

JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA
PGDM 2017-19 BATCH TRIMESTER- III
END TERM, APRIL, 2018

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| Course Name | Sales Management and Business Development (SMBD) | Course Code | MKT301 |
| Max. Time | 2 hours | Max. Marks | 40 |

Instructions: All the questions are compulsory

1. Suppose as a sales manager you are facing the following problems, (1) salespeople are not spending adequate time to develop new customers and (2) salespeople are selling profitable products less, than non-profitable and easy to sell products to achieve their sales volume quotas. Suggest a compensation plan that can be used to solve these problems. (4 M)

2. Discuss the prospecting methods which you would follow for sales of following product/service categories
 - a. Coaching centre for IIT preparation (3X2=6 M)
 - b. Portable sewing machine
 - c. Career Counseling

3.
 - a. Choosing a career in selling is getting more challenging today. The company also understands that transaction based selling has gradually lost its gloss and instead, relationship selling, consultative selling and team selling have come on centre stage. A company still holding the traditional path finds the task more difficult to cope with competition. Discuss the evolutionary progression of selling since its inception till date?
 - b. A computer software development firm had 5,250 mid-sized customers to be called on five times per year for 2 hours (including travel time). The selling time per salesperson is 1,500 hours per year. What should be the size of the sales force for the organization? (5+5 M)

4. Please go through the case given below and answer the questions that appear at the end.
 "It is becoming almost impossible to keep track of product and sales policies of 31 products from six product divisions" said U K Gupta, regional sales manager (industries) of Eastern region of Electrical Products Company Limited. The revised customer oriented organization structure was in operation for over a year, and the sales engineers as well as regional sales managers, handling industrial customers were finding it very difficult to remember technical specifications, pricing and discount policies and customer benefit points. In the revised sales organization structure, all the 31 products of the company were sold by three groups of salespeople- one group serving industrial (private sector) customers, second group selling to dealers who sold company products to small sized customers and the third group of salespersons looked after government customers like State Electricity Boards and Railways.

This customer based organization structure was implemented from the earlier product-division based selling organization on the recommendation of a professor from a management institute, Prof. Satyamurthy "In fact", said Gupta, "the earlier product based organization was much better, as sales engineers looked after only 5 or 6 products and therefore became experts to give correct advise to customers." The problem in the earlier organization structure was that some customers were getting irritated with 2 or 3 sales engineers calling on them from different product divisions of the company.

Both type of organization structures were having some merits and a few drawbacks. However, despite these problems faced by sales engineers, the sales and profit performance of all the four regions showed marked improvement. The question was whether other factors, such as general improvements in economy and company's marketing strategies have contributed to the increased sales and profits or was it due to the change in sales organization structure.

Q4.a Was the decision to make a change in the organization right? (2M)

Q4.b Are there any alternative sales organization structures available to the company? (3M)

Q4.c If you were the general manager of the Eastern Region to whom U K Gupta reported, how would you respond to his problem? (5M)

5. Please go through the case given below and answer the questions that appear at the end.

Mr. Dilip Gangadharan is the Vice President (Sales) of MRF tyres, who is negotiating with Mr. Chandrapal Singh, the Vice President (Purchase) of Maruti Udyog Limited, the leading car manufacturer in India, for a contract to deliver tyres for the car line called "Alto" in the Indian market.

Mr. Chandrapal Singh: My position is that we are not prepared to pay more than 1200 INR per tyre which has to be steel belted, radial with a warranty of 25,000 kilometres. What are you willing to offer?

Mr. Dilip Gangadharan: We are prepared to deliver such tyres at 1600 INR per tyre. That's the rock bottom we can go. We are arely making any profit at this level.

Mr. Chandrapal Singh: Come on. Why are you trying to fool me? I am in this profession for quite some time. You people have a reputation for sticking it to your customers. I know your costs cannot be more than 600 INR per tyre. We are thinking of placing an order for 250,000 tyres for our new model of "Alto" this year. Let us skip the preliminaries and get straight down to the lowest that you can offer. You should also know that other tyre companies are also trying to do business with us and many of them will come down to our price level by merely looking at the size of the order.

Mr. Dilip Gangadharan: Our price is 1600 INR. Given the quality of our product we feel we don't have to negotiate with prices. The product can sell itself.

Mr. Chandrapal Singh: What you mean is that you really want to stick it to your large original equipment manufacturers. Even with the volume we are offering you, you seem to be too greedy. If you really want our business, you should try to do business with us. This take it or leave it attitude is going to backfire for your business.

Mr. Dilip Gangadharan: It's OK. The company does not allow any of the salespeople to play with the prices for any customers.

Mr. Chandrapal Singh: What do you mean by this? With the kind of volume we are offering, you are not ready to come down on prices?

Mr. Dilip Gangadharan: That's right. My company has got the best rated steel radial tyre in the industry and we cannot afford to negotiate on price.

Mr. Chandrapal Singh: All right gentleman, you are missing an opportunity here for some big business; if this is the way you do business, then I don't find a day when you will be able to do business with us, at least as long as I am there in this company.

Q5.a Is this a good illustration of how negotiations should take place? What kind of bargaining tactics are used by both the parties in this case? (5M)

Q5.b What should Mr. Dilip Gangadharan have done to close the sale? Suggest a negotiation strategy for him. (5M)

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