-of-customer system. If geographical differences are more important than those of product or type of customer, the primary subdivision is geographical, and the next is at a lower organisational echelon according to one of the other bases. If geographical differences are of lesser importance, the procedure is reversed. The factor most important to the marketing success of the company should form the basis for the first subdivision, and less important factors should determine subsequent breakdowns at lower organisational echelons.



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