



PAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY

FACULTY OF COMMERCE, HUMAN SCIENCE AND EDUCATION

DEPARTMENT OF MARKETING, LOGISTICS AND SPORT MANAGEMENT

QUALIFICATION: BACHELOR OF MARKETING	
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COURSE CODE: SOT612S	COURSE NAME: SALES AND OPERATIONS MANAGEMENT
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DURATION: 3 HOURS	MARKS: 100
FIRST OPPORTUNITY EXAMINATION QUESTION PAPER	
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INSTRUCTIONS	
1. Answer ALL the questions. 2. Write clearly and neatly. 3. Use the tables provided on [page 9 & 10] 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 10 PAGES (Including this front page)

SECTION A

[Total 40 Marks]

Question 1

Multiple choice questions

Choose the correct answer and use the table provided on [page 9] by ticking the correct option [X or √] to answer these questions, detach and insert it into your answer booklet. 1 mark will be awarded for each correct answer.

[20 x 1 = 20 Marks]

1.1 The _____ focuses on prospecting for customers and generating new accounts. The customer might then be turned over to _____. (fill in the blanks).

- A. consultative seller; key account seller
- B. key account seller; sales support
- C. new business seller; sales support
- D. new business seller; order taker
- E. key account seller; delivery seller

1.2 Which of the following is an incorrect statement regarding the new dimensions of sales management and personal selling?

- A. There is a significant increase in the number of women going into industrial selling.
- B. Customers are becoming increasingly demanding.
- C. Territorial profit responsibility is moving from the salesperson to top management.
- D. Computer technology has a considerable impact on many areas of sales force management.
- E. All of these are correct.

1.3 Which of the following firms is *least* likely being consistent with the marketing concept?

- A. A firm focused on marketing more than selling.
- B. A firm focused on generating profitable sales over the long run.
- C. A firm whose marketing managers work closely with the production function.
- D. A firm focused on satisfying its customers better than the competition does.
- E. A firm whose top marketing executive is the sales manager.

1.4 In the sales orientation stage,

- A. the marketing concept emerged for the first time.
- B. most firms could not meet demand for their products.
- C. the buyer and seller commit to do business with each other *over a long time*.
- D. salespeople acquired a bad reputation.
- E. All of these.

1.5 A prospect who is not interested in buying:

- A. seldom raises any objections.
- B. most commonly makes procrastinating objections.
- C. most commonly makes value objections.
- D. is a hot prospect.
- E. None of these.

1.6 Proof-providing tactics for meeting product objections include:

- A. Product brochures.
- B. Reassurance from the salesperson.
- C. Case histories.
- D. Interjections during the presentation from other salespeople.
- E. None of these.

1.7 Sales force specialization by type of customer or market group:

- A. Is not as popular an organizational structure as it was some years ago.
- B. Is best suited for a company selling to similar types of customer groups.
- C. Eliminates the situation of having more than one sales rep in each geographical area.
- D. Means that more than one rep from a seller will call on the same customer.
- E. Enables a rep to become better qualified to deal with the needs and problems of a specific type of customer.

1.8 When a company specializes its sales force by type of customer:

- A. There is no opportunity for geographical specialization.
- B. This is likely to increase the friction between channels of distribution used by a firm.
- C. Technical staff specialists cannot be used.
- D. This is compatible with the customer-orientation philosophy underlying the marketing concept.
- E. Overlapping territories usually are eliminated.

1.9 Finding the best combination of sales force motivators is least likely to be affected by:

- A. The role conflict in the sales job.
- B. The rep's self-concept.
- C. Role ambiguity in the job.
- D. The mental and physical demands of the job.
- E. Who conducts the indoctrination training program.

1.10 Specific performance objectives:

- A. Are impossible to measure.
- B. Are not a critical part of motivation.
- C. Should be agreed upon by both the rep and manager.
- D. Are only needed when a rep misses quota.
- E. All the above

1.11 Which of the following specific incentives do salespeople prefer?

- A. Additional vacation time.
- B. A pay raise.
- C. A better car.
- D. Better fringe benefits.
- E. Merchandise.

1.12 One drawback to having the salespeople pay their own expenses is that this plan:

- A. Is complex and expensive to administer.
- B. Cannot be used when the sales force is paid a straight commission.
- C. Results in management's losing considerable control over the sales reps' activities.
- D. Encourages the salespeople to pad their expense accounts.
- E. None of these is correct.

1.13 One drawback to the expense control plan where the salespeople pay their own expenses is that:

- A. The sales reps do not like it.
- B. It cannot be used when salespeople are in a training program.
- C. It cannot be used when a sales rep is developing a new territory.
- D. It discourages reps from performing nonselling activities.
- E. None of these is an inherent drawback.

1.14 Which of the following is an advantage of a limited payment plan for controlling sales force expenses?

- A. High caliber salespeople generally prefer this plan.
- B. It is good when there are cost-of-living differentials among the territories.
- C. It eliminates cheating on expense accounts.
- D. Management can budget its sales expenses more accurately.
- E. It eliminates disputes between management and sales reps.

1.15 An advantage of using the executive-opinion method of sales forecasting is that:

- A. The salespeople are closest to the market situation.
- B. It can be done quickly and easily.
- C. It is highly accurate.
- D. It is subject to statistical measures of validity.
- E. None of these.

1.16 For sales forecasting, the sales force composite method has the merit of:

- A. Being useful in forecasting sales of convenience goods.
- B. Using qualified people to do the forecasting job.
- C. Placing responsibility on those who will have to meet the target.
- D. Not taking sales representatives' time.
- E. Being limited to the consumer market.

1.17 Misdirected marketing effort:

- A. Rarely occurs in a well-managed firm.
- B. Is easy to detect.
- C. Usually is corrected when a company conducts a sales volume analysis.
- D. Means that a company should reduce its marketing activities.
- E. Is a key reason underlying the existence of the 80-20 principle.

1.18 In our company the figure for total sales is quite satisfactory, but it does not show that sales are declining in a certain product line or territory. This situation:

- A. Is an example of the 80-20 principle.
- B. Indicates a well-managed company.
- C. Tells us that we did a poor job of sales forecasting.
- D. Illustrates the need for detailed sales information.
- E. Suggests that we drop that product or territory.

1.19 Regarding the interpretation of quantitative data in a performance evaluation:

- A. Similar data (order size, call rate, sales, etc.) gathered from the different territories may not be comparable.
- B. Gross margin is a poor indicator of performance, especially if the company sells many products with quite different margins.
- C. Market share performance is an exact basis for comparing several sales reps.
- D. It is better to have a high average order size than to get a large number of orders.
- E. A high batting average (orders - calls) is a good indicator of a well-balanced sales job.

1.20. All of the following are qualitative bases for performance evaluation, except:

- A. The reps' ability to manage their time.
- B. Reps' personal appearance and health.
- C. Reps' knowledge of customers.
- D. Reps' ability to accept responsibility.
- E. Reps' selling expenses.

Question 2

True or False Questions

Use the table provided on [page 10] by ticking the correct option [X or √] to answer these questions, detach and insert it into your answer booklet. 1 mark will be awarded for each correct answer.

[20 x 1 = 20 Marks]

- 2.1 Relationship selling focuses on getting new accounts.
- 2.2 A missionary salesperson's primary job is to be an order-taker.
- 2.3 In the history of selling, canvassers sold a product line from a single manufacturer and used sophisticated, high-pressure sales strategies.
- 2.4 The components of the firm's marketing mix are largely under the control of management.
- 2.5 Pre-call planning includes all the information gathering activities which salespeople perform to learn relevant facts about the prospects and their needs and situation.
- 2.6 Company files are a good source of information on current customers, but are not reliable for past customers.
- 2.7 Some firms establish a separate sales force to sell to strategic accounts.
- 2.8 Strategic accounts are differentiated only by their large share of the seller's total business.

- 2.9 In order for the Motivation-Hygiene Theory to work, motivational factors must be satisfied before hygiene factors.
- 2.10 It is difficult to motivate dissatisfied people.
- 2.11 A reward structure should link greater rewards with higher performance.
- 2.12 A flat-rate-per-mile arrangement is the best method for reimbursing salespeople for the use of their own cars on company business.
- 2.13 In many sales situations, salespeople are pushing their smaller customer to purchase via their company's web site.
- 2.14 The unlimited-payment method of controlling salespeople's expenses imparts considerable flexibility to a rep's operations.
- 2.15 The sales forecast is usually the responsibility of the sales manager.
- 2.16 Test markets are a means of estimating a product's market potential.
- 2.17. A sales volume analysis ordinarily cannot be done without being accompanied by a marketing cost analysis.
- 2.18. A sales volume analysis minus a marketing cost analysis constitute a marketing profitability analysis.
- 2.19 A low average order might indicate that the sales rep needs more training on product knowledge and building up the order.
- 2.20. Sales managers frequently make evaluations that are too general and too subjective.

SECTION B

[Total 60 Marks]

Question 3

3.1 The choice of organizational structure and design 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.

(10 marks)

3.2 Discuss with particular Business to Business (B2B) examples what the impact of wrong Sales Forecasts will have on the companies' departments/functions. In your response, discuss five (5) possible impacts of too high Sales Forecasts and five (5) possible impacts of too low Sales Forecasts on below functions/department:

- a.) Production
- b.) Finance
- c.) Inventory/Stock Control
- d.) Promotion
- e.) Sales Force

(10 marks)

3.3) Discuss how can Meta Knowledge, Skills, Abilities (KSAs) influence Growth-related and Task-related KSAs? In your answer clearly indicate the Knowledge, Skills and Abilities at each level and how it is influenced by Meta KSA's.

(10 marks)

3.4) Distinguish between Market Potential vs. Sales Potential while taking into consideration the four (4) elements that must be included with specific B2B examples.

(10 marks)

Question 4 - Case Study - Biolab Pharmaceutical Company - A Quest for Motivational Skills (20 marks)

"How did your interview go today? Are you going to get that promotion you want?" Hobie Dobbs asked his spouse, Kathryn. Although they had been married less than a year, Hobie had been paying close attention and had learned when silence was a definitive answer to one of his questions. This was clearly one of those times. Nothing was said, but nothing had to be said, for anger and frustration were etched in Kathryn's face. She dropped her briefcase on the floor rather loudly as she headed for the refrigerator in search of some moral support. Hobie followed and ventured a suggestion, "The Ben & Jerry's ice cream is at the bottom of the freezer."

It worked. After the second spoonful, Kathryn said, "I couldn't believe it. There he sat telling me that I'm not properly motivating my reps. That I cannot be promoted until I learn how to motivate people better. Me, Katie O'Brien. My career is being threatened by a bozo who tells me I can't motivate people well enough to suit him."

Kathryn O'Brien, a senior sales rep for Biolab Pharmaceutical Company, supervised five junior sales reps in her St. Louis, Missouri, territory in central United States of America (USA). She had worked for the company for three years and had an excellent record. Each year she was one of the company's top producers. She was well liked by her peers and subordinates. It seemed to everyone that Kathryn was well on her way to a great management career with Biolab.

Biolab Pharmaceutical Company was a huge, international manufacturer of ethical drugs most noted for its biological and blood-related products. Kathryn reported to Ed Simpson, district manager, who also worked out of the St. Louis office. Thus, Simpson had more opportunity to observe Kathryn at work than was the case in the relationships between most district managers and their senior salespeople.

Hobie also worked for the company in customer service; he was a pharmacist who could be called on an inbound 800 number by any physician, druggist, or sales rep for product and application information. He and Kathryn became good telephone buddies in her early days with the firm because she relied on him for information.

"Gee, that's kind of general, isn't it? Exactly what does he mean when he says you can't motivate people? You sure don't have any trouble motivating me." Hobie paused and then continued, "Did you try to pin him down? Ask him what he was talking about? Get some specifics?" "Yeah, it was like

pulling teeth. He squirmed and had trouble looking me in the eye. He really didn't want to get into it with me, but I wouldn't leave until I understood what he was talking about. He kept saying that my five sales reps were not performing well enough to suit him. He thought they should be producing more results and that the reason they weren't was that I was not motivating them to work harder. He said that they just were not making the calls and making the efforts that they should be."

"And that's your fault, is that it?" Hobie asked. "Who hired them, who trained them, who sets all the compensation policies? But since they made you the senior rep over them, everything is your fault, I suppose. Can you get rid of reps who aren't performing up to expectations?" Kathryn responded, "No, I can only write them up, give them a bad evaluation."

"Have you done that Hobie asked. Kathryn explained. No, and I won't. It's true they aren't setting the world on fire, but they're doing all right, about average for trainees. They are busy learning the business right now at their stage of development and I don't see why I should put more pressure on them than they have right now. First, learn the business, then when they know what they are doing they can start working harder." "Seems reasonable to me. Did you tell Simpson that?"

"Are you kidding? I was so mad I couldn't think, let alone speak. Besides, I don't agree with his ideas of motivation. He keeps giving us those Bubba stories about how his old football coach used to motivate him and those other players to go out and die for dear old Mizzou. Then he starts talking about his Marine Corps days and how they motivate people-pride, don't let your buddy down, and all that. He's from another world. Well, we sell drugs to physicians for about 40 hours a week. We're not fighting for our lives and we sure aren't trying to beat the brains out of the competition."

"You seem to know how not to motivate your reps. Now, what do you think will motivate them?" Hobie asked. "I don't want to talk about it anymore tonight. I want to think about it. I'll tell you tomorrow morning what I am going to do." And with that, Kathryn declared the meeting over.

The next day began much earlier than usual because Kathryn was eager to get her conflict with Simpson behind her. Confrontation was to be the order of the day. She had decided to attack Simpson's evaluation of her motivational skills directly with him instead of appealing it to his superior, as she had a right to do under company policy. She was not interested in getting embroiled in the company's cumbersome bureaucratic processes. She would attack this threat right at its source - and if her effort failed, she would resign. She had good reason to believe that she could get a similar job with a competitor, so she was not worried about being unemployed.

She laid out her plans to Hobie, who listened carefully, saying nothing until she was through talking. Then he asked, "And what are you going to tell Simpson about your motivational philosophies and skills that will change his evaluation of you? What makes you think he is really interested in what you think about how to motivate your people? He seemed to be focused on your reps' input efforts. Hard facts! From what you tell me about him, what reason do you have for thinking that he can change his mind about anything? And by the way, what are you going to say about your motivational philosophies?"

Kathryn responded, "First, I am going to insist that the sales reps' basic motivational structure is pretty well set when we hire them. If they're lazy, we're not going to be able to change it. Furthermore, all sales management literature indicates that a firm's basic compensation plan provides the bulk of its motivational thrust. Add the training program to the mix, and I maintain that, as a senior

salesperson, sort of a bargain-basement supervisor, I have little power to really motivate the reps. Consequently, he is evaluating me on something over which I have little control.

"Next, I know how the game is played. I may win something on appeal, but that will be the real end of my future with the firm. I would have dirtied the nest, made waves, or whatever you call it. I would be tagged a militant, and that would be that. So if my career is not to be with Biolab, so be it. The quicker I get out, the better. It would be foolish to stay around and let this guy do a job on me. I don't need it, and I don't have to take it. So that's the way it's going to be." Hobie smiled. He knew it was going to be an interesting day.

Questions:

4.1 Do you approve of Kathryn's plan of action? If so, why? If not, what changes would you suggest she consider making? (10 marks)

4.2 Do you agree with Kathryn's philosophies of motivation? If so, why? If not, what are your philosophies of motivation? (10 marks)

Grand Total 100 marks - THE END

SECTION A: ANSWER SHEET - Question 1

Tick [X or ✓]

[Total 20 Marks]

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

Tick [X or √]

[Total 20 Marks]

	<u>True</u>	<u>False</u>
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[Handwritten Signature]

Student Name and Student Number
