

Developing a control system to manage sales coverage effectiveness

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**Mini-dissertation submitted in partial fulfilment of the requirement for the degree
Master in Business Administration at the Potchefstroom campus of the North-
West University**

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October 2007

ACKNOWLEDGEMENTS

I would like to express my sincere gratitude to the under mentioned who have made the successful completion of this study possible.

- My Heavenly Father for His grace and giving me strength and insight.
- My wife, Daleen, for her unconditional love, huge inspiration and support, without whom I would not have finished.
- My two wonderful children, Joshua and Lene, for their love and patience.
- For the privilege to do this dissertation under the guidance of Professor Christo Bisschoff and for his support.
- Mrs. Antoinette Bisschoff for her support and guidance in editing this document.
- My friends and family for understanding.

ABSTRACT

Construction equipment sales companies are faced with ongoing changing critical customer requirements driven by economic conditions and in particular, the exponential growth of the past few years. This has had a tremendous impact on the business requirements requiring operational changes affecting both processes and placing increased pressure on personnel. Furthermore, sales managers within the earthmoving industry require an objective approach to the management and measurement of territory sales effectiveness. Therefore, the goal of this study was to determine key determinants of a control system to manage sales coverage effectiveness, and to recommend a model to help sales managers manage sales coverage effectiveness.

Sales process improvements, sales management requirements, defined territory sales and quantitative indicators are conceptualised as key drivers of salespersons' performance, improved sales coverage and sales organisation effectiveness. The results of this study indicated a strong relationship between salespersons' outcome performance and sales organisation effectiveness, as long as sales managers implement a sales control system to manage sales coverage effectiveness.

Managing sales coverage effectiveness entails a series of processes that ensure salespeople are spending most of their available time selling construction equipment. In order to achieve this, this study focused on the assessment of the sales force perception of the generic issues of sales force management; these include monthly reports, setting sales targets, territory assessment, territory realignment and sales management effectiveness. These findings identify important implications for managers in considering the effectiveness of a sales control system and implementation through sales operations that should impact favourably on an organisation's market share.

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Chapter 1

Introduction and problem statement

1.1 Introduction

The importance of sales force control is widely acknowledged by managers and researchers alike. A growing body of research has emerged that explores the topic of sales force control systems (Grant & Cravens 1996; Bingham & Quigley 1994; Cravens, Ingram, LaForge & Young 1993; Jaworski 1988; Merchant 1988; Avila, Fern & Mann 1988). An understanding of sales force control issues is based upon insights drawn from economic theory, organisational theory, cognitive psychology and leadership-subordinate research (Szilagyi & Sims 1974; Runyon 1973, Gibson, Ivancevich & Donnelly 1973). This study adds to the growing body of literature by examining and capturing the perceptions of salespeople and the expectations of sales managers of control system outcomes.

The guiding premise of this study is based on an extension of contingency theory that intimates that an effective control system is accomplished when salespeople and sales managers are in agreement concerning what their roles and responsibilities are (Ramaswami 1996). Research conducted by Piercy, Cravens, Lane and Vorhies (2006) concluded that sales manager control has a strong impact on organisational citizenship behaviours through perceived organisational support, which validates the requirement to understand salespeople's perceived benefits of improved sales management support within the construction industry.

An important decision facing sales managers is how to coordinate the sales force. Although prior research has studied the linkage between control and salesperson

performance, results remain vague. Drawing from the literature on control system and fit theory, Flaherty, Arnold, and Hunt (2007) suggest that individual, environmental, and organisational factors combine to influence the effectiveness of control mechanisms.

The need for a quantitative approach to the evaluation of territory performance has evolved from a series of events. During the period from 1990 to 2007, the Caterpillar construction equipment product line has more than doubled and it continues to expand, creating both growth opportunities and coverage challenges.

The increased earthmoving activity has not only increased the product range, but also significantly expanded the prospective customer base that has been added to the growing list of salespeople and sales managers' responsibilities.

Sales managers within the earthmoving industry require an objective approach to the management and measurement of territory sales effectiveness. While they generally have good sales data, they require tools to make coverage decisions based on that data; coverage decisions may be made reactively rather than proactively.

Construction equipment sales companies are faced with ongoing changing critical customer requirements driven by economic conditions and in particular the exponential growth in the past few years. This has had a tremendous impact on the business requirements requiring operational changes affecting both processes and placing increased pressure on personnel. The efficient operation of a sales force is a critical element in the profitability of many firms. Three factors play key roles: the sales force's size, its allocation and its productivity. This gives rise to the following questions: can sales force performance be improved by (1) hiring more salespeople, (2) allocating them more effectively to the various sales districts and/or (3) improving a salesperson's productivity through better calling patterns in terms of consumers and product line items (Horsky & Nelson 1996). Construction companies have had to rethink their business processes to remain competitive and to adapt to environmental change. While harsh economic conditions and the search for competitive edge mandate cost reductions to

increase margins, sales revenues and profits are derived not only from finding new customers and sales channels, but from growing relationships with existing customers and sales channels (Lombardi 2005). Underpinning a strategic response to radical market change is the challenge of repositioning sales as a core part of a company's competitiveness, where the sales organisation is closely integrated into marketing and business strategy.

The control system to manage sales coverage effectiveness should provide sales managers with much of the knowledge required to make proper interpretations and decisions in a continually changing and increasingly competitive earthmoving industry. Taking this one step further, the study will establish the key requirements to developing a control system to manage sales coverage effectiveness.

1.2 Problem statement

As mentioned above, a need for a quantitative approach to the evaluation of territory performance has evolved from a series of events, the most significant being growth in the construction sector driving the requirement to change current processes to be able to respond to these external forces. Availability of quality industry sales data is also a challenge. Currently, industry sales data is made available through a local organisation that collates sales data from all equipment distributors in South Africa by region by month, which is regarded to be fairly accurate. However, it is vulnerable to misrepresentation on the part of the location where the units are sold and reported. It is also understood that most companies' data bases are inaccurate due to the variability of customers and the lack of continuous update; believed to be as a result of the information provided by the salespeople and also due to their unwillingness to populate a customer database system.

An important decision facing sales managers is how to coordinate the sales force to maximise results through improved salespersons' performance. Although prior research

has studied the linkage between control and salesperson performance, results remain vague and an initial review at Barloworld Equipment Ltd confirms this speculation.

The extent of the individual, environmental, and organisational factors may be known in their individual capacity, but the extent that they collectively impact on sales force management, and process reengineering. Integration of the relevant departments requires significant attention in an effort to develop a control mechanism.

Salespersons' perceptions of the key drivers will be critical in developing a system to control their effort and performance relative to achieving the team targets and organisation effectiveness (market share). It can be argued that there is no sales management system or tool developed specifically for construction equipment sales companies, relying mostly on longstanding traditional customer relationship management. While there might be various alternatives or off-the-shelf sales management solutions, there is currently no one-safe-source to capture data or software available that will satisfy this analysis. A model to help guide sales managers to develop a control system that includes those key inputs to manage sales coverage effectiveness requires evaluation. Further to this study, CRM solutions, multiple distribution channels, or sales call centres are important factors in supporting a sales control system. The evaluation of each alternative will not form part of this study as this would require intense knowledge of Barloworld Equipment Ltd operations and processes; rather the importance and relation to improved sales effectiveness should be determined.

Developing a system whereby salesperson productivity through improved territory allocation in terms of customer accounts and/or geographic area, or by better calling patterns in terms of customer requirements or product applications, and by improving sales administration processes that alleviate salesperson intervention are all relevant components that need to be addressed. Here again this study will not evaluate which software package to use, but will focus on evaluating the salespersons' need for a tool

to help manage their area, and if in fact, the tool will probably improve sales effectiveness.

The process to determine an effective sales coverage and control system cannot only be based on pure quantitative analysis and salespersons' perception; the approach and final recommendation should also consider other sales control systems. Already in the eighties Anderson and Oliver (1987) suggested that a behavioural control system entails intense management involvement in training, monitoring, evaluating, and compensating salespeople according to their selling behaviours rather than focusing on immediate sales outcomes. Oliver and Anderson (1994) developed a comprehensive formal control measure utilizing the Anderson and Oliver (1987) conception. They constructed a control index consisting of six dimensions (the extent of emphasis on supervision, results, attitude, effort (behaviour), information feedback (reporting), and percent of salary in total compensation of salespeople).

These critical areas require assessment and research to better understand the components of developing a sales control system to manage sales coverage effectiveness.

1.3 Objectives of study

The primary objective of the research is to determine key determinants of a control system to manage sales coverage effectiveness. The process focuses on salespersons' effectiveness, operational improvements, and optimal territory coverage. Recommendations as to developing and executing a control system to manage sales coverage effectiveness will be documented.

Effective sales management can be evaluated through a process of analysing territory coverage effectiveness, through key coverage indicators for a trend analysis, improve salespersons' effectiveness through salespersons' evaluation of current and desired sales performance, and determine the optimal control system that aligns management support with the sales strategy.

In order to achieve this, it is important to assess the sales force perception of the generic issues of sales force management; these include monthly reports, setting sales targets, territory assessment, territory realignment and sales management effectiveness. Understanding that salespeople's perceptions are critical in determining the managerial and sales coverage requirements, the control system components and the ensuing effectiveness and importance of a sales management control system in an organisation, is imperative. This process includes evaluation of the level at which the organisation has implemented a sales management system, whether the improvement in the effectiveness of sales managers will result in salespeople effectiveness, and importantly, if there is a direct correlation between companies' market share and salespeople's effectiveness.

Critical in determining the effectiveness and importance of a sales management control system in an organisation is to establish the key drivers of the successful implementation of a control system. A key contributor could be to restructure the sales force, or restructuring the administration department or to provide salespeople with an easy-to-use CRM tool to manage their territories.

Salespersons' expectations of an improved sales support process in their organisation differ depending on many variables; these variables are critical to achieving the objective of developing a control system to manage sales coverage effectiveness. Key variables can include salespersons' age, experience, what are the critical processes required to improving their sales rate, or how they plan their sales calls.

Through this study, a methodology and optimal sales coverage model is developed that sales managers and salespeople can follow to implement systems and processes to guide them towards improved service and product delivery that positively impacts on the organisation's effectiveness. The establishment of universal coverage standards is not the goal, but an appropriate sales process must be in place so that basic sales and marketing data are continually maintained and used as a management tool. It's

imperative to define an action plan for the organisation based on the coverage recommendations and to have total buy-in of top management to ensure alignment with the strategic goals of the company. The outcome of the study, and by offering an optimal sales coverage model, should impact favourably on the organisation's market share.

1.4 Research hypotheses

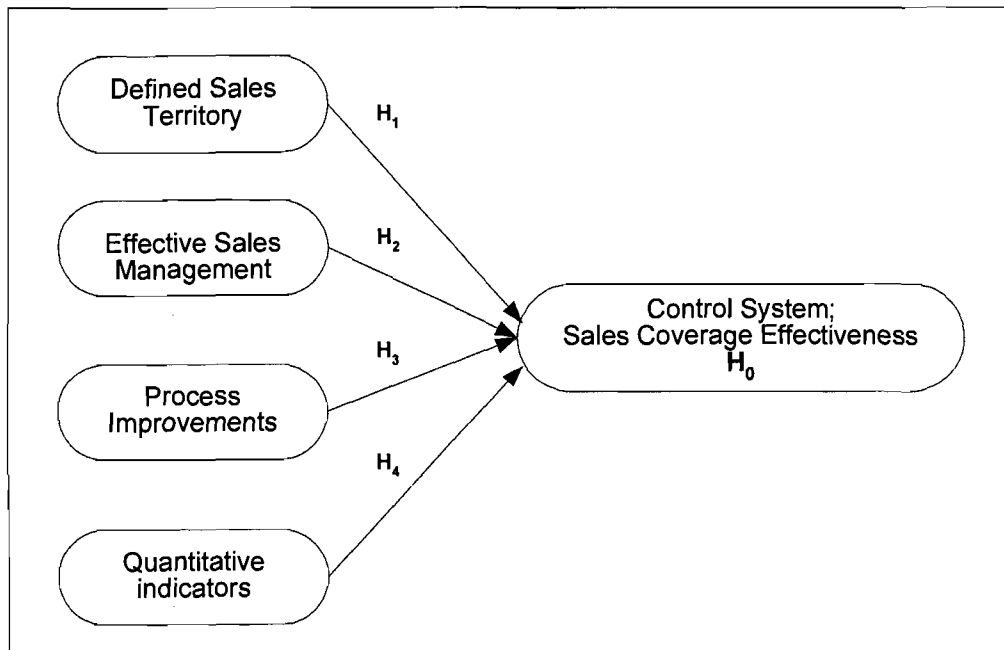


Figure 1.1 Research hypotheses

H₀:

A control system to manage sales coverage effectiveness improves salespersons' effectiveness and impacts favourably on an organisation's market share.

The conceptual framework for the research shown in **Figure 1.1** draws from several research foundations: Oliver and Anderson (1994); Walker, Churchill, and Ford (1979); Flaherty, Arnold, and Hunt (2007); Cravens, Piercy and Low (2006); and Piercy,

Cravens, Lane and Vorhies (2006) conceptualise salesperson sales management control, organisational factors that combine to influence the effectiveness of control mechanisms, and environmental antecedents of sales organisation effectiveness. These relationships provide the supporting logic for the conceptual framework.

In the extant literature the impact of process improvements and quantitative indicators have not been addressed. Sales organisation effectiveness for the benefit of this study is evaluated from the perspective of sales coverage effectiveness that facilitates customer satisfaction and overall organisational financial and market share performance. Two studies provide conceptual and empirical support for sales territory design (defined sales territory) impacting positively on salespersons' performance and sales organisation effectiveness, and sales management control impacting salespersons' behaviour performance (Babakus et al. 1996; Piercy, Cravens & Morgan 1999).

Hypotheses are developed for the relationships shown in **Figure 1.1**.

H₁:

A defined salesperson territory increases sales coverage effectiveness.

The primary emphasis of previous research concerning salespeople has been focused on their attitudes and behaviour. The relationship between organisational variables and salesperson attitudes and behaviour has received very limited attention. Sales territory design is largely uncontrollable by the salesperson, yet is acknowledged by managers and researchers as an important factor enabling salespeople to perform well. The objective is to examine satisfaction with territory design from the perspective of the salesperson. The findings from Grant, Cravens, Low and Moncrief's (2001) research offer significant insights concerning the role of territory design satisfaction in face-to-face selling and its consequences. The result of their study concluded a conceptual model linking the satisfaction with territory design, job satisfaction, and performance.

When employees have a clear understanding of the activities that are required to perform the job, a clearly defined sales structure that supports them creates an environment that enhances performance and sales coverage effectiveness. According to Coetsee (2003:143), both formal and informal research indicates that most employees would like their performance (not themselves) evaluated – that is what they have achieved and contributed. Effective sales territory design provides the salesperson with the opportunity to perform well (Babakus et al. 1996). Satisfaction with territory design is proposed to have a positive impact on salesperson performance. The same can be said for sales managers who are satisfied with their territory designs: they should expect the designs to enhance salespersons' outcome performance. Potential imbalances in territory designs may offset to some degree by sales quotas or allocation of accounts or other adjustment mechanisms in taking account for factors not under the salesperson's control. Babakus et al. (1996) and Piercy, Cravens and Morgan (1999) provide empirical support for a positive relationship between satisfaction with territory design and outcome performance.

By enforcing a defined territory allows for objective goal setting, facilitating a performance measurement and evaluation system. This study, while recognising the importance of creating an environment that enhances performance, will focus on establishing the importance of a defined territory and the relevance in developing a control system to manage sales coverage effectiveness.

H₂:

Effective sales management and support to salespeople improves sales coverage effectiveness.

Management control represents a key dimension of running a sales organisation. Sales management control spans a continuum from behaviour control to outcome control. The former consists of managing the day-to-day behaviour of salespeople in their efforts to

fulfil their job responsibilities. In contrast, outcome control encourages and rewards salespersons' results, such as sales volume, profit contribution, and related outcomes.

Managers' control activities are intended to assist and help salespeople develop their selling processes to achieve favourable sales results and other outcomes (Cravens, Lassk, Low, Marshall, & Moncrief, W.C., 2004).

Sales unit (team) design considers the manager's composite assessment of the design of the work responsibilities assigned to her/his sales team. The sales manager must decide the number and types of accounts (customers) to assign each salesperson, determine their responsibilities, and the geographic area (territory) to be assigned (or other bases for determining the customer base, such as type of industry). Poor work unit designs are likely to have a negative impact on salesperson performance and sales unit effectiveness (Cravens, Piercy & Low 2006).

The role that a salesperson plays often demands flexibility and spontaneous adjustment to uncontrollable situations (Brown & Peterson 1994). Yet control of this group is especially important because they are responsible for the accomplishment of important organisational objectives, critical to revenue and market share. Sales management methods must have a positive effect on salespeople's performance, depending on the control required to achieve the appropriate outcome performance. This aspect of performance requires management to understand how uncontrollable factors (e.g. intensity of competition, workload, market potential, and organisational effectiveness) may differently impact the results of salespeople beyond their efforts and skill.

Basic sales management logic supports a positive impact of salespersons' outcome performance on sales organisation effectiveness (Walker, Churchill & Ford 1979). High salespersons' outcome performance should therefore have a substantial impact on sales coverage effectiveness.

Research conducted by Piercy, Cravens, Lane and Vorhies (2006) concluded that sales manager control has a stronger impact on organisational citizenship behaviours through perceived organisational support, which validates the requirement to understand salespeople perceived benefits of improved sales management support in the construction industry.

This study should attempt to identify these areas for improvement and prove that they will positively contribute to the development of a control system to manage sales coverage effectiveness.

H₃:

Effective sales through process improvements will result in improved sales coverage effectiveness.

It is widely accepted that a well designed organisation should include a control mechanism through which processes are defined, which management decides which aspects of the process performance are to be measured and how these measurements are to be used to increase sales effectiveness. Collecting and processing territory and account information are major aspects of a salesperson's task. To a large extent, salespeople's effectiveness depends on the amount and quality of the market information available to them (such as their customers' needs and potential, the likelihood of getting an order after some contact time, etc.). Although they are not always easy to disentangle, these information-gathering and processing activities on the one hand, and the effective contact time devoted to selling to clients and prospects on the other, compete for the limited time resources available to a salesperson (René 2002).

It is conceptually useful to examine performance in terms of (1) the behaviour or activities carried out by salespeople, and (2) the outcomes that can be attributed to their efforts. These dimensions of performance are designated as behaviour and outcome performance (Behrman & Perreault 1982; Anderson & Oliver 1987).

Sales organisation effectiveness and salesperson performance are conceptually different, though related (Walker, Churchill & Ford 1979).

While sales organisational effectiveness is an overall assessment of organisational outcomes, which are partly determined by salesperson performance (Churchill et al. 2000), salesperson performance relates only to factors that the salesperson can control directly. "The crucial distinction between performance and effectiveness is that the latter does not refer to behaviour directly; rather it is a function of additional factors not under the individual salesperson's control" (Churchill et al. 2000: 559).

This study should focus on proving that salesperson effectiveness through process improvements will result in increased sales, also determine which processes are negatively impacting on the sales force and which are instrumental to developing a control system to manage sales coverage effectiveness.

H₄:

Quantitative indicators are an integral part of the establishment of sales objectives and sales control.

The establishment of universal coverage standards is not the goal of the study but an appropriate sales process must be in place so that basic sales and marketing data are continually maintained and used as a management tool.

Sales coverage effectiveness is an indication of how well the sales organisation has implemented business and marketing strategies. The effect of strategic orientation on sales organisation effectiveness has had limited research, although there is a compelling case that the fit between business strategy and the sales management strategy will be a significant predictor of effectiveness (Slater & Olsen 2000). It was also indicated that the extent of match between the type of business strategy and the sales

management control strategy would impact the effectiveness of the organisation. In order to achieve the objective of 'effective coverage', a model should be developed to provide sales managers and salespeople the data required to make objective interpretations and decisions relating to current, former, and future levels of sales effectiveness.

This research should identify the current levels of coverage effectiveness using a list of proposed coverage indicators: (1) territory opportunity and sizing, (2) ownership of customer purchase data, (3) market share measurement, (4) sales call frequency, (5) sales data, i.e. turnover, units, (6) salespeople targets, and propose areas for improvement which should become the key requirements to ensure quantitative indicators are an integral part of the control system design.

1.5 Research methodology

The objective of quantitative coverage analysis is to provide sales managers with an objective measure of their sales force construction machine sales coverage, and to identify specific areas for improvement, which can lead to increased sales for improved market share and revenues for the organisation (organisational effectiveness). Because the salesperson is ultimately responsible for sales to end users, it is important that the impact of this quantitative knowledge be transferred to salespeople to enhance their overall coverage effectiveness.

Salesperson performance and in particular sales efficiency measurement cannot improve merely through focusing on improving quantitative indicators alone; one indicator by itself will not provide an accurate analysis of sales performance. For an accurate analysis to be performed, multiple indicators must be consolidated and interrelated. The interrelationship of these indicators will provide useful information during salespersons' evaluation, review of the current coverage effectiveness, and the evaluation of the organisational sales process.

The approach of evaluating the current sales force performance through questionnaires will serve the purpose of determining areas for improvement in the area of sales force and operations to facilitate improved coverage effectiveness. Furthermore, it must address processes that will enable salesperson efficiency improvements. In other words, ensure salespeople are spending most of their available time selling as opposed to mundane sales administration activities.

1.6 Demarcation of research

▪ Survey - Salespeople

The importance of a sales control system through conducting a survey by means of questionnaires will determine the requirements to manage sales coverage effectiveness. Conducting a survey will highlight the salespersons' perceptions of the importance and requirements that will enable evaluation of the requirements set against various hypotheses that suggest a sales control system at Barloworld Equipment Ltd is required.

The survey should focus on three sections: (1) salespeople's perception of the generic issues of sales force management, (2) the perceptions of the effectiveness, the importance and key drivers of a sales management control system in an organisation, and finally (3) reviewing information pertaining to the salespeople and their expectations of improved sales support processes within the organisation.

▪ Survey - Sales managers

A survey of the sales managers will be limited to determine the key coverage indicators and quantitative indicators, i.e. activity analysis, sales force capacity and sizing, territory evaluation, customer base evaluation, salespeople evaluation, market share analysis, sales call analysis and sales opportunity mapping. Supporting this process, sales managers should utilise a quantitative indicator report to ensure consistency and accuracy of data. Further to defining key requirements to develop a control system,

sales managers need to determine the communication reports required to measure and manage the control model.

- **Analysis of research and development of a control system**

This approach starts with assessments by each salesperson of the sales and effort corresponding to each customer and prospect in their territory. These assessments are then aggregated to the territory, district and national levels. This will facilitate defining recommendations to develop a control system to manage sales coverage effectiveness. This process will incorporate the findings and recommendations based on the survey, the proven hypotheses should form the basis of the system; other studies through literature research should be taken into account as well as any external factors to ensure a complete sales control system is developed. Ultimately the proposed control system/model will be implemented at Barloworld Equipment Ltd to manage sales coverage effectiveness.

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Chapter 2

Literature research and results

2.1 Introduction

The importance of sales force control is widely acknowledged by managers and researchers alike. It has been proposed that management control decisions influence structural characteristics of the sales organisation, individual (salesperson) characteristics, behaviours, performances, and sales organisation effectiveness (Baldauf, Cravens & Piercy 2005). A growing body of research has emerged that explores the topic of sales force control systems (Grant & Cravens 1996; Cravens, Ingram, LaForge & Young 1993; Merchant 1988). Research conducted by Piercy, Cravens, Lane and Vorhies (2006), concluded that sales manager control has a stronger impact on organisational citizenship behaviours through perceived organisational support, which validates the requirement to understand salespeople's perceived benefits of improved sales management support within the construction industry. An important decision facing sales managers is how to coordinate the sales force. Although prior research has studied the linkage between control and salesperson performance, results remain vague. Flaherty, Arnold and Hunt (2007) suggest that individual, environmental, and organisational factors combine to influence the effectiveness of control mechanisms.

While sales organisational effectiveness is an overall assessment of organisational outcomes, which are partly determined by salesperson performance (Churchill et al. 2000), salesperson performance relates only to factors that the salesperson can control directly. The guiding premise of this study is based on an extension of contingency theory that intimates that an effective control system is accomplished when salespeople and sales managers are in agreement concerning what their roles and responsibilities are (Ramaswami 1996).

This study adds to the growing body of literature by examining and capturing the perceptions of salespeople and expectations of sales managers of control system outcomes. The need for a quantitative approach to the evaluation of territory performance has evolved from a series of events. During the period from 1990 to 2007, the Caterpillar construction equipment product line has more than doubled and it continues to expand, creating both growth opportunities and coverage challenges. The increased earthmoving activity has not only increased the product range, but also significantly expanded the prospective customer base that has been added to the growing list of salespeople and sales managers' responsibilities.

Sales managers within the earthmoving industry require an objective approach to the management and measurement of territory sales effectiveness. While they generally have good sales data, they require tools to make coverage decisions based on that data; coverage decisions may be made reactively rather than proactively. Construction equipment sales companies are faced with ongoing changing critical customer requirements driven by economic conditions and in particular the exponential growth in the past few years. This has had a tremendous impact on the business requirements requiring operational changes affecting both processes and placing increased pressure on personnel.

These companies have to rethink their business processes to remain competitive and to adapt to environmental change. The control system to manage sales coverage effectiveness is considered to provide sales managers with much of the knowledge required to make proper interpretations and decisions in a continually changing and increasingly competitive earthmoving industry.

2.2 Problem statement

In order to accurately measure and manage effective sales coverage in the South African earthmoving industry, sales managers need an objective approach to identify

current levels of coverage effectiveness and to improve on identified levels of coverage in the future. According to Cummings and Worley (2005: 274), increasing global competition and rapid technological and environmental changes are forcing organisations to restructure themselves from rigid bureaucracies to leaner, more flexible organisations. Critical questions need to be addressed, primarily “Will a model to optimise coverage and salespeople effectiveness directly lead to improved sales?”

Managing sales coverage effectiveness entails a series of processes that in the current state will not facilitate improved sales processes that ensure salespeople are spending most of their available time selling construction equipment. By offering an optimal sales coverage model, it should impact favourably on the organisation’s market share; this may require organisational change to facilitate improved processes either through reengineering of the organisation’s core work processes to create tighter linkage and coordination among the different tasks, or a structural design change process which concerns the organisation’s division of labour – how to specialise task performances (Cummings & Worley, 2005:151).

In order to achieve this, it will be important to assess the sales force perception of the generic issues of sales force management; these include monthly reports, setting sales targets, territory assessment and sales management effectiveness. Understanding the salespeople’s perception is critical in determining the effectiveness and importance of a sales management control system in an organisation. It will help to understand to what degree the organisation has already implemented a sales management system, or will the improvement in the effectiveness of sales managers, result in salespersons’ effectiveness, and importantly, whether there is a direct correlation between an improvement in salespeople effectiveness and a company’s market share.

The expectation of an improved sales support process in a sales organisation differs depending on many variables; these variables are critical to achieving the goal of developing a control system to manage sales coverage effectiveness. Some key variables can include the salespersons’ age, experience gained, what is critical to

improving their sale rate, or how they plan their sales calls, and what are the critical measurements sales managers use to control the salespeople. An important decision facing sales managers is how to coordinate the sales force to maximise results through improved salesperson's performance. Although prior research has studied the linkage between control and salesperson performance, results remain vague and an initial review at Barloworld Equipment Ltd confirms this speculation. The extent of the individual, environmental, and organisational factors may be known in their individual capacity, but the extent they collectively impact on sales force management, process reengineering or how to effectively integrate various departments, i.e. marketing, sales organisations, requires significant attention to develop a control mechanism.

Quantitative analysis provides sales managers with a means to evaluate indicators critical to managing sales coverage through reviewing current salesperson effectiveness in terms of how many accounts they are actively covering and should cover, how have they performed relative to the opportunity, determine their sales administration accuracy, and what do they require from their sales manager that will help improve their coverage effectiveness. In answering these questions, sales managers are able to focus on personnel practices to integrate people into organisations; these include career planning, reward system, goal setting, and performance appraisals (Anderson & Oliver 1987).

Supporting this view, Cravens, Piercy and Low (2006) confirm that the sales managers must decide on the number and types of accounts (customers) to assign each salesperson, determine their responsibilities, and the geographic area (territory) to be assigned and/or other bases for determining the customer base, such as type of industry.

Salesperson perceptions of the key drivers will be critical to developing a system to manage salespersons' effort and performance relative to achieving team targets and organisation effectiveness (market share). It can be argued that there is no sales management system or tool developed specifically for construction equipment sales

companies, relying mostly on longstanding traditional customer relationship management. While there might be various alternatives and off-the-shelf sales management solutions, there is currently no one-safe-source to capture data or software available that will satisfy this analysis. Further to this study, CRM solutions, multiple distribution channels, or sales call centres are important factors in supporting a sales control system. The evaluation of each alternative will not form part of this study as this would require intense knowledge of Barloworld Equipment Ltd operations and processes; rather it should determine the importance and relation to improved sales effectiveness.

These critical areas discussed necessitate assessment and research to better understand the components required to help guide sales managers develop a sales control model to manage sales coverage effectiveness.

2.3 Literature review

A variety of descriptions of sales force control systems have been offered (Merchant 1988; Eisenhardt 1985, Churchill, Ford, Hartley & Walker 1985). Most of these descriptions can, however, be broadly classified as out-put based, behavioural-based, or composite control systems (Anderson & Oliver 1987). Behavioural-based systems focus on the process by which sales are attained, not on the outcome or sales itself.

The control construct developed by Anderson and Oliver (1987) defines the sales management control system as the extent of managers' monitoring, directing, evaluating, and rewarding activities. To attain control, a variety of techniques are employed including developing the concept of development to the organisation (Sager & Johnson 1989; Ouchi 1979), basing evaluation systems on effort as opposed to results (Leong, Randall & Cote 1994; Brown & Peterson 1994), providing personal feedback, and providing the salesperson with direction (Agarwal & Ramaswami 1993).

Although researchers agree with this general view of control, there is no consensus as to the constructs conceptualisation and the extent to which control should be exercised. The current state of knowledge concerning sales management control indicates important inconsistencies in the conceptualisation of control and its consequences. Importantly, research initiatives have been fragmented, and the research stream is in need of a comprehensive synthesis that organises the various studies that examine antecedents and consequences of sales management control (Baldauf, Cravens & Piercy 2005).

Existing knowledge on marketing and sales management control research is based on two seminal conceptual developments. *First*, Anderson and Oliver (1987), drawing from theoretical approaches in economics, organisational behaviour, and psychology, conceptualize a formal management control framework and formulate propositions concerning the consequences of behaviour- and outcome-based sales force control systems on salespersons' cognitions and capabilities, affects and attitudes, motivation, behavioural strategies, and performance. *Second*, Jaworski (1988) proposes a conceptualization consisting of formal and informal dimensions of management control of marketing personnel. The resulting research propositions were rooted, to a great extent, in the management and accounting disciplines and were concerned with the antecedents (e.g., environment) and consequences (e.g. individual effects) of formal and informal control.

This conceptualisation also recognises the effect of external and organisational constructs on control as well as the effects of control on salesperson motivation and identify control as an important part of the responsibilities of sales force management.

Anderson and Oliver (1987) suggest that many sales force control systems are a mix of approaches, containing elements of both behavioural and outcome-based strategies. Behaviour-based and outcome-based controls are considered as the two polar opposites of this construct. The greater the extent of involvement by sales managers in these activities, the more behaviour-based the control system is. In contrast, sales

managers employing outcome-based management control rely heavily on the market and the incentive reward system to guide sales people's activities (Miao, Evens, Kenneth & Shaoming 2006).

The behaviour component of performance consists of the activities and strategies that salespeople pursue in fulfilling their job responsibilities. Examples of salesperson job activities that are considered relevant to behaviour performance include adaptive selling, teamwork, sales presentations, sales planning, and sales support. Behaviour control is expected to have a positive impact on salespersons' behaviour performance. The outcome component of performance is when salespeople produce outcomes from their activities, which are evaluated by managers. Outcomes may include sales, sales growth, market share, new customers, and customer retention (Cravens, Piercy & Low 2006).

New research into sales organisation effectiveness indicates some of the productive approaches to be explored. The logic is that the overall result on which attention should focus is the effectiveness of the sales organisation in implementing business strategy and meeting organisational goals. Traditionally management attention has focused on outcome performance as the main indicator of sales organisation effectiveness (i.e., salespeople meeting sales volume and revenue targets). However, if strategy requires the development of closer customer relationships and the implementation of a value-based strategy, then salesperson behaviour performance may be a more productive point of focus than is outcome performance, i.e., not simply what salespeople sell, but the behaviours they undertake to achieve their goals and to build customer relationships (Piercy 2006).

Further to the design of a control system to manage sales coverage effectiveness, a key advantage for increasing the effectiveness of a sales organisation is an effective territory design. The sales territory design defines the work responsibility for the sales force based on geographic and/or customer based account responsibilities. Effective coverage, then, is a process sales management are responsible for in determining how

many accounts to assign to each salesperson, product responsibilities, and the geographical area covered.

Limited research attention has been given to the study of the factors and relationship associated with the development of effective sales territory designs, and the impact of design on sales organisation effectiveness (Babakus et al. 1996; Piercy, Cravens & Morgan 1999). The construct “optimum territory sizing/design implies sales coverage effectiveness” plays an important role in evaluating salespersons’ satisfaction with the current sales territory design. When selecting or modifying the designs of sales territories, salespeople may evaluate sales organisation structure, territory design, and/or allocation of selling effort decisions (Beswick & Cravens 1977; LaForge & Cravens 1985; Lodish 1974; Rangaswamy, Sinha & Zoltners 1990). Achieving design improvements is an ongoing responsibility of salespeople, resulting in enhancing their satisfaction with their sales territory workload and design. The converse is also true: a poorly designed territory is expected to constrain the salesperson’s performance and coverage effectiveness.

Sales organisation effectiveness is an overall evaluation of outcomes attributable to the sales organisation. Effectiveness is distinct from salesperson performance (e.g., selling behaviours and sales results). While each salesperson contributes to the effectiveness of the sales organisation, other organisational and environmental variables also impact sales organisation effectiveness (Walker, Churchill & Ford 1979).

It is conceptually useful to examine performance in terms of (1) the behaviour or activities carried out by salespeople, and (2) the outcomes that can be attributed to their efforts. These dimensions of performance are designated as behaviour and outcome performance (Behrman & Perreault 1982; Anderson & Oliver 1987). Sales organisation effectiveness and salesperson performance are conceptually different, though related (Walker, Churchill & Ford 1979). It is also useful to consider salesperson performance in terms of behaviour and outcome dimensions. Behaviour performance refers to various activities and strategies of salespeople in carrying out their job responsibilities.

The results (outcomes) that salespeople achieve via their efforts and skills represent their outcome performance. Consequences of more planning, less call activity, lower sell/non-sell time ratio, and “smarter” and “harder” selling techniques are predicted under behaviour-based control by Oliver and Anderson (1994), and Rouzies and Macquin (2002).

While sales organisational effectiveness is an overall assessment of organisational outcomes, which are partly determined by salesperson performance (Churchill et al. 2000), salesperson performance relates only to factors that the salesperson can control directly. “The crucial distinction between performance and effectiveness is that the latter does not refer to behaviour directly; rather it is a function of additional factors not under the individual salesperson’s control” (Churchill et al. 2000: 559).

It has been proposed that management control decisions influence structural characteristics of the sales organisation, individual (salesperson) characteristics, behaviours, performances, and sales organisation effectiveness (Baldauf, Cravens & Piercy 2005).

Sales organisation effectiveness according to Slater and Olsen (2000) is an indication of how well the sales organisation has implemented business and marketing strategies. The effect of strategic orientation on sales organisation effectiveness has had limited attention, although there is a compelling case that the fit between business strategy and the sales management strategy will be a significant predictor of effectiveness. It was also indicated that the extent of the match between the type of business strategy and the sales management control strategy would impact the effectiveness of the organisation.

Thomas Leigh and Greg Marshall wrote, “The sales function is undergoing an unparalleled metamorphosis, driven by the plethora of changing conditions” (Leigh & Marshall 2001). They suggested that this metamorphosis was seeing the selling function shift its role from selling products and services to one emphasizing “increased

customer productivity” through enhanced revenues or cost advantage. They support the transformation of the traditional sales function to a pan-company activity or process, driven by market pressures: “Customers indicate that the seller’s organisation must embrace a customer-driven culture that wholeheartedly supports the sales force” (Leigh and Marshall 2001). Interestingly, they also underline the parallel between the transformation of the sales organisation and other company-wide marketing developments, such as market orientation (Jaworski & Kohli 1993), market-oriented organisational culture (Homburg & Plesser 2000), and marketing as a cross-functional process rather than a functional department. A similar analysis suggests “the sales function is in the midst of a renaissance – a genuine rebirth and revival. Progressive firms are becoming more strategic in their approaches to the sales function...enlightened firms view their customers as assets, and are entrusting their salespeople to management of these assets” (Ingram, LaForge & Leigh 2002).

These authors call for joint action by sales managers, educators, trainers, consultants and professional organisations to improve the conceptualisation and practice of sales management. The aim of this study is to determine those key drivers of sales management improvement, which will form the basis for the design of a control system to manage sales coverage effectiveness.

Examining the impact sales automation has on salesperson effectiveness is also a key determinant of this study. While the benefits of implementing an automated sales force are said to affect all areas of sales management and facilitates the selling process, this study will focus on evaluating the salesperson’s perception of importance in the construction equipment industry. Erffmeyer and Johnson (2001) contend that the sales force automation was envisioned as the use of technology to enhance the sales process, which involves the conversion of manual sales activities into electronic processes via the use of software and/or hardware. Implementing sales automation software, everyone on the sales team – sales, marketing, order processing, customer service, administration and management – can access up-to-the-minute information whether they are on the road, in a regional or corporate office, or even at home.

Users can also produce reports for won and lost opportunities and sales forecasts. In addition, sales automation software enables salespeople to manage their time and activities as well as their customer lists, contacts, products, price lists, orders and electronic mail from remote regions (Stoddard, Clopton & Avila 2002).

CRM technology components are designed to aid the sales force, acquire and retain customers, reduce administrative time, and allow efficient management of accounts (Speier & Venkatesh 2002).

For CRM technology to be effective, it must support the business processes that manage customer experiences (Greenberg 2001; Rigby et al. 2002). Therefore, CRM technology is not a substitute for effective relational information processes, but an enabler of their effectiveness (Jayachandran, Sharma, Kaufman & Raman 2005). There are a range of limitations associated with the use of sales force automation. According to Holt and Radosevich (1998) there are three primary reasons for sales force automation failure: (1) the systems are often not easy to use for salespeople with limited technical skills (2) there may be a lack of real support from the top management, (3) there could be a lack of proper financial support from the top management. Salespeople are threatened by technology; their concern is that sales automation will give them *more* administrative work, which takes time away from selling and receiving commissions (Hamblen 1999).

Implicit in this type of control system with the emphasis on developing a control system that incorporates various sales coverage activities, i.e. territory alignment, effective sales management, improved sales support processes and providing quantitative indicators that ensure sustainability; forms the basis of the study to determine the drivers to develop a control system to manage sales coverage effectiveness.

2.4 Method

2.4.1 Research design

To better understand the requirements in developing a control system to assist sales managers and salespeople manage sales coverage effectively, research design targeted salespeople by means of a survey and sales managers through one-on-one interviews.

The survey focused on three sections as indicated in **Appendix 1**.

Section A dealt with the salespeople's perception of the generic issues of sales force management; **section B** dealt with the perceptions of the effectiveness, the importance and key drivers of a sales management control system in an organisation; and finally **section C** dealt with reviewing information pertaining to the salespeople and their expectations of improved sales support processes within the organisation.

Section A covered two parts. Part one directed the respondents' attention to thirteen statements where they had to indicate on a 5-point Likert scale to what extent they agreed or not with the statement. The second part focused on defining the order of importance of the listed process improvements that would apply to the salespeople that would enable the development of a control system to manage sales coverage effectiveness. Here they had to rank the most to the least important process improvements.

Section B also covered two parts. Part one dealt with the effectiveness and importance of a sales management control system, whereby nine questions were listed and the respondent had to indicate on a 5-point Likert scale to what extent they believed the statement to be true; no extent (NE), some extent (SE), moderate extent (ME), large extent (LE) and very large extent (VLE). The second section dealt with the perceptions of the key drivers (requirements) of a sales management control system implementation in an organisation.

Section C covered a number of areas of sales management, i.e. call rate, sales planning, customer size, time utilisation, sales targets and then it also focused on obtaining input as to salespeople's expectations of an improved sales support process in an organisation. These open ended questions required written input. These questions also related to key actions required to improve territory sales, what activities were preventing effective sales, and what they require from sales administration and sales managers to help them become more effective.

One-on-one interviews were conducted with sales managers and the focus was to understand the key quantitative indicators required in developing and managing an effective sales force. The result of this process was to define the most appropriate templates (data input sheet), which forms part of developing a control system to manage sales coverage effectiveness.

2.4.2 Respondents

The study was confined to Barloworld Equipment Ltd South Africa, to allow for face-to-face interviews, easier access to and more accurate data, and to ensure questionnaire completion. Barloworld Equipment Ltd South Africa is the registered Caterpillar dealer for the Southern African territories.

- **Salespeople**

Barloworld Equipment Ltd currently employs 40 salespeople. Their responsibilities include sales of new and used equipment within their allocated geographic area. The questionnaire, listed in **Appendix 1**, was sent to all of the salespeople; 26 responded representing 67.5% of the sales force.

- **Sales managers**

One-on-one interviews were conducted with the sales managers, see **Appendix 2**. Three managers were targeted representing three regions: Inland (Gauteng), Central (Bloemfontein) and Durban (KZN). The Cape region did not have a sales manager at the time of the survey.

2.5 Results

2.5.1 Demographic profile

The respondents in the research have the following demographic profile:

In terms of salespersons' age and sales experience, 46% were between 30 and 39 years of age and the majority (31%) have 4 to 7 years of sales experience. Sample characteristics are provided in **Table 2.1**.

Salespeople indicated they only spend 34% of their time on sales contact with customers (selling activities); the majority of their time is consumed by administration (25%) and travel (24%) (non-selling activities).

As for the sales managers, their average age was 41 years and the average sales experience was 2.5 years. However, their sales management experience averaged 3 years. They all expressed a need to develop a control system to support their sales team to manage sales coverage effectiveness within their region of responsibility. The survey focused on how coverage is managed today and what key quantitative indicators are required to develop a control system to manage sales coverage effectiveness.

Table 2.1
Sample Characteristics

Gender

Male	92%
Female	8%

Age (yrs.)

< 30	4%
30 to 39	46%
40 to 49	38%
50 to 59	12%
>60	0%

Sales Experience (yrs.)

> 1	27%
1 to 3	19%
4 to 7	31%
8 to 10	0%
>11	23%

Salesperson Time Utilisation

Travel	24%
Customer Contact	34%
Administration tasks	25%
Sales meetings	9%
Sales Planning tasks	8%

2.5.2 Formulation and discussion of results

Formulation and discussion of the results, with supportive descriptive statistics in **Table 6 (Appendix 4)**, will follow the conceptual framework for the research shown in **Figure 2.1** and will be divided into four parts:

- Defined Sales Territory (H_1)
- Effective Sales Management (H_2)
- Process Improvements (H_3)
- Quantitative Indicators (H_4)

Defined sales territory (H₁)

When asked 'sales force improvements through optimum territory sizing will result in more sales than through optimum sales call per day' (H₁), 77% of the respondents agreed to strongly agree with the statement. Also highlighted in **Table 2a (Appendix 4)**, a total of 65% of the salespeople agreed that 'a clearly defined salesperson territory increases sales effectiveness' (H₁), and furthermore, 92% agreed to strongly agree that 'sales coverage effectiveness can be a competitive advantage for an organisation' (H₁).

As discussed in the literature research, an effective territory design is expected to positively impact on salespersons' performance and therefore have a positive effect on the sales organisation effectiveness and market share. The salespersons' response to whether they believed a direct correlation existed between coverage effectiveness and salespersons' effectiveness indicated that 71% believed the statement, suggesting that organisations have a lot to gain by improving their territory designs.

A salesperson's territory must be properly sized so that they know what activities have occurred within their territory. A manageable customer base (territory) will facilitate a systematic update of a customer's ownership file and subsequent discovering of other new unit deliveries. The study results according to Piercy, Low and Cravens (2004), also point to the need for managers' regular monitoring of the suitability of the territory designs in their sales units. Their findings emphasize the importance of management evaluating the fit between territory design and sales strategy.

One of the key drivers of a sales management control system implementation in an organisation which are indicated in **Table 3a (Appendix 4)**, 40% largely agreed with 'realigning territory and customer accounts per salespeople' (H₁) would positively contribute to an effective sales management control system implementation. The most important process improvement identified by the salespeople that would enable the development of a control system to manage sales coverage effectiveness was 'optimum territory sizing' thus supporting H₁; *Defined salesperson territory increases sales coverage effectiveness*.

Effective sales management (H₂)

The term sales management implies the manager of the sales team and the management of the process. This study focuses on identifying areas for improvement required to effectively manage the sales force. A series of questions were asked through one-on-one interviews to determine how sales coverage is managed today and what key quantitative indicators are required to develop a control system to manage sales coverage effectiveness.

Three regions were targeted - narrative comments from the sales managers show trends toward: (1) territory planning is not formalised; (2) sales call rates and targets vary depending on geographic region; (3) number of accounts and sales planning process is not formalised; (4) streamlining daily administrative processes is key to improving sales; and (5) greater interest in the use of qualitative measures. These comments are supportive of the hypothesis H₀; *a control system to manage sales coverage effectiveness improves salesperson's effectiveness and impacts favourably on an organisation's market share.*

Salespeople were asked 'what do you require from your sales manager that will help improve your coverage effectiveness?' The input clearly highlights that sales management support in providing clear goals; reducing administration and participation (coaching) is instrumental to enhancing salespeople's ability to improve their coverage effectiveness. One can conclude from this that a critical role of a sales manager is to increase salespeople selling days, which will also increase their sales coverage effectiveness.

Based on prior research by Cravens, Piercy and Low (2006), the sales unit design and outcome performance relationship evaluated in eight countries proved significant and positive for five countries and partial for the other three, suggesting that sales unit (team) design is expected to be positively related to salesperson performance and sales

unit effectiveness. The underlying logic is that salespeople will perform better and sales units (team) will be more effective the better the design of the sales units.

Review of the survey results indicate in **Table 2a (Appendix 4)** that 83% of salespeople agree to strongly agree with the statement that, 'sales managers are ultimately responsible for developing a control system to manage sales coverage effectiveness through defining key process improvements' (H₂). Sales management can also be regarded as a function of improved process implementation and management. To this end, salespeople were asked, 'what other activities are preventing you from improving your territory and sales efficiency' (H₂).

In **Table 2b (Appendix 4)**, which highlights the most important process improvements; the second most important process improvement identified by the salespeople that would enable the development of a control system to manage sales coverage effectiveness is to 'improve sales manager overall support to salespeople' (H₂). This statement is further validated as a key driver of sales management control system where 80% agreed to a large extent and to a very large extent that 'an improvement in the effectiveness of sales managers will result in salesperson's effectiveness' (H₂). From the above, sales managers play a key role in managing and supporting; their effectiveness has a direct impact on salespersons' coverage effectiveness.

In determining the key drivers of a sales management control system implementation in an organisation, 10 drivers were listed in **Table 3b (Appendix 4)**, where 52% largely agreed with 'effective sales management and support to salespeople' (H₂) that would positively contribute to an effective sales management control system implementation. Part of the sales support function relative to effective sales management, is providing the sales force with product expertise. When reviewing the questionnaire with the sales managers, they wanted to determine the importance of appointing product managers to support salespeople with product training and earthmoving application training and support. The response indicated that 70% of the salespeople agreed that by appointing product managers would positively contribute to an effective sales management control

system. In **Table 4c (Appendix 4)**, sales administration is repeatedly identified as a key success factor in improving sales processes, i.e. coordinate non-sales activities like after-sales service, pre-delivery inspections, and sales deliveries.

All of the above leads to the conclusion that **(H₂)** *Effective sales management and support to salespeople improves sales coverage effectiveness*.

Process improvements (H₃)

A sales effective process can help sales people do the right things to stay organised, focused and on top of their game. An effective process can be said to be a structure for continuously improving sales force performance through focus, discipline and a process built on a platform of accountability. From the survey one could agree with this position as 54% of the salespeople agreed with the statement as presented in **Table 2a (Appendix 4)** that; 'salespeople effectiveness through process improvements will result in increased sales' (H₃). Further supporting hypothesis H₃, salespeople strongly agreed (84%) that; 'by reducing salespeople administration will result in more sales than through optimum sales calls per day' (H₃). One can conclude that in order to achieve optimum sales calls one would need to have processes in place to facilitate effective sales calls. This statement is validated in **Table 3a (Appendix 4)**, where 60% of the respondents agreed with the statement to a large extent that 'process improvements will allow for more available days to sell' (H₃). A function of improved sales rate or improved sales efficiency is improving a salesperson's time available to effectively sell (customer contact). When asked to evaluate the importance of process improvements that apply to the development of a control system to manage sales coverage effectiveness, 'define sales administration support process' (H₃) was ranked third important out of the 10 listed. To validate, salespeople were asked how their sales call rate per day could be increased; as shown in **Table 4a (Appendix 4)**, 'improved administration support' was the second most important change required. These are the key areas in which change is most needed to improve sales call rate per day.

The findings of Pettijohn et al. (2001) indicate that the attainment of sales objectives and creation of new sales accounts are the criteria that salespeople would like to eliminate from the evaluation process. Reason being, salespeople believe that these factors are out of their control and should not enter into performance appraisals. That being said, by increasing their effective time to sell, it increases their ability to influence the sales process where they have control. From the sample characteristics, **Table 2.1**, administration tasks, sales meetings and sales planning tasks take up to 42% of the salespeople's available time, leaving only 34% of their time to effectively sell. Considering that process improvements and reduced administration lead to increased effective sales and sales call rates thus proves the hypothesis H_3 ; *Effective sales through process improvements will result in improved sales coverage effectiveness.*

Quantitative indicators (H_4)

It is widely believed that clear goals and goal setting are one of the most effective and widely used theories of motivation in an organisation. Goals direct one's attention to what is important thus causes people to direct their efforts towards things that have the greatest influence on their performance (Coetsee, 2003: 109). Salespeople are in a vantage position to have intimate knowledge of their customers. How to motivate them to be effective information retrievers becomes a challenge to sales managers in today's environment. Results by Liu and Comer (2007) indicate that supervision and upper management support associate significantly with the effective information retrieval of salespeople.

The survey results indicated that 72% of the sales force agree to strongly agree that the 'most effective measurement of a territory sales result is PINS (percentage industry new sales). A function of PINS is *participation* in sales deals, and *closure*; the ability to close the sales deal. Setting targets is important in achieving a participation and closure rate that converts to sales, which should achieve a set target per month. When asked 'what is you current call rate per day, and what is a realistic call rate per day', salespeople reported 3 units current vs. 4 units as realistic. This indicates that they are visiting one customer less per day than what they regard as a realistic target.

The sales administration process highlighted in **Table 4d (Appendix 4)** according to salespeople is inefficient and improvement would help their sales coverage effectiveness.

While the study focused on determining firstly, if sales processes had any effect on sales efficiency, and secondly what processes would improve the sales efficiency, the result as indicated in **Table 4b (Appendix 4)**, clearly identifies the sales administration department as the key area that would help to improve their coverage effectiveness.

To further understand what is required from the sales administration department to support the salespeople function, the survey prompted a written response to which the salespeople recorded in **Table 4d (Appendix 4)** that improved ownership and control of the sales administration tasks is required, clear roles and responsibilities with metrics and measurements are further required to ensure they offer quicker and consistent communication of all sales administration tasks.

In terms of identifying salespersons' expectations of their sales managers, in **Table 4e (Appendix 4)**, salespeople support and clear goals are recorded as the key ingredients to improving salespersons' effectiveness. Brown and Peterson (1994) state that uncertainty about certain aspects of the job inhibits a salesperson's ability to perform and has a negative impact on job satisfaction.

Developing a control system to manage sales coverage effectiveness, salespeople were asked to rank the importance of each of the 10 processes listed in **Table 3b (Appendix 4)** that will enable the development of a control system to manage sales coverage effectiveness. To validate these processes, 40% of the salespeople agreed to a large extent that 'realigning territory and customer accounts per salesperson (H_4) is a key driver of increased sales effectiveness, and 'simplifying data collection from salespeople' (H_4), 60% agreed to a large extent that this would improve their sales effectiveness.

From the literature review Anderson and Oliver (1987), suggest that sales managers use control systems to evaluate, monitor, direct and reward the way in which salespeople carry out their responsibilities. Control ultimately evokes a situation where one party is subject to a mechanism and the other wields it.

The Key Coverage Indicators and Required Reports to manage key coverage indicators as shown in **Table 5 (Appendix 4)**, captured from the sales manager interviews, coupled with the important process improvements identified and the salespeople's validation of the requirement to have clear and defined goals leads one to propose that **H₄ Quantitative indicators are an integral part of the establishment of sales objectives and sales control system that will result in improved sales coverage effectiveness.**

2.6 Discussion

Management utilises a variety of tools and processes to influence the activities of salespeople to accomplish objectives the organisation and the sales team have established. The selection of tools and processes depends upon the objectives to be accomplished, the performance of the salespeople, and the organisational culture management desires to maintain (Jaworski, Stathakopoulos & Krishnan 1993, Churchill, Ford & Walker 1976)

If employees are performing activities which contribute to or which accomplish objectives (selling activities), then management's expected coaching or support is minimal; if, however, the employees are not contributing (non-sales activities), sales management can be expected to more vigorously interact with employees to direct their activities (Agarwal & Ramaswami 1993).

The factors identified in these discussions affect the control process. It is not the intention of this research to focus on each individual factor. Instead, it focuses on defined territory, effective sales management support, improved sales process and necessary quantitative indicators. Control systems are created to accomplish

organisational objectives, to increase market share, and as such, 60% of the salespeople agreed to a large extent that salespersons' effectiveness would directly lead to increased sales and increased market share.

The response to 'should your company not implement a control system to manage sales coverage effectiveness, it will fail at improved market share' reinforces the importance of implementing a sales control system to manage sales coverage effectiveness. The salespeople further support this hypothesis by strongly agreeing that 'sales coverage effectiveness can be a competitive advantage for an organisation'. Another insight from this study is the strong expression of dissatisfaction with the sales processes. The respondents were prompted to define those areas that prevented them from increasing their sales coverage effectiveness **Table 4c (Appendix 4)**. While salespeople felt they had too many meetings, having to coordinate and engage in the entire sales process to ensure complete service to their clients, the most frequently mentioned and recommended process improvement that will allow for increased sales days (selling activity) is the sales administration process.

The main implication this study addresses is the role of sales managers in developing a control system, to determine what dimensions a control system should include, to managing sales coverage effectiveness. One of the biggest challenges for sales managers is designing the perfect control system to be imposed on the sales force of their organisation. Because so many variables must be worked into their design, the task at hand is no easy one (Krafft, 1999). Drawing from the literature on control system and fit theory, Flaherty, Arnold and Hunt (2007) suggest that individual, environmental, and organisational factors combine to influence the effectiveness of control mechanisms.

What has transpired from the study is that sales support and administration functions are critical in the development and success of a control system. Further research is required to determine the direct impact process improvements will have on increased

effective selling days; this should enhance the control system effectiveness and increase market share.

Control systems are created to direct the activities of others. Ultimately, the nature of the control system and the degree of control over activities that are needed depend on the type of activities that are performed. This study's findings suggest that in order to develop a control system to manage sales coverage effectiveness; optimum territory sizing, improved sales manager support, a defined sales administration process, and quantitative indicators are required.

Optimum territory sizing was found to positively influence the development of a control system. While this component has not been widely researched, salespeople within the construction industry conclude that by clearly defining a salesperson's territory increases their sales effectiveness. A high proportion (77%) of the salespeople agree that sales force improvements through optimum territory sizing will result in more sales than through optimum sales call per day. The limitation in this area is that the research focused on the construction equipment industry and in particular Barloworld Equipment Ltd. Future research should include other construction equipment companies to ascertain whether some have a sales control system implemented and what it would include.

Improved sales manager support was highlighted as important to construction salespeople; the impact is directly related to the salespeople's effectiveness (mean of 4.04, std dev 0.79); furthermore, effective sales management and support to salespeople were identified as a key requirement of a sales management control system (mean 4.12, std dev 0.78). We can conclude that developing a control system to manage sales coverage effectiveness will provide salespeople and sales managers with much of the knowledge required to make proper interpretations and decisions in a continually changing and increasingly competitive earthmoving industry.

2.7 Managerial implications, limitations and future research

Sales management support is a critical role in the execution of a control system.

Anderson and Oliver (1987) suggest that intense management involvement in training, monitoring, evaluating, and compensating salespeople according to their selling behaviours rather than focusing on immediate sales outcomes, which is an important requirement to developing a control system to manage sales coverage effectiveness. Walker et al., (1979) and Churchill et al. (2000) suggest that salespeople have more control over their selling activities than over sales results; these behaviours should be the focus of performance evaluations.

The study suggests that salespeople are more effective when sales processes are improved that allow for more available days to sell, when roles and responsibilities are defined, when their territory is defined, when they have the right tools to perform the job, and they have the necessary coaching by providing personal feedback and direction (Agarwal & Ramaswami 1993).

A limitation in this area is that only the Barloworld Equipment Ltd sales administration process was reviewed; additional research is required to understand what the best practices in sales administration service delivery are that will further enhance salespeople's performance. The sales force highlighted that they spend too much time doing service related jobs instead of selling equipment and that this area required improvement in order to facilitate sales delivery and after sales support.

Despite the interesting results of this study, their interpretation is subject to limitations. Many of these results open worthwhile research avenues. The samples obtained solely from Barloworld Equipment Ltd may restrict the results and may differ in other construction equipment companies. Another limitation is not having a mapping tool to graphically determine and present territory coverage effectiveness, and further research is required to address the complex array of compensation components (e.g. commissions, bonuses, fixed salary, and incentives).

Sales jobs have changed dramatically over the past decade, with salespeople more focused on relationships with clients and less on aspects within the organisation. Hence their desire for less administration, less mundane tasks, improved support, either from their sales managers or from sales administration. Relevant to the changing environment is technology; this study did not focus on sales automation, but a clear indication from the survey revealed that CRM was a key process that would support salespeople and would enable development of a control system to manage sales coverage effectiveness. In today's environment, sales force automation should be an integral part of the sales organisation and sales control model (Stoddard, Clopton & Avila 2002).

This study focused on the requirements salespeople believed to be important, what emerged was the need for effective communication as a critical requirement to improve a salesperson's efficiency. Information exchange between manager and salesperson is an important element in control systems. Jaworski and Kohli (1993) found that feedback from supervisors was related to the performance of their salespeople. One can conclude then that improved communication between sales administration and salespeople will reduce role ambiguity and minimise the chance of role conflict (Agarwal & Ramaswami 1993).

Salespeople achieving their targets contribute to a considerable extent to sales organisation effectiveness; in this case effectiveness refers to market share improvement and sustainability. Research findings point to a positive influence of behaviour control on sales organisation effectiveness, for instance sales, market share, profitability, and customer satisfaction), as well as other overall performance measures (e.g., channel or project performance). The above points to the central role of salesperson outcome performance concerning sales organisations market share. Stimulating salesperson outcome performance should lead to the success of both the organisation and the individual.

This study provided limited input to this important area, but there may be some value resulting from management attention focusing on the effective integration of salespeople performance management with sales control system implementation.

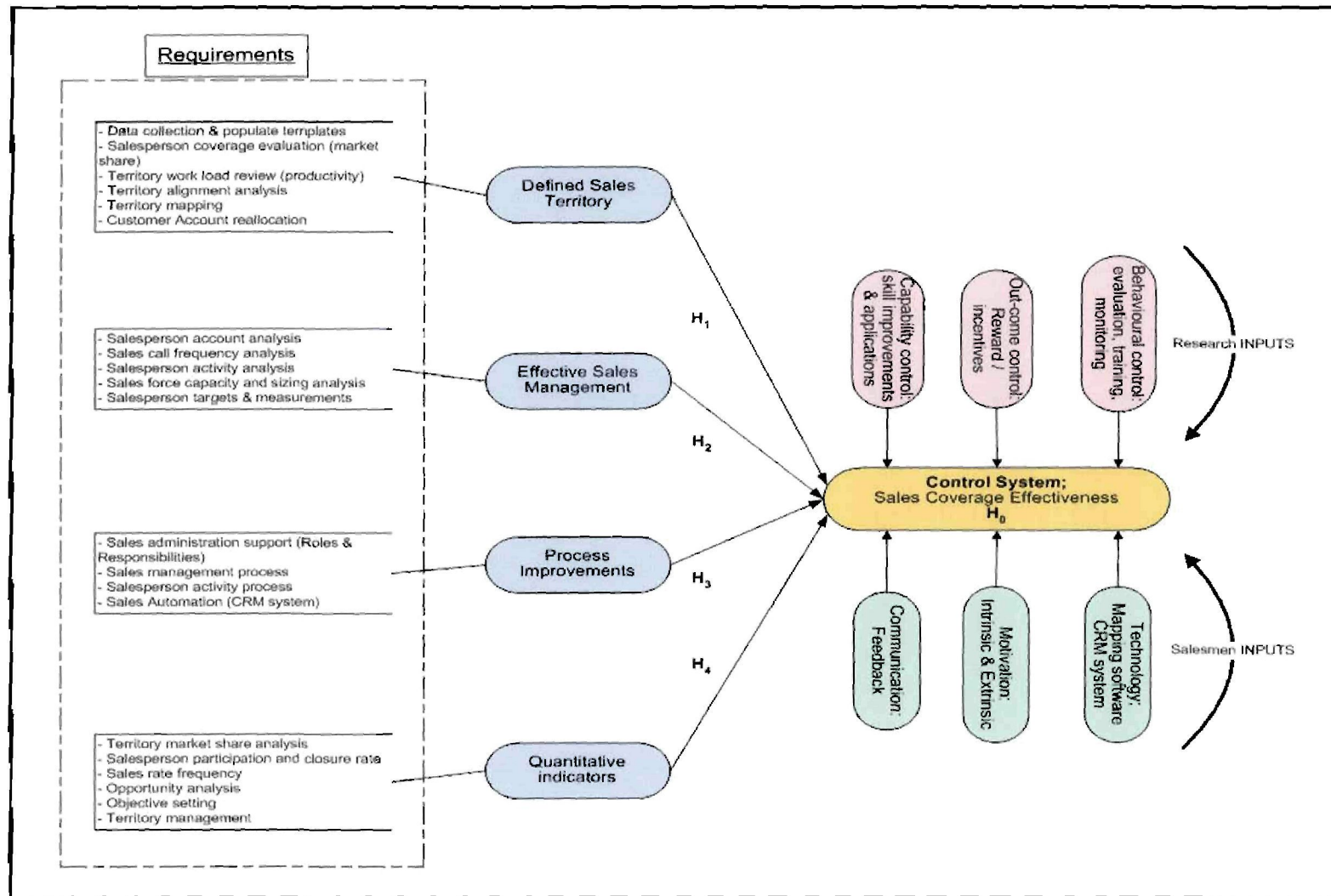
Further insights into the relationship between company strategy and the sales manager and salesperson should be explored, with the goal of evaluating their awareness and understanding of strategic imperatives, and their perceptions of the impact on key sales force activities and structures. Strategic sales imperatives according to Piercy and Lane (2005) are involvement of sales in strategic decision making, deploying intelligence through enhanced market sensing capabilities, integration of cross-functional contributions into coherent value offers, internal marketing to 'sell' the demanding customer inside the organisation, and infrastructure change in sales force structure and process to implement new business strategies. Future research is required which incorporates these strategic imperatives to develop a framework for managers to design a sales control system as an important component of business strategy. A process of strategy realignment by top management, linked to designed change in the sales organisation, and the implementation of change in sales force structure and process by sales management are required.

Evaluation of sales call centres and multiple channel distribution (internet, dedicated sales force by product), should be explored and the impact evaluated against company cost benefits and increased market share potential. Review of the sales and marketing structure in support of the sales organisation effectiveness and coverage effectiveness, is key to developing a sales control model as this may affect the sales results.

In developing a control system to manage sales coverage effectiveness therefore should include the key components defined in the study, incorporate the requirements emphasised by the salespeople and sales managers, and it should include applicable findings from the literature research.

By blending all these components together, **Figure 2.2** represents the key inputs to develop a control system model to managing sales coverage effectiveness. These inputs include the hypotheses, which have been proven through this study that positively impact on control system development. For each hypothesis, requirements have been listed that will facilitate development of a control model. It also includes input from salespeople and literature research most applicable to supporting the development of a control model. These key inputs are a first step at consolidating all of the variables that have been identified in this study. While this study focused on particular outcomes, it will be imperative to formulate a suggested model that one can use to assist in the development of a sales control system. This study also suggests a number of opportunities for further research to evaluate the impact of these inputs whether it be used in the construction industry or not, and which may be equally or more effective.

Figure 2.2. Key inputs to develop a control system to managing sales coverage effectiveness



2.8 Summary

Developing a sales control system to manage sales coverage effectiveness has revealed that salespeople are dissatisfied with the time they spend selling product. Salespeople indicated they only spend 34% of their time actually selling; 66% of the time they are doing non-selling activities. Sales management and administration were determined as the key areas that required improvements in order to increase their effective *selling* days. The perception of the sales force is that by defining their territory it will improve their sales management and productivity. Through improved sales processes they will increase their effective selling days. Coaching and sales process management would enhance salespersons' performance. Finally, an integral part of the control system development is to establish sales objectives using key quantitative indicators and implementing a sales control system.

In order to assist sales managers in developing and implementing a control system for their sales organisation, the following model, **Figure 2.3** represents a consolidated view of all those factors determined through empirical research targeting salespersons' perceptions and literature review of common control systems and approaches to sales effectiveness. From this study, requirements to improve sales performance that directly impact an organisation's market share were also determined and proposed in the model.

2.8.1 Model to managing sales coverage effectiveness (Figure 2.3)

The model considers those key inputs proposed by the study, referred to as *Managerial and Sales Coverage Requirements*, and includes inputs obtained through research, referred to as the *Control System Components*.

Management and sales coverage requirements highlighted in **Figure 2.2** are the key inputs developed through this study which are incorporated in this model as

requirements to developing a sales control model to managing sales coverage effectiveness.

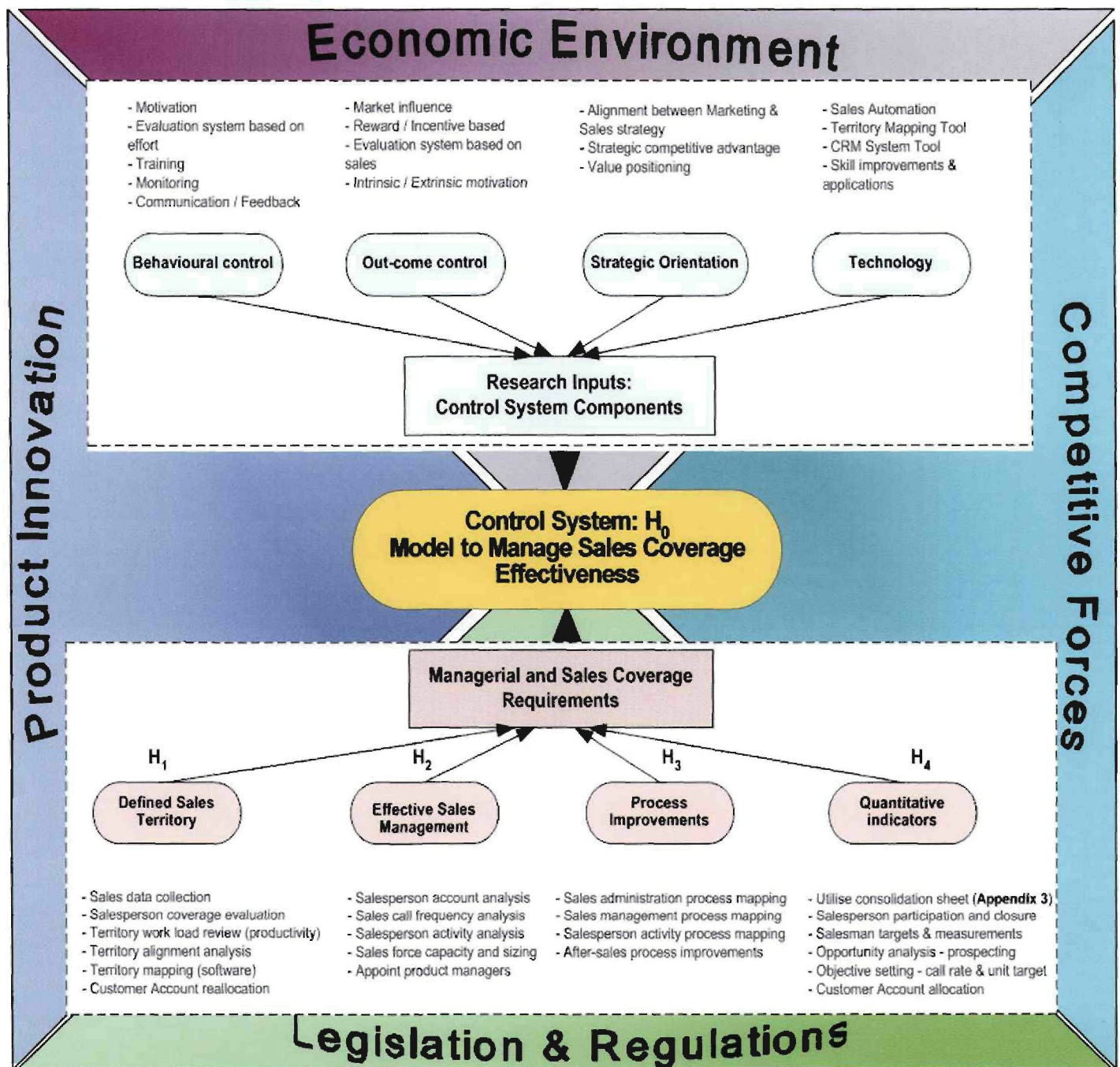
The control system components are variables that one should consider when developing a model to managing sales coverage effectiveness, as they may not all be relevant depending on the sales organisation's current level of sales coverage effectiveness. Furthermore, external influencing factors may be present and can have an impact on the model development and more so the execution of the model. They can include but should not be limited to (1) *Competitive Forces*; competitive pressure and scope of competitive rivalry, (2) *Economic Environment*; market size and growth rate, (3) *Product Innovation*; product ownership life cycle and differentiation, (4) *Legislation and Regulations*; government regulatory actions and changes in industry practises.

The premise of this model is that all these inputs and external factors point to the core of developing a system to manage sales coverage effectiveness. Development of such a model is pointless without continuous management; in order to assist sales managers, quantitative indicators were developed based on the sales managers and salespersons' inputs and are listed in **Appendix 3**. This consolidation sheet does not imply that a lengthy written analysis should accompany every salesperson analysis. Once sales managers become familiar with this objective setting and evaluation technique, the consolidation sheet will be ample enough to develop salesperson objectives and facilitate an annual salesperson performance review. These indicators range from territory sizing, sales results, ownership data, call data, etc. This process should enable sales managers to execute sales control and focus on salesperson support.

The managerial and sales coverage requirements as hypothesised in this study and shown in **Figure 2.3**, recommend that sales managers consider (1) territory alignment to improve sales and territory management, (2) effective sales management through implementing key salespeople support processes and coaching, (3) implementing sales process improvements targeting sales

administration and after-sales support function, (4) use of quantitative indicators to establish sales targets, customer account allocation and market opportunity analysis. All these inputs as concluded through this study positively improve sales persons' performance, sales coverage and overall market positioning.

Figure 2.3. Proposed model to managing sales coverage effectiveness



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Chapter 3

Conclusion and recommendations

3.1 Introduction

The sales force perception of the requirements to develop a sales control system was evaluated at Barloworld Equipment Ltd, distributors of Caterpillar Equipment for Southern Africa territories. Sales process improvements, sales management requirements, defined territory sales and quantitative indicators are conceptualised as key drivers of salespersons' performance, improved sales coverage and sales organisation effectiveness.

The strategic orientation, technology solutions, outcome and behaviour-based control systems are incorporated into the conceptual model because of their relevance in developing a model to manage sales coverage effectiveness. Furthermore, external influencing factors that could impact on the sales model development and/or execution are incorporated, namely (1) *Competitive Forces*; competitive pressure and scope of competitive rivalry, (2) *Economic Environment*; market size and growth rate, (3) *Product Innovation*; product ownership life cycle and differentiation, (4) *Legislation and Regulations*; government regulatory actions and changes in industry practices.

The results indicated a strong relationship between salespersons' outcome performance and sales organisation effectiveness so long as sales managers implement a sales control system to manage sales coverage effectiveness and take these external factors into account. These findings identify important implications for managers in considering the effectiveness of a sales control

system and implementation through sales operations, as well as suggesting a number of important new research directions.

3.2 Conclusion

One of the biggest challenges for sales managers is designing the perfect control system to be imposed on the sales force of their organisation. The main implication this study addresses is the role of sales managers in developing a control system, to determine what dimensions a control system should include, to managing sales team coverage effectiveness. Sales coverage effectiveness is an overall evaluation of the outcomes achieved by the sales manager's unit. Included in the evaluations are sales volume, market share, profitability, and customer satisfaction, compared with the major competitor and the sales unit objectives. While each salesperson contributes to the effectiveness of the sales unit, other organisational and environmental factors (e.g., intensity of competition) also influence sales unit effectiveness. Sales management's behaviour control strategy, compensation control, satisfaction with sales unit design, and sales force outcome performance are expected to influence sales unit effectiveness (Cravens, Piercy & Low 2006).

Sales territory design decisions involve the assignment of customers and prospects, products, geographical areas, and other territory dimensions to each salesperson in the sales team. The sales manager must decide how many accounts (customers) to assign to the salesperson, the scope of responsibilities, and the geographic area to be assigned (or another basis for determining the customer base, such as type of industry). Territory design has a substantial impact on a salesperson's opportunity to perform well and the determination of incentive pay in compensation systems and in which incentives can be linked directly to territory-level individual performance. Faulty territory design decisions constrain the effective use of selling resources (Piercy, Low & Cravens 2004).

Territory design is defined in terms of the sales manager's extent of satisfaction with the design of the sales territories that are included in the manager's sales team (e.g. district, branch, and region). The conceptual logic is that the extent of manager satisfaction should reflect how well the territories are designed.

There should be a strong relationship between manager satisfaction and actual design. Experienced sales managers acknowledge that poor territory designs are likely to have a negative impact on salesperson performance and sales unit effectiveness (Churchill et al. 2000).

This study's findings suggest that in order to develop a control system to managing sales coverage effectiveness, optimum territory sizing, and improved sales manager support, a defined sales administration process, and quantitative indicators are required. A high proportion (77%) of the salespeople agree that sales force improvements through optimum territory sizing will result in more sales than through optimum sales call per day. Improved sales manager support was highlighted as important to Barloworld Equipment Ltd salespeople; the impact is directly related to the salespeople's effectiveness. Furthermore, effective sales management and support to salespeople were identified key requirements of a sales management control system. Sales management support is a critical role in the execution of a control system. The above points to the central role of salesperson outcome performance concerning sales organisations market share.

Review of the sales and marketing structure in support of the sales organisation effectiveness and coverage effectiveness, is key to developing a sales control model as this may affect the sales results. There have been numerous studies and commentaries on the importance of effective cross-functional relationships in developing strategic effectiveness – particularly concerning the relationship between marketing and operations (Hulbert et al. 2003). However, far less attention has been given to the relationship within the marketing area between marketing and sales. In fact, this relationship remains problematic. Webster

observes, “The relationship between sales and marketing functions has persisted as one of the major sources of organisational conflict” (Webster 1997), while others note that “The marketing-sales relationship, whilst strongly interdependent, is reported as neither collaborative nor harmonious” (Dewsnap & Jobber 2000). Sales and marketing integration remains a high priority on the management agenda (Rouzies et al. 2005).

Control systems are created to accomplish organisational objectives, to increase market share, and as such, 60% of the salespeople agreed to a large extent that salespersons’ effectiveness would directly lead to increased sales and increased market share. The response to ‘should your company not implement a control system to manage sales coverage effectiveness, it will fail at improved market share’ reinforces the importance of implementing a sales control system to manage sales coverage effectiveness. Salespeople felt they had too many meetings, having to coordinate and engage in the entire sales process to ensure complete service to their clients - the most frequently mentioned and recommended process improvement that will allow for increased sales days (selling activity) in the sales administration process.

Salespeople achieving their targets contribute to a considerable extent to sales organisation effectiveness; in this case effectiveness refers to market share improvement and sustainability. Research findings point to a positive influence of behaviour control on sales organisation effectiveness, e.g., sales, market share, profitability, and customer satisfaction, as well as other overall performance measures e.g. channel or project performance (Baldauf, Cravens & Piercy 2005). This highlights the central role of salesperson outcome performance concerning sales organisations effectiveness. Stimulating salesperson outcome performance should lead to the success of both the organisation and the individual. The evidence, though indirect, suggests that behaviour control leads to higher sales manager performance and sales management support plays a critical role in the execution of a control system.

Anderson and Oliver (1987) suggest intense management involvement in training, monitoring, evaluating, and compensating salespeople according to their selling behaviours rather than focusing on immediate sales outcomes, which is an important requirement in developing a control system to manage sales coverage effectiveness. Walker et al. (1979) and Churchill et al. (2000) suggest that salespeople have more control over their selling activities than over sales results; these behaviours should be the focus of performance evaluations.

This study provided limited input to this important area, but there may be some value resulting from management attention focusing on the effective integration of salespeople performance management with sales control system implementation. Further insights into the relationship between company strategy and the sales manager and salesperson should be explored, with the goal of evaluating their awareness and understanding of strategic imperatives, and their perceptions of the impact on key sales force activities and structures.

3.3 Limitations

The study suggests that salespeople are more effective when sales processes are improved that allow for more available days to sell, when roles and responsibilities are defined, when their territory is defined, when they have the right tools to perform the job, and they have the necessary coaching by providing personal feedback and direction (Agarwal & Ramaswami 1993). A limitation in this area is that only Barloworld Equipment Ltd sales administration process was reviewed; additional research is required to understand what the best practices in sales administration service delivery are across different industries that will further enhance salespersons' performance. Furthermore, the service department and their specific role need to be evaluated against defined processes that facilitate and support improved sales results and customer satisfaction. The sales force highlighted that they spent too much time doing service related jobs instead of

selling equipment and that this area required improvement in order to facilitate sales delivery and after sale support.

Despite the interesting results of this study, their interpretation is subject to limitations. Many of these results open worthwhile research avenues.

The samples obtained solely from Barloworld Equipment Ltd may restrict the results and may differ in other construction equipment companies. Further research should consider other companies to determine a cross reference of experience and salespersons' perceptions of the key requirements to develop a sales control model. Another limitation is not having a mapping tool to graphically determine and present territory coverage effectiveness.

Further research is needed to more fully understand how and to what extent management control affects salesperson performance. While managers' efforts to monitor, direct, evaluate, and reward salespeople are expected to impact their performance, which was highlighted in this study, further research is needed to explore this relationship in more detail. According to Baldauf, Cravens and Piercy (2005), the only salesperson study exploring the relationship between behaviour control and salesperson performance was Oliver and Anderson (1994), which yielded mixed findings. The *management control combinations* research yielded somewhat stronger performance results (Cravens et al. 2004).

Some form of management control is practiced in all sales organisations, and various research studies have examined its antecedents, correlates, and consequences (Baldauf, Cravens & Piercy 2005). Significant additional research attention is needed to summarise and organise the empirical research. Importantly, the state of knowledge concerning sales management control needs to be synthesised and relevant research questions identified and examined. The findings concerning positive relationships between behaviour-based control and salesperson performance and team effectiveness imply favourable sales manager

performance, because the sales manager should be a key contributor to these favourable consequences. Nonetheless, the extent to which the relationship exists at the sales manager level needs to be investigated.

This study proved a direct relationship exists between having a defined sales territory and sales effectiveness, indicating a key process in executing a sales control model is required that would positively impact on organisational effectiveness (market share). Future studies should incorporate additional constructs, especially those that refer to organisational and/or environmental issues (e.g. the extent of market orientation, strategic orientation and other external forces).

Alternatively, expanding the number of indicators for the strategic orientation construct measures should be evaluated. For example, Voss and Voss (2000) include customer, competitor, and product/technology orientation dimensions in their strategic constructs. While beyond the scope of this present review, a study of the antecedents and consequences of sales management control strategy is revealing of several issues, which are commonly neglected in leveraging change and superior performance in the sales force in aligning sales efforts with strategic direction (Baldauf, Cravens & Piercy 2005). It should be apparent, however, that new business strategies and an evolving role for the sales organisation in leading strategic customer management will inevitably require considerable re-evaluation of the management of the sales organisation. There are numerous practical challenges in realigning the selection, training and development of individuals for these new sales roles (Cron, Marshall, Singh, Spiro & Sujan 2005), as well as the development of sales managers with relevant skills and capabilities for the new challenges (Ingram, LaGorge, Locander, MacKensie & Podsakoff 2005).

Additional research is required to address the complex array of compensation components (e.g. commissions, bonuses, fixed salary, and incentives) and the desired effect on sales performance. Sales jobs have changed dramatically over

the past decade, with salespeople more focused on relationships with clients and less on aspects within the organisation. Hence their desire for less administration, less mundane tasks, improved support, either from their sales managers or from sales administration (Miao, Evens, Kenneth & Shaoming 2006).

Relevant to the changing environment is technology. This study did not focus on sales automation, but a clear indication from the survey revealed that CRM was a key process that would support salespeople and would enable development of a control system to manage sales coverage effectiveness. In today's environment, sales force automation should be an integral part of the sales organisation and sales control model (Stoddard, Clopton & Avila 2002). CRM technology components are designed to aid the sales force acquire and retain customers, reduce administrative time, and allow efficient management of accounts (Speier & Venkatesh 2002). There are a range of limitations associated with the use of sales force automation. According to Holt and Radosevich (1998) there are three primary reasons for sales force automation failure: (1) the systems are often not easy to use for salespeople with limited technical skills (2) may be a lack of real support from the top management, (3) there could be a lack of proper financial support from the top management. Salespeople are threatened by technology; their concern is that sales automation will give them *more* administrative work, which takes time away from selling and receiving commissions (Hamblen 1999).

Further research is required to fully understand the required CRM components to facilitate sales force automation in the earthmoving industry Barloworld Equipment Ltd salespeople operate, and that will support developing a control system to manage sales coverage effectiveness.

Evaluation of sales call centres and multiple channel distribution (internet, dedicated sales force by product) should be explored and the impact evaluated against company cost benefits and increased market share potential. Interestingly, researchers also underline the parallel between the transformation of the sales

organisation and other company-wide marketing developments, such as market orientation (Jaworski & Kohli 1993), market-oriented organisational culture (Homburg & Plesser 2000), and marketing as a cross-functional process rather than a functional department. A critical output from this study revealed opportunities for review of the sales and marketing structure within Barloworld Equipment Ltd. While this study did not focus on those specific limitations, salespeople highlighted a need for improved support to enable improved sales coverage. Sales organisation effectiveness and coverage effectiveness, is key to developing a sales control model as this will positively impact the sales results.

3.4 Recommendations and summary

The primary objective of the proposed model in **Figure 2.3** is to provide sales managers with a guide to developing a model that includes those key inputs proposed by the study (Managerial and Sales Coverage Requirements), and inputs obtained through research (Control System Components), to manage sales coverage effectiveness. Critical to this process is to understand the external influencing factors that may be present and that could have an impact on the model development and more so the execution of the model.

They can include (1) *Competitive Forces*; competitive pressure and scope of competitive rivalry, (2) *Economic Environment*; market size and growth rate, (3) *Product Innovation*; product ownership life cycle and differentiation, (4) *Legislation and Regulations*; government regulatory actions and changes in industry practises.

The managerial and sales coverage requirements as hypothesised in this study, recommend that sales managers consider (1) territory alignment to improve sales and territory management, (2) effective sales management through implementing key salespeople support processes and coaching, (3) implementing sales process improvements targeting sales administration and after-sales support function, (4) use of quantitative indicators to establish sales targets, customer account

allocation and market opportunity analysis. All these inputs as concluded through this study positively improve sales coverage and overall market positioning.

When developing a sales control model, sales managers are advised to review the requirements of each of the components proposed relative to their own specific requirements. Each of the components requires significant interventions in order to understand their relationship and impact on their organisation. The first step in this process is conducting a survey to determine the salespersons' perceptions of the control system requirements. Sales managers and salespeople will also need to work together to populate data templates as per the model inputs shown in **Figure 2.3**; sales automation or CRM packages are useful tools to facilitate these processes. Quantitative indicators were developed based on the salespersons' and sales managers' inputs and are listed in **Appendix 3**. This consolidation sheet does not imply that a lengthy written analysis should accompany every salesperson analysis. Once sales managers become familiar with this objective setting and evaluation technique, the consolidation sheet will be ample enough to develop salesman objectives and facilitate an annual salesman performance review. These indicators range from territory sizing, sales results, ownership data, call data, etc.

One of the key components that sales managers need to take into account is the strategic orientation of their organisation. The marketing and sales strategies need to be aligned to ensure the organisation's strategic competitive advantage is formulated and supported by both teams. A key benefit of a sales control system is to positively impact the organisation overall positioning (market share, profitability) in the marketplace, which was concluded in this study.

In terms of the soft skills in managing salespeople, this study presented key components sales managers need to consider when developing their control system. Successful salespeople are motivated, remunerated, challenged, involved

and clearly understand their role and how they support the strategic goals of their organisation.

The result of this study is to provide sales managers with a model to help develop a control system to manage sales coverage effectiveness that improves salesperson effectiveness and impacts favourably on an organisation's market share.

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List of Appendices

Appendix 1: The Dealer Salespeople Questionnaire

The questionnaire consists of 3 sections

Please complete and/or mark the appropriate box with a cross (X)

Section A

A1 Section A1 deals with your perception of the generic issues of sales force management.

Indicate to what extent you agree with each of the following statements by using the following scale:

SD = Strongly Disagree; D = Disagree; N = Neutral; A = Agree; SA = Strongly Agree

Statements	SD	D	N	A	SA
1. Salespeople effectiveness through process improvements will result in increased sales	1	2	3	4	5
2. Sales force improvements through optimum territory sizing will result in more sales than through optimum sales calls ¹ per day	1	2	3	4	5
3. The most effective measurement of a territory sales result is PINS ²	1	2	3	4	5
4. Sales managers are ultimately responsible for developing a control system to manage sales coverage effectiveness through defining key process improvements	1	2	3	4	5
5. Salespeople are accountable for the sales results (PINS ²) in their territory	1	2	3	4	5
6. Sales coverage effectiveness can be a competitive advantage for an organisation	1	2	3	4	5
7. Understanding one's customer base through segmenting customers by product application, helps salespeople increase sales	1	2	3	4	5
8. By clearly defining a salesperson's territory increases sales effectiveness	1	2	3	4	5
9. By reducing salesperson's administration will result in more sales than through optimum sales calls ¹ per day	1	2	3	4	5
10. By implementing a CRM ³ system to support salespeople in managing their territories, will increase salespeople effectiveness	1	2	3	4	5
11. Setting sales targets (units per month) will result in more sales than through optimum sales calls ¹ per day	1	2	3	4	5
12. Monthly call reports do increase salespeople effectiveness	1	2	3	4	5
13. There is a direct correlation between coverage (PINS ²) effectiveness and salespeople effectiveness	1	2	3	4	5

¹ Calls; Physical customer appointment

² PINS; Percentage Industry New Sales, measure of market share

³ CRM; Customer Relations Management

A2 Please rank in order of importance each of the following process improvements that apply to you, and that will enable the development of a control system to manage sales coverage effectiveness.

Use the following scale:

1 = The most important in the list.

2 = The second most important, and so on.

10 = The least important in the list

Please use each of the Numbers 1 to 10 once only

Key process improvements	Rank in terms of importance Use each of the Numbers 1 to 10 once only
Optimum Territory Sizing	
Segment coverage analysis (opportunity analysis)	
Optimum salespeople account size	
Define sales administration support process	
Implementing Territory Sales Mapping Process ⁴	
Implementing CRM system on all PC's	
Establish sales discount support process	
Improve Sales Manager overall support to salespeople	
Develop Salespeople performance objectives (by territory)	
Improve complete machine population file (data base)	

⁴ Mapping Process; using software to graphically map each salesperson's territory by sales, by postal code

Section B

B1 This section deals with your perceptions of the effectiveness and importance of a sales management control system in your organisation.

Please answer each of the following questions using the following scale:

NE = No Extent; SE = Some Extent; ME = Moderate Extent; LE = Large Extent; VLE = Very Large Extent

To what extent do you believe the following:	NE	SE	ME	LE	VLE
1. That your organisation has fully implemented a sales management control system (optimum sales process & coverage)	1	2	3	4	5
2. That an improvement in the effectiveness of sales managers will result in salespeople effectiveness	1	2	3	4	5
3. That the effectiveness of implementing a control system is an important leadership challenge for your organisation	1	2	3	4	5
4. That salespeople effectiveness will directly lead to increased sales (PINS ²)	1	2	3	4	5
5. That process improvements will allow for more available days to sell	1	2	3	4	5
6. That sales force capacity & size affects customer coverage and product effort	1	2	3	4	5
7. That the effectiveness of a salesperson can depend on how long they have been in their territory (learning curve)	1	2	3	4	5
8. Should your company not implement a control system to manage sales coverage effectiveness, it will fail at improved PINS ²	1	2	3	4	5
9. That the current salespeople's customer base (accounts) is adequate and can cover the base sufficiently	1	2	3	4	5

B2 This section deals with your perceptions of the drivers (requirements) of sales management control system implementation in your organisation.

Please answer each of the following questions using the following scale:

NE = No Extent; SE = Some Extent; ME = Moderate Extent; LE = Large Extent; VLE = Very Large Extent

To what extent does each of the following contribute positively to an effective sales management control system implementation:	NE	SE	ME	LE	VLE
1. Restructuring the sales and administration departments	1	2	3	4	5
2. Effective sales management and support to salespeople	1	2	3	4	5
3. Realigning territory and customer accounts per salespeople	1	2	3	4	5
4. Improving marketing support i.e. call centre, leads generation	1	2	3	4	5
5. Simplifying data collection from salespeople i.e. saleslogix ⁵ input	1	2	3	4	5
6. Increasing number of salespeople	1	2	3	4	5
7. Provide mapping software of each salesperson's territory to visualize coverage, sales results, territory management etc.	1	2	3	4	5
8. Integrating the service marketing function within a sales team (PSSR ⁶)	1	2	3	4	5
9. Appoint a National Sales Manager that will execute a sales management control system in your organisation	1	2	3	4	5
10. Appoint Product Managers ⁷ to support salespeople product/application specific requirements	1	2	3	4	5

⁵ Saleslogix; Sales Customer Management software

⁶ PSSR; Product Support Service Representative

⁷ Product Manager; Manages the total product of responsibilities & business viability

Section C

This section deals with information pertaining to yourself and your expectations of improved sales support processes in your organisation.

C1 Your age category and sex (Male / Female)?

Younger than 25 years	
30 to 39	
40 to 49	
50 to 59	
60 years or older	

C2 Number of years as a salesperson within your current company

Less than 1 year	
1 to 3 years	
4 to 7 years	
8 to 10 years	
11 or more years	

C3 On an average selling day, rank what you do the most (1) to the least (5).

Travelling between customers, to the office (not Inc. to/from home)	
Selling (physically at customer site)	
Completing Administration tasks i.e. pre-delivery etc.	
In sales meetings	
Completing sales administration tasks i.e. call reports, customer account updates, plan customer calls etc.	

C4 How do you plan your customer calls?

On the move (daily)	
Week in advance (weekly)	
Month in advance (monthly)	
More than a month in advance	

C5 How can your sales call rate/day be increased? (Prioritise in order of importance)

Improved administration support	
Realigned territory	
Reduced customer accounts	
Implementing a Call Centre ⁸ to generate sales leads	
Territory Planning and management	

⁸ Call Centre; Telephonic communications to determine customer purchase interest

C6 What is a realistic sales target per month? (# of units)

C7 What is your current call rate per day, and what is a realistic call rate per day?

Current: _____ **Realistic:** _____

C8 In your opinion, what are the key actions required to improve your territory and sales efficiency?

C9 What 'other' activities are preventing you from increasing your available selling days?

C10 What do you require from Sales Administration to improve your sales efficiency?

C11 What do you require from your Sales Manager that will help improve your coverage effectiveness?

C12 Is there anything you would like to add, recommend to your organisation that will improve processes to support you to become more effective?

Appendix 2: Sales Manager Interview

Sales Manager Interview

1. Do you agree with the following key coverage indicators?

Territory opportunity (units / value) and territory sizing
Ownership of customer purchase data
Market share measurement (population & new sales)
Sales call frequency (target according to defined territory)
Sales data management : turnover, units, market share
Salesperson's sales target setting

2. Do you agree that the following reports are required to manage key coverage indicators?

Machine Sales Coverage Indicator Report
Salesperson Objectives and Results Report
Salespeople key coverage Indicator consolidation sheet

3. Which key quantitative indicators should be incorporated in a salesperson's monthly evaluation report, choose from the list provided.

General information
Territory sizing
Population (PIP & PINS)
New and Used unit deliveries
Ownership Data
Purchase Data
Call Data
Other.....

4. What key indicators should be included in the report, examples provided.

(To be included in a report following the key quantitative indicators)

Caterpillar Machine Population
Percentile Industry Population (%)
New Caterpillar Unit Sales
Total New Industry Sales
New & Used Machine Turnover
Accounts Owning Caterpillar and Competition
Accounts Purchasing New Equipment
No. of Call Accounts
Machines / Ownership Accounts
Phone Contacts / Accounts
Mail Contacts / Accounts
No. of Ownership Accounts
Other.....

5. What other report/s do you require to manage key coverage indicators?

Appendix 3: Salespeople quantitative indicator consolidation sheet

Salespeople Quantitative Indicator consolidation sheet

Salesperson Name: _____

Area/Territory: _____

Year : _____

	<u>Target</u>	<u>Achieved</u>
General Information		
Years in Territory		
Territory Size (km ²)		
Territory Sizing		
1. Territory Population as % of Adjusted Defined Territory		
Population / PIP / PINS		
2. Total Machine Population		
3. Caterpillar Machine Population		
4. Percentile Industry Population (%)		
5. New machine market share		
6. Used machine market share		
New & Used Unit Deliveries		
7. New Caterpillar Unit Sales		
9. Total New Industry Sales		
10. Used Unit Sales		
11. Total Used Industry Sales		
Turnover		
12. New Machine Turnover		
13. Used Machine Turnover		
14. New & Used Machine Turnover		
15. Ave New GP %		
16. Ave Used GP %		
Ownership Data		
17. Accounts Owning Only Caterpillar		
18. Accounts Owning Only Competition		
19. Accounts Owning Mixed		
Purchasing Data		
20. Accounts Purchasing New Equipment		
21. Accounts Purchasing Only New Caterpillar		
22. Accounts Purchasing Only New Competitive units		
23. Accounts Purchasing Mixed		
Call Data		
24. No. of Calls – Visits		
25. No. of Contacts by Phone		
26. Mail Contacts		
27. No. of Call Accounts		
28. Visits / Accounts		
29. Phone Contacts / Accounts		
30. Mail Contacts / Accounts		
31. No. of Ownership Accounts		
32. Machines / Ownership Accounts		
33. Calls / Machine Ownership Accounts		

Appendix 4. List of Supportive Tables

Table 2a. Key sales management activities

Table 2a Key sales Management activities						
Activities	Rank Assigned by Responses *					Total Points
	5	4	3	2	1	
Sales coverage effectiveness can be a competitive advantage for an organisation	12	12	2	0	0	114
Salesmen effectiveness through process improvements will result in increased sales	10	14	2	0	0	112
By clearly defining a salesperson's territory increases sales effectiveness	8	17	0	1	0	110
By reducing salesmen administration will result in more sales than through optimum sales calls per day	11	11	2	2	0	109
There is a direct correlation between coverage effectiveness and salespeople effectiveness	7	17	1	1	0	108
Sales managers are ultimately responsible for developing a control system to manage sales coverage effectiveness through defining key process improvements	7	15	3	1	0	106
Understanding ones customer base through segmenting customers by product application, helps salespeople increase sales	5	17	2	2	0	103
Sales force improvements through optimum territory sizing will result in more sales than through optimum sales calls per day	6	14	4	2	0	102
The most effective measurement of a territory sales result is market share	8	11	1	5	1	98
Salespeople are accountable for the sales results in their territory	7	11	3	5	0	98
By implementing a CRM system to support salespeople in managing their territories, will increase salespeople effectiveness	3	6	11	5	1	83
Monthly call reports do increase salespeople effectiveness	1	10	9	3	3	81
Setting sales targets (units per month) will result in more sales than through optimum sales calls per day	2	8	6	10	0	80
* To what extent do the statements contribute positively to an effective control system, 1 being 'No Extent', 5 being Total points are calculated by multiplying the number of responses by rank value assigned by respondents.						

Table 2b. Process improvements

Table 2b	
Most important process improvements that will enable development of a control system to manage sales coverage effectiveness	
Process Improvements	Total points
Optimum Territory Sizing	99
Improve Sales Manager overall support to salespeople	101
Define sales administration support process	109
Segment coverage analysis (opportunity analysis)	113
Develop salespeople performance objectives (by territory)	125
Optimum salespeople account size	132
Implementing CRM system on all PC's	132
Implementing Territory Sales Mapping Process*	141
Establish sales discount support process	144
Improve complete machine population file (data base)	145
* Mapping Process: using software to graphically map each salesperson's territory by sales, by postal code	
The ranking given by respondents with 1 being the most important, 10 least important. Total points are calculated by adding the total number of responses by question.	

Table 3a. Qualitative measures

Table 3a Most important qualitative measure used in assessing the effectiveness of a sales management control system						
Measure	Rank Assigned by Responses *					Total Points
	5	4	3	2	1	
That process improvements will allow for more available days to sell	11	7	6	1	1	104
That an improvement in the effectiveness of sales managers will result in salespeople effectiveness	7	13	4	2	0	103
That salespeople effectiveness will directly lead to increased sales market share	7	12	6	0	1	102
Should your company not implement a control system to manage sales coverage effectiveness, it will fail at improved market share	9	9	5	2	1	101
That the effectiveness of a salesperson can depend on how long they have been in their territory (learning curve)	5	15	3	2	1	99
That sales force capacity & size affects customer coverage and effort	4	11	9	0	2	93
That your organisation has fully implemented a sales management control system (optimum sales process & coverage)	4	12	5	3	2	91
That the effectiveness of implementing a control system is an important leadership challenge for your organisation	3	9	10	3	1	88
That the current salespeople customer base (accounts) is adequate and can cover the base sufficiently	2	5	10	6	3	75
* To what extent do the statements contribute positively to an effective control system, 1 being 'No Extent', 5 being 'Very Large Extent'. Total points are calculated by multiplying the number of responses by rank value assigned by respondents.						

Table 3b. Key drivers

Table 3b Key drivers of sales management coverage system implementation						
Key drivers	Rank Assigned by Responses *					Total Points
	5	4	3	2	1	
Effective sales management and support to salespeople	8	13	3	1	1	109
Simplifying data collection from salespeople	6	15	3	1	1	107
Realigning territory and customer accounts per salesperson	8	10	4	3	1	104
Improving marketing support i.e. call centre, leads generation	6	11	5	3	1	96
Appoint Product Managers to support salespeople product/application specific requirements	7	10	3	3	3	93
Integrating the service marketing function within a sales team	2	13	9	0	2	91
Appoint a National Sales Manager that will execute a sales management control system	6	7	7	4	2	89
Restructuring the sales and administration departments	4	9	6	6	1	87
Provide mapping software to visualize coverage, sales results, territory management, etc.	4	7	9	5	1	86
Increasing number of salespeople	0	4	14	4	4	75
* To what extent do the statements contribute positively to an effective control system, 1 being 'No Extent', 5 being 'Very Large Extent'. Total points are calculated by multiplying the number of responses by rank value assigned by respondents.						

Table 4a. Required areas for change

Table 4a	
Area in which change is most needed to improve sales call rate per day	
Change Requirement	Total points
Territory Planning and management	53
Improved administration support	62
Realigned territory	69
Implementing a Call Centre* to generate sales leads	79
Reduced customer accounts	109
*Call Centre; Telephonic communications to determine customer purchase interest	
The ranking given by respondents with 1 being the most important, 5 least important. Total points are calculated by adding the total number of responses by question.	

Table 4b. Key actions required

Table 4b
Key actions required to improve salesperson's sales coverage efficiency
Improved stock management system that provides accurate availability
Less sales administration and sales meetings
Spend more time with Customers
Better territory planning and alignment
Improved sales administration process with defined roles and responsibilities
Qualified customer data base to improve call planning
Spend more time in territory, get to know customer better, do more trade machine shows
Feedback from sales administration must be faster, with accurate information
To improve pricing, stock availability and support structures
Improved sales management assistance and less administration

Table 4c. Sales inefficiencies

Table 4c
Activities preventing salespeople from increasing their sales coverage efficiency
Running around chasing predelivery inspections, following up deliveries and paper work Inefficient quoting process takes too long, little flexibility due to SAP system Having to coordinate service related jobs and administration Too many meetings, excessive traveling, service problem solving Performing tasks which are not part of my job description i.e. administration Too much administration and involved in machine registration Lack of sales management support

Table 4d. Sales administration requirements

Table 4d
Area where salespeople felt the sales administration department would help to improve their coverage effectiveness
Quicker response on establishing machine sales price Improved ownership and control of the sales administration tasks Better sharing of information i.e. machine availability, change in specifications Clear role and responsibilities and metrics and measurements Consistent communication of all sales administrative issues on a monthly basis

Table 4e. Sales manager support requirements

Table 4e
Area where salespeople felt a sales manager would help improve their coverage effectiveness
Participating in customer visits to help close the deal Clearer understanding of the sales and after sales process More tools to develop proposals/presentations More sales and product training programs Defined territory and customer base Reduced meetings & sales administration Quick decision making and better product availability More coaching and improved objective setting process

Table 5. Key coverage indicators and required reports

Table 5
Key Coverage Indicators
Territory opportunity (units / value) and territory sizing Ownership of customer purchase data Market share measurement (population & new sales) Sales call frequency (target according to defined territory) Sales data management : turnover, units, market share Salesperson's sales target setting
Required Reports to Manage Key Coverage Indicators
Salespeople key coverage Indicator consolidation sheet Machine Sales Coverage Indicator Report Salesperson Objectives and Results Report

Table 6. Descriptive statistics

Table 6 Descriptive Statistics (N=26)			
Mean		Standard Deviation	Standard Deviation
Section A1:			
A1	4.31	0.62	
A2	3.92	0.84	
A3	3.77	1.21	
A4	4.08	0.74	
A5	3.77	1.07	
A6	4.38	0.64	
A7	3.96	0.77	
A8	4.23	0.65	
A9	4.19	0.90	
A10	4.15	0.67	
A11	3.08	1.02	
A12	3.11	1.07	
A13	3.19	1.02	
Section A2:			
A2_1	3.88	3.02	
A2_2	3.81	2.47	
A2_3	4.19	2.53	
A2_4	4.35	2.76	
A2_5	5.42	2.42	
A2_6	5.08	2.38	
A2_7	5.54	3.01	
A2_8	4.81	2.98	
A2_9	5.08	2.97	
A2_10	5.58	3.24	
Section B1:			
B1_1	3.60		1.04
B1_2	4.04		0.79
B1_3	3.48		0.87
B1_4	3.92		0.81
B1_5	4.04		0.73
B1_6	4.00		0.96
B1_7	4.12		0.93
B1_8	3.68		0.90
B1_9	2.96		1.06
Section B2:			
B2_1	3.44		1.04
B2_2	4.12		0.78
B2_3	3.60		1.04
B2_4	3.80		0.96
B2_5	4.16		0.62
B2_6	2.76		0.88
B2_7	3.40		1.00
B2_8	3.60		0.82
B2_9	3.52		1.16
B2_10	4.16		0.69