
UNIT 13 SALES PLANNING

Objectives

After reading this unit you should be able to perform following functions of a Sales Manager

- design the product-wise / brand-wise sales planning for a company
- design an effective territory planning for the salesmen
- plan the total expenses on effective coverage of your area
- exercise effective controls

Structure

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13.1 INTRODUCTION

Since, Sales Planning is an integral part of the overall Sales Department, let us try to understand the concept of Sales Management in brief. The concept and the role of Sales Management has been evolving over the years.

There was a time when selling the goods was no problem at all. Orders for goods produced, were always on hand even before the goods were actively produced. The problem was to produce enough goods so as to meet the demand of nereby customers. Maximum time of the management was devoted to manufacturing problems, while selling and marketing were handled on a part - time basis.

With the increase in production and setting-up of large scale organisations, the problems of market expansion started cropping-up. Total production of goods went so high that nereby customers could not absorb the goods produced, but even under such circumstances other departments took precedence over Sales Management.

The other depar1 rents which were preferred over Sales Management, were manufacturing and financial department. It was after these departments were set-up that the Sales Management came into being.

As the companies, business and market expansion increased, the distance between its customers and the company also went on increasing. It was here that the problem of communication with its customers, on a regular basis, came up. This function of communication and other aspects of marketing therefore was also assigned to Sales Management.



Interestingly, as more and more goods were produced, the differentiation between the similar goods of different manufacturers started becoming more and more difficult. Thus a need for the specialised job functions of advertising, promotion, marketing research etc. was felt. Though initially all these functions (now assigned to of marketing Management) were assigned to Sales Management, later on separate specialised functional departments for these functions were created and grouped under the Marketing Manager rather than a Sales Manager.

Thus, we can very well infer, that the meaning of Sales Management has been undergoing a change over the years. Initially it meant the market expansion and the management of sales force. Later on all the marketing activities like advertising, sales promotion, marketing research, pricing etc. were also assigned to it. But still later the term Marketing Management was used to define the broader Concept and the term Sales Management was defined as "Planning, Direction, and control of personal selling, including recruiting, selecting, equipping, assigning, routing, supervising, paying and motivating the sales force." When looked from the top and given an overall view, the Sales Management is responsible for organising the sales process, both within and outside the companies. Inside the organization, it builds an informal organisation structure which ensures effective communication not only inside the sales department but also in its relations with other organisational units. And outside the company, the Sales Management has to service as the company's representatives with the customers and other external organisations. Apart from the responsibilities listed above, the Sales Management is responsible for some other important functions too. Some of these functions are important in making some key marketing decisions such as budgeting, deciding the objective, sales force size, territories etc.

While performing all these important tasks of sales effort management and personal selling effort, the Sales Managers have to plan. This planning consists of sales territory planning, product-wise sales planning, manpower planning etc. All such planning is the centre of our discussion here.

13.2 PRODUCT-WISE SALES PLANNING

Productive Sales Planning entails planning the unit-wise sales for various products of a company. This is done, usually in organisations, on annual, quarterly and monthly bases. Once, the product-wise planning is completed for the organisation, it can then be divided into regional, area and territory-wise planning. An example of the Product-wise Sales Planning for a company having 6 products can be as follows:

Company XYZ
Product-wise Sales Planning for the Financial Year 1998-99

S.No	Product	Unit-wise A Sale Plan	Value Per Unit (Rs.)	Total Sales Value (Rs.)
1.	A.	10,000	1,000	1,00,00,000
2.	B.	1,10,000	100	1,10,00,000
3.	C.	20,000	50	10,00,000
4.	D.	75,000	25	18,75,000
5.	E.	1,00,000	35	35,00,000
6.	F.	50,000	80	40,00,000

Rs.3,13,75,000

Once this Product-wise Sales Planning is acceptable to the Top Management, the same can be divided into regional, area-wise and territory-wise sales planning.

While determining the sales plan for each product, the Sales Management has to derive the Market Potential, Sales Potential and the Sales Forecast for their products. Market Potential is



the total number of units of a product which can be sold by all the companies in a given market. For example, the market potential of 10 million cars in India, would indicate that combined sales of all the car manufacturers will not be more than 10 million cars in a year in our country. Sales potential, on the other hand, would indicate maximum units of product which a single manufacturer can sell in a given market in a year. For example, the sales potential of 5 million cars for Maruti Udyog Limited would indicate that the company can sell a maximum of 5 million cars in India in a year.

Sales Forecast, indicates the number of units of a product which that single manufacturer actually plans to sell. For example, Sales Forecast of 2.5 million cars of Maruti Udyog Limited would indicate that this company plans to sell 2.5 million cars out of total sales potential of 5 million cars that it can sell. A company goes for a lower sales forecast than its sales potential, because of various reasons like lower production capacity, limited working capital, scarce availability of raw material etc.

While deciding on Sales Forecast, the Sales Management should try and find out the answers to following questions.

1. What is the number of its customers. This should include the present customers as well as the potential or planned or future customers (planned or future customers would be the ones that Sales Management wants to include in the year for which the sales forecast is being made).
2. What is the size of the customers (The ABC Analysis of the customers in terms of their sales turnover, profit etc.).
3. What products will they purchase.
4. Why do they buy such products or what are their needs to buy such products.
5. How much quantities do they buy for a particular product.
6. How many times, in a year do they buy such products.
7. Under what conditions do they buy. Whether they buy on cash or credit.
8. What is the competition doing in these product markets or even what the competition is expected to do.

Realistic and fact - based answers to all these questions plus the information on what marketing activities our own company is going to perform, will help determine the product-wise sales.

Activity 1

Plan the product-wise sales planning for the company ABC Limited with six products / brands with the help of following data.

S. No	Brand	Value Per Unit (Rs.)	Market Potential	Sales Forecast as Percentage of Market Potential
1.	A	10,000	100 Units	25%
2.	B	100	1,00,000 Units	10%
3.	C	5,000	500 Units	50%
4.	D	2,500	1,000 Units	20%
5.	E	3,000	200 Units	25%
6.	F	5,000	5,000 Units	60%

13.3 TERRITORY MANAGEMENT MEANING

A sales territory represents a group of customer accounts, an industry, a market or a specific geographical area. Some of the factors that influence sales volume of a territory are territory



size, its market potential, number of customer accounts, firms experience and market share in of the Sales Effort the territory, quality of sales person assigned and the frequency of sales calls made. One of the important function of sales management is to set up sales territories with optional profit potential. The major factors that govern the territory size are, number of customers and prospects, call frequency on existing customers, and the number of calls that sales persons makes in a day.

13.4 WHY SALES TERRITORIES

First of all, let us discuss why sales territories are carved. Sales territories are established for achieving some of the following goals.

Proper Market Coverage: Systemic mapping of sales territories facilitates sales persons in effectively combing the territory, covering present as well as potential customers. Proper understanding of the market potential helps in establishing an ideal territory which represents a seasonable workload for the sales person while assuring that all potential customers can be followed up as desired.

Effective Deployment of Sales force: Proper knowledge of the demands of the sales territory results in assignment of the right person for the territory. The specificity in job description and responsibility definition paves the way for parity in workload and potential among sales person. Therefore when territories are distributed equitably to the sales persons fewer conflicts arise from calling someone else's customer and on workload carried out.

Efficient Customer Service: Well designed sales territories improve buyer seller contacts and enable better customer orientation on the part of the sales person. This results in regularity of customers call as provision of more satisfying customer service.

Objective Evaluation of Sale Force: Comparison of the sales persons performance to the potential of the assigned territory results in their adjective evaluation. Territory by territory evaluation of the sales performance in turn, helps spot market condition as well as to make needed adjustments in the strategy.

Improving Selling and Marketing Productivity: A well designed sales territories coordinates territory selling activities with other marketing function of the company. Market planing on a territory basis can be used more effectively and efficiently of the sales quota and developing profits plans. Similarly sales and cost analyses can be done more easily on a territory basis than for the entire market. It has been found that launching advertising campaigns, selling dealers on co-operative advertising, distribution point of purchase display or launching sales promotion schemes, are generally more satisfactory if the work is assigned and managed on a territory by territory basis rather than for the market as a whole.

13.5 STEPS IN TERRITORY PLANNING

Territory Planning is another very important aspect of the total Sales Planning exercise. It should be carried out as systematically and as -scientifically as possible. Various steps to a scientific Territory Planning are as follows:

13.5.1 Salesman's Capacity

A proper analysis should be made as to how many customers / prospects can a salesman meet in a day. The number of customers thus obtained should be multiplied with the number of. working days in a month, say 25 working days. The resultant number should determine the territory. For example, a salesman in a consumer product company is expected to call on 40 customers a day. This number when multiplied by 25 (working days in a month) would give us a figure of 1000. Thus, the salesman should be given a territory consisting of 1000 customers.

For a company in pharmaceutical industry the call average is 10 doctors / customers per day, and for a sales man in industrial products the call average is 4 to 5. Their territories -can be worked out, accordingly.



13.5.2 Frequency of Calls per Month

The Sales Management should also decide the frequency of calls per month to each customer. An A class customer can be visited twice - a - month also, while B and C class customers can be visited once - a - month. The sales man should devote time with individual customers on the basis of the sales potential of each customer. More the potential, more should be the time devoted.

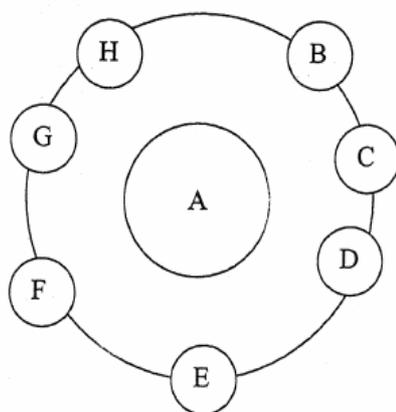
13.5.3 Parity in Sales Potential

Various territories should have some parity in sales potential. This enables more realistic appraisal of various salesmen though there would be some difference in the capacity of various salesmen to perform. One territory of sales potential of Rs. 1, 00,000/- can not be compared with the other with potential of Rs. 50,000/- .

Let us discuss it with the help of some. illustrations so as to understand it with clarity. Suppose there are three territories which have to be managed by the sales manager. These territories are A, B and C. The sales potential of each territory is Rs. 10, 00,000/-, Rs. 8, 00,000/- and Rs. 7, 50, 000/- respectively. The sales manager has three salesmen too with their respective ability index of 1.0, 0.9, and 0.8 respectively. The sales manager will obviously assign territory A to the first salesman, territory B to the second and territory C to the third salesman. This will optimise the actual sales achieved and such a situation will allow for realistic appraisal of all his salesmen also.

Let us now take another example where the sales potential of territories A,B and C is Rs. 10,00,000/- Rs. 5,00,000/- and Rs. 4,50,000/- respectively. In this case, the appraisal of all the salesmen can not be a realistic one. Even if the salesman with the lower ability index of 0.9 is assigned to territory A, his achievement (Rs. 10,00,000 x 0.9 - Rs. 9,00,000/-) will be more than the salesmen with the ability index of 1.0, assigned to territory B, his achievement being Rs. 5,00,000 x 1.0 = Rs. 5,00,000/- . Though the ability of the second salesman is more than that of first salesman, his achievement will be lower and hence his appraisal will also be lower.

In such a case the sales manager should divide the territory with the sales potential of Rs. 10, 00,000/- into two territories of Rs. 5, 00,000/- each and put two salesmen, instead of one. This action would not only be conducive to a realistic appraisal of all the salesmen but would also help in realising the complete potential of territory A (Sales potential = Rs. 10, 00,000/-)



13.5.4 Minimize Travel Time and Expenses .

The territory should be planned in such a manner where maximum amount of salesman's time is spent in interacting with the customers rather than in travelling. This would automatically reduce the expenses also.

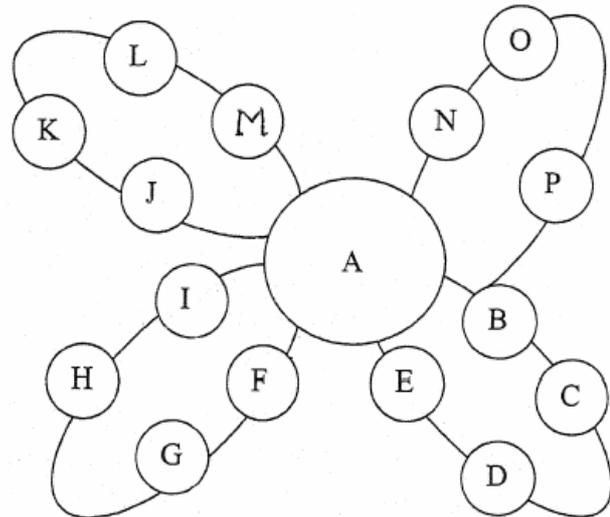


It will be worthwhile for us to discuss here various alternatives of shapes of a territory which can be of use to optimise the travel time, expenses and results (in terms of sales) . There are three general shapes in use. These are the circle shape, the clover leaf shape and the wedge shape.

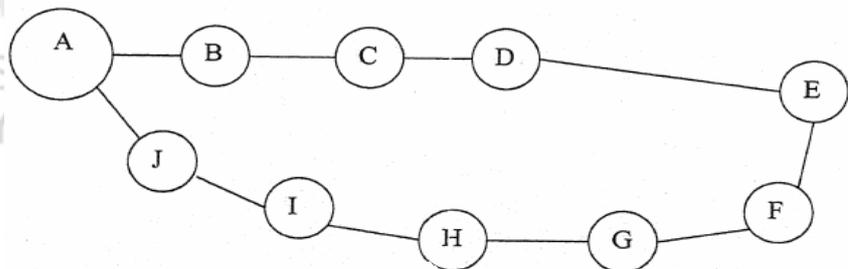
The circle shape is appropriate for a territory where the concentration of customers is more or less the same throughout the territory. The salesman is based at a town which is near the center of his complete territory. This shape ensures almost equal concentration of the salesmen to all his customers because the time involved in travelling to any area of his territory will be the same.

This type of a sales territory is more common in fast moving consumer goods companies and pharmaceutical companies. .

The clover leaf shape is desirable for the companies marketing industrial goods. This shape is suitable when the customers are located randomly. In other words, their concentration is riot equal in all areas of a territory. In this shape, the salesman is based at the center of the territory and plans his tour to cover all customers along one leaf. This ensures that the salesman comes to his base town at the weekend, spends sometime to meet his customers here and moves for towns on other leaf, the next week.



The wedge shape of a territory is suitable when the salesman is based at a town with dense population of customers and has to visit the satellite towns also for small customers or sparsely populated customers, such a shape we is an alternative to circle shape for companies marketing fast moving consumer goods or pharmaceutical products.



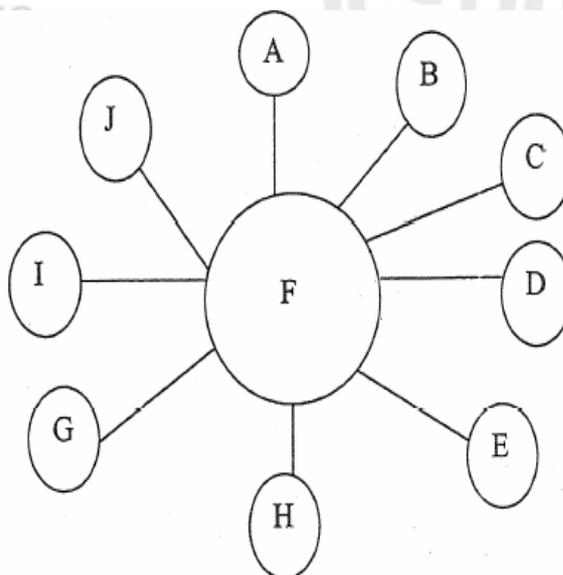
13.5.5 Suitably Station the Salesman

The salesman should be based at a, place in his total territory, with the highest concentration of customers.

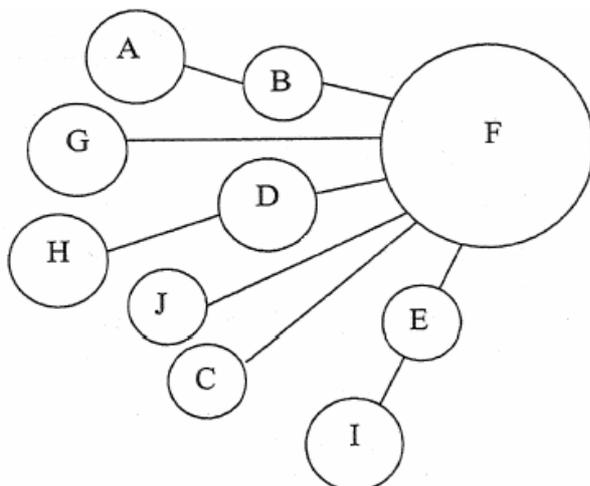
Suppose a territory consists of towns A, B, C, D, E, F, G, H, I and J and most of the



customers are located in town F, then the headquarter of the salesman should be town F only. Moreover, other towns should be well connected with town F and distances should be minimum between the towns. This can be graphically represented as follows:



(The dimensions of circle represent the concentration of customers in each town.)



In the graphic illustrated above, where the salesman is based at town A with low customer's concentration, the salesman will have to remain mostly on tour to meet more customers in town F, which will not only put more pressure on the time available to the salesman but will also increase his expenses on tour and travel.

Activity 2

You are the Sales Manager with 5 salesmen reporting to you. Your area has following towns with the indicated sales potential / customers / concentration index.

Design an effective territory planning for all 5 salesmen reporting to you.

Town	Sales potential/ Customer Concentration Index
1.	100
2.	100
3.	80
4.	100
5.	90
6.	50
7.	35
8.	20
9.	20
10.	100
11.	70



12.	50
13.	40
14.	45
15.	30
16.	35
17.	30
18.	25
19.	15
20.	10
21.	20
22.	25
23.	5
24.	10
25.	15

13.6 APPROACHES TO TERRITORY DESIGN

The above discussion so far brings out that the design, assignment and management of sales territory plays a crucial role in the effective management of the sales functions. Given the dynamics of the market place, sales territories once formed to not hold good for ever, instead they evolve and undergo transformation in response to market needs. The two basic approaches commonly used for designing sales territories are discussed below:

- 1) The Market build up approach
- 2) Workload approach

The Market Build Up Approach : This approach estimates the present and potential product/service demand by looking as how the market is build up, that is, who are its present/potential users, and how much do they consume and at what frequency. Unfortunately it is not so easy as it looks.

Its major use is industrial goods companies where complete listing of users is feasible alongwith approximate consumption norms. Publications such as annual survey of industries, trade directories, state, District and city-wise list of manufacturing establishments etc. come very handy in this regard. Starting with one user industry in an area and then adding up all the relevant industries in that area one can estimate the potential for that `area. Aggregating the estimates for all the areas we arrive at on all India market potential for the product. To this we apply the firms market share objective and arrive at its sales potential. This sales potential when divided on territory basis constitutes the territory sales potential and specifies the corresponding level of sales and marketing support requirements for the territory.

For example, if for an ultrasound equipment manufacturer, the market potential for all the areas sums to 3000 and for Maharashtra state 600, i.e., 20% then its might warrant the firm to invest 20% of its marketing and sales effort in Maharashtra. Given the customer wise market potential and the classification of customers into A, B, C etc categories, number and frequency of sales calls required to tap the sales potential among customer are determined. This leads to estimate of total sales call required per area, and number of sales persons required. Sales territories are then formed in a manner that the sales potential and workload for each territory is nearly equal.

The Workload Approach: W. J. Talley's Workload approach of territory design is based on creation of territories that are equivalent in terms of workload performed by sales persons. The steps involved in the creation of sales territories under this approach are:

- 1) Customers are grouped into Class Sizes according to the annual Sales Volume that the Company has.
- 2) Optimum Call frequencies for each Class of customers are estimated e.g. In one case

present and potential customers are grouped into volume classes and then theoretical Call frequencies are assigned to them.



- 3) Present and potential customers are then located geographically and arranged volume and value-wise.
- 4) The number of present and potential customer in each volume/value group is then Multiplied by the desired Call frequency to get a total number of planned calls required for each geographical control unit.
- 5) This is followed by determination of geographical control units in these that the carved out territory is combed to the maximum, giving adequate workload to the sales person as well minimising, if not eliminating the unproductive time spend in covering distance between two calls and post call activities.

The basic weakness of this approach is that, since the call frequency is already established it may not provide for development of mediocre or neutral customer accounts .into Super accounts due to lesser number of calls assigned to them. The other shortcoming lies in establishing parity in workload and potential territories, in different markets. In practice no two territories are equal in terms of travel time, current sales or potential. For example territory A may cover only two cities of state and be reasonably compact, whereas territory B might include five cities of a state. These inequities affect such sales persons the most, who are dependent mainly on commission on sales as their income in a specific territory. The workload approach to territory design, therefore would be more suitable in situation where sales persons are employed on fixed salary basis. It may be noted that as the market conditions change sales territories need adjustment and even redesigning. The principle of equating territories on marginal profit values make useful contribution in this regard.

13.7 TERRITORY COVERAGE PLANNING

Territory coverage planning is nothing but a plan to systematically visit the customers as defined in step 2 above (Territory Planning).

Once the customers have been identified, the frequency of visits has been determined, and the potential of each customer (and thus each town) has been determined, the TERRITORY COVERAGE PLAN is now drawn.

Each town is listed on a sheet of paper and it is noted that on which date of the month, the salesman will visit a particular town. Mode of Transport is also indicated on the same sheet and the address of salesman or his contact point in each town is also mentioned. This enables the Sales Manager to contact the salesman in a particular town. a typical Territory Coverage Plan may look as follows.

Company XYZ Territory Coverage Plan

Name of Salesman : **Arvind Sharma**
 Headquarterd : **F**
 Territory Coverage Plan for the Month of : **January, '98**
 Date of Preparation : **25 / 12 / 97**

S. No.	Date	Town	Mode of Travel	Distance From HQ	Address, Telephone No. Contact Point
1.	1.1.98	F	—	—	—
2.	2. 1.98	F	—	—	—
3.	3. 1.98	F	—	—	—
4.	4. 1.98	F	—	—	—
5.	5. 1.98	F	—	—	—
6.	6. 1.98	Sunday	—	—	—
7.	7. 1.98	F	—	—	—
8.	8. 1.98	F	—	—	—
9.	9. 1.98	F	—	—	—
10.	10. 1.98	F	—	—	—
11.	11. 1.98	F	—	—	—
12.	12. 1.98	F	—	—	—
13.	13. 1.98	Sunday	—	—	—



14.	14. 1.98	A	Bus	25 Km	Hotel Kuber
15.	15. 1.98	A			
16.	16. 1.98	B	Bus	35 Km	Hotel Kuber
17.	17. 1.98	B			
18.	18. 1.98	C	Train	85 Km	Irawati Guest House
19.	19. 1.98	C	Train	85 Km	
20.	20. 1.98	Sunday			
21.	21. 1.98	D	Train	95 Km	Amar Lodge
22.	22. 1.98	E	Bus	30 Km	Hotel Kushak
23.	23. 1.98	G	Bus	25 Km	Hotel Relax
24.	24. 1.98	H	Bus	28 Km	Relax Hotel
25.	25. 1.98	I	Bus	12 Km	Virender Lodge
26.	26. 1.98	F	-	-	Ashok Guest House
27.	27. 1.98	Sunday	-	-	
28.	28. 1.98	F	-	-	
29.	29. 1.98	F	-	-	
30.	30. 1.98	F	-	-	
31.	31. 1.98	F	-	-	

It is appropriate to keep looking at Territory Coverage Plan at frequent intervals and the sales performance from each town in this plan.. This analysis helps the Sales Manager to take necessary steps to improve sales in a poor - performing town. It also helps him to take a decision to drop a town from the Territory Coverage Plan, if there are no chances of sales improvement. On the other hand, another town which was not being visited earlier but promises good sales potential, can be added to the Territory Coverage Plan.

Alongwith the Territory Coverage Plan, Sales Management can also plan for a Standard Customer List with each salesman. This list can also be reviewed periodically so as to find out the sales result from each customer. The individual customers can also be deleted from this list (if sufficient sales are not being generated from the customer) and new customers added (which have better sales potential).

13.8 SAFES TERRITORY EXPENSE PLANNING

Once the Sales Manager has completed the Territory Planning and the Territory Coverage Planning, he can take a decision as to how many salesmen will be needed to cover all the customers efficiently and effectively. For example, if there are 10,000 potential customers in a Sales Manager's total area and one salesman can effectively cover 1000 customers every month (as illustrated in Territory Planning Para (I) above), the Sales Manger will require a total of 10 salesmen.

Once the number of salesmen has been decided, the Sales Manager can work out the expenses which will include salesmen's salaries, travelling expenses, bonus, incentives, fares and other administrative expenses. The total of all these expenses would provide the Sales Manager with Sales Territory Expense Planning.

Following illustration can be of use to understand the same in a better way.

S. No.	Particulars	Rate (Rs.)	No. of Salesmen	Total Amount (Rs.)
1.	Salary (including P.F. L.T.A., E.S.1. etc.	4,000	10	40,000
2.	Travelling Expenses (@ Rs. 100/- per day for 25 working days / month)	2,500	10	25,000,
3.	Fare (Approximate)	3,000	10	30,000
4.	Bonus (@10% of salary per year)	400	10	4,000
5.	Administrative Expenses	500	10	5,000
	Total	10,400		1,04,000



Thus Rs. 1,04, 000/- will be the approximate sales Territory Expense Planning for the Sales Manager for one month . For complete year, it will be Rs. 1,04,000X13 = Rs.13,48,000/-

Activity 3

Given below are the expected monthly expenses per sales men. Design the total Territory Expenses Planning for the year supposing you have 7 salesmen.

S. No.	Particulars	Expenses (Rs.)
1.	Salary	5,000 p.m.
2.	Fare	5,500 p.m.
3.	Travelling Expenses	Rs. 135 per day
4.	Bonus	10% of salary, per year
5.	Administrative Expenses	750 p.m.

However, with the growth in the number of customers and / or increase in frequency of visits to the same customers, the Sales Manager may have to select more salesmen and thus his Sales Territory Expense Planning may undergo a change. The Sales Territory Expense Planing may invite changes because of some more reasons. These are:

- i) The Sales Manager may reduce the territory of a salesman to allow for more concentrated working. This will reduce the expenses on travelling and the total Sales Territory Expense Planning will be reduced. While doing this, let us remember that a sales manager should not reduce the territory of a salesmen just to reduce his expenses He / She should strike a balance between the territory, its sales potential and the expenses.
- ii) The sales Manager may have to discontinue some salesmen because their sales performance in not upto the mark.
- iii) Let us now try to understand what controls a sales manager can exercise for optimum results and for improved performance of his salesmen. It would be worthwhile to add here that the most important aspect of sales manager's job is to exercise effective controls. In other words controls are the key to effective sales planning or sales management.

13.9 CONTROL SYSTEMS

What do we mean by control ? Control is checking and evaluating the difference between what was planned and what was actually done and achieved. A sales manager has to analyse the qualitative as well as the quantitative data about his salesmen to exercise effective controls the qualitative aspect of controls can be exercise to gauge the salesmen's attitude towards his customers, company and to supervise his territory knowledge, the knowledge, about his customers, the knowledge about his products, and competitors product knowledge, his communication skills, his presentation skills, his leadership qualities etc.

All these qualitative data about his salesmen can be analysed while working in the field with the salesmen. A sales manager should call-on the customers with the salesmen, should travel with them using the same mode of travel and should interact with his salesmen as much as possible.

The quantitative data is available from the salesman's daily reports and his territory coverage plan. The sales manager can analyse the number of customers being called by the salesmen on day - to - day basis, the value of the business received by the salesmen, the expenses made and the ratio of sales to expanses.



As we can see, the sales manager can have the qualitative and quantitative data about all his salesmen. Thus a sales manager can analyse the difference between what was planned to be achieved and what has actually been achieved in terms of customers calls, business produced, expenses made and proper communication of messages about the product to the customers.

Once the sales manager has analysed all these data, he can take corrective actions. He can ask the salesman to improve his daily average of customers contacted, or to improve value of orders generated or to improve his communication etc. He can also ask his training manager to conduct the salesman's training in a particular aspect where he found the salesman weak.

13.10 IMPROVING TERRITORY PRODUCTIVITY

For obtaining maximum productivity out of 2 sales territories, it is essential that the sales force lay emphasis on its effective management, than on mere coverage. In practice it means that sales territories be mapped and managed on profit oriented basis taking into consideration, the following points:

- profit contribution made by different customers, clarity of approach to account development, as well as to small/marginal customer.
- profit generators and detractors in the territory.
- allocation of sales, marketing and other resources based on territory's profit contribution potential.
- effective utilization of sales force time.

The process of improving territory production, therefore, requires establishment of a system of monitoring and review of the sales territory.

The system should focus on:

- a) Sales territory performance in terms of its market potential, resources deployed and required, and profit contribution potential.
- b) Sales force itinerary planning, covering call planning, journey planning, appointment scheduling, preparation and usage of sales aids and equipment during sales calls, and post call planning.
- c) Documentation of customer call records, daily activity reports, cost and time on various activities, market intelligence, etc.
- d) Individual sales person's productivity.

In brief, attention to every single profit detractor and timely action on all profit generators helps a company to optimise the sales territory; productivity. Superior quality of the sales force facilitates in the attainment of this goal.

Activity 4

A) Check whether the following statements are true or false:

Statement	True/False
1) The emphasis in the concept of the sales territory is upon the geographical area in which a sales person works
2) Good territorial design allows sales personnel to spend sufficient time with customers and prospects and minimizes non-selling time
3) As a rule, sales territories should be very large in order to make sure each sales person has adequate sales potential



Which will give him or her incentive to spend maximum effort

- 4) Differences in territory coverage difficulty represent differences in the work required of sales person.
- 5) Establishing sales territories assures proper market coverage

B) Tick the most appropriate answer:

- 1) Ideally the optimum territorial arrangement is achieved by establishing territories so that there is an equalising among territories of
 - a) Market potentials
 - b) Sales potentials
 - c) Sales person's workload
 - d) Selling expenditure
 - e) Incremental sales per selling rupee
- 2) The main reason for establishing sales territories is to
 - a) secure optimum market coverage
 - b) reduce selling expenses
 - c) facilitate planning and control of selling operations
 - d) improve sales force performance and morale
- 3) In deciding how many sale territories, a sales manager
 - a) should estimate the percentage of the total sales potential that each sales persons, on
 - b) an average should be capable of realizing and proceed from that point
 - c) should use the major competitor's territories as the basic starting point
 - d) should first find out how many good sales persons are available
- 4) Among other things, revising territories to adjust for differences in territory coverage on account of differences in workload involves:
 - a) estimating the time required for each sales call
 - b) deciding call frequencies
 - c) calculating the number of calls possible within a given time period
 - d) determining the length of non-selling time between calls
 - e) all of the above
- 5) Profitable management of sales territories helps in matching selling efforts with:
 - a) sales person's assignments
 - b) selling expenses
 - c) marketing plans
 - d) sales opportunities

Check Your Answers

- A) I (False), 2(False), 3(False), 4(True), 5(False)
 B) 1(e), 2 (c), 3(a), 4(e), 5(d)

13.11 SALES PROGRAMME PLANNING

While undertaking this planning, the Sales Manager plans as to what each of his salesmen should do and when should he do it. All this is planned with the objective of meeting the objectives i.e. the sales targets.

Primarily, this planning includes the activities like.

- a) Putting up point of sales material like danglers, posters, stickers, billboards etc. at



- retail counters.
- b) Improving shop window display like arranging product packs attractively in the glass windows at retail shops.
 - c) Conducting outside the shop promotion like distributing gifts to the customers who purchase their product or distributing coupons for some discounts or free goods to customers.
 - d) Conducting demonstrations like demonstrating the actual performance of a product like a Juicer, Mixer Grinder, at a shopping complex.
 - e) Sampling programme like distributing free samples of the product (a new detergent) to some housewives in a colony.
 - f) Presentation on the performance and benefits verbally to a group of potential customers.

13.12 PLANNING SALES MANAGER'S N ITINERARY

For achieving the product-wise and thus value-wise sales planning, the Sales Manager should plan his tour or work plan quite objectively. Before he goes on tour or to work with a salesman, he should find answers to questions like

- a) Why is he going there ?
- b) What is he going to do there ?
- c) What he will achieve?
- d) What has been the performance of the salesman he is going to work with?
- e) What are his developmental objectives for the salesman?

Generally, in any given area, 60 percent of the members of a team are average producers of sales, 20 percent are above average and 20 percent are below average performers. Usually the Sales Managers work more with either the above average or below average performers. In the process, they neglect the average performers who bring about the major chunk of the business. Therefore, the sales managers should concentrate more of their time on this group of salesmen who will mostly do an adequate job.

Apart from this, a sales manager should have a TOUR PLAN, which should elaborate on who is he going to visit, why and how many days he will spend with each salesman. It need not necessarily be a standard of two days, work with each salesman, it should be four days with one and only one day with other salesman, depending upon the performance and development objectives for each salesman.

A Sales Manager should circulate his tour plan to other departments within the organisation. This will enable other departments to voice their concerns to be discussed with a particular salesman. This way a lot of unnecessary correspondence can be avoided and full advantage of Sales Manger's tour can be taken by the organisation.

In a nutshell, while planning his own tour plan, the Sales Manager should know WHERE there is a problem and he should go there, WHY there is the problem, he should investigate when he is there, and HOW & WHEN to solve it.

Therefore, what is needed for a high level of Sales Planning is

- i) Customer definition and classification
- ii) Product-wise emphasis - which products should receive high priority.
- iii) Self - training in selling skills and product knowledge.
- iv) Optimum usage of promotion material like posters, dangles, coupons etc.
- v) New business activity.
- vi) Objectivity in self tour plan.



13.13 SUMMARY

The function of Sales Management is a specialised function which involves planning, direction and control of personal selling, including recruiting, selecting, equipping, assigning, routing, supervising and motivating the sales force. All this is primarily done to achieve the specific sales objectives, setting which involves a comprehensive Sales Planning process. Various steps in this process are (1) Product-wise Sales Planning (2) Territory Planning (3) Territory coverage Planning (4) Sales Territory Expenses Planning (5) Control Systems (6) Sales Programme Planning (7) Planning Sales Manager's Own Itinerary.

Product-wise Sales Planning consists of identifying the Market Potential, Sales Potential and then the Sales Forecasts. The Sales forecasts are compiled after thorough study of customers, their size and their buying behaviour. Territory Planning is done by analysing each salesman's capacity to work, identifying frequency of calls per month, building in parity in sales potential, minimising travel time & expenses, and deciding on proper headquarters.

Territory Coverage Planning should be standardised and it should be made on a sheet of paper where the contact point and address of the salesman should also be indicated. Frequent review of this plan should also be made so as to accommodate necessary changes of towns and customers.

Sales Territory Expense Planning is done once all the planning as listed above is properly done. After deciding the number of salesmen required, a Sales Manager can work out the expenses. A Sales Manager can add or discontinue salesmen depending upon the requirements which may alter his Sales Territory Expense Planning. This planning also helps a Sales Manager to operate proper control systems.

Sales Programme Planning involves planning the efficient and optimum use of various Sales Promotion measures like putting up point of sales material, Improving shop window display, conducting, demonstrations, distribution of samples etc.

A Sales Manager should also plan his own itinerary well - he should be clear as to what is his tour objective, why is he going there, what will he achieve on tour etc. A Sales Manager should devote more of his time with average performers, and should circulate his TOUR PLAN to other departments.

13.14 KEY WORDS

Sales Territory: An area of responsibility for an individual sales person to develop sales in it.

Sales Territory Design: The means of allocating customers or group of customers as a basis for assignment to a sales person to achieve sales objectives. This is usually on a geographical, product or market basis or on a combination of these basis.

Sales Plan: A determinant of personal selling strategy reflecting a clear understanding of overall company goals and market characteristics, and incorporating techniques and information which will allow for more effective decisions in eliciting competitive success.

Process of Sales Plan : It is in three stages. Firstly, prepare sales forecasts and budgets on the basis of identified firm's market. Its sales potential by product line, geographic area or customer type. Therefore, divide the market into territories so that sales effort can be allocated most effectively to current and potential customers. Finally, set quotas as a means of guiding and motivating salesmen, as well as a means of controlling and evaluating their effort.

13.15 SELF-ASSESSMENT QUESTIONS

- 1) How does sales forecasting help in sales planning suggest atleast five requirements of a sales manager in which sales forecasting can be of help
- 2) What specific points you would consider while territory planning. Explain each of them, briefly.



- 3) Critically examine the workload approach for designing sales territories.
- 4) What measures can be taken to improve the territory productivity.. Explain by taking the samples of a) Jewellery watches and b) Agricultural pesticides.

13.16 FURTHER READINGS

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