



**ΠΑΜΙΒΙΑ UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

FACULTY OF MANAGEMENT SCIENCES

DEPARTMENT OF MARKETING AND LOGISTICS

QUALIFICATION: BACHELOR OF MARKETING	
QUALIFICATION CODE: 07BMAR	LEVEL: 6
COURSE CODE: SOT612S	COURSE NAME: SALES AND OPERATIONS MANAGEMENT
SESSION: JANUARY 2019	PAPER: SUPPLEMENTARY EXAMINATION
DURATION: 3 HOURS	MARKS: 100
SECOND OPPORTUNITY EXAMINATION QUESTION PAPER	
EXAMINER(S)	MR. C. KAZONDOVI MS. E. BACHENAMISI
MODERATOR:	DR. E. SEMENTE
INSTRUCTIONS	
1. Answer ALL the questions. 2. Write clearly and neatly. 3. Use the tables provided on [page 8] to answer Section A, Question One (1) AND Question Two (2) respectively: Detach and insert it into your answer booklet.	

THIS QUESTION PAPER CONSISTS OF 8 PAGES (Including this front page)

SECTION A

Question 1

Multiple choice questions

Choose the correct answer and use the table provided on [page 8] by ticking the correct option [X or √] to answer these questions, detach and insert it into your answer booklet. 2 marks will be awarded for each correct answer. **[15 x 2 = 30 Marks]**

1.1 Regarding the use of gross margin as a basis for evaluating salespeople's performance:

- A. This is a good basis when the company sells different products with widely varying gross margins.
- B. This takes selling expenses into consideration.
- C. This rewards the salesperson who has the highest sales volume.
- D. This is a poor basis for evaluating salespeople.
- E. This encourages missionary selling activities.

1.2 Management controls its sales force through the:

- A. compensation plan.
- B. quota system.
- C. territorial structure.
- D. training program.
- E. All of these.

1.3 An improvement in the sales rep's selection process should lead to:

- A. A switch to on-the-job training programs.
- B. More salespeople being paid a straight commission.
- C. Fewer sales jobs.
- D. Smaller territories, but better quota systems.
- E. A reduction in the rate of turnover on the sales force.

1.4. The three stages of the sales management process are:

- A. planning, implementation, and goal setting.
- B. planning, strategizing, and evaluation.
- C. staffing, organizing, and goal setting.
- D. planning, implementation, and evaluation.
- E. staffing, operating, comparing.

1.5 All of the following are true about sales force automation (SFA) systems, except:

- A. SFA analyzes information from a variety of the firm's different business functions.
- B. SFA is typically part of a firm's overall customer relationship management system.
- C. SFA makes performance evaluation faster and easier.
- D. SFA is so easy that no training of salespeople is required.
- E. Most company executives are satisfied with recent implementations of SFA.

1.6 One method to reduce the loss on small orders is to:

- A. Reduce the quantity discounts.
- B. Bypass wholesalers and deal directly with these customers.
- C. Have the sales reps call more frequently on these accounts.
- D. Educate the customers as to the costs they (the customers) are incurring by ordering in small quantities.
- E. Encourage customers to buy on a hand-to-mouth basis

1.7 Which of the following does not affect the number of calls a rep can effectively make in one day?

- A. The amount of missionary work to be done.
- B. The amount of travel time between customers.
- C. The average length of time required for a call.
- D. Whether the buildup or breakdown method is used.
- E. All of these have an effect.

1.8 Regarding sales contests/competitions:

- A. In a closed-ended contest people are only competing with themselves.
- B. Top companies do not feel they need to use contests
- C. An open-ended contest is run for a much longer period than other types of contests.
- D. A contest with different categories has more than one level of winning.
- E. None of these.

1.9 A sales meeting is least likely to be used as a vehicle for:

- A. Counseling salespeople about their personal problems.
- B. Boosting sales force morale.
- C. Improving sales reps' selling techniques.
- D. Announcing changes in a company's policies on pricing and channel structure.
- E. Getting salespeople better acquainted with top management.

1.10 Which of the following does not contribute to job enrichment?

- A. Greater responsibility.
- B. Variety in tasks.
- C. Greater authority.
- D. Greater compensation.
- E. All of these contribute to job enrichment.

1.11 Which of the following changes is apt to decrease the geographical size of a territory?

- A. Company substitutes a selective distribution policy instead of mass distribution.
- B. Cover an area more intensively with increased call frequencies, etc., in order to meet competition more effectively.
- C. Company decides to sell to retailers instead of door-to-door.
- D. Have a sales rep discontinue the missionary phases of his job and do nothing but straight selling.
- E. None of these.

1.12 To say that "the market potential for Converse All Star Sneakers in Windhoek and Oshakati is 200,000 pairs" is not a correct way of stating market potential because:

- A. The dollar sales figure is not stated.
- B. The time period for these sales is not stated.
- C. The geographic market is limited to only two states.
- D. Nothing was said about maximum possible sales.
- E. None of these. That is, the statement is correct as it stands.

1.13 Over-supervising a sales force is likely to:

- A. Result in a sales manager not knowing what is going on in the field.
- B. Reduce the costs of supervision.
- C. Be resented by many sales reps.
- D. Leave new reps with the feeling that the boss doesn't know or care what is happening.
- E. Lead to None of these.

1.14 Regarding the situation of hiring minorities for sales jobs:

- A. There usually are more minority people in the sales department of a firm than in any other department.
- B. The pressure to hire minority sales reps is likely to decline quite a bit through the next decade.
- C. Minorities generally have a strong interest in one selling.
- D. There is a shortage of experienced minority applicants for sales jobs.
- E. It usually is easier to recruit minorities for non-selling jobs.

1.15 All of the following are typical problems that producers experience when using an independent sales force (such as, manufacturers' reps, wholesale distributors), except:

- A. The producer is frustrated over the lack of control it has over the independent sales force.
- B. The producer must compete with other firms for the selling time of the rep's or wholesale distributor's sales force.
- C. The independent sales forces are not familiar with the market the producer wants to reach.
- D. It is difficult to get these reps and agents to service an account because they get no commission for this work.
- E. It is difficult to get an independent sales force to perform non-selling activities.

Question 2

True or False Questions

Use the table provided on [page 8] by ticking the correct option [X or √] to answer these questions, detach and insert it into your answer booklet. 2 marks will be awarded for each correct answer.

[10 x 2 = 20 Marks]

2.1. The best signal that your compensation plan isn't working is that several of your best salespeople quit.

2.2 Many companies do not differentiate top performance from average performance in terms of salary.

2.3 In the concept and definition of a sales territory, the emphasis is on geographical areas rather than customers.

2.4 In the buildup method for determining basic territories, the first step is not to determine the number of accounts to assign to each salesperson.

2.5. Intrinsic rewards are provided by others.

2.6 A customer analysis determines who will buy the product, not who will use it.

2.7 Questionnaire surveys are a good means of forecasting sales.

2.8 A firm's market share may be decreasing while its sales volume is increasing.

2.9 It can be difficult to compare the performances of sales reps selling in large urban areas with those people selling in rural territories.

2.10. A production budget should be formulated prior to making the sales budget.

SECTION B

[Total 50 Marks]

Question 3

3.1 The choice of a Sales Organizational Structure is influenced by factors such as:

- a. size of the company.
- b. nature of the products.
- c. nature and density of the market.
- d. ability of the executives.
- e. financial condition of the company.

Explain how each of these conditions may affect the choice of structure with specific examples.

(10 marks)

3.2 There are Four major activities involved in staffing a Sales Force as seen below:

- a. Plan the Recruiting and Selection Process.
- b. Recruit an adequate number of applicants
- c. Select the most qualified applicants
- d. Hire those people that have been selected and Assimilate the new hires into the company.

Discuss with specific examples how you would go about each activity as a Sales Manager for a company of your choice.

(20 marks)

Question 4 - Case Study

(20 marks)

Lorrie Foods, Inc. - Designing an Evaluation System

Lorrie Foods, Inc., is a privately owned wholesale food distributor that has served the Gainesville town, in Florida which is the south-eastern most area in United States of America, market since 1943, It

commands a 60 percent share of the Gainesville market, with annual sales of \$6 million and profits of approximately \$1 million. It is a small, loosely structured firm that employs 20 people. Top management consists of the general manager, Tom Adair; a marketing manager, Jennifer Walters; and a sales manager, Warren Gottlieb. Recently, the company changed ownership. Both Adair and Walters are new to the firm. Gottlieb has been with the firm for 17 years and remains Under the new management as the top-ranking sales executive.

Lorrie Foods has three main product lines: food, paper, and chemicals. Food products include packaged goods, canned foods, and drinks. They represent 70 percent of Lorrie's business. Paper products, which include disposable items such as paper plates, cups, and napkins, account for 25 percent of sales. The remaining 5 percent comes from sales of chemicals such as floor cleaning solutions and kitchen and bathroom supplies.

At the current time, Lorrie has approximately 800 active, major accounts. This customer base, which is very stable, consists of institutions such as hospitals and educational facilities, restaurants, churches, communities, unions, and other organizational groups such as the Scouts. These accounts are served by six outside salespeople. There are another 200 to 300 accounts that are not considered major accounts. Many of these accounts are offices that purchase only paper products and chemicals. Their business is solicited by six telephone salespeople.

Although Lorrie has significant market share, there is strong competition in the Gainesville market. Most of the competition is based in Jacksonville (about 115 kilometres away), but there are several national competitors as well, such as Continental Food Services and Kraft. Lorrie is currently the only wholesaler with a warehouse operation in the immediate area. However, Lorrie soon will not be the only local service supplier. The third largest independent food distributor in the nation, Bower Foods, headquartered in Georgia town (about 300 kilometres away), is planning to enter the market as a full-service warehouse wholesaler. Bower's anticipated entry is the primary driving force behind the reorganization at Lorrie.

Tom Adair, Jennifer Waiters, and Warren Gottlieb have worked together to establish a set of strategic objectives for the marketing and sales operations. In order of importance, they are (1) greater profitability through deeper penetration of the existing market and new product introductions; (2) greater cooperation between the field sales reps and the telemarketing reps; (3) increased market feedback from the reps; and (4) greater non-price competition.

Walters and Gottlieb have both been charged with the responsibility of improving the efficiency and effectiveness of the sales force in achieving these goals. At the current time, Gottlieb is working to establish an evaluation program for his salespeople. The field salespeople are responsible for calling on their largest accounts two to five times per week. They are expected to make contact with the remainder of their accounts less frequently; but for those accounts that are seen less, the salesperson is expected to stay in touch through frequent phone contacts. In addition to managing their established accounts, the salespeople also must solicit the business of new accounts. They are also encouraged to bring customer and competitive information back to the sales manager. The phone salespeople have responsibility for servicing the smaller accounts as well as handling all customer-order data entry (their own and that of the outside sales reps) and processing all customer complaints.

The field and phone sales reps are compensated differently. The field reps are given a salary plus a commission, which can amount to as much as 60 percent of their pay. The salary base is the same

for all the reps. They also can earn additional incentives in the form of dollars or prizes from Lorrie's suppliers. For example, a supplier may offer \$4 for every carton of its product sold. Lorrie would receive \$2 and the individual rep would receive the remaining \$2. Other suppliers give points for products sold, which then can be turned into vacations or other merchandise by the rep. Phone sales reps are paid a flat salary with no incentives based on sales.

Currently, the evaluation of salespeople is done by Warren Gottlieb on a rather informal basis. Each representative has monthly activity reports indicating the level of sales and profits for his or her territory. In addition, Gottlieb has recently instituted a monthly chart of personal goals for each rep that can be compared to actual performance. Gottlieb believes in management by objectives. He counsels his people to set realistic goals and then helps each rep attain those goals.

Gottlieb and Walters both realized that the current evaluation policies were inadequate. They agreed there was a need to establish specific time periods for the evaluations and that these should be tied to an annual review of performance as well as salary. However, the two managers were at odds with each other when it came to deciding what criteria should be used in evaluating the outside salespeople.

As Gottlieb told Walters, "The primary goal should be to tie our reporting of sales and profits into a formal evaluation of the rep. This would become the primary input for considering raises." Gottlieb believed that the salespeople should be evaluated primarily on the basis of sales and profit contribution because that is what drives the company's bottom line. "We just need to formalize what I've been doing all along."

Walters felt that Gottlieb was wrong. In fact, she felt that the salespeople's sales and profit should play a minor role in their evaluations and reward. Rather, she felt that greater weight should be placed on their behaviours. For example, she wanted to include criteria such as the degree to which the rep provides frequent, high-quality customer feedback; cooperates with the phone sales rep; performs the administrative aspects of the job in a timely fashion; and is customer oriented. She argued, "The large percentage of commission pay encourages and rewards them for sales. They don't need any more incentive to sell, but they do need to be motivated to do the more complete selling job. It is these non-selling activities that will help us maintain our position in the marketplace."

Gottlieb didn't buy it. He felt, first, that these criteria were not necessarily related to good sales performance, and, second, that the evaluation of these "behaviours" would be too subjective. More important, he also knew that the administration of such a programme would be very costly in terms of both time and money.

Questions:

4.1. Who is right, Warren Gottlieb or Jennifer Walters? Or both right? Or both wrong? Discuss/Justify your response **(10 marks)**

4.2 If you were designing the new evaluation program for Lorrie's sales force, what specific criteria would you use to evaluate the performance of the salespeople? **(10 marks)**

Grand Total 100 marks THE END

SECTION A: ANSWER SHEET

Question 1

[Total 30 Marks]

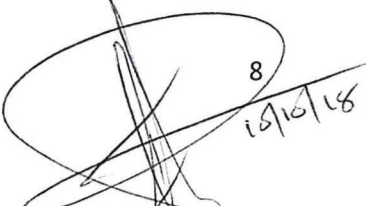
	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
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Question 2

[Total 20 Marks]

	<u>True</u>	<u>False</u>
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