



**PAMIBIA UNIVERSITY**  
OF SCIENCE AND TECHNOLOGY

**FACULTY OF COMMERCE, HUMAN SCIENCE AND EDUCATION**

**DEPARTMENT OF MARKETING, LOGISTICS AND SPORT MANAGEMENT**

<b>QUALIFICATION: BACHELOR OF MARKETING</b>	
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<b>COURSE CODE: SOT612S</b>	<b>COURSE NAME: SALES AND OPERATIONS MANAGEMENT</b>
<b>SESSION: NOVEMBER 2022</b>	<b>PAPER: THEORY</b>
<b>DURATION: 3 HOURS</b>	<b>MARKS: 100</b>
<b>SECOND OPPORTUNITY EXAMINATION QUESTION PAPER</b>	
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<b>INSTRUCTIONS</b>	
1. Answer ALL the questions. 2. Write clearly and neatly. 3. Use the tables provided on [page 9 and 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

### 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 A useful generalization regarding the concept of administration is that:

- A. Management is an inherent trait; that is, it rarely can be learned.
- B. Administration is a distinct skill, separated from technical ability in a given field.
- C. Good managers are born, not made.
- D. To be a good manager of a given activity, you have to be technically skilled in that activity.
- E. The job of a sales executive usually is that of a manager, not an administrator.

1.2 Excellent salespeople may not make good sales managers because:

- A. Some of the traits and skills needed to be a good sales rep are different from those needed to be a successful manager.
- B. Top salespeople, when promoted to management, always expect too much from the people working under them.
- C. Salespeople don't respect a boss who has had no previous managerial experience.
- D. As a manager, the former sales rep does not spend enough time in the field working with the sales force.
- E. None of these is correct.

1.3 Which of the following is an accurate generalization regarding the concept of objectives in strategic sales force planning?

- A. Sales force objectives should guide strategic marketing planning.
- B. The objectives should be specific, and be stated in written form.
- C. After sales-management strategies are determined, then the objectives for sales management will follow.
- D. Objectives are not necessary if you have good administrators.
- E. None of these are correct.

1.4 Which of the following is the best definition of a strategy?

- A. Plan of action by which an organization intends to reach its goal.
- B. Course of action adopted to routinely guide future decision making.
- C. Operational means used to implement a plan.
- D. A study of the past to decide now what to do in the future.
- E. None of these are even close.

1.5 The best tactic for meeting hidden objections is:

- A. Use of corporate espionage to anticipate these objections.
- B. Keep the prospect talking.
- C. Use the objections from other sales presentations and include this information in the presentation, dispelling the objections before the client can raise them.
- D. More pre-call planning.
- E. If they are hidden, you cannot meet them.

1.6 Which is part of the process of meeting objections?

- A. Keep presentation moving.
- B. Present wealth of information to meet objections before client can raise them.
- C. Respect buyer's concern.
- D. If nobody speaks, there are no objections, you've given an excellent presentation.
- E. The ABC technique (i.e., Always Be Closing).

1.7 A company that wants to make special organizational arrangements for selling to its major accounts is least likely to:

- A. Use its field sales executives to sell to these accounts.
- B. Set up a separate division to deal with these key accounts.
- C. Set up a separate sales force to service the major accounts.
- D. Use its top sales executives to handle these accounts.
- E. Use the rep whose territory includes the home office of a major account.

1.8 Some companies set up a separate division to deal with their strategic accounts. An advantage of this organizational arrangement is that:

- A. It does not duplicate other units in the firm.
- B. It is an inexpensive form of organizational structure.
- C. The seller normally uses the company's regular sales force.
- D. Sales and marketing executives do not have to spend their time selling to major accounts.
- E. The seller can integrate its manufacturing, marketing, and selling activities as they are related to the major accounts.

1.9. According to Maslow's hierarchy of needs, the needs for food, drink, and shelter:

- A. Are high-level needs.
- B. Rank above safety needs, but below the need for love and belonging.
- C. Are social (or psychological) needs.
- D. Are not part of Maslow's theory of motivation.
- E. None of these are correct.

1.10 The most basic need in Maslow's hierarchy is:

- A. Esteem.
- B. Safety.
- C. Social.
- D. Physiological.
- E. Self-actualization.

1.11 A recently promoted district sales manager was nominated by her company to attend an executive development program conducted by a well-known university. In Maslow's hierarchy of needs, this program is most closely related to the rep's need for:

- A. Love and acceptance.
- B. Self-actualization.
- C. Safety.
- D. Physiological support.
- E. Belonging to a group.

1.12 A weakness in the limited payment plan for reimbursing salespeople's expenses is that it:

- A. Is a poor plan for salespeople with regular, routine duties.
- B. Cannot be used when the reps are paid a straight commission.
- C. Encourages expense account padding.
- D. Is inflexible.
- E. Discourages non-selling activities.

1.13 An unlimited payment plan for controlling sales force expenses:

- A. Is flexible so management can allow for cost differentials arising from variations in jobs or territories.
- B. Is not used very widely.
- C. Eliminates the need for salespeople to itemize their expenses.
- D. Eliminates expense account padding.
- E. Does None of these.

1.14 An unlimited-payment plan for controlling the salespeople's expenses:

- A. Is not used very often when the sales job is a complex, technical assignment.
- B. Is not good in situations where management wants to develop a new territory.
- C. Makes it difficult for management to accurately forecast its direct selling costs.
- D. Is not very widely used.
- E. None of these is correct.

1.15 A new firm with ten salespeople selling expensive navigational instruments to shipbuilders probably should use the \_\_\_\_\_ method of sales forecasting.

- A. Trend analysis.
- B. Sales force composite.
- C. Test marketing.
- D. Correlation analysis.
- E. Any of the above is as good as another for this firm.

1.6 A firm with a small sales force is selling expensive textile machinery to large textile mills. This seller is most likely to use the \_\_\_\_\_ method of sales forecasting.

- A. Sales force composite.
- B. Correlation analysis.
- C. Trend analysis.
- D. Test marketing.
- E. Direct derivation/origin.

1.17 Which of the following is the best reason for continuing to carry a product when a sales volume analysis indicates it is a low-volume item?

- A. The item is needed to round out the company's product line.
- B. The product accounts for 5 percent of the sales volume and 2 percent of the profit.
- C. The primary demand for the product is declining.
- D. The product's gross margin is also low.
- E. The product was what gave the company its start in life.

1.18 When evaluating a company's sales performance, management should:

- A. Determine which marketing unit is weak and why it is weak, before recommending action to improve the situation.
- B. Prepare a complete marketing audit.
- C. Not make a sales volume analysis unless it is followed by a marketing cost analysis.
- D. Investigate the 80-20 principle.
- E. Not go into great detail as long as sales are increasing.

1.19 A qualitative factor frequently used as a basis for evaluating sales force performance is the rep's:

- A. Daily call rate.
- B. Ratio of expense to sales.
- C. Average order size.
- D. Gross margin.
- E. Ability to work with customers' salespeople.

1.20 A quantitative factor which is useful for measuring output (results) in a sales rep's performance is:

- A. Direct selling expense.
- B. Gross margin.
- C. Days worked.
- D. Advertising displays set up.
- E. Meeting held with dealers.

## **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. Key account sellers tend to use transaction selling as opposed to relationship selling.
- 2.2 Because of the emphasis on product quality in today's business environment, the public ordinarily judges a company by its factory or office workers.
- 2.3 Personal selling efforts are part of the firm's product development mix.
- 2.4 All firms today do not embrace the marketing concept.

- 2.5 The sales approach is the step in the sales process immediately before qualifying leads.
- 2.6 Once set in motion, a sales plan should not be changed.
- 2.7 Selling to major accounts often requires skills not possessed by the typical field sales representatives.
- 2.8 A virtual/online office have increased selling costs because of the technology that is needed in such an office.
- 2.9 As a reflection of role conflict, the sales rep tends to represent the customer while in the field and represent the company while in the office.
- 2.10 Probably the major contributor to role ambiguity in salespeople is their lack of training.
- 2.11 A salesperson's attributions have little to do with his/her motivation.
- 2.12 All reps selling the same product in a company should be under the same expense plan in which they received the equal per diem.
- 2.13 Some expense plans may discourage a sales rep from performing beneficial activities.
- 2.14 When companies reimburse their salespeople for expenses, these firms usually cover costs of meals when a rep is out of town, but management often puts limits on this expense item.
- 2.15 Competitive developments need not be considered in developing your sales forecast.
- 2.16 The sales force composite method of forecasting sales is best used for industrial equipment.
- 2.17 A situation in which a large percentage of the customers' accounts for a small percentage of the total volume is an example of the 80-20 principle.
- 2.18 Misdirected marketing effort can result in high sales volume, yet low profit.
- 2.19 An evaluation system which emphasizes outputs over behaviors leads to greater organizational commitment by salespeople.
- 2.20 An evaluation system which measures both inputs and outputs leads to lower profits.

## **SECTION B**

**[Total 60 Marks]**

### **Question 3**

If you were a district/area sales manager, how would you motivate the following sales reps?

- 3.1 a. An older salesperson who is satisfied with his present earnings level. He plans to remain as a career sales rep and retire in six years. (Discuss five (5) different ways) **(10 marks)**
- 3.1 b. An excellent sales rep whose morale is shot because he did not receive an expected promotion. He has been with the company five years. (Discuss five (5) different ways) **(10 marks)**

3.2 If a company made a territorial volume analysis and found some subpar territories, how might these facts affect the following activities relating to salespeople? Explain below elements with specific B2B examples (3x3 = 9 marks) and how these elements complements each other (1 mark).

- a. Supervision.
- b. Compensation.
- c. Training.

(10 marks)

3.3 The expense-control plan should enable our representatives to maintain (at no extra cost to them) the same standard of living while on the road that they enjoy at home," said the sales manager of a metal products manufacturer. Discuss five (5) the implications in this statement.

(10 marks)

#### **Question 4 - Case Study**

##### **International Chemical Industries - Use of Motivational Funds**

The following memo from George McCall, vice president of sales operations at International Chemical Industries, was distributed to all regional and district/area managers:

"Each manager should be prepared to give a short presentation to the group during our national sales meeting next week about how the motivational fund for his/her area was spent in 2021. Being new to the organization, I want to familiarize myself with what we are doing in this important area. Moreover, it seems to me that many of you may be doing some things that would be of interest to the other managers."

Underlying McCall's memo was a hidden agenda: McCall was suspicious that much of the firm's motivational fund was being squandered on ineffectual motivational tactics. He wanted to open up the subject not only to discover what was going on but also perhaps to develop some uniformity to what everyone was doing.

International Chemical Industries produced and distributed basic chemicals, such as nitrates, sulfur, and potassium, around the globe. It was one of the world's largest chemical concerns. Its U.S. operations were directed from offices in Houston, Texas in the southern part of the U.S. The U.S. sales operations were divided into five regions, each of which contained five districts/areas. Thus, there were to be five regional managers and 25 district managers at the meeting the following week.

Historically, management budgeted 3 percent of its sales volume of \$722 million for the costs of managing sales operations. Of that amount, 83.3 percent was allotted to field selling costs, which included the salaries and expenses of both the field sales reps and their field managers. The costs of the regional and district sales offices were covered by the remainder of the sales budget. From that amount, area managers were allotted a small fund of approximately 0.02 percent of sales that could be used for motivational purposes in any manner they desired.

For example, the district manager for Chicago spent \$70,000 in 2021 on a special motivational program for the area's five reps. (Chicago accounted for 5 percent of the company's U.S. sales volume, or about \$36 million.) Each rep who achieved quota/target for the year received a free trip for two people, all expenses paid, to exquisite St. Thomas in the Virgin Islands. All reps won and went together with their spouses for a most successful holiday. The manager planned to institute another such program for 2023.

The response to McCall's memo was good. The managers seemed to take delight in relating how they spent their motivational fund. It seemed to McCall that they were in competition with each other to see who could come up with the most innovative plan. McCall was pleased to learn that they had been putting their motivational funds to good use. He also was pleased with the attitudes of the managers. Morale seemed to be high. The managers seemed to relate to each other exceptionally well, except for two isolated cases about which McCall had been made aware by his predecessor and for which he was taking steps to remedy.

In summarizing what he learned from the managers' presentations, he categorized the managers' programs into three groups. Twelve of the district managers had developed some sort of program to reward the sales reps' total effort for the year much along the lines of the Chicago district's program. Seven of the managers used the money for shorter special-purpose programs such as competitions to encourage certain desired behavior such as pushing certain products or getting new accounts.

One such program stood out in McCall's mind since it particularly impressed him at the time. The manager of the New York office had become concerned with the tendency of the reps to concentrate on the firm's established accounts. He wanted them to make more calls on potentially new accounts. To that end, he designed a competition to reward those reps who not only called on prospective accounts but also managed to make them new customers. Since it usually took many calls on a prospective account before a sale was made, the contest had been conducted over a two-year period.

Six of the managers used the money for doing several smaller, short-run, action-oriented, one-shot deals. For example, the manager of the Charlotte, North Carolina, district walked into the office one midsummer day waving two season tickets for the city's professional basketball team. She announced, "These go to the person who brings in the first new account this month." That resulted in a flurry of new account activity and a dispute between two reps over who brought in the first new account. The manager settled the argument by giving both of them two season tickets. She made two reps happy. McCall was impressed with her understanding in handling what could have been a sticky situation.

On another occasion, she walked in and announced that if the district met its quotas for the quarter, all reps and their families would be treated to a long weekend outing on a chartered boat out of seaside town of Wilmington. The district sales volume had not been up to plan, but that quickly changed as everyone started working hard for their boat rides.

McCall was not sure which of these models was best for the company, in either the short run or the long run. He had heard some of the managers talking about how much they liked learning about what the other managers were doing with their motivational money. He wondered if such information should be included in the company's monthly newsletter. How would such information be used? Would a rep in Chicago pressure the manager for a competition that provided season tickets to the Chicago Bulls or Bears basketball games after learning of the Charlotte program?

After consideration, McCall felt that the money was being well spent and wondered if it should be increased. He had several questions: What returns were being realized from those expenditures? How could he build a case to his superiors for increasing the motivation funds budget? Should he do it across the board or test it by giving an increased budget to a district manager representative of each of the three types of programs that were evidenced?



**Questions:**

4. What should George McCall do about the firm's motivational fund? (10 marks)

4.2 What policies should George McCall establish regarding the motivational fund? (10 marks)

**Grand Total = 100 marks**

**THE END**

**SECTION A: ANSWER SHEET**

**Question 1**

**[Total 20 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>
2.1		
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