CHAPTER 1

Introduction to Sales Force Management and Its Evolving Roles

What Is Sales Force Management?

What an exciting time to be – or anticipate being – a sales manager! Sales force management is one of the most challenging and rewarding of all possible careers today. Few, if any, jobs are more crucial to the ultimate success of a business than sales force management because it shapes and determines the outcome of most interactions with customers. Sales managers are respected marketing professionals who oversee the sales force – the direct income producers who substantially impact the financial health of their organizations. Working together, salespeople and sales managers generate sales revenue for their organizations while carrying out marketing strategies in day-to-day interactions with customers. Unless the sales force is successful, the viable future of the entire company and its employees is in jeopardy.

In present highly competitive markets, sales managers are trying all kinds of new ideas, strategies, tactics, sales channels, and technologies to develop mutually profitable long-run relationships with customers. At the same time, technological innovations, dynamic buyer behavior, rapid changes in the macro-marketing environment, and managerial creativity are dramatically affecting the way sales managers understand, prepare for, and accomplish their jobs. Salespeople today, especially in business-to-business (B2B) sales, operate much like “customer consultants” who go beyond focusing only on individual sales transactions to build mutually beneficial long-run relationships and often even symbiotic partnerships with customers. With instant access to company information (latest prices, inventory levels, new products in the pipeline) via their electronic devices (e.g. smartphones, tablets), salespeople have become empowered and increasingly independent of their sales managers. With the widespread availability of electronic devices to access instant information for customers, salespeople are able to function as virtually mobile headquarters for their companies. So, necessarily, the roles of sales force management are correspondingly evolving and expanding. Sales managers are more

LEARNING OBJECTIVES

When you finish this chapter, you should be able to:

1. Summarize the basic responsibilities and evolving roles of sales force management.
2. Describe how sales managers can better integrate their roles with marketing management.
3. Identify and prepare for megatrends that will affect your future in sales force management.
4. Evaluate the selection criteria for sales force management and compare them with your present and potential qualifications.
5. Analyze how the sales manager’s job is expanding and what it might mean for your career.
involved than ever in developing company marketing/sales strategies, employing sales analytics, and ensuring customer satisfaction and loyalty by improving multichannel management relationships (online and off-line) with prospects, customers, and stakeholders. In short, there are continual market changes, challenges, and opportunities for today’s and tomorrow’s sales managers!

### Types, Titles, and Hierarchical Levels of Sales Managers

Depending on the nature of the organization and its managerial philosophy, sales force management activities and titles can vary widely. In some organizations, the sales manager may be little more than a supervisor of the sales force, a kind of “super salesperson” who shows the salespeople how best to do their jobs. In other organizations, the sales manager is the marketing manager in all but position title. Most sales force management activities fit somewhere between these two extremes.

In a national study, sales managers were asked, “If you couldn’t use the term ‘sales manager’, what might you use to describe the job you do?” They gave themselves various titles, including account manager, problem solver, channel manager, business manager, team leader, group psychologist, resource coordinator, sales department administrator, change manager, director of income, contact manager, staff development specialist, trainer/coach, and customer relationship manager. Clearly, sales managers see themselves as wearing a lot of hats and doing everything from traditional leadership and coaching the sales force to taking on new roles in sales channel management and customer relationship management (CRM).

Many not-for-profit organizations also employ salespeople – no matter what their job title – to generate financial support and/or achieve organizational goals, so they also need people to do sales manager type activities. For instance, recruiters for voluntary military service, fundraisers for political parties, institutional development officers, and college admissions representatives are all engaged in various forms of “selling.” Not surprisingly, then, selling and sales force management concepts and techniques apply to noncommercial as well as to commercial organizations.

There are various titles and hierarchical levels of sales managers across diverse organizations. Typical position titles and responsibilities of sales managers in business organizations are shown in Table 1.1.

### Responsibilities and Duties of Sales Managers

While sales managers’ roles are constantly evolving in response to changing market conditions, they still center on traditional sales force management responsibilities and duties. Essentially, sales managers are paid to plan, lead, and control the personal selling activities of their organizations. They carry out these responsibilities and duties within the larger framework of organizational objectives, marketing strategies, and target markets. At the same time, they must continuously monitor and adjust to various changing macroenvironment factors (technological, competitive, economic, legal, cultural, and ethical) and the company’s stakeholders (employees, suppliers, financial community, media, stockholders, special interest groups, governments, and the general public). In sum, sales managers today have an eclectic and increasing challenging job that requires flexibility, adaptability, and ongoing learning. Let’s take a closer look at the responsibilities and duties of contemporary sales managers. To facilitate our discussions, Figure 1.1 presents an overall conceptual framework for sales force
What Is Sales Force Management?

Chapters 1–4 will help you understand the overall roles of sales managers (Chapter 1) and salespeople (Chapter 4) while professionally and ethically (Chapter 2) building customer relationships and partnerships (Chapter 3). Specific sales force management responsibilities and duties are discussed in Chapters 5–14, but a short overview is offered at this point to help you anticipate and appreciate what lies ahead.
Sales forecasting and budgeting (Chapter 5) are the cornerstones supporting virtually all sales force management decisions and activities. Sales managers must estimate **market potential** for their industry and **sales potential** for their company before developing a final **sales forecast** on which to base their operational planning and budgeting for their sales force. Savvy sales managers employ both quantitative and qualitative approaches and study the similarities and differences between the two sets of results before deciding on the final sales forecast. Money is needed to implement any sales plan, so preparation of a realistic sales budget is essential. A **sales budget** is simply a financial plan of expenditures needed to achieve the sales forecast and accomplish the organization's sales goals and objectives. The purpose of the sales budget is to ensure that organizational resources are allocated in the most efficient and effective way over the period of the sales forecast. Accurate sales forecasting and budgeting are critical to the success of any organization.

**Sales force planning and organizing** (Chapter 6) are essential functions of sales managers because they provide guidelines and direction for most sales decisions and activities. As planners, sales managers must set sales goals and objectives, establish sales policies and procedures, devise sales force strategies and tactics, and implement controls to ensure that sales goals and objectives are achieved. Planning requires sales managers to anticipate the possible outcomes and future implications of current
decisions, so in many ways, planning is an attempt to prepare for and manage the future. As organizers, sales managers must determine the optimal number of salespeople to hire and the best way to structure the sales force (geographically, by product, by customer type, by activities, or by some combination of these factors). Determining the appropriate number of salespeople and how best to organize them affect several sales force management decision areas, including job descriptions, compensation methods, sales forecasts, quotas, budgets, territory assignments, supervision, motivation, and evaluation of sales force performance. In some companies, the sales manager must also decide whether to substitute external salespeople or manufacturers’ agents/representatives (who are not company employees and earn only commissions on their sales) for some or even all members of the direct sales force. Adjustments may be needed in both sales force size and structure in response to changes in marketing strategy or fluctuations of the uncontrollable variables in the marketing environment. In all cases, the overriding purpose in selecting a particular sales organizational structure and size should be to optimize the achievement of sales objectives and goals.

Time and territory management strategies (Chapter 7) help sales managers determine which accounts their salespeople should call on, when, and how often. To effectively allocate sales force efforts, the sales manager must first design sales territories. A sales territory is a market segment or group of present and potential customers who usually share some common characteristics relevant to purchasing behavior. Territories should be compared on the basis of sales potential, which, in turn, is used to decide individual sales quotas (the motivational targets assigned to the sales force as a whole and to salespeople individually). After sales territories have been determined, management may design a precise routing pattern for salespeople to follow in calling on customers. Some sales managers prefer to have the salespeople assume responsibility for efficient scheduling of sales calls and routing themselves, but in either case a predetermined plan should be carried out. Software programs from numerous companies are available to help the scheduling and routing or overall mapping for salespeople. Because few salespeople make optimal use of their most precious resource: time, one of the most important jobs of sales managers is to train and retrain their salespeople in the latest technologies and techniques for improving management of their time and territory.

Recruiting and selecting the sales force (Chapter 8) includes identifying sources of potential sales recruits, methods of reaching them, and strategies for attracting them to apply for a sales job. Once applicants have been recruited, the sales manager must devise a system for measuring applicants against predetermined job requirements. This involves analysis of the numerous tools and techniques available for processing or screening applicants. Finally, the decision to select or reject each applicant must be made. After being hired, new salespeople need to be assimilated or blended smoothly into the sales organization. Included in the assimilation process are an explanation of job responsibilities and managerial expectations, introduction to coworkers, and help for the new salesperson as he or she adjusts socially and psychologically to the organization and sometimes to the community, as well.

Managing and Directing Sales Force Efforts

Traditionally, training the sales force (Chapter 9) has focused mainly on selling techniques. But customers today are more knowledgeable and empowered via computer technology than ever. Competition is more intense and customers are demanding more service, so progressive companies have intensified their sales force training and are using the latest telecommunications advances to enhance learning via “real-world”
sales practice. Sales managers are also trying to broaden the perspectives of their salespeople by blending sales, marketing, and finance concepts into sales training. This broader-based training not only helps salespeople see how their jobs fit into the overall organization but also prepares them for future responsibilities when they may be promoted to sales or marketing management, and perhaps eventually to top management. Anytime a salesperson receives significantly broader or different responsibilities, it is usually a good idea to consider additional training. In designing a training program, the sales manager must answer several questions: Who should receive the training? Who should do the training? Where, when, and how should the training be accomplished? What should be taught? Sales training programs should seek to help salespeople continually grow in knowledge, selling skills, and customer understanding while reinforcing good attitudes about themselves, their jobs, companies, and customers.

Sales force leadership (Chapter 10) may be thought of as the process of exercising psychological, social, and inspirational influences on individual salespeople and the sales force collectively toward the achievement of organizational objectives, goals, and values. In today’s intensely competitive markets, organizations have become flatter and leaner, thereby requiring greater leadership skills at all organizational levels. Supervision, management, and leadership are all related but quite different concepts. Supervision entails performing tasks that deal with monitoring the daily work activities of subordinates. Management is primarily a learned process whereby subordinates are guided by formally prescribed duties and procedures toward the achievement of organizational goals. In contrast, leadership is more of an emotional process that seeks to inspire salespeople to greater achievements by providing a positive vision of a desired future. Several different theories, concepts, and approaches to effective sales
force leadership will be explored, and the individual sales manager must choose those most appropriate for salespeople in different situations.

*Sales force motivation (Chapter 11)* deals with the set of dynamic interpersonal processes that bring about the initiation, direction, intensity, and persistence of work-related behaviors of salespeople toward the attainment of organizational goals and objectives. Several theories of motivation offer intuitively appealing, but different, explanations for why salespeople exert high levels of effort under varying circumstances to reach their personal and organizational goals. Depending on the situation and the composition of the sales force, sales managers will need to exercise their own individual judgments in deciding which motivation approach applies best.

*Sales force compensation (Chapter 12)* is widely recognized as the most important and least ambiguous way to spur and guide salesperson performance. It can be viewed as all monetary payments and benefits used to remunerate salespeople. The sales force compensation plan is the “steering wheel” that enables management to directly influence salesperson performance and should reflect the company’s goals. While there are a variety of ways to compensate salespeople, most companies use three main methods: (1) *straight salary* – a fixed amount of money at fixed intervals, such as weekly or monthly; (2) *straight commission* – an amount that varies with results, usually sales or profits, and (3) *combination* – a mix of salary and commission. Besides salary and commissions, *salespeople* need to be reimbursed for their sales-related expenses and transportation. *Nonfinancial incentives* not tied directly to individual salesperson performance might include use of a company car, office space, secretarial help, and special company benefits such as life insurance, a retirement plan, and health care. Overall sales force compensation, reimbursement, and indirect incentive plans should be reviewed frequently, and revised when appropriate, to ensure they are continuing to be effective and efficient in producing the results desired.

### Controlling and Evaluating Sales Force Performance

*Sales organization audit and sales analytics (Chapter 13)* is essential to assure the organization’s bottom-line goal of improving profitability. Periodically, the entire sales organization should undergo a thorough audit, preferably by an external team of objective experts, to determine the overall effectiveness and efficiency of the sales organization and to make recommendations for improvements. Somewhat like the annual physical that many people take to check on their overall health, the sales organization also needs a checkup on its overall health, because it is such a critical determinant of the well-being of the entire company. Successful sales managers also need to be continually monitoring and actively involved in conducting sales analytics on sales volume, costs, and profitability by product lines, territories, customers, and salespersons, including across sales and marketing functions. An important goal of these analytics is to identify unprofitable market segments and sales operations so that sales managers can take timely corrective action to allocate sales force efforts better and improve overall profitability.

*Sales force performance evaluation (Chapter 14)* is one of the most important activities for sales managers and their salespeople. Sales force performance must be regularly measured and evaluated to determine commissions and bonuses for salespeople, provide constructive feedback to salespeople, and to make promotion, reassignment, or termination decisions. The overall purpose of performance evaluation, however, is
to improve organizational profitability by improving sales force productivity. For effective managerial control and evaluation, standards of performance must be established, then actual performance compared to the predetermined standards, and appropriate corrective action taken to improve performance.

Not to be overlooked in evaluating sales force performance is how well ethical guidelines and standards of social responsibility are being met. A salesperson’s reputation for ethical behavior and integrity is one of the most valuable assets he or she can bring to negotiations with prospects and customers. Nothing will destroy the credibility and performance of salespeople faster than the perception by customers that they do not operate in an ethical or socially responsible manner. Most companies understand the importance of ethical behavior and provide written ethical codes and training for all their employees.6

Sales Force Management Is Uniquely Challenging

Sales force management has always been a challenging job, but it is more than ever so today because of the greater demands on the job. Sales managers must coordinate and lead the efforts of a unique and diverse group of talented employees, i.e. salespeople, who are often entrepreneurial-type people who like to make their own decisions. Some observers have described sales force management as somewhat like the proverbially frustrating, if not impossible, efforts to “herd cats.”7 Besides the requirement to manage independently minded people who have their own ideas about selling, some salespeople are so successful that they are looked upon by the company’s senior management as “superstar” performers. So, these salespeople may be viewed somewhat like outstanding athletes who may have more influence or power over how they handle their unique abilities than do their sales managers. Even beyond these challenging roles, today’s sales managers must guide sales force efforts during a time of rapidly advancing technology, evolving customer preferences, intensifying global competition, and a continually changing macromarketing environment that may include fluctuating economic conditions, concerns about resource availability, multichannel global competition, legal and ethical restrictions, cultural diversity within the sales force and among customers, and the oftentimes conflicting interests of various stakeholders internal and external to the organization. Without doubt, sales force management has become one of the most challenging management jobs – one that requires skillful, sensitive handling of many ongoing relationships, including most importantly those with prospects and customers, which is generally called customer relationship management (CRM).

CRM is based on the idea that developing closer relationships with customers is the best way to satisfy customers and achieve purchasing loyalty, which is critical because loyal customers are more profitable than nonloyal customers.8 CRM usually includes a mixture of strategies, technologies, and activities to collect data and analyze customer–company interactions across multiple contact points (e.g. website, e-mail, podcast, telephone, face-to-face, direct mail, and social media) in order to increase customer satisfaction and customer loyalty that lead to repeat purchases. The potential value of the customer’s likely lifetime of purchasing from the company is an important factor in determining the CRM strategies for different customer groups.9

Although we discuss CRM in Chapter 3, you might want to visit the websites of companies such as Salesforce.com (www.salesforce.com) and Oracle (www.oracle.com) to gain a greater appreciation of how firms can gain a competitive edge by adopting innovative, “cutting-edge” approaches to manage sales information and serve their customers better.
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Serving as Customer Consultants

In line with their company’s CRM orientation, contemporary sales managers are training salespeople to think longer term by striving to build ongoing relationships and, when feasible, mutually profitable partnerships with customers. Salespeople are being asked to go beyond merely “selling” toward “serving” and a role more like customer consultants and business partners. What's more, as companies stress the value of CRM, sales managers and their sales forces are taking on greater roles in carrying out CRM strategies in the selling situation. That means, today’s sales managers are responsible for helping their salespeople devise and carry out strategies for building these profitable long-term relationships with customers. At the same time, they also need to skillfully develop their in-house or headquarters relationships by “selling” sales force goals and customer requirements within their own companies to ensure the timely service and technical support their salespeople need to better serve customers. Fortunately, many contemporary senior executives recognize that the whole organization needs to have a customer orientation in order to retain customers and enhance profitability.

Managing the Hybrid Sales Force

For the foreseeable future, sales managers will be under tremendous pressure to adjust to many rapidly changing market forces. Instead of merely directing the field sales force, many sales managers now must oversee salespeople across multiple online and off-line marketing channels and work with diverse types of salespeople, including

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Salesforce.com (www.salesforce.com) is an example of a company website that advocates attaining a competitive edge by adopting innovative, “cutting-edge” approaches to manage sales information and serve customers better.

telesalespeople, telemarketers, e-commerce salespeople, direct mailers, international salespeople, missionary salespeople, technical salespeople, manufacturing representatives, selling agents, and multicultural or international salespeople. To illustrate, one manufacturer of industrial products employs a full-time direct sales force of about 40 salespeople operating across several states. But the company also employs about 70 manufacturers’ agents in what it calls “a hybrid sales force approach.” Unlike a direct sales force, with annual turnover usually above 20%, manufacturers’ agents work solely on commissions and tend to sell in one territory for life. As more emphasis is placed on long-term customer relationships, it’s more important than ever to minimize turnover of the salespeople calling on customers so that these relationships are not disrupted. Using manufacturers’ agents can oftentimes increase stability in customer relationships. In this era of closer customer relationships and multiple sales channels, hybrid sales forces will likely become more common, and sales managers will need to develop the diverse skills to lead them.

**What Qualities Are Needed to Be a Sales Manager?**

Exactly what qualities, skills, and attitudes are required to be a successful contemporary sales manager? Sales Management in Action Box 1.1 describes some of the eclectic abilities needed to be a sales manager today.

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**Box 1.1 | Sales Management in Action 1.1**

**What It Takes to Be a Sales Manager**

First and foremost, sales managers have to be effective leaders and motivators of people. In addition, they must be good decision makers, creative problem solvers, and outstanding communicators. As part of the overall marketing team, they must work closely with other departments and functional areas, helping to coordinate and focus the efforts of product development, manufacturing, market research, and promotion to satisfy customer needs and wants. For example, sales managers may help develop national marketing objectives and strategies with the advertising department, then offer insightful advice on how to tailor these plans to match regional differences, the competitive environment, and customer preferences. Many sales managers use findings from market research to better demonstrate the benefits of company products to their customers while helping generate strong brand support. Based on feedback from customers and monitoring of competitive offerings, sales managers often make recommendations for new or improved products (better functional design, safety enhancements, or user-friendly packaging). Sales managers must spend many hours pouring over financial data to analyze costs and profits by products, customers, territories, and salespeople to decide how best to allocate budgets and human resources to enhance productivity and profitability.

To be successful in sales force management, you have to enjoy challenges and solving problems because you’ll be encountering them almost every day. Moreover, you have to be resilient enough not to become discouraged when a customer doesn’t buy, resourceful enough to find creative solutions for customer problems, motivated enough to set lofty goals for yourself and the sales team, and then driven enough to surpass them. Most importantly, you have to love working with people of all types within and outside your company because that’s the heart of this critical boundary-spanning job. Because sales managers’ responsibilities require working closely with customers and with people in nearly all departments of the company while trying to control costs and improve profits, a career in sales force management provides the kind of broad experience and development of skills important to assume senior management responsibilities.
Integrating Sales Force Management and Marketing Management

Sales force management is a specialized set of responsibilities and activities within the larger field of marketing management. In a broad sense, sales managers are really *marketing managers* with the specific task of managing the sales force. Should the link between sales and marketing be closer? Well, in international surveys across a wide range of B2B industries, senior executives have identified sales and marketing integration as one of the organizational changes that would do the most to improve sales force performance. Many experts believe the sales manager heads the most important of all marketing activities – the critical revenue-generating and customer relationship functions – which ultimately determine the success or failure of the overall marketing plan. But without thoroughly understanding the company’s goals and marketing strategy, few sales managers can successfully integrate marketing and sales. Let’s look at how headquarters marketing and the field sales force support each other.

The Field Sales Force and Headquarters Marketing Support Team

An organization’s marketing team usually consists of two basic groups: (1) the field sales force and (2) the headquarters marketing support team. While the field sales force is working with customers out in their sales territories, the headquarters marketing team is providing critical support and service functions. This headquarters support includes contributions from the following areas:

- **Advertising.** Coordinates product or service advertising, often through an outside agency
- **Sales promotion.** Develops brochures, catalogs, direct-mail pieces, and special promotions
- **Sales aids.** Prepares videos, podcasts, product samples or prototypes, flip charts, PowerPoints, and other audiovisual materials for sales presentations
- **Trade shows.** Coordinates arrangements for participation in exhibits and trade shows
- **Product publicity.** Prepares and distributes news releases to various media about new products and services
- **Marketing research.** Collects, analyzes, and interprets data about markets, products, customers, sales, competitors, and other factors
- **Marketing and sales planning.** Assists in the development of marketing and sales objectives, strategies, and tactics
- **Forecasting.** Prepares sales forecasts and predicts market trends
- **Product planning and development.** Helps in planning, developing, and testing new and improved products
- **Market development.** Provides support for deeper penetration of current markets and entering new markets
- **Public relations.** Explains the actions of the sales force to the company’s various stakeholders, including employees, the media, special interest groups, suppliers, government agencies, legislators, the financial community, company stockholders, and the general public
- **Internet communications.** Assists with online customer service, website development, and customer databases
Specific responsibilities can vary widely across marketing support teams, and some companies may outsource tasks to external specialists such as advertising agencies, marketing research companies, consulting organizations, and public relations firms. Sales managers need to keep in close touch with these headquarters marketing support people, and also with the outside specialists. Having friendly, cooperative relationships with them can make it easier to obtain timely extra support and services to measurably improve sales force performance.

Integrated Marketing Communication

Another important reason for maintaining cooperation between the field sales force and headquarters marketing support is to improve communication with customers. The coordination of promotional activities (advertising, personal selling, sales promotion, direct marketing, public relations and publicity) with other marketing efforts is called integrated marketing communication (IMC). Many companies today are recognizing that they need to integrate the wide range of promotion mix tools and other marketing efforts in order to communicate effectively and efficiently while presenting a consistent brand image and message to customers. Thus, they’re planning and coordinating the total set of marketing communication programs simultaneously, instead of planning each one separately. Since personal selling is the most important and highest cost component of the promotion mix for B2B selling, progressive sales managers and salespeople should work closely with other promotional mix areas in integrating the firm’s message to prospects and customers. When implemented
Integrating Sales Force Management and Marketing Management

Properly, IMC can improve the effectiveness of the sales force and increase profitability of the company, as illustrated in Sales Management in Action Box 1.2.

Monitoring and Adapting to the Macroenvironment

Sales managers work within the larger framework of their company’s objectives, marketing strategies, and target markets. And they must respond to the concerns of stakeholders, including employees, suppliers, financial community, media, stockholders, special interest groups, government, and the general public. Every corporation has many stakeholders who share a vested interest in its activities, and an increasing number of companies are becoming proactive in dealing with these indirect partners. Large companies, for example, usually have public affairs departments that try to influence government legislation and promote the company to stockholders, the financial community, and the media. Beyond these publics or stakeholders is the larger macroenvironment, which often brings dramatic, unexpected changes in technology, economic conditions, resource availability, competitors, laws, culture, and ethical
standards. Sales managers must continuously monitor and adjust to these changing domestic and global variables because they can sharply affect sales.

Successful sales managers need to be alert for new market opportunities as well as threats to existing markets. As the organization’s “eyes and ears” in the marketplace, the sales force has a special responsibility to identify opportunities and threats then report them back to headquarters. The sales manager thus operates a kind of early-warning system that, if successful, is invaluable to achieving the organization’s short-run and long-run objectives. Organizations usually earn their highest profits by capitalizing on opportunities, not just by solving problems. Early on, Cisco Systems exploited the marketing opportunity to build customer relationships and sales via the Internet while reducing selling costs, as explained in Sales Management in Action Box 1.3.

**Megatrends Affecting Sales Force Management**

What lies ahead for sales managers? Several inexorable forces or megatrends are and will continue to dramatically impact personal selling and sales force management for the foreseeable future. Sales-related megatrends fall into three major categories – behavioral, technological, and managerial, as shown in Table 1.2.

**Behavioral forces** Among the most important megatrends affecting the sales manager’s job are changing behavioral forces, which are leading to more expert and demanding buyers, rising customer expectations, globalization of markets, empowerment of customers, and microsegmentation of domestic markets. As customers become increasingly empowered and their purchasing expectations rise, they are becoming more sophisticated in their purchasing decisions and intolerant of poor product quality or service. Both domestic and global competitors remain ever alert to capture customers from companies who are not fully satisfying them, so there is no room for seller complacency in today’s intensely competitive markets.

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**Box 1.3 | Sales Management in Action 1.3**

**Cisco Systems: Building Customer Relationships via the Internet**

Cisco Systems (www.cisco.com) sells the networking products that make the Internet and most corporate intranets work, so naturally it was one of the first companies to use the Web to grow customer relationships. While most other companies were still using the Web primarily as an information channel, Cisco’s website became a valuable tool for its salespeople to build customer relationships and make sales. It enabled customers to track the status of their orders and get up-to-date pricing and availability information as well as technical advice, freeing up the salespeople to do what they do best—sell. Cisco’s site received hundreds of thousands of hits a month, which translated into millions of dollars in sales and over half its total revenue. Exploiting this channel opportunity ahead of competitors gave Cisco a differential advantage by greatly reducing selling and customer service costs. Instead of spending a lot of time answering customer questions about orders and technical problems, Cisco’s salespeople were able to focus on maintaining existing customer relationships and finding new prospects.
Technological forces Companies worldwide spend about $4 trillion annually on computer hardware, software, and technology services. Thus, sales managers and their salespeople have their work cut out for them in trying to keep up with the technology their prospects and customers are using. Sales force automation (SFA) is the use of high-tech tools that help salespeople work effectively and efficiently. Sales managers who make skillful and efficient use of swiftly developing SFA technology to increase the productivity of their salespeople in selling to and serving customers are most likely to be successful in the years ahead. To gain a critical understanding of how SFA technologies can augment revenues and increase bottom-line performance, peruse the website of Oracle Corporation (www.oracle.com), a global sales technology solutions provider to clients in the health-care industry.

As seen in Table 1.2, sales managers and salespeople already use a host of SFA innovations. One of the most promising areas of SFA is artificial intelligence (AI). AI is an overall term that covers several different technologies, including machine learning, computer vision, natural language processing, deep learning, and much more. Using an example familiar to most people, AI-powered computer vision systems in self-driving cars and trucks are able to identify obstacles much like humans
do and avoid them. On our cellphones, Alexa or Siri understands our spoken questions and can respond with accurate information. A recent national survey shows that 46% of companies are implementing AI systems to increase sales and marketing productivity. Over 80% of the most recent adopters of AI and cognitive technologies say their companies have already achieved benefits and high-performing sales forces are over three times more likely to be outperforming those who do not yet use these technologies. When innovations come along that promise to cut costs and increase efficiency, many companies will adopt them promptly, so sales managers must also adopt them rapidly to keep pace with customers. Instant messaging, for example, is being used by sales teams in different cities around the world to query coworkers and customers anywhere for an instant response without picking up the phone or logging into e-mail. No company can afford to lag behind in adopting technological advances that can increase its effectiveness and efficiency in profitably satisfying customers.

Managerial forces How are sales organizations responding to these relentless behavioral and technological megatrends? As shown in Table 1.2, they’re trying various strategies including reducing selling costs, shifting from field selling to direct-marketing alternatives, hiring and developing specialized sales personnel to cope with the shortage of B2B salespeople, requiring salespeople to obtain professional certification to enhance their credibility with customers, and using the latest developments in information management. Sales managers’ creativity in promptly responding to evolving behavioral and technological megatrends can give the sales force a significant competitive advantage.
How Well Are Sales Managers Performing?

Sales managers have a challenging job, and they’re bound to be criticized by some sales organization members no matter how well they handle their duties. Some of the most common complaints are that sales managers do not take their salespeople’s concerns seriously, demand too much paperwork, and often fail to follow up on problems.\(^3\)

Newly selected sales managers may fail to perform well in managerial roles for several reasons: (1) illogical selection of sales managers, (2) inadequate sales force management training programs, (3) lack of a long-run customer relationship orientation in handling sales operations, and (4) insufficient blending of sales, marketing, and financial knowledge.\(^4\)

Illogical Selection of Sales Managers

Through no fault of their own, newly selected sales managers are probably marketing’s best example of the Peter Principle: “In a hierarchy, every employee tends to rise to his
level of incompetence.” Despite articles by marketing scholars and practitioners who stress that a super salesperson does not necessarily make a good sales manager, the reward for a sales rep who does an outstanding selling job for a couple of years or so is often promotion to sales force management – a position for which he or she may be ill-prepared. Ironically, the very skills that enable a person to be an excellent salesperson may inhibit him or her from being a good sales manager. Figure 1.2 shows that as people climb up the managerial staircase, the skills needed to excel change. But at all levels, interpersonal skills are critical to serving effectively as the vital link between the sales force and higher management.

Some sales organizations suffer because the sales manager remains too involved in “doing” instead of managing. Time devoted to determining how to accomplish work through other people is “managing.” Time spent on performing activities that subordinates could do is “doing.” New sales managers often unconsciously become involved in doing because they feel comfortable in continuing to apply the same skills that earned them promotion to sales force management. Even in small businesses where the size of the sales force restricts the amount of time they can devote to managing, sales managers still should recognize that managerial tasks come first. For example, when sales managers make sales calls on their own, they are not managing. But when they make calls with the salespeople to analyze the latter’s presentations, they are performing management duties. Subordinates usually recognize when a manager is doing rather than managing, and few sales managers enhance their own stature with the sales force by preempting salespeople’s jobs.

**FIGURE 1.2** Sales force management hierarchy: Skill and ability requirements.
Inadequate Sales Force Management Training

Compounding the problem of poor selection criteria for promotion to sales force management is the inadequacy of sales force management training programs. While many companies spend thousands of dollars to train new salespeople, many of these same companies fail to train sales managers adequately. In studies of sales managers from a cross section of 16 industries, fewer than half indicated that their companies provided any sales force management training at all. Even when they do, it often emphasizes company policies and procedures. Seldom is adequate and sound training provided in what constitutes effective management practice or what the holistic role of the successful sales manager should be. As the linchpin between the selling and buying organizations, sales managers are too essential to organizational success to be excluded from managerial training. In fact, over the long run, managerial training for sales managers is even more critical to the organization because many company CEOs come from sales and marketing backgrounds. One recent study found that more than 25% of CEOs worldwide had sales and/or marketing backgrounds.

Lack of a Long-Run Customer Relationship Orientation

Many sales managers still give little more than lip service to developing long-run customer relationships and salespeople pick up on this attitude quickly. Sales managers and salespeople who have a narrow selling orientation tend to focus on products and the immediate sale—they emphasize their own needs, not those of customers. In contrast, a customer relationship orientation focuses on the buyer’s needs and development of long-term mutually beneficially relationships and partnerships. Hewlett-Packard (www.hp.com), manufacturer of precision electronic devices, puts the customer orientation into practice. Its salespeople, called “field engineers,” are encouraged to take the customer’s side in any dispute with HP. If sales managers convey even subtly to their salespeople that short-run sales are more important than long-run relationships with customers, customer turnover is likely to be high and this will soon translate into lower sales and profits. Nothing is more important to sales force success than developing and nurturing long-run profitable relationships with customers.

Insufficient Blending of Sales, Marketing, and Financial Knowledge

Marketing and financial knowledge are becoming requirements for sales force management positions in progressive companies. These companies are looking for versatile, well-rounded sales managers who understand and can implement overall marketing strategies and who have strong financial capability. For better sales and marketing coordination, Kraft General Foods (www.kraft.com) gives division sales managers dual reporting responsibilities. Not only do they report directly to a national sales manager, but they also have a direct relationship with the head of the marketing division. The idea is to keep division managers more closely informed about how their particular product lines are being marketing and their relative profitability. Yet, in some companies today, sales managers still are kept in the dark when it comes
to sharing marketing and financial information. For example, control reports sent to sales managers often contain only overall sales performance, sales expense, and budget data – not-profit figures, which are too often solely for the eyes of top management. To do their jobs well, sales managers need profit information by customer, product, territory, and other market segments. Otherwise, they will tend to focus on generating the largest sales volume, which may be more unprofitable for the company than smaller, more specialized sales.

Both the field sales and headquarters marketing groups need to appreciate that they are key players on the same team who must cooperate to achieve organization objectives. If either job is viewed as an activity isolated and remote from the other, poor communication and even rivalry can separate the marketing staff and sales force thereby reducing overall company performance. Cross-disciplinary training is one approach to achieving organizational synergism. Some companies periodically bring sales managers into headquarters for training in finance and operations as well as marketing. Broad managerial training in several functional areas can greatly increase the value of sales managers to their companies and help prepare them for promotion to higher management levels.

Developing Sales Managers for the New Millennium

To succeed in the years ahead, sales managers will need to learn fresh roles and reinvent some old ones, including (1) developing closer relationships with online and off-line customers, both domestic and international, and more in-depth understanding of their customers’ different businesses, changing needs, and buying patterns; (2) treating salespeople as empowered equals and partnering with them in achieving sales quotas, profitability, and customer satisfaction/loyalty goals; (3) applying flexible motivational skills in working with a multicultural, hybrid sales force of telemarketers, telesellers, missionary salespeople, direct marketers, manufacturers’ agents, field salespeople, international salespeople, online salespeople, and others; (4) keeping up-to-date on the latest technologies affecting buyer–seller relationships and the changing needs and preferences of customers; (5) learning marketing and financial skills in order to better identify potential business opportunities and recommend competitive strategies; (6) working closely with other internal company departments as a member of the total corporate team dedicated to satisfying customers profitably; (7) continually seeking ways to exceed customer expectations and bring added value and mutual benefits to the ongoing buyer–seller relationships; and (8) creating a flexible, learning, and adapting environment for all members of the sales and support teams. Table 1.3 contrasts today’s sales managers with yesterday’s sales managers.

One of the primary goals of our sales force management text is to help current and future sales managers successfully adapt to the inexorable technological, behavioral, and managerial forces that will affect sales forces in the years ahead. The coming chapters provide realistic guidance and learning experiences to help current and future salespeople move into professional sales force management careers in an era of rapid technological advances and evolving multiple sales channels to better serve diverse online and off-line customers – globally as well as domestically.
1. **Summarize the basic responsibilities and evolving roles of sales force management.** Sales managers are instrumental in building relationships with an organization's customers. More specifically, sales managers plan, lead, and control the personal selling activities of the organization. Their basic duties are to prepare sales plans and budgets; set sales goals and objectives; estimate demand and forecast sales; determine the size and structure of the sales force; recruit, select, and train salespeople; determine sales territories, sales quotas, and performance standards; compensate, motivate, and lead the sales force; conduct sales volume, cost and profit analyses; and evaluate sales force performance, including ethical and social conduct.

Sales managers’ responsibilities and titles vary widely depending on the nature of the organization. Most organizations assign traditional duties such as forecasting, planning, budgeting, and profit responsibilities to the sales manager. But, in some, the sales manager is the marketing manager in every way but position title. The sales force management position hierarchy usually starts at the branch level, and moves up through district, zone, division,
regional, and national sales manager to vice president of sales in some organizations – with increasing managerial, administrative, and leadership responsibilities at each higher sales force management level.

2. Demonstrate how sales managers can better integrate their roles with marketing management. Sales managers are essentially marketing managers with the specific task of managing the sales force in its interactions with prospects and customers. Cooperation between the field sales force and headquarters is extremely important given the trend of IMC and CRM. Many companies today are taking a broader perspective when planning marketing strategies and integrating the total set of communication functions rather than planning each one separately.

3. Identify and prepare for megatrends that will affect your future in sales force management. Accelerating megatrends in the marketing environment are making the sales manager’s job more complex than ever. These inexorable megatrends include behavioral, technological, and managerial forces, which are leading to higher customer expectations and buying expertise, globalization and microsegmentation of markets, advances in telecommunications technology, cultural diversity in the sales force and among customers, emphasis on controlling selling costs, and the shortage of qualified B2B salespeople. It is critical that sales managers stay flexible, adaptable, and in a continuous learning mode as they oversee hybrid sales forces in rapidly changing markets.

4. Evaluate the selection criteria for sales force management and compare them to your present and potential qualifications. Sales managers in many organizations may not be performing as well as they could due to four major reasons: (1) illogical selection of sales managers, (2) inadequate sales force management training programs, (3) lack of a long-run customer relationship orientation in handling sales operations, and (4) insufficient blending of sales, marketing, and financial knowledge. Unless these four problems in sales manager selection, training, orientation, and integration with marketing are resolved, many newly selected sales managers may not be equipped to handle their expanding responsibilities.

5. Analyze how the sales manager’s job is expanding and what it will mean for your career. With the empowerment of salespeople through the Internet and SFA, sales force management jobs are shifting more toward CRM while directing a hybrid sales force across multiple sales channels in selling to diverse customers. Sales managers will need more intense training not only in traditional managerial duties but also in blending marketing, finance, and sales perspectives to increase profitability of sales force operations. Only those sales managers who are flexible, adaptable, and continually learning will thrive in the years ahead.

Key Terms

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<thead>
<tr>
<th>Sales force management</th>
<th>Customer relationship management (CRM)</th>
<th>Integrated marketing communication (IMC)</th>
<th>Sales force automation (SFA)</th>
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<td>Macroenvironment</td>
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13. Adapted from various corporate sales recruiting brochures.


Chapter Review Questions

1. Why and how do you think the sales manager’s job will change as we move farther further into the twenty-first century? [LO 5]

2. What domestic and global forces or megatrends are affecting sales managers now and in the foreseeable future? [LO 3]

3. You work for a large machine tool manufacturer and have been recently promoted from the sales force to the position of sales manager in another region. How would you go about ensuring a good working relationship with your salespeople and the headquarters marketing staff? [LO 4]

4. What criteria would you propose for progressive companies to use in selecting salespeople for promotion to sales manager? [LO 4]

5. What kind of training would you provide to new sales managers? What about additional training for more experienced sales managers? [LO 1, 2, 5]

6. If you were the vice president of sales or the national sales manager for a large corporation, what criteria would you use to evaluate the performance of subordinate sales managers? [LO 1, 2, 4]

7. Write a job description for the position of sales manager. What responsibilities and duties do you consider most important? Why? [LO 1]

8. Describe how sales managers can use the latest available technologies to more effectively and efficiently lead and direct the sales force. [LO 3, 5]

9. How might sales managers use the latest technological developments to better satisfy and improve relationships with prospects and customers? [LO 3, 5]

10. Assume that you are the national sales manager for a medium-size company, how will you improve the selection and preparation process for new sales managers? Outline a training process, including specific topics, to provide new sales managers with the knowledge and skills to succeed. [LO 1, 2, 3, 4, 5]

Online Exercise

Use an Internet search engine (e.g. Google or Yahoo) to find three companies that are marketing sales force management training courses. What is the length and cost of each training course? Where is each held – online or off-line? What are the credentials of the people doing the training? What does the training cover that sounds most interesting? Is the focus of the sales training B2B or B2C? Does the training cover customer relationship management? What does the training promise that’s new? Based on the online information, which of the training courses would you choose to attend? Explain why?
Role-Play Exercise

**Situation**

You’re a relatively new district sales manager on the east coast for a large consumer products company that sells mainly through wholesalers but also direct to giant chain retailers such as Wal-Mart and Target. Today, you’ve been invited to be a guest lecturer to talk for an hour to eight newly hired field salespeople who are going through your company’s basic sales training program. You’ve been asked to talk about the company’s CRM initiative as it relates to the way field salespeople do their jobs. You want to talk with the salespeople in a down-to-earth, pragmatic way, so that they will grasp what CRM is, why it’s so important to the company, and what they can do in their interactions with prospects and customers to further the company-wide CRM initiative.

**Role-Play Participants and Assignments**

- **Guest lecturer:** District sales manager invited to talk about the company’s CRM program and the role of salespeople in implementing it in their interactions with prospects and customers.
- **Salespeople:** Eight people in their twenties with different backgrounds who are just starting their sales careers, so they are likely to have many questions about CRM and their roles.

In-Basket Exercise

You are a district sales manager for a large consumer products company that sells its products largely through wholesalers and directly to a few giant retailers. Your company also has an extranet where business customers can order online. Today, you received an e-mail memorandum from your company’s national sales manager saying that the CEO is upset because of poor customer retention rates. Last year, the company lost over 30% of its regular customers through attrition of various kinds. At the same time, promotional costs to attract replacement customers are increasing dramatically, causing profit margins to suffer. The CEO has found this loss of customers and declining profits unacceptable and has demanded that all the company’s sales managers start focusing more on customer retention. In addition, he is launching customer relationships training programs for all company managers. Large bonuses will be awarded to those sales managers and their salespeople who can most successfully reduce customer attrition. You have called a sales meeting for all your salespeople to discuss this new initiative by the CEO.

**Question**

1. What will you tell your sales force? Outline the points that you plan to make to them.

Ethical Dilemma

You’re the sales manager for a large chemical company, with reason to suspect that one of your top salespeople isn’t always playing by the rules. You know that on occasion Jared has taken friends out to lunch and charged it to the company. At other times, you’ve caught him conducting personal business on company time with company resources (long-distance telephone calls and charging car mileage to the company for personal business and pleasure). At the end of last year, you discovered that Jared had persuaded one of his best customers to order extra product quantities so he could make his sales quota for the year. In mid-January, that customer returned the excess products for a full refund.

You’ve overlooked these things in the past because of the large sales volume Jared usually generates in his sales territory. One evening, though, on your way out of the office, you overhear a conversation between Jared and another of your salespeople. Jared comments: “I personally think it’s okay to withhold negative information about a product in order to make a big sale, as long as no one can get injured by using the product. Things are getting really tough in our industry, and, if you’re going to survive, you’ve got to do whatever it takes to get a sale!”

**Question**

1. As Jared’s sales manager, what will you do? Should you reprimand him, retrain him, or fire him? Why?
It was a beautiful autumn day in downtown San Diego as the three recently appointed sales managers were enjoying a hearty breakfast in the hotel restaurant. While sipping their second cup of coffee, Juan Carlos Varela, Grace Gallo, and Pam Swenson were discussing the events of the first day in the three-day sales force management seminar. Greystone Organics now requires all its new sales managers to attend.

**Juan Carlos Varela:** I wonder why we spent so much time talking about sales force performance this morning. They’re making it sound like sales force success is a big mystery. All that stuff about developing long-term prospects and customer relationships and internal company support is a lot of ivory tower stuff that’ll just distract our salespeople and their sales managers. All week I’m running around like a deer on the opening day of hunting season just pushing my salespeople to make their sales quotas. I’ve got a couple of guys in the office making sales calls by phone on our smaller prospects and customers, and I don’t have time to monitor them since I’m out of the office so much. Working with my people in the field and helping them make sales presentations and handle customer complaints keep me from even finding time to do all the paperwork headquarters keeps demanding. And those CRM sales reports we are supposed to review and update each week are no easier to do online than by hand like we have been doing for years. I guess this seminar is supposed to make us more sensitive to our salespeople, prospects, and customers, but I sure don’t have much time to worry about subtle things like role perceptions and developing long-term customer relationships. In my opinion, there’s only one thing that really matters and that’s spelled M-O-N-E-Y. You make the carrot big enough and any donkey will get the job done. And the same goes for customers – you offer products at lower prices than competitors and you’ve got a sale whether you’ve got a warm and fuzzy relationship with the customer or not.

**Grace Gallo:** Yeah, I know what you mean, Juan. Seems like the sales training manager is trying to impress the big boss by bringing in these glib training whizzes, who probably never carried “the sales bag.” They are using fancy terms to tell us what we should be doing and thinking about – besides our pressure-cooker jobs. I’d like to see them try running a sales force. It’s a lot easier talking about managing salespeople than actually doing it. Today, the schedule says we’re going to discuss “inexorable megatrends in the macromarketing environment” – whatever that string of gibberish means. My salespeople know that I’m the only megatrend they have to worry about. If I’m happy, they’re happy. They know what they have to do if they want their commissions and bonuses. If they make their quotas, I leave them alone. If they don’t, then I come down hard on them. Most of my salespeople would laugh in my face if I told them they had to concentrate more on developing long-term relationships with prospects and customers. I’m not even sure how we would measure it?! In five years, half or more of my salespeople will have moved on, so they are focused on the short term. With salespeople, you’re always going to have 20–30% turnover a year because some people just can’t cut the mustard in sales, and good salespeople are always been offered jobs by other companies.

**Pam Swenson:** I have to admit that I’m learning some things. I’m going to try when I get back to the office next week. Top management doesn’t allow us to match some of the discounts that our competitors are offering, so I know we have to learn to sell on some basis other than price. By focusing on developing closer customer relationships and better service, maybe we can overcome our price disadvantage. I know a lot of salespeople don’t think long run because they’re opportunists, but maybe I can find a way to reward them for doing a better job in cultivating customer relationships and keeping customers from leaving us for a competitor’s latest discount offer. But, like you said, it would be difficult to come up with a good way to measure whether they have done a better job or not. I know that I’m probably going to be at Simpson for the foreseeable future since my kids are just now entering grade school and I don’t want to disrupt their lives. So, I’ve got to figure out a way to keep my profitable loyal customers. Simpson’s marketing director told me that the company loses almost 25% of its customers each year, and that it costs about 10 times as much to win new customers as to keep our current ones. She said: “If we could cut back just a little on customer defections each year, our company’s profits would soar and we’d probably all get big bonuses.” Maybe these trainers can tell us how to get early warnings about coming market trends and how to do this CRM stuff that’s supposed to help us keep profitable loyal customers and find new ones. Anyway, I’m willing to listen because I sure don’t have all the
Centroid Computer Corporation is a Dallas-based manufacturer of personal computers, monitors, interactive terminals, disk drives, and printers. In the last five years, Centroid has expanded into the development of a variety of software as a service (SaaS) packages for small businesses. The firm’s growth in the past three years can only be described as explosive as Centroid sales have grown from less than $300 million to over $3 billion. Centroid distributes its products directly. It has an outside sales force of 52 salespeople who call directly on small businesses. It also has an internal sales call center based in Dallas with a little over a hundred representatives pursuing prospects and leads. Most major metropolitan cities have at least one Centroid salesperson assigned, and a few have two. A major responsibility for these salespeople is to convert the leads and prospects generated by the call center into customers. There are four regional sales managers, one national sales manager, and the director of the sales call center.

Six months ago, Alice Champion was promoted to regional sales manager for the southeastern region. Alice grew up in Athens, Georgia, and graduated from the University of Georgia. She spent two years with IBM as a salesperson and then joined Centroid three years ago. Alice is based in Atlanta and has consistently been among the top five salespeople in the company, winning sales awards every year. Alice’s new region includes Georgia, Florida, Alabama, Mississippi, Tennessee, North Carolina, and South Carolina. As regional sales manager, Alice must supervise 14 salespeople in the seven states. She is also permitted to do some personal selling herself, but her primary responsibility is managing the sales force. Since being promoted to sales manager, Alice has spent a great deal of time in the field working with her salespeople. Her years of selling computers have given her many innovative ideas, and she wants to pass along her insights so that all her salespeople can perform better. It has not been uncommon for Alice to spend two or three days per month with each salesperson, showing them the best ways to turn leads and prospects into customers.

Since Alice is such a “super salesperson,” her national sales manager finds little need to train her when she is promoted to sales manager. Besides, the company is so busy handling the rapid sales growth that little thought has been given to training needs for sales managers. One of the major reasons they have been promoting outstanding salespeople like Alice to sales manager is that they know these people can teach the sales force “how to sell.” In the last couple of months, the national sales manager has received some complaints from salespeople in the southeastern region about Alice spending so much time with them. In fact, they complain that Alice sometimes makes sales presentations to the leads for them. The result, according to these salespeople, is that these new customers are confused as to who is their primary contact.

One of the salespeople complained that she now has a credibility problem with several clients. She stated, “When...
we made sales calls together, Alice did not allow me to take
the lead and handle the call as I normally would. The percep-
tion of the prospects was that Alice was not there to help and
evaluate me but rather to be there to close the business. Three
of my most promising clients asked if Alice was their main
point of contact in the future.” Other salespeople offered sim-
ilar comments and even reported that if Alice disapproved of
their presentation, she would take over right in the middle in
such a manner that “it was clear she was there to teach me a
lesson.” One salesperson said that Alice’s manner was so neg-
ative that one of her customers asked: “Was your boss here to
help you sell us software or to put you in your place?”

Questions

1. Do you believe Alice is doing a good job in her new sales
force management position? Why or why not?
2. Describe the functions Alice should be performing as sales
manager. What should the approximate allocation of this
time be in performing these functions?
3. Do you believe that Alice’s behavior will have a long-term
negative effect on those salespeople who have had a
problem with her way of field supervision and training?
If so, what could Alice do to moderate the situation? How
could technology be used here?
4. As the national sales manager, how would you handle this
problem with Alice?
5. Do the issues in this case suggest any ethical concerns
the national sales manager should consider? If yes, what
would be your suggestion as to how to handle them?

Case prepared by: Andy Wood, James Madison University