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Salesforce Evaluation by Local and Foreign Wholesale Companies in Singapore

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SALES FORCE EVALUATION BY LOCAL AND FOREIGN WHOLESALE COMPANIES IN SINGAPORE

Rajah V. Komaran
Tok Lee Ching

INTRODUCTION

Sales managers often face the dilemma of whether to prefer sales reps with personalities, who work hard or who work smart. In practice, this dilemma is resolved by requiring the salesperson to possess a repertoire of attributes, skills and work habits. To understand how Singapore firms react to this issue, a survey of 60 local and foreign wholesalers is carried out to examine their sales force evaluation practices for clues as to where their emphasis lay. Executives report the dimensions and criteria used in assessing salespeople, the relative importance of different measures, the formal or informal nature of evaluations, and frequency of reviews. Apart from probing the purposes of appraisals, the survey gathers data to compare the practice across firm sizes and national types in Singapore. While the intended aim is to understand the performance evaluation function, the responses are also evidence of the sales force tasks deemed important by corporations. In this way, the study complements the published accounts of sales management and evaluation that are predominantly American and British. From the analysis, a three-stage model of sales management evolution is outlined for future research.

THE MULTI-DIMENSIONAL CONCEPT OF SALES PERFORMANCE

Industrial and business-to-business selling often requires long time-lags between preparing to meet prospective clients and getting the deals. The salesperson has to triumph in successive activities: pre-sale (e.g., locating and assessing potential clients), sale (e.g., calling, presenting, entertaining, closing), post-sale (e.g., following-up, handling complaints). Although commonly referred to as sales performance evaluation, it is more accurate to distinguish four related constructs, three of which – behaviour, performance, effectiveness – are developed in the widely cited 1979 research by Walker,

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Churchill and Ford (Churchill, Ford and Walker, 1993), and the concept of efficiency. Behaviour or action refers to effort expended at work and it includes preparing sales presentations, making contacts with clients, handling objections, following-up, travelling and entertaining customers. In this conceptual scheme, sales performance refers specifically to accomplishment of goals such as sales revenue and new accounts. Effectiveness pertains to outcomes for the organisation, and it includes sales volume, market share and sales profitability. While performance is influenced directly by salesperson behaviour, effectiveness is driven by factors sometimes beyond the salesperson's control like corporate advertising and promotions, territory potential and competitor strategies. Even training has positive consequences on performance (Roberts, Lapidus and Chonko, 1994).

Large and sophisticated organisations would extend the effectiveness consideration to include efficiency. The saleperson's key resource – selling time – must be used in the most profitable and favourable manner. The efficiency component requires construction of critical ratios such as prospecting success, strike rate, order per call, average cost per call, profit per call, gross or net profit as a percentage of sales volume, profit contribution per order, and sales expense to sales volume in order to measure how well certain tasks have been achieved. For example the prospecting success ratio, obtained by dividing the "number of new customers" by the "number of potential new customers visited", explains how capable the salesperson has been in gauging the readiness to buy among new customers. A high ratio means the salesperson is skilful at weeding out poorer prospects and attends to those with high probabilities of purchase. The salesperson has to ascertain client needs, who their current suppliers are, who the buying authority is, and, increasingly required by many marketers, if the buying units have ability to pay. Similarly, a higher strike rate is desired as it furnishes the "number of orders" divided by the "number of quotations". Statistics such as order per call indicate the average sale from a typical call, but most managers would insist not only on large orders but that the gross or net profit per order is reasonably high to combat the tendency of promoting products that are easy to trade but represent low yields.

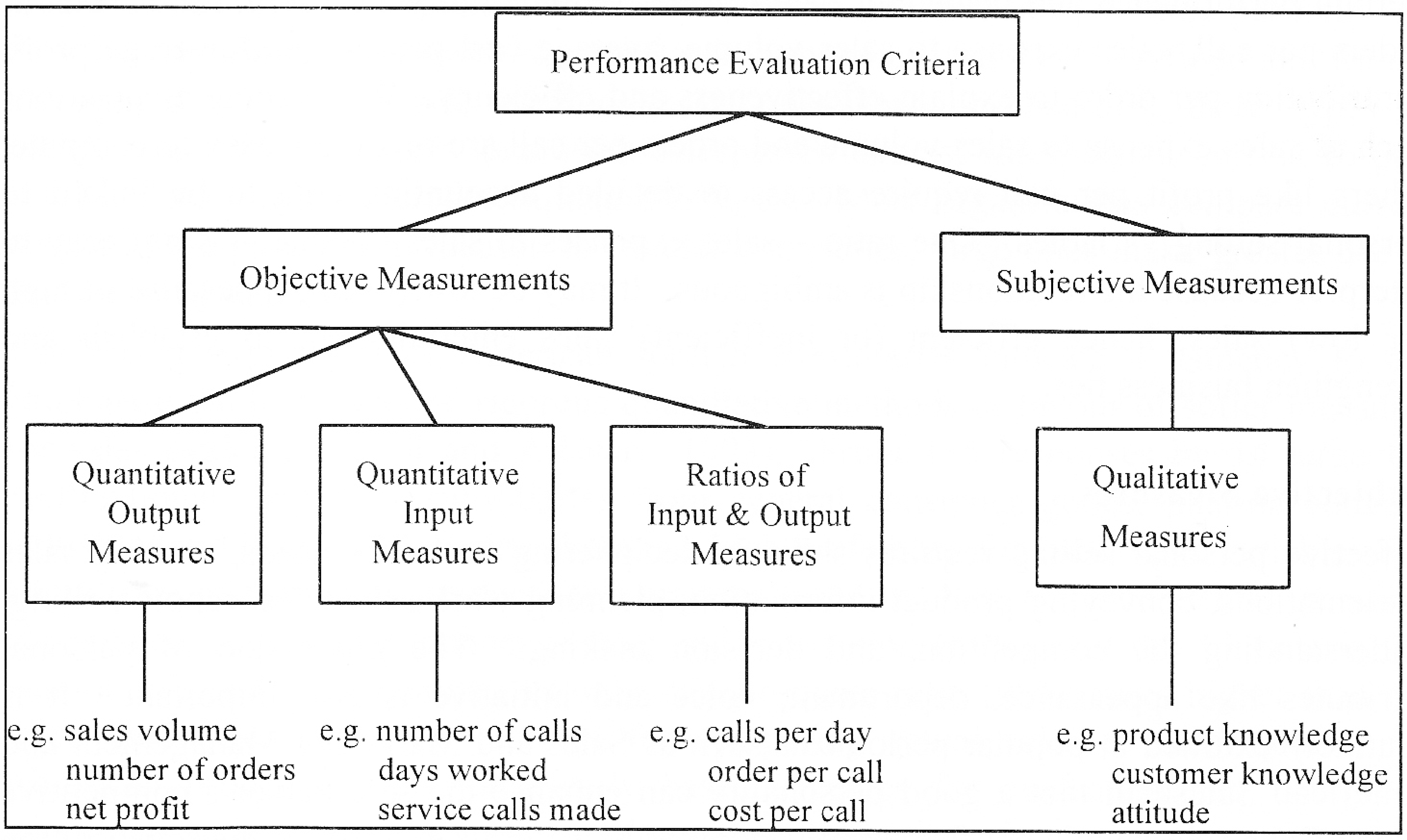
Performance Evaluation Criteria

Over the years, the evaluation function has been refined to distinguish between objective and subjective criteria and between outcome-based and behaviour-based aspects. During the early 1980s in the US, the emphasis was outcomes of the selling process – volume of sales – with little attention on pre-sale and post-sale activities or profitability of sales (Dubinsky and Barry, 1982). Even then, sales managers agree that multiple measures are essential (Adkins, 1979) and recognise that the multidimensional nature of selling require use of different and greater number of variables for appraisals (Behrman and Perreault, 1982; Darden and French, 1970; Darmon, 1982; Wotruba and Magone, 1979, cited in Morris, et. al., 1991). A multi-variate basis of evaluation is necessary in order to reduce the likelihood of judgement errors (Chonko, Enis and Tanner, 1992).

Also, the number of criteria should match the range of the salesperson's responsibilities (Jackson, Keith and Schlater, 1983, cited in Chonko, Enis and Tanner, 1992). Because closing a sale is the outcome of successive stages of the selling cycle, the joint probability of success is exceedingly small. All activities in the cycle -- prospecting, qualifying, pre-call planning, approach/relating, needs discovery, sales presentation, handling objections, closing, and following-up and servicing -- must be executed well, and are the bases for training, supervision and control.

As selling entails a variety of tasks, sequential steps and personal attributes, performance assessments should take into account different objective and subjective variables (Adkins,1979; Anderson & Oliver, 1987; Churchill, et. al., 1993; Cravens, Ingram, LaForge and Young, 1993). Figure 1 shows the different categories for evaluation.

Figure 1: Classification of Evaluation Criteria



Objective Measures

The personal selling effort can be differentiated into input and output characteristics. Input measures are behaviour items such as number of clients called on per week and number of hours worked. Output measures are performance data representing the more tangible outcomes of effort, and these statistics include sales volume, number of orders closed, number of accounts lost and net profits (Behrman and Perreault, 1982; Churchill, Ford, Hartley and Walker, 1985; Marshall and Mowen, 1993; Morris, et. al., 1991). While evaluation of output-related performance data is the norm, sole reliance on them is inequitable since acquisition of revenue and accounts may be influenced by environmental and situational factors over which the salesperson has little control (Churchill, et al., 1993; Marshall and Mowen, 1993). For example, sales territories have different market potential, and companies vary their advertising, promotions and coverage across districts, products, customers and time.

Input measures are associated with intermediate steps rather than end results of the sales process. Recognition of the importance of effective selling strategies and sales administration requires analysis of related measures such as number of sales calls, number of service calls, days worked, and number of reports filled in order to distinguish and monitor the "quantity and quality" of work. As suggested by researchers (Adkins, 1979; Churchill, et al., 1993; Cravens, Ingram, LaForge and Young, 1993), salespersons have more control over their labour and effort than on sales volumes. Thus, in business-to-business situations with considerable time-lags between planning and making sales presentations to the actual sales it is equitable to emphasise effort.

Quantitative Ratios

Certain performance and behaviour data can be combined to yield useful ratios such as orders per call, sales expense to sales volume, average cost per call, and average profit contribution per order to explain effectiveness and efficiency. While some associations such as sales expense to sales volume and orders per call are relatively easy to compute, others like profit per call require access to detailed accounting data to be linked to personal selling variables. One ratio – sales expenses to sales volume – is not easy to interpret because the relationship is ambiguous. It may be low (or high) because of high (or low) sales, hence efficient (or inefficient) sales entertainment to establish and strengthen business ties.

Subjective Measures

Effective personal selling requires skills in deciphering customer needs, making sales presentations, conveying product information, planning work schedules, report writing, understanding the competition, and decision making. The possession of personal attributes like appearance, deportment, voice and initiative is also important. It is routinely extolled in popular periodicals such as Sales and Marketing Management and American Salesman that a good personality can enhance the salesperson's competitive edge. Even salespeople not favourably endowed by nature can improve their disposition by mastering traits like ambition, adaptability, cheerfulness, enthusiasm, friendliness, initiative, memory, neatness, patience, smile and tact (American Salesman, 1991). These traits are believed to boost the salesperson's self-confidence and professional image that help win and hold accounts. Successful and great salespersons have ability to close sales, are intrinsically motivated, possess disciplined work habits, and build strong relationships with customers (Brewer, 1994). Even voice characteristics like speaking rate, pause duration and fundamental frequency contour have been empirically investigated (Peterson, Cannito and Brown, 1995). But, personality traits are often difficult to assess in terms of quality and as an analytical variable because of their subjective nature. Not only is the evaluation dependent on the assessor's own judgement, there are concerns of interpersonal bias, lack of focus between traits and performance, poorly defined personality traits, halo effects, leniency and harshness, central tendencies in judgement, and lack of integrity (Churchill et. al, 1993). In fact, qualitative measures create ambiguities between sales managers and salespersons in terms of the definition of performance requirements (Morris, et. al, 1991). While psychosocial attributes, interpersonal skills and sales personality types are important recruitment and selection factors, their measurement and effectiveness in sales performance need to be established (also see Adler, 1994).

EMPIRICAL RESEARCH ON SALES PERFORMANCE EVALUATION

Different evaluative criteria have been empirically researched with UK data by Jobber, Hooley and Shipley (1993) who establish some relationships between organisational size and sales force evaluation practices. When compared with small firms, the large ones use a significantly greater number of quantitative criteria, and more of some key output measures such as sales volume by product/product line and sales volume per call. As they are administratively more capable, large companies install more refined and formal assessment procedures and methods. In sales force evaluations, three types of comparisons are commonly practised: salesperson against salesperson, current to past results, results against predetermined standards. Most organisations compare current results to the past, but in relation to smaller companies, large ones make greater use of performance standards.

The recent experience of American foreign subsidiaries indicate a tendency to de-emphasise the headquarters' rigorous quantitative methods in favour of softer measures for sales evaluation (Hill and Allaway, 1993). From 135 responses by 14 large US multinationals and their subsidiaries from general consumer goods, pharmaceuticals, industrial and high-technologies, there is a high preference for qualitative variables like knowledge of company, products and markets (used by 90% of respondents); personal appearance, speech and manner (81%); and motivation (81%). Of the 13 criteria (10 quantitative and three qualitative) only sales-to-quota ratio (98%) rates higher than the three qualitative variables. Except for comparing actual sales to their quotas, the American propensity for numerically based schemes for evaluation and control is compromised by a more subjective, opinionated pattern abroad.

THE SURVEY

A total of 232 participants for this study is selected from the Wholesale Trade section of Dun and Bradstreet's ASEAN Series Key Business Directory in Singapore (1994). The directory provides names of parent companies and countries, addresses, major product lines, and names of sales and marketing managers. The target is wholesale companies with main activities in general consumer goods, the specific segments being durables (electrical goods, motor vehicles and automotive equipment, sporting goods, toys, hobby goods, furniture and home furnishing) and non-durables (drugs, proprietaries and sundries, groceries and related goods, apparels, piece goods and notions, beer, wine and distilled beverages, paper and paper products).

Initial understanding of the performance evaluation program is obtained from interviews with several sales managers in Singapore. The questionnaire is adapted from Jobber, Hooley and Shipley (1993, Tables 1, 2 and 5) and phrased to elicit responses from managers in Singapore. The main portion of the survey has 12 dimensions (sales, accounts, profit, customer orders, calls, expenses, skills, knowledge, self management, personal characteristics, and two miscellaneous categories) that are described by 51 performance evaluation items. For example, the Sales dimension is profiled with seven items (sales volume, sales volume by product or product line, sales volume by customer or customer type, sales volume by order, sales volume by outlet or outlet type, sales volume per call and market share); Accounts by five items, Profits by six items, and so forth. The complete enumeration is in Table 3. Respondents are asked also to indicate degree of importance for each of the 51 items.

Table 1: Profile of Companies (N=60)

National Origin	**Frequency**	**%**
Singapore-owned	**38**	**63.3**
Foreign-owned:	**19**	**31.7**
American	6	10.0
Japanese	4	6.7
Hong Kong	2	3.3
German	2	3.3
French	1	1.7
Norwegian	1	1.7
Russian	1	1.7
Swiss	1	1.7
British	1	1.7
Jointly-owned	**3**	**5.0**
Singaporean & Japanese	2	3.3
French & British	1	1.7
Product Groups		
Durable Goods (n=33)		
Electrical goods	17	28.3
Motor vehicles and automotive equipment	5	8.3
Sporting goods, toys, hobby goods	4	6.7
Furniture and home furnishing	4	6.7
Misc. durable goods	3	5.0
Non-Durable Goods (n=27)		
Drugs, proprietaries and sundries	11	18.3
Groceries and related goods	8	13.3
Apparel, piece goods and notions	4	6.7
Beer, wine and distilled beverages	2	3.3
Paper and paper products	1	1.7
Misc. non-durable goods	1	1.7
Length of Operation in Singapore		
Up to 10 years	10	16.7
11 to 20 years	27	45.0
21 to 30 years	14	23.3
31 years and above	9	15.0

After pre-tests, the instrument is refined to ensure readability and understanding, and shortened to encourage participation. Respondents are allowed to remain anonymous to invite frank answers. The first batch of questionnaires is mailed to sales and/or marketing managers with a letter explaining the research purpose and a self-stamped addressed return envelope. Telephone calls are made to secure assistance in the survey. Two weeks after, a reminder is faxed to increase the response, and a second wave of questionnaires sent to those who did not respond after the reminder. Over a five week period, 65 replies for a response rate of 28% are received. Five incomplete returns are discarded and the foregoing analysis is performed on the remaining 60.

Respondent Profile

The majority (38 companies) are Singapore-owned and the rest (22) from nine countries that include US (6), Japan (4), Hong Kong (2) and Germany (2). As there are only three jointly-owned companies, they are treated as foreign-owned. As Table 1 shows, the sample is split about equally between durables (33) and non-durables (27). The majority of durables are electrical goods with the rest evenly distributed across automobiles, related equipment and parts; sporting goods, toys and hobby goods; and furniture and home furnishings. In descending order, those in non-durables are drugs, proprietaries and sundries; grocery goods; apparel products; beer and liquor; and paper and paper products. The sample is quite diverse. Slightly more than half (37) have been operating up to 20 years in Singapore, 14 for 21-30 years, and nine for 31 years and more. Sixteen companies sold only in Singapore markets, while for the remainder, between 0.5 % to 95 % of total sales credited to the Singapore offices are generated in Thailand, Indonesia, Vietnam, Myanmar, India, China and Sri Lanka. The majority (51) has up to 50 salespersons, seven have 51-100 and two over 100. Based on recent rather than a specific year's sales, company sizes range from S$0.8 million to S$5 billion. As summarised in Table 2, there are 18 small (sales < S$20 mil), 21 medium (> S$20 mil) and 21 large (> S$50 mil) corporations.

Table 2: Firm Size (by recent annual sales)

		Frequency	%
Large	> S$50 mil	21	35.0
Medium	> S$20 mil	21	35.0
Small	< S$20 mil	18	30.0
TOTAL		60	100.0

MANAGEMENT OF THE PERFORMANCE EVALUATION

(i) Employment of Evaluation Criteria

The 60 respondents employ a wide range of quantitative output measure, quantitative input measure and qualitative criteria listed in Table 3. All companies are consistent in their basic choices for evaluation. Not surprisingly, sales volume (quantitative output measure) is used by the entire sample since salespeople are employed for the primary purpose of getting sales. Another unanimously used criterion is calls on existing accounts (quantitative input measure). It is standard to monitor and manage the call plan because the sales call is the most important outdoor activity. As the number and value of accounts are never static, most organisations require salespeople to cultivate new customers, and in this survey, 49 firms also examine their salespersons' calls on potential new accounts, and more explicitly, 50 firms are vigilant about the number of new accounts gained.

Apart from dependence on sales volume (quantitative output measure) and calls on existing accounts (quantitative input measure) all 60 respondents use qualitative criteria from three dimensions: skills (communications skills), knowledge (product knowledge, knowledge of competition), personal characteristics (attitude). This is a revealing but not intuitive finding because ordinarily qualitative criteria do not represent revenue generating capabilities, yet companies place great emphasis on such criteria which are more relevant in recruitment, selection and training of new staff.

Table 3: Number of Firms Using Performance Evaluation Criteria (N=60)

	QUANTITATIVE OUTPUT CRITERIA	Frequency
1.	Sales	
	Sales volume	60
	Sales volume by product/product line	53
	Sales volume by customer or customer type	37
	Sales volume by order	35
	Sales volume by outlet/outlet type	35
	Marketing share	30
	Sales volume per call	32
2.	Accounts	
	Number of new accounts gained	50
	Number of accounts on which payment overdue	50
	Amount of new account sales	47
	Number of accounts lost	45
	Proportion/number of accounts buying full product line	27
3.	Profits	
	Gross profit generated	55
	Gross profit as a percentage of sales volume	51
	Net profit generated	49
	Net profit as a percentage of sales volume	46
	Return on investment	34
	Profit per call ratio	16
4.	Orders	
	Number of customer orders taken	51
	Average order value	42
	Number of customer orders cancelled	37
	Average profit contribution per order	28
	Order per call ratio	27
	Strike rate [(no of orders)/(no of quotations)]	20
	Value of orders to value of quotations ratio	19
5.	Other Output Criteria	

Table 3: Number of Firms Using Performance Evaluation Criteria (N=60) (cont'd)

5.	Other Output Criteria	
	Number of customer complaints	59
	QUANTITATIVE INPUT CRITERIA	Frequency
6	Calls	
	Calls on existing accounts	100
	Calls on potential new accounts	82.2
	Number of calls per period	68.9
	Number of calls per custome or customer type	68.9
	Prospecting success ratio [(no of new customer)/(no of potential new customer visited)]	37.8
7.	Expenses	
	Ratio of sales expense to sales volume	60
	Average cost per call	34
8.	Other Input Criteria	
	Number of service calls made	48
	Number of letters/telephone calls to prospects	33
	Number of required reports sent in	32
	Number of demonstrations conducted	22
	QUALITATIVE CRITERIA	
9.	Skills	
	Communication skills	60
	Selling skills	58
10.	Knowledge	
	Product knowledge	60
	Knowledge of competition	60
	Knowledge of company policies	59
11.	Self Management	
	Planning ability	59
	Judgement/decision-making ability	58
	Time management	53
	Report preparation and submission	53
12.	Personal Characteristics	
	Attitude	60
	Initiative	58
	Appearance and manner	58
	Aggressiveness	55
	Creativity	54

All the companies also analyse ratio of sales expenses to sales volume (quantitative input measure). Without insights, this ratio is not easy to interpret as it may be low (or high) because of high (or low) sales, hence efficient (or inefficient) sales entertainment in building business relationships. Some managers insist on intensive entertaining of key accounts and prospects outside office hours, while others are frugal. Presumably, they are explicit about the specific behaviour that is required.

Surprisingly, several ratios that are indicative of the quality of work and performance such as prospecting success ratio (quantitative input measure) strike rate (quantitative output measure) and value of orders to value of quotations ratio (quantitative output measure), are used by only about a third of the sample.

Of the quantitative criteria, there is an unusually high reliance on profit-related measures. Respondents claim to assess salespeople on gross profit generated (by 55 firms), gross profit as a percentage of sales volume (51 firms), net profit generated (49 firms) and net profit as a percentage of sales volume (46 firms).

As Table 4 indicates, while many of the items in the sales dimension are used, there is also application of greater number of available items for all personal dimensions (skills, knowledge, self management, personal characteristics). The lack of variation by foreign companies suggests either a preference for or deference to host country culture and industrial norms. An exception is the five-criteria account dimension. In terms of new accounts gained or lost, sales from new accounts, payment problems, and accounts buying full product line, foreign firms appear more determined at establishing relationships with overseas customers than local firms and thus try to ensure comprehensive management of accounts. Just as US foreign subsidiaries prefer less rigorous and more subjective data analysis (Hill and Allaway, 1993), on the whole, qualitative data are more widely used than quantitative input and output statistics.

Table 4: Mean Number of Criteria Per Dimension

		Maximum Number of Criteria in Questionnaire	SINGAPORE Mean Number of Criteria Used in Each Dimension	FOREIGN Mean Number of Criteria Used in Each Dimension
1.	Sales	7	4.11	5.14
2.	Accounts	5	2.71	3.82
3.	Profits	6	3.03	3.64
4.	Orders	7	2.39	3.00
5.	Other output criteria	1	0.89	0.77
6.	Calls	5	2.44	3.32
7.	Expenses	2	0.68	0.95
8.	Other input criteria	4	1.32	1.41
9.	Skills	2	1.82	1.77
10.	Knowledge	3	2.76	2.82
11.	Self management	4	3.26	3.68
12.	Personal characteristics	5	4.66	4.68

(ii) Degree of Importance

The means and standard deviations of responses to the 51 measurement criteria are and ranked in descending order in Table 5. The ranking is highly correlated with the number of firms that use them (Pearson $r = 0.8925$, $p < 0.000$). It is conspicuous that of the top 15 criteria, only three items are quantitative measures: sales volume (rank 2), number of customer complaints (rank 8), sales volume by product/product line (rank 13). All companies value the personality characteristic, attitude, more than sales volume. There are several explanations for this. The predominant use of subjective aspects such as attitude (rank 1), product knowledge (rank 3), selling skills (rank 4) and communication skills (rank 5) may be that salesperson influence lingers longer than the sales call or current period. Just as advertising and promotions have carry-over effects on sales, the sales force has similar durability or persistence on sales. The ranking in Table 5 which favours qualitative and subjective features of the salesperson represents this conviction among practitioners. Another reason for the higher reliance on subjective dimensions is that the upkeep of quantitative databases may be onerous. Their utility is diminished especially when there are qualitative measures which serve as proxies for ascertaining the quality of sales force. The dominant use of subjective data is also observed elsewhere (Morris, et. al., 1991) where the mean importance ratings of qualitative aspects generally exceed those for quantitative ones. In that study, the important criteria - all qualitative measures - in descending order are attitude, product knowledge, initiative or aggressiveness, communication skills and ethical behaviour. All these criteria except for ethical behaviour (not surveyed in the current study), also rate highly.

Table 5: Rank Order of Importance of Sales force Evaluation Criteria

Evaluation Criteria/Items	Mean Degree Of Importance	Standard Deviation	# of Firm Using Criterion
1. Attitude	3.67	0.60	60
2. Sales volume	3.65	0.68	60
3. Product knowledge	3.50	0.87	60
4. Selling skills	3.40	0.81	58
5. Communication skills	3.40	0.79	60
6. Initiative	3.35	0.71	58
7. Knowledge of competition	3.22	0.90	60
8. Number of customer complaints	3.18	0.88	59
9. Time management	3.17	0.84	53
10. Judgement/decision-making ability	3.17	0.79	58
11. Planning ability	3.15	0.87	59
12. Aggressiveness	3.10	0.80	55
13. Sales volume by product/product line	3.09	0.91	53
14. Knowledge of company policies	3.05	1.02	59
15. Creativity	3.00	0.90	54
16. Net profit generated	2.98	1.30	49
17. Appearance and manner	2.97	0.80	58
18. No. of accounts on which payment overdue	2.88	1.23	50
19. Gross profit generated	2.78	1.28	55
20. Net profit as a percentage of sales volume	2.75	1.28	46
21. Number of new accounts gained	2.74	1.10	50
22. Calls on existing accounts	2.73	1.05	60
23. Number of accounts lost	2.68	1.16	45
24. Gross profit as a percentage of sales volume	2.67	1.13	51
25. Report preparation and submission	2.54	1.01	53
26. Sales volume by customer or customer type	2.45	1.36	37
27. Calls on potential new accounts	2.44	1.24	50
28. Amount of new accounts sales	2.43	1.26	47
29. Number of customer orders taken	2.33	1.32	51
30. Marketing share	2.32	1.51	30
31. Ratio of sales expense to sales volume	2.25	1.18	60
32. Sales volume by outlet/outlet type	2.25	1.36	35
33. Sales volume by order	2.25	1.31	35

Table 5: Rank Order of Importance of Sales force Evaluation Criteria (cont'd)

Evaluation Criteria/Items	Mean Degree Of Importance	Standard Deviation	# of Firm Using Criterion
34. Number of calls per period	2.23	1.40	41
35. Return on investment	2.20	1.43	34
36. No. of calls per customer or customer type	2.11	1.28	41
37. Average order value	2.08	1.20	42
38. Number of customer orders cancelled	2.06	1.35	37
39. Number of service calls made	1.94	1.28	48
40. Prop./no. of acc'ts buying full product line	1.83	1.41	27
41. Average profit contribution per order	1.80	1.39	28
42. Order per call ratio	1.80	1.34	27
43. Prospecting success ratio	1.75	1.42	22
44. No. of letter/telephone calls to prospects	1.74	1.28	33
45. Sales volume per call	1.58	1.29	22
46. Strike rate	1.55	1.35	20
47. Number of required reports sent in	1.55	1.16	32
48. Profit per call ratio	1.51	1.18	16
49. Average cost per call	1.50	1.15	34
50. Value of orders to value of quotations ratio	1.24	1.32	19
51. Number of demonstrations conducted	1.21	0.94	22

Note: Likert scale rating: "0" for "Not Important" through "4" for "Very Important."

The least five important criteria are number of required reports sent in, profit per call ratio, average cost per call, value of order to value of quotation ratio and number of demonstrations conducted. Some activities have weak or no impact on sales performance and thus are rated unimportant, examples of which include number of reports sent in and number of demonstrations conducted.

In other instances, some criteria are difficult to establish and monitor. For instance, to compute the profit per call ratio, the sales manager must have access to revenue and cost of calls made by each member of the sales force. As such information is not easily available, there is a similar reaction to the remaining two criteria - average cost per call and value of order to value of quotation ratio. As mentioned, ratio of sales expense to sales volume is used by all respondents, but difficulty in interpreting it may explain why its importance is ranked lower down in the list at 31.

On account of resource, large companies are expected to employ a greater number of evaluation criteria, but the sample does not support this contention. The use of just as many criteria by small firms suggests that evaluation of many of the aspects of selling and sales performance is a universal activity.

The relative importance of each dimension averaged from its aggregate responses is summarised in Table 6. The data underscore dominance of qualitative measures such as skills, knowledge, personal characteristic and self management, that unexpectedly are higher than sales and profits. These findings confirm the orientation toward softer, qualitative aspects of the selling process, viz., toward effort or input factors rather than sales results.

Table 6: Rank-Order of Importance of Evaluation Dimensions

Evaluation Dimensions	Mean Degree of Importance	Standard Deviation
Skills	3.41	0.77
Knowledge	3.25	0.85
Personal characteristics	3.22	0.57
Other output criteria	3.18	0.88
Self management	3.00	0.76
Sales	2.47	0.87
Profit	2.46	1.04
Accounts	2.44	1.02
Calls	2.27	1.08
Expenses	1.89	1.10
Orders	1.82	1.15
Other input criteria	1.56	0.99

The relative importance of different dimensions for local and foreign firms is condensed in Table 7. While the rankings are similar for both nationality types, foreign firms place greater emphasis in self management, calls, expenses, and orders implying a strategy of establishing sales departments that are dedicated and have initiative to exploit commercial opportunities.

Table 7: Importance of Evaluation Dimensions by Nationality

Evaluation Dimensions	**SINGAPORE Mean degree of importance**	**FOREIGN Mean degree of importance**
Skills	3.39	3.43
Other output criteria	3.31	2.95
Knowledge	3.25	3.25
Personal Characteristics	3.22	3.21
Self management	2.84	3.27
Profits	2.44	2.50
Sales	2.38	2.60
Accounts	2.31	2.67
Calls	1.98	2.79
Expenses	1.75	2.11
Orders	1.67	2.09
Other input criteria	1.56	1.57

(iii) Extent of Formality

Some companies develop and maintain human-resource manuals and personnel records more conscientiously than others. Of the 60 respondents, 18 institute strictly formal systems for reviews, i.e., written policies and procedures, job descriptions and other documents specifying what are or are not to be done during evaluations, while 14 prefer informal approaches (Table 8). The rest (28) uses a mix of formal and informal practices. Slightly over a third among foreign firms and about a quarter of the Singapore-owned firms have strictly formal routines. Foreign firms are more formal than Singapore companies as a greater proportion of the Singapore firms (28.9%) uses strictly informal methods than foreign firms (13.6%). It is necessary to employ standard manuals especially when multinationals have to compare subsidiary performance across countries.

Table 8: Formality of Performance Evaluation Practices by Nationality

	TOTAL	SINGAPORE		FOREIGN	
	Frequency	Frequency	%	Frequency	%
Formal	18	10	26.3	8	36.4
Informal	14	11	28.9	3	13.6
Combination	28	17	44.7	11	50.0
TOTAL	60	38	100.0	22	100.0

With functional specialisation and access to more information, it is likely that large organisations are more formal in their appraisals. Accordingly, as Table 9 shows, the majority of the large firms use formal reviews. In contrast, the incidence is lower among the smaller firms which tend to be owner-managed and have less capability and concern for maintaining elaborate systems.

Table 9: Formality of Performance Evaluation Practices by Size

	TOTAL	SMALL		MEDIUM		LARGE	
	Frequency	Frequency	%	Frequency	%	Frequency	%
Formal	18	3	16.7	6	28.6	9	42.9
Informal	14	5	27.8	4	19.0	5	23.8
Combination	28	10	55.6	11	52.4	7	33.3
TOTAL	60	18	100.0	21	100.0	21	100.0

Table 10: Frequency of Performance Evaluation by Nationality

	TOTAL	SINGAPORE		FOREIGN	
	Frequency	Frequency	%	Frequency	%
Once a month	7	6	15.8	1	4.5
Twice a year	19	9	23.7	10	45.5
Once a year	26	18	47.4	8	36.4
Others	8	5	13.2	3	13.61
TOTAL	60	38	100.0	22	100.0

(iv) Frequency of Performance Evaluation

The norm in most companies is to review performance for the entire organisation on an annual basis, but as Table 10 shows, the prevalence for sales evaluations is either annual or semi-annual evaluations, a pattern that is observed in another study (Morris, et. al., 1991). Because sales is the lifeblood of a company, it warrants a more frequent review process than the annual pattern for rest of the organisation. Although more frequent intervals – quarterly or monthly – are rare, an unexpectedly a higher proportion of Singapore firms would assess performance on monthly basis.

As there is already a preference for either annual or semi-annual appraisals, corporate size, according to Table 11, has little effect on the frequency of assessments. There are temporal and industry basis for the number of evaluations per time period that are necessary or reasonable. Besides work stoppage and costs of conducting reviews, salespeople are often criticised for not spending enough time with clients and even though additional reviews may amount to only several more days in the year, there is resistance to bureaucracies and administration.

Table 11: Frequency of Performance Evaluation by Size

	TOTAL	SMALL		MEDIUM		LARGE	
	Frequency	Frequency	%	Frequency	%	Frequency	%
Once a month	7	1	5.6	5	23.8	1	4.8
Twice a year	19	5	27.8	6	28.6	8	38.1
Once a year	26	8	44.4	9	42.9	9	42.9
Others	8	4	22.2	1	4.8	3	14.3
TOTAL	60	18	100.0	21	100.0	21	100.0

(v) Purpose of Sales force Evaluation

For the majority of the respondents (58), the main purpose of evaluations is to determine a salesperson's performance. According to Table 12 , for many, the data help to determine promotions, training needs and compensation. In only a small number of cases are performance reviews the basis for termination. It is likely that such decisions are driven by factors other than poor performance. Some salespersons may not survive the probation period for which they may be assessed for performance as well as discipline, fit with the corporate culture, conscientiousness and so forth. Nevertheless, proper personnel records are indispensable in justifying the firing of weak salespersons and hiring errors.

(vi) Sources of Information

As indicated by Table 13, the entire sample relies on feedback from customers, company records and personal insights or judgement in order to assess salespeople from different perspectives. The reliance on customers ranking as high as internal records emphasises the importance companies attach to maintaining close business relationships. This finding contrasts sharply with the early US study that finds little need for information from customers despite acceptance of the marketing concept (Dubinsky and Barry, 1982). There is also a lower dependence on reports by salespersons probably because they are less reliable due to their self-serving nature.

Table 12: Purposes of Sales force Evaluation

	Frequency	%
Determine performance	58	96.7
Select promotable salespersons	34	56.7
Determine training needs	33	55.0
Determine compensation	32	53.3
Lay off under-performing salespersons	7	11.7

Note: Percentages do not add up as respondents are permitted to indicate multiple reasons.

Table 13: Sources of Information for Sales force Evaluation

	Frequency	%
Customers	42	70.0
Company records	41	68.3
Personal insights or judgement	39	65.0
Management field visits	36	60.0
Reports from salespersons	31	51.7

Note: Percentages do not add up as respondents are permitted to indicate multiple sources.

Table 14: Frequency of Feedback by Nationality

	TOTAL	SINGAPORE		FOREIGN	
	Frequency	Frequency	%	Frequency	%
Always	24	11	28.9	13	59.1
Often	24	19	50.1	5	22.7
Sometimes	7	4	10.5	3	13.6
Seldom	4	4	10.5	0	0.0
Never	1	0	0.0	1	4.5
TOTAL	60	38	100.0	22	100.0

(vii) Frequency of Feedback

The review process is an opportunity for the sales manager to appraise salespersons on merits and demerits of their performance, and the importance of feedback cannot be over-emphasised as it has motivational and counselling effects. According to Table 14, the majority of companies, both Singapore and foreign, are positive about furnishing outcomes of the evaluations to their staff. There are of course other avenues depending on the occasion and timing, such as sales meetings, sales conventions, hotel lobby sessions and cocktails for offering salespeople suggestions to improve and sustain their behaviour, performance and effectiveness.

The high propensity for most nationality types to provide feedback freely is a progressive development because the direct communication evaluation results is not universal. It is characteristic of US and European countries with low interpersonal power distance between superior and subordinate to apply transparency, directness and dialogue. While Western cultures are more open to criticism, in more traditional Eastern and Chinese societies, candour and outspokenness conflict with the need for face-saving and harmony among colleagues. Face-saving makes it difficult and uncomfortable for managers to share feedback, especially the negative ones to subordinates (also see Rajaram, 1994). Asians tend to be less receptive to criticism, and prefer less frequent and indirect than face-to-face methods of evaluation.

Firm size does not appear to have discriminatory effects on the frequency of feedback as most companies readily share the assessments with their staff (Table 14). The provision of feedback is not a resource demanding task since it can be done expeditiously at the appraisal session, hence it is easy to understand from Table 15 that nearly 80% of firms, regardless of size, provide feedback frequently, viz., always and often.

Table 15: Frequency of Feedback by Firm Size

	TOTAL	SMALL		MEDIUM		LARGE	
	Frequency	Frequency	%	Frequency	%	Frequency	%
Always	23	3	16.6	8	38.1	12	57.1
Often	25	11	61.1	9	42.9	5	23.8
Sometimes	7	1	5.6	3	14.3	3	14.3
Seldom	4	2	11.1	1	4.8	1	4.8
Never	1	1	5.6	0	0.0	0	0.0
TOTAL	60	18	100.0	21	100.0	21	100.0

(viii) Adoption of Evaluation Practices

Foreign companies are asked if they mimic their parent's scheme. Only two of the 22 foreign firms administer strictly headquarters approaches while 11 prefer to localise their formats. As nine firms combine both practices, foreign firms are about evenly split between home and host methods. Parent company practices are sometimes not appropriate in other cultures and environment, and the evidence in this sample is significant as most of the foreign firms have been operating in Singapore for 10 years or more. Given that Singapore has been driven by foreign investments since the 1960s, it is not likely that local companies have developed a set of unique or indigenous assessment procedures. It remains for future studies to ascertain the local model.

DISCUSSION

Although a vast assortment of dimensions and criteria is used to evaluate performance, there is a definite preference for subjective and qualitative factors. Many foreign companies localise their evaluation practices rather than adopt headquarters approaches for no more apparent reason than convenience and fit with local culture. If this is the case, there is need to define the Singapore model. It is likely to be one that is that is less rigorous than those in advanced countries such as the US and UK.

Companies in Singapore regard the personality characteristic, attitude (rank 1), as most important and more important than even sales volume (rank 2). Of the 15 most important criteria (Table 5), there are only two other quantitative measures: number of customer complaints (rank 8), sales volume by product/product line (rank 13). The wide use of other subjective variables such as product knowledge (rank 3), selling skills (rank 4), communication skills (rank 5) and knowledge of competition (rank 7) may be expedient but fraught with evaluator bias and other subjectivity issues.

There may also be a strong belief in individual qualities. The salesperson is analogous to a walking advertising and promotions tool with comparable delayed and carry-over effects to influence prospects' and existing clients' buy decisions. The sales force also performs other tasks such as reinforcing past purchase decisions, gathering strategic information on customers and competitors, and maintaining a respectable profile for their organisations, all of which may have no immediate or causally estimable effects on sales.

While there is a high concern for profitability such as gross profit generated (used by 55 of the 60 firms), gross profit as a percentage of sales volume (51 firms), net profit generated (49 firms) and net profit as a percentage of sales volume (46 firms), there is lack of quantitative sophistication judging from the aversion to efficiency ratios. For example, sales volume per call (rank 45), profit per call ratio (rank 48), prospecting success ratio (rank 43), strike rate (rank 46) and value of orders to value of quotations ratio (rank 50), are used by not more than a third of the sample. Despite the number crunching effort, these ratios yield strategic information about how proficiently salespersons function.

It is speculative to explain the lack of nationality or size effects, but if there is persistence in accepting psychosocial attributes, interpersonal skills and sales personalities which have greater bearing on recruitment, selection and training, it is incumbent on managers and researchers to develop good measures and relate to sales effectiveness.

Managers can no longer manage the sales force by intuition or subjective methods. In an increasingly competitive setting, it is imperative to develop quality data and statistics to explain performance across salespersons, product groups, territories, divisions and time. The advances in a wide range of computer and information technologies will continue to drive down the cost of data capture and analysis to make sophisticated data easily available anywhere in the corporate system in real time.

The major contrast between a more subjective based evaluation scheme in Singapore and the more quantitatively oriented US model suggests a longitudinal pattern of sales management. In the early stage, owner-managers delegate the selling tasks to one or two professional sales representatives. These salespersons are either off-and-running individuals or experienced ones lured from larger competitors and related industries. They work independently to ensure continuity with existing clients and to create new ones. The sales activities are ad hoc with maximisation of sales revenue as key objective. As the company and sales expand, a formal sales department or division is created with the emphasis on developing a sales team. During this second stage, attention is devoted to recruitment, training and task specialisation among the different members in sales. The implied sales management style would be one in which salespersons are monitored and evaluated on the basis of "how hard they have worked." Together with such input-oriented principle, the sales force is established on the basis of subjective qualities such as personal characteristics, communications skills, product knowledge, industry knowledge, and time management. The third stage is characterised by greater administrative and managerial activity in which sales managers focus on "performance" and apply more rigorous, objective data on sales and accounts management to ensure effectiveness, efficiency and profitability.

According to this sales management cycle, American and most Western companies are at the mature stage; Singapore, and other newly industrialised ones such as Hong Kong, South Korea, Taiwan and Malaysia at the second stage, and, based on casual data, newly liberalised economies of mainland China and Vietnam as well as Indonesia and Thailand are only formalising the sales management function.

CONCLUSIONS AND FUTURE RESEARCH

The survey of sales performance evaluation practices of 60 local and foreign wholesale companies operating in Singapore has provided insights on some of the important personal selling activities to complement the published accounts of sales management and evaluation that are largely based on American and British companies. Singapore companies employ multiple variables to explain sales performance, but undertake the task with subjective data that may not allow for a competent understanding of sales effectiveness and efficiency. Although maximisation or increase of sales is a key objective, the role of the sales department may be compromised by the reluctance to focus on productivity and efficiency measures such as strike rate, prospecting success ratio, order per call ratio, and average profit contribution per order.

The preference for subjective bases of reviews contrasts sharply with the objective and more numerically oriented processes in the US and UK. On the basis of the survey results, a three-stage life-cycle in sales management is proposed for further investigation. According to this sales management evolution, the focus on effort, working hard and personality considerations will shift to effectiveness, efficiency and working smart. In the first stage, family owned operations that are run by managers who control the sales function relinquish the selling tasks to professional staff whose main duties are to maintain momentum with existing customers and to create new ones. The focus is maximisation of sales revenue. When the company grows, enough sales personnel are employed to warrant the creation of a sales department. The managerial responsibility extends to recruitment and training of salespeople. The creation, analysis and application of sales and performance data are considered administrative and burdensome, and salespersons are monitored and evaluated on "how hard they have worked." With such input-oriented principle, the sales personnel are recruited on the basis of subjective qualities such as likeable personalities, pleasant disposition, aggressive outlooks, communications and selling skills as well as industry knowledge.

As the corporation and the sales department grow larger, the sales management function emphasises performance and applies more rigorous, objective effectiveness and efficiency consideration on sales, profits and accounts management. This final stage requires better trained executives who are competent at analysing sales work, data and personnel with more defensible, quantitative techniques. Thus, the sales management function evolves from a need for maximising sales to an analysis phase characterised by soft, qualitative and subjective data, and then to developing more rigorous statistics and data to determine causal relationships, productivity and efficiency across salespersons, product groups, territory and time. In the case of Singapore, when sales managers are more adept with new information technologies, they will re-invent the more advanced country evaluation methods.

It is hypothesised that American and most Western companies are at the final stage of the sales management cycle. Singapore, Hong Kong, South Korea, Taiwan and Malaysia are at the second stage, and Indonesia, Thailand and the recently liberalised mainland China and Vietnam at the early stages of developing their sales management function. Several factors can explain the logic of the sales management cycle. The main ones are stage of economic development the country is at, the national culture, and importance of personal selling function. The more advanced the country, the more sophisticated the managerial function, and the more pervasive the personal selling tasks, the greater the likelihood of applying quantitative methods of assessment. National cultures are expected to moderate the process. Low context cultures such as Asian communities may display a preference for less confrontational and less direct methods of sales management and evaluation, than high context cultures like the US where candour and straightforwardness are the norm. This evolutionary depiction can be empirically verified with experiences of different countries in the Asia Pacific region as it is comprised of nations at different stages of economic development, representing different cultures and personal selling experiences.

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