

SALES FORECASTING AND SALES ORGANISATION

What are roles, responsibilities or duties of a sales manager?

1. A sales manager is responsible for meeting the sales targets of the organisation through effective planning and budgeting.
2. He is required to set the targets for the sales executives and other sales representatives.
3. A sales manager must ensure the targets are realistic and achievable. Duties must be delegated as per interests and specialisations of the individuals.
4. He should understand who can perform a particular task in the most effective way. It is his role to extract the best out of each employee.
5. Sales manager devises strategies and techniques necessary for achieving the sales targets.
6. It is his duty to map potential customers and generate leads for the organisation. He should look forward to generating new opportunities for the organisation.
7. A sales manager is also responsible for brand promotion. He must keep the product popular amongst the consumers.
8. Motivating team members is one of the most important duties of a sales manager. He needs to make his team work as a single unit working towards common objectives.
9. He must ensure team members don't fight amongst themselves and share cordial relationship with each other.
10. Develop lucrative incentive schemes and introduce monetary benefits to encourage them to deliver their level best.
11. It is the sales manager's duty to ensure his team is delivering desired results. Supervision is essential. Track their performances.
12. It is his duty to ask them to submit a report of what all they have done throughout the week or month. The performers must be encouraged while the non-performers must be dealt with utmost patience and care.
13. He is the one who takes major decisions for this team. He should act as a pillar of support for them and stand by their side at the hours of crisis.
14. A sales manager should set an example for his team members. He should be a source of inspiration for his team members.
15. A sales manager is responsible for not only selling but also maintaining and improving relationships with the client.
16. As a sales manager, one should maintain necessary data and records for future reference.

Briefly explain the various types of sales organisation.

The type of sales organisation differ from firm to firm depending upon the nature of the business of the firm, the product manufactured or purchased for resale by the firm and the method of selling adopted by the firm.

On the basis of method of selling (i.e., direct selling or indirect selling method), sales organisation may be divided into two types. They are:

1. Sales organisation for direct selling to consumers or users.
2. Sales organisation for selling through middlemen.

1. Sales organisation for direct selling to consumers or users.

- In this case both merchant middlemen and agent middlemen are eliminated from the channel of distribution and there is direct selling of goods by a firm to the consumers or users.
- So all the marketing functions are required to be performed by the firm itself.
- Firm should maintain its own distribution system and salesmen for selling the goods to consumers.
- So elaborate sales organisation is required.
- The sales manager will distribute the work of the sales organisation among the number of sections and departments, and each department will be placed under the charge of an assistant sales manager or deputy sales manager.
- Apart from various sections or departments it consist of head office, there may also be a chain of regional, divisional, district and branch offices with original, divisional, district and branch managers in charge.
- Usually there will be delegation of authority.
- Manager → assistant manager → regional, divisional, district and branch managers' → salesmen.

2. Sales organisation for selling through middlemen.

- A firm sells its products to consumers or uses through independent middlemen.
- There are three types of middlemen, such as the wholesalers, retailers and agent middlemen in the whole chain of distribution.
- Firm can use all these types of middlemen or one or two
- In this type of sales organisation, the salesmen of the firm generally do not come in direct contact with the consumers.
- Sales of its products depend on the interest taken by the middlemenu.
- So sales manager of this type of organisation has to choose the middlemen carefully to ensure the engagement of the best type of middlemen for increasing sales.

Types of sales organisational structure

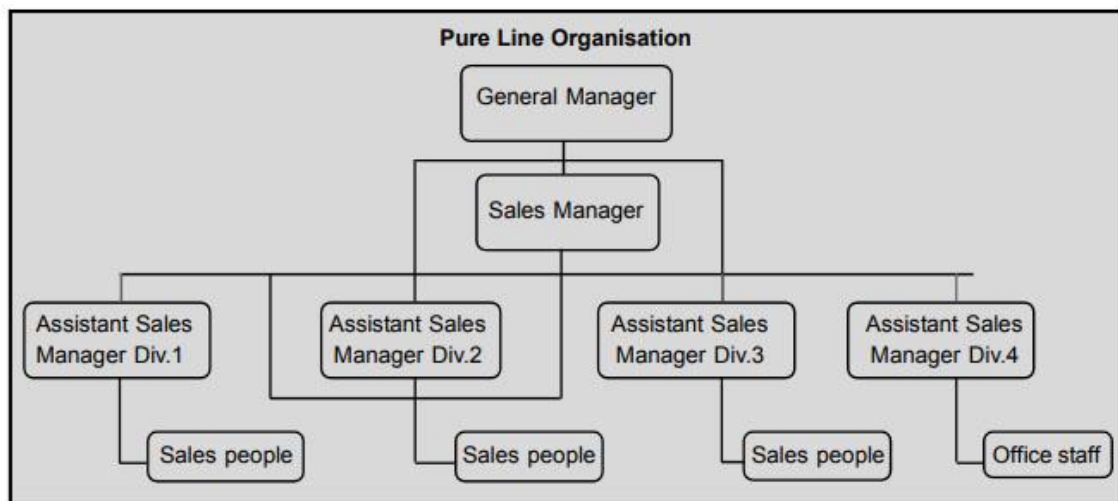
Organisational structure is the arrangement of people and tasks to accomplish organisational goals.

There are four basic types of sales organisational structure:

- 1) Line Sales Organisation
- 2) Line and staff Sales Organisation
- 3) Functional Sales Organisation
- 4) Committee sales oraganisation

1. Line sales organisation

- This is the oldest type used in smaller firms and in firms where there is a small selling force. This limitation restricts them to narrow product line in limited geographical area.
- All executives have line authority and each subordinate is responsible only to one higher-up.
- They have fixed responsibilities and sales personnel reports directly to the chief sales executive
- Lines of authority and responsibility are clear and logical, and it is difficult for individuals to shift or evade responsibilities
- Not appropriate when there is a large sales staff
- In line organization, authority flows from the top to the bottom. It is also known as the chain of command



Advantages

- 1) The basic **simplicity** of line organisation is the main reason for its use.
- 2) In which each department member reports to only one superior, **problems of discipline and control are small**
- 3) Lines of authority and responsibility are **clear and logical** and it is difficult for individuals to shift or evade responsibilities.
- 4) **Economical and effective**. It also allows **quick decisions and efficient coordination**.
- 5) In a line organization, the responsibility for the performance of tasks is fixed upon definite individuals. Therefore, there is **accountability of delegated tasks**.
- 6) There is **excellent discipline** in a line organization due to unified control and undivided loyalties.
- 7) The overall **cost of running the organization is low** due to the non-involvement of staff personnel.
- 8) It is a **stable form of organization**.

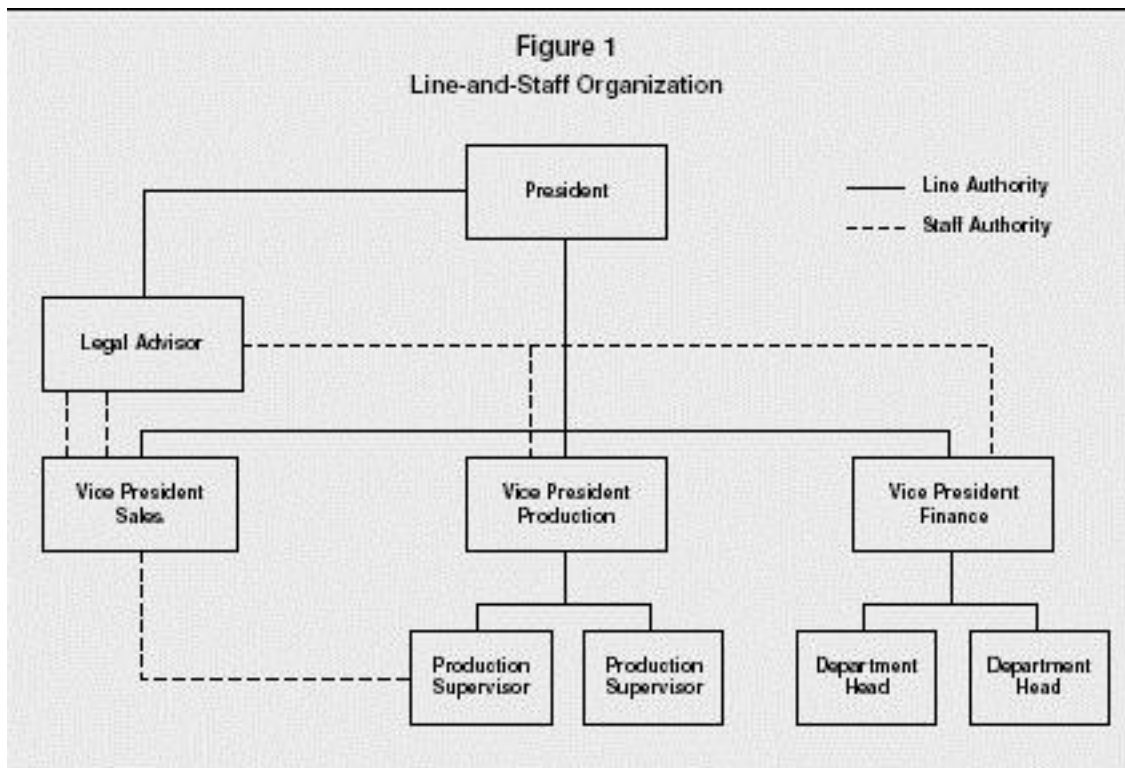
Disadvantages

- 1) A line organization can suffer from a **lack of specialization**. This is because each department manager is concerned only with the activities of his own department. Therefore, employees are skilled in tasks pertaining to their departments alone.

- 2) These organizations can **overburden a key man** or a few key-men to the extent of their breaking point.
- 3) Such organizations usually suffer from a **lack of expert advice**. If the line manager has trouble making a decision, there is no expert staff.
- 4) A line organization is usually **rigid and inflexible**. In fact, such organizations maintain discipline so rigorously that they can rarely change.
- 5) These organizations are based on the **autocratic system of management**.
- 6) The **division of work is not based on any scientific plan** but on the whims of the manager.
- 7) It might stop progress and **prevent the unit to work** effectively.
- 8) Such organizations might also encourage nepotism or **favoritism** based on relationship or friendship.

2. Line and staff Sales Organisation

- Found in large and medium sized firms selling diversified product lines over a wide geographical area
- Provides the top sales executive with a group of specialists and experts in dealer and distributors relations, sales analysis , sales organization, sales personnel, sales planning, sales promotion, sales training, service, traffic and warehousing
- Staff sales executives do not have authority to issue orders or directives.
- Staff recommendations are submitted to the top sales executives and after approval, transmit necessary instructions to the line organization
- Gives time to the staff executives time to study problems before recommendations.



Advantages

- 1) The head of sales operations, being relieved from much detail work, can take a **broader view of the department**.
- 2) Problems can be seen in **clearer perspective**, and connections between apparently unrelated problems are brought into focus.
- 3) A pool of **experts provides advice** and assistance in specialised fields.
- 4) Planning activities are subdivided and apportioned to staff members, and **decisions and policies rests on a sounder base**.
- 5) The hierarchical tree structure with clearly defined authority responsibility and power relationships enables sales managers to properly **control and coordinate** their subordinates.
- 6) Staff members assume much of the burden of solving problems in their areas. Thus, the top sales executive can devote more attention to the **human aspects of administration**.

Disadvantages

- 1) Work of the staff specialists must be coordinated, and this is **costly**. Other administrative expenses may also increase, unless the number of staff executives is kept in line with departmental needs.
- 2) Close control over staff-line relations is essential. If staff people issue instructions directly to line executives, it is **difficult to prevent some persons from evading unwanted responsibilities**.
- 3) When the line and staff sales organisation is used, the **time between problem recognition and correction action tends to widen**.

3. Functional Sales Organisation

- Based upon the concept that each individual in an organization, executive and employee, should have as few distinct duties as possible
- Salespeople receive instructions from several executives but on different aspects of their work
- All specialists have line authority and they have a function authority
- There is a great improved performance
- Not feasible for small and medium sized firms

Functional Organization



Advantages

- 1) Specialised activities are assigned to experts whose guidance should help in increasing the **effectiveness of sales force**.

Disadvantages

- 1) The sheer size of sales force in many large firms makes **the highly centralized sales operation** of a functional organisation **impractical**. This limitation is traced to the requirement in functional model for lone official to coordinate the specialists.
- 2) The practicality of functional organisation for the sales department is open to question. **Small and medium sized firms do not find it feasible** or financially possible to utilize the high degree of division of labour.

4. Committee sales organisation

- The executive group plans policy formulation while implementation of plans and policies is done by individual executives
- Many firms have a sales training committee
- Before policies are made and action is taken, important problems are deliberated by committee members and are measured against varied viewpoints.
- For committees to operate effectively, the agenda must be planned and controlled to avoid wasting time of executives not directly interested in the topics considered.