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ABSTRACT

This thesis has been concerned with analysing the involvement of industrial sales forces in providing adequate and realistic intelligence to be used as a basis for the forward planning undertaken by the Marketing function. An empirical study of the activities of the sales force in 60 companies has been undertaken. The type of intelligence being acquired by salesmen has been examined and divided into five categories (ie. Product, Customer/Market, Competition, Long-Term Volume Forecasts, and Other Topics). The different reporting techniques for conveying the intelligence to the Marketing department have been evaluated, and an analysis made of the use to which the information has been placed by staff of the department. The research shows the necessity for companies to create intermediary agencies to scrutinise intelligence passing between salesmen and Marketing staff. Several hypotheses have been tested against the information collected in the investigation. The results obtained from examining such hypotheses illustrate the need for companies to think of the following matters when considering how a sales force reporting system can be made effective:-

- 1) the provision of key production and financial data to salesmen to improve their knowledge of company policies;
- 2) the organisation structure within which salesmen operate;
- 3) the implementation of training programmes to develop the interactive skills of salesmen;
- 4) the means of motivating salesmen to gather facts;
- 5) the categorisation of the different types of customer call made by salesmen.

The investigations reveal that companies selling high-cost products and systems to markets characterised by rapid technological change have been most prominent in requesting sales force intelligence. Salesmen have been most active in the collection of intelligence about products and competitors, and have been less concerned with analysing customer operations and developing business volume forecasts. The salesman is a costly corporate asset, and the research highlights that in his information-gathering role he helps to devise marketing strategies that can materially affect corporate performance.

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PART 1 - PRELIMINARIES TO THE RESEARCH

PART 1 - PRELIMINARIES TO THE RESEARCH

Introduction

This opening part of the thesis is concerned with giving readers an introduction to the research field and providing a background against which the investigations should be seen.

Section 1 provides an outline description of the plan of work followed in my investigations.

Section 2 shows how my previous work and learning experiences encouraged an involvement with this type of research.

Section 3 gives the reader the long-range planning framework within which the investigations have taken place, whilst Section 4 describes the importance attached to the investigations in improving the effectiveness of marketing planning.

Section 5 describes the trends that have been occurring in industrial marketing and shows how the salesman's role responds to such trends. The research work contributes to an understanding of this changing environment in which the salesman is working.

Section 6 shows the parameters within which the research has been conducted, whilst Section 7 reviews the literature previously published in the areas which impinge on the research study.

PART 1 - PRELIMINARIES TO THE RESEARCH

SECTION 1 - PROGRAMME OF WORK FOR M.PHIL. INVESTIGATION

Title of the Investigation

The marketing intelligence contributions made by industrial sales forces as part of the corporate planning process.

Aim of the Investigation

To analyse the involvement of the sales force area of the Marketing function in the satisfactory derivation of long-term marketing intelligence. To study whether the intelligence derived is realistic and adequate as a basis for the forward planning undertaken by the Marketing function.

Programme of Work

The central core of the work has been an empirical study of the activities of the sales force in some 60 enterprises, two-thirds of which have been studied in depth.

The principal methods of investigation used have been:-

- 1) Observation and Personal Interviewing of sales force and marketing personnel.
- 2) Questionnaires issued to the relevant personnel.
- 3) Group Discussions.

The main topics on which information was collected include:-

- a) The type of marketing intelligence being acquired by the sales force.
- b) The reporting techniques and information systems most appropriate for conveying the intelligence from the sales force to the Marketing function.
- c) The type of organisation required in the sales force to produce valid marketing intelligence.
- d) The length of time taken by the sales force to secure the intelligence and transmit it to the Marketing function.
- e) The depth of analysis undertaken by the sales force.
- f) The method of presentation of the marketing intelligence.

The following types of hypotheses derived from the literature and from preliminary studies have been tested against the information collected in the investigation:-

- 1) Hypotheses depending on the personal characteristics and

background of the salesman. The quality of feedback generated by the salesman may be affected by:-

a) the level of knowledge possessed by the salesman about his own company policies and activities.

b) the previous work experience the salesman may have within the company and with other firms.

c) the type of training and education provided to the salesman.

2) Hypotheses related to the structure and characteristics of the salesman's job. The type and quantity of feedback provided by the salesman may depend upon:-

a) the organisational structure within which the salesman operates.

b) the call plans and strategies relating to the salesman's work.

c) the negotiating practices encountered by the salesman at the interface with the customer.

3) Hypotheses concerned with the interaction of the job characteristics with the personal characteristics of the salesman. Whether the salesman involves himself at all in the feedback role may be influenced by the range and type of motivational inducements provided to him in his job.

PART 1 - PRELIMINARIES TO THE RESEARCH

SECTION 2. - PERSONAL EXPERIENCES MOTIVATING PURSUIT OF RESEARCH

The research programme undertaken was related to my previous industrial experience. For three years (September 1973— September 1976) before the commencement of my appointment as a Research Assistant I worked in a corporate planning and marketing capacity with British Leyland Truck and Bus Division. In that capacity I was concerned with an investigative review of the input of the Sales and Marketing functions to the long-term plan of the company. My duties involved monitoring the validity, adequacy and consistency of the long-term volume forecasts proposed by the Sales and Marketing functions. One also had to be able to clarify that the Marketing policies underlying the volume forecasts had been carefully considered and that in fact they were appropriate policies for the company to pursue. The risks and opportunities contained in the Marketing policies and forecasts had to be identified and measured.

The sales force of the company took an active role in providing information useful for the Marketing staff to include in their long-term plan forecasts. It was, however, felt in the corporate planning area that for marginally more effort on the part of the sales team a substantial amount of higher quality feedback could be generated. The sales force reporting systems are being continuously scrutinized to see if more beneficial ways can be found to transmit useful data from the market-place.

The research work undertaken was also related to a valuable learning experience I had in April-May 1976, when I was able to visit the U.S.A. I was awarded the I.B.M. (U.K.) Ltd./Institute of Marketing Travelling Research Scholarship which enabled me to study developments in long-term marketing planning within American companies. I managed to acquire an insight into the roles played by sales forces in contributing information appropriate to the needs of corporate Marketing functions. During my period in the country I also managed to visit three universities with the purpose of seeing the academic training courses being implemented to assist personnel belonging to the Sales and Marketing functions of American companies.

Both my work experience and the scholarship provided me with a most valuable background with which to develop the research.

PART 1 - PRELIMINARIES TO THE RESEARCH

SECTION 3 - THEORETICAL FRAMEWORK FOR THE RESEARCH INVESTIGATION

This section provides a view of the theoretical context within which my research should be considered. On the perimeter of such a context lies the recognition that industrial companies are involved in securing their future survival in accordance with certain financial and economic objectives and possibly having to take cognizance of appropriate social and community obligations. In order to ensure survival companies need to devise a course of long-range strategies and plans to realise their objectives and obligations. Most companies already have a system of short-range planning for finance, marketing and production, and these operational plans are sometimes sufficient as long as a company is in a static situation. However, with the increasing rate of change in markets and in technology, with the trend towards diversification and merger, and because of the size and complexity of modern business operations, more companies are finding it necessary to produce formal long-range plans on a company-wide basis.

Evidence in favour of long-range planning is all around us.. In the present business environment, no company can consider itself immune to the threat of product obsolescence and saturation of demand. Indeed, in some industries such as electronics, the speed of technological change and market change makes it necessary for companies to keep their long-term plans and strategies under constant review. There may be other industries which have not yet felt the impact of increased competition, and changing technology, but even in these industries, to make the most of opportunities, it is in the company's best interest to make a regular and objective assessment of its activities. Effective long-range planning brings important advantages to a company. The benefits include:-

- a) an improved ability to anticipate threats to the business and to identify profit opportunities before they arise;
- b) better guidance and control for new business ventures;
- c) improved co-ordination of divisional and departmental plans;
- d) better motivation of managers, and more efficient use of scarce personnel and capital resources.

Such benefits, however, can only be attained if the information

upon which the strategies and plans are to be formulated is valid, realistic, rational, credible and consistent. Each corporate function is concerned with deriving information about its own activities which will be used as a basis for drawing up satisfactory long-term functional strategies and plans. My concern has been with the Marketing function's long-term strategies and plans and with the information platform upon which such strategies/plans were developed. Many examples of companies, who have developed long-range plans where the contributions of Marketing executives were overwhelmingly significant, have been referred to in various texts - companies such as ITT, Geigy(U.K.) Ltd., Fruehauf Corporation etc. In my particular research I have been concerned with investigating whether the industrial sales force was a source of appropriate marketing intelligence for the Marketing Manager to use in developing his long-term plans/strategies. By making an evaluation of the type of marketing intelligence generated by salesmen an insight has been provided into the validity and credibility of the "information bank" which supplies the Marketing Manager with his rationale for the long-term plans/strategies that he formulates..

PART 1 - PRELIMINARIES TO THE RESEARCH

SECTION 4 - THE IMPORTANCE OF THE RESEARCH INVESTIGATION

Having described the theoretical context within which my studies have been undertaken it is the purpose of this section to provide an understanding of why the research is important within such a context. It has been recognised that the Marketing function has a major role to play in providing an input into the long-term plans of the company. Marketing intelligence is seen to be an integral part of the corporate planning system. This investigation has been concerned with whether the Marketing function can acquire valid and useful intelligence from the corporate sales force in order to assist with the construction of appropriate long-term marketing plans. Operating at the boundary between the organisation and its environment, salesmen play a gatekeeping role in channeling information into the company. Furthermore, they may be instrumental in interpreting environmental information they have acquired in the market-place. Their perceptions of external conditions and their expertise in helping to devise marketing strategies can materially affect corporate performance. The clarity and breadth of the sales forces' interpretation of opportunities and threats affects the quality of the information base available for strategic long-term decision making.

Whilst recognition has been accorded to the intelligence feedback role of the industrial salesman it must be noted that when the duties and functions of the salesman have been analysed much more emphasis has tended to be placed upon his role in communicating information forward to his customers as part of the normal selling process. Numerous texts have reflected upon how best to develop the 'selling' acumen of the salesman and dealt with those aspects of communication which have helped to build successful sales strategies to be directed at customers. It must be remembered that selling is only part of marketing and that industrial salesmen should be involved in supplying a two-way information flow. To define the salesman as a selling agent exclusively is to ignore the opportunity for significant improvement in marketing planning.

Marketing Managers are beginning to realise that the salesman

is a high-cost corporate asset and it is necessary to utilise such a resource for the benefit of the company. In endeavouring to obtain appropriate intelligence it is the duty of the Marketing Manager to make salesmen recognise that the information gained from the market-place must ultimately bring benefits to them. Whether or not the salesmen see these benefits depends to a great extent upon the ability of the company to use the information efficiently and intelligently. If the company is utilising the intelligence information to keep its marketing strategies optimally geared to the continually changing needs of the market, selling the product will be a much easier job.

Given the commitment to long-range planning in companies, Marketing Managers are beginning to think more about the intelligence information requirements they need in order to produce adequate long-term plans and strategies. Salesmen are just one of the sources of intelligence that can be used by a Marketing Manager. It is, however, important to realise the limitations of other sources in order to appreciate the potential value of the feedback rendered by salesmen. Much of the intelligence data that comes to the attention of the Marketing Manager is found in industrial trade and professional journals. This intelligence often portrays an historical catalogue of events which have occurred in the market-place and the type of facts and opinions stated are often associated with the advertising/promotion programmes being initiated by contributors to the journals. Virtually no information is forthcoming which will aid the Marketing Manager in setting a future strategic course. Trade Associations can also be sources of intelligence for the Marketing Manager, but unless there has been a long tradition of exchanging information between companies in the industrial trade then little worthwhile intelligence can be acquired which will assist in the long-term planning processes. The need of the officers of the Trade Association to maintain impartiality in dealing with member organisations often prevents the flow of the type of intelligence which will lead an individual company to develop marketing strategies superior to its competitor companies. Formal market research surveys have frequently been deployed by Marketing

executives as a means of obtaining useful strategic intelligence. Marketing researchers, however, have only been able to assess the market as a whole and indicate trends and developments occurring in overall customer needs. Much of the exploration of individual companies has to be left to the salesman — customers to the extent that they perceive the salesman and his company as a potential supplier of problem-solving products and services, will be more willing to provide information to salesmen than to an unknown questioner. For small companies it is often economically unviable to have an internal market research function actively collecting information, and also beyond their financial means to employ an external research agency to conduct particular studies. To these companies, the salesman becomes a potentially important instrument through which market-place information can be channelled. Other companies who have had long-established market research teams in operation have often cast doubt upon whether the salesman should become involved in collecting information from the market-place. It is mentioned that the salesman cannot be doing the job of pushing and selling the company's products whilst he is doing the assigned market research. It is, however, reasonable to say that companies are aware that the industrial salesman is in the majority of situations in direct contact with the specifier, buyer, or user of the product he is selling. This nearness to the market-place should provide an impetus to Marketing Managers' to explore the possibilities of utilising corporate sales forces in the acquisition of intelligence..

There are other factors existing in industrial selling situations which one might consider could aid sales forces to enhance their feedback role. Generally speaking, most industrial salesmen can spend a great deal of time with particular customers and could therefore obtain a flow of valuable information over a substantial contact period. Some industrial salesmen are often seen assisting their customers in analysing their needs and requirements long before a contractual relationship is established. In other circumstances the industrial salesman has an opportunity of meeting many people at the customer/prospect location who may influence and determine procurement policy. These factors, common

to many industrial selling situations, show how important it is for companies not to ignore the opportunities for acquiring appropriate marketing intelligence from salesmen. Such opportunities are sometimes being taken in those companies who have a history of effective long-term marketing planning and have assessed the information needs and requirements that must be generated within the company.

It is to be remembered that the customer contact function can be useful as both a source and a use of information. In his contact with customers, the salesman is a potential supplier of information that can be used as an input for long-term strategy decisions; the output of these decisions is a set of strategy directives designed to increase the efficiency of the salesman in his contact with customers.

PART 1 - PRELIMINARIES TO THE RESEARCH

SECTION 5 - TRENDS IN INDUSTRIAL MARKETING AND THE CHANGING NATURE
OF PERSONAL SELLING

In understanding the contribution of this research to industrial salesmanship the results of the investigations must be seen against a background of developments taking place throughout industrial marketing which are resulting in gradual changes in the nature of personal selling. Notice needs to be taken of the following trends in the industrial marketing environment:-

1) An increase in the concentration of important customers. Loosely aligned and otherwise autonomous business units are rapidly being integrated into larger, more disciplined complexes. Traditionally most business was conducted on a local basis, with buying decisions made by local decision-makers. However, vast proportions of business are not being conducted on such a small scale or in such an independent fashion. The increasing importance of a few pivotal customers poses a crucial challenge to sales force management. Just a few major customers produce the major part of most companies' sales, create most of their jobs, give rise to most of their costs, contribute not enough of their profits and frequently create more than their fair share of the problems. There is no doubt that this trend to larger, fewer customers will accelerate principally due to mergers and rationalisations which are increasing the average size of companies, but also the result of:-

a) The increasing costs of selling to small customers with small orders. The economics of keeping a salesman on the road was the subject of the latest survey carried out by Sales Force which commented upon the 15.3% rise in the annual costs of sales forces. Salaries rose steeply reflecting a lower number of salesmen carrying out more responsible tasks. Administrative costs rose over most other increases as calls became increasingly planned, involving greater use of computers to keep and analyse data records. Key account industrial salesmen are incurring costs of £15,000 + per annum, and travelling and distribution costs substantially increase this figure.

b) The identification by companies that fast growth opportunities lie in selling large orders to a few giant customers. In my studies, several companies selling high technology machine tools saw nearly all their growth coming from £500,000 + orders, against a

traditional pattern of orders of below one-tenth of that size.

All this has led to alternative ways of servicing small customers, such as contract ordering, telephone selling, mail order, and has allowed distributors to develop. However, large customers have not become big by being bountiful with their suppliers. They buy keenly, take extended credit and demand considerable service, and all the signs are that this pressure will intensify. How ought the supplier to respond in this situation where he is becoming increasingly dependent on large customers who in turn are becoming more powerful and capable of dictating terms?. The evidence is that some suppliers fail to consider this question at their peril. Few marketing managers would consider that big customers were the same as small ones only bigger. However, it has been noticeable that some marketing managers still act as though they were the same, and still use the same type of sales organisation, information and control systems, training methods etc. as has been appropriate to a different type of customer mix.

The implication of these developments is that secure and profitable management of major accounts is a vital factor if a company's marketing and profit objectives are to be attained in the volatile markets of the 1980's and beyond. To be successful a company must consider what type of sales organisation structure will be most appropriate to handle large customers; what information systems are necessary; and what relationships should the supplier develop with his major customers..

The fact that handling major customers is becoming much more complicated means that companies need to develop their information systems considerably further. As well as accurate information on costs and profits it is also necessary to have the basic data to enable customer strategies to be planned. This includes such facts as current and past share of the major customer's business obtained, product mix, service requirements, organisation charts, needs of key contacts, principal problems currently being faced by the customer, and so on.

It is clear that the job of selling to large customers is a complicated one. It demands levels of skill and knowledge from the

sales force which have not traditionally been necessary. The salesman must not only be able to sell, he must be able to negotiate to obtain the best terms for his company against some very professional buyers, and report back sensitive intelligence about the needs of the buyer. Again, team selling with all the associated problems of communication, control and role definition is becoming more common. The salesman must endeavour to understand the basis of his customer's business, not just in terms of what that customer makes or sells, but also the financial mechanisms underlying it and the detailed organisation structure. He must be able to analyse detailed data on the performance of individual key customers and draw meaningful and actionable conclusions. In this respect it is not just the role of the salesman and associated support functions that is changing, but also that of the marketing staff, and particularly that of the product manager. Increasingly, product managers are working more closely with the sales force to develop marketing strategies for key accounts. Company-wide, market-wide marketing activity is taking up relatively less of the product manager's attention as compared with the key account activity. In turn these trends demand deeper and more sophisticated training for sales and marketing staff and the recruitment of more intelligent and flexible personnel.

2) An increasing proportion of major buying decisions are being made at points far removed from the place of ultimate use or resale, and many buying decisions that were once made on an atomistic basis by people of lower organisational rank are being made at higher levels on a more formalised basis. Thus, some salesmen are finding their markets shrinking, as the key buying influences for the companies operating in their territories are simply not in the territory. Many instances of this trend were observed during my investigations. A haulage truck salesman was assigned the Tyneside area, which houses the haulage operations of numerous companies. When he canvassed the territory, he discovered that the vehicle buying decisions of all but four of the companies were made at offices in London or at regional headquarters in Leeds. Another instance was noticed of an office machine salesman in Eccles, near Manchester who had persuaded the office manager of a large oil

company's local distribution depot to submit a proposal for several desk accounting machines. Both were confident that the proposal was justified. However, when the salesman returned to close the order he was informed by the office manager that office mechanisation plans had to be delayed because his Head Office were working with consultancy groups in London on a company-wide office system. Purchasing is becoming more centralised at higher organisational levels, reducing the potential sales volume that can be secured by industrial salesmen who have been allocated on a geographic rather than a decision-locus basis.

3) A fundamental change in the character of the industrial product itself. Increasingly, companies are not buying units of merchandise, but are becoming orientated to what may be termed a "product package" or total systems concept. Numerous companies are placing their marketing emphasis on selling systems, or as they are often described, combinations of products and services designed to perform a complete function for the customer. The upshot is a dimming of the traditional role of many suppliers as mere vendors of off-the-shelf items and a concomitant growth in their ambitions to act as project contractors who move in and solve problems. Marketing management of some companies like the fuller corporate identity that goes with the sale of a system rather than a mere product, and regard their installations as a showcase to spur further sales. Equally important to its practitioners is the broader line of products the systems approach can spawn. A vendor's capabilities can be stretched to produce new items for integration in more elaborate systems or in further improvements to an original installation. Also, the competitive edge it gives a company can be so compelling, it is almost sufficient reason in itself for switching to a systems approach. Since sale of a total system involves a long-term marriage between vendor and buyer, the supplier is virtually assured of being the one continuing source of parts and service.

For all companies seen during my investigations who market such packaged programmes, the one enduring benefit seems to be an overall improvement in customer relations. The intimate relationship that develops between both parties, together with the

solution that a supplier brings to his client's problems, harnesses a special tie that is unlike anything in more conventional vendor-customer relationships.

The actual selling process also calls for a radically different approach. For one thing sales forces must completely revamp their thinking away from the traditional product orientation. The need to sell systems is producing a recognisable trend towards strategic selling techniques. Team selling is beginning to be developed by systems suppliers. Involving as it does in most cases a very high price tag and a relatively complex package of equipment, a systems sale calls for presentation by at least a systems engineer in addition to the regular sales personnel. A pressing problem with this type of sale is the need to educate the customer in the limits and potentials of his system. Lack of comprehension has frequently led to misuse of an installation and consequent complaints to the supplier about the quality and performance of his equipment. The salesman is beginning to play a leading role in this educative process and in doing this he is often provided with increased opportunities to collect intelligence for his company. One further ramification of this education process, according to the Marketing Director of a computer company is fully informing the customer that if he is to take on a complete system he may have to accept some re-organisation that goes deep into company operations.

The reason for the growth of systems marketing is clear - it is very much to the advantage of the buyer. He deals with one vendor for the full system, he gets many free services, the system is guaranteed, and his cost and personnel requirements are minimal. But experience on the seller's side shows that when the dangers are understood, volume and profit are substantially greater and the repeat business is attractive. If there are worthwhile systems opportunities, the switchover one can see may be the base for a major long-range corporate growth plan. For many the change can be formidable, and in most cases the major change has to be in the management's way of thinking, for each project can be a total company team selling job, often taking long periods of negotiation, continuous executive back-up, and substantial

pre-closing investments. Many manufacturers now provide complete processing systems for industry; a large valve company has switched to supplying full systems of 'fluid control'; another company which produced protective paints moved into the supply of anti-corrosion systems; another company which supplied components in aircraft cameras has switched to designing and selling aircraft reconnaissance systems. The trend to systems selling is gathering strength and spreading. The salesman's responsibility becomes greater as technology advances and producers offer products of ever mounting complexity.

4) An increase in the sophistication of purchasing techniques and buying practices. In large companies the buying procedures are definitely becoming more formalised. Sometimes in multiple organisations one level specifies supplier and price and another looks after the placing and chasing of an order. More and more buying is being done by computer, particularly for decentralised organisations in the field of raw materials and components. The computer will play a large part in the decision-making of the buyer by sifting out unsuitable products. It will enable buyers to assess more suppliers and their products in greater depth. Computers will be most useful for routine purchases and inventory control. The usage is growing of the following purchasing techniques and practices:-

- a) Supplier performance evaluation programmes - which help to record the past performances of major suppliers in meeting their commitments.
- b) Life Cycle Costing in Equipment Purchasing - which attempts to compare offerings by calculating the total cost of buying, using, and maintaining pieces of equipment over their entire lives..
- c) Value analysis - which dissects each of a supplier's products and subjects each component part to a functional, cost and commercial analysis. Value analysis techniques involve a consideration of the end use of each item bought and what alternatives could do the job as well at lower cost or better at the same cost. The outcome of value analysis sessions, in the form of requests to suppliers for a cheaper alternative, or a sudden withdrawal of business because the alternative is outside the

supplier's product range, will become increasingly commonplace. All of which is rendering it more essential that suppliers should know, through their salesmen, precisely what job their products are doing at each of their major customers and themselves be considering whether they would suggest an alternative.

d) Vendor rating – this involves an attempt to quantify a supplier's performance. Vendor rating schemes are used on the more important repetitive purchases. Schemes exist for giving composite ratings based on individual points for quality, price, service etc.. It is very crucial for salesmen to find out what elements of the procurement are being put under the microscope by customers and how the company is rated against these elements..

e) Supplier price and cost analysis – techniques are in use (particularly in automobile and truck manufacturers) for establishing the supplier's costs, or what an efficient supplier's costs ought to be.

f) Rationalisation of supplier patterns aimed at reducing the total number of suppliers, but avoiding at the same time reliance on single supplier sources. Salesmen need to report to their companies about such dual sourcing studies being undertaken by customers.

It is important for salesmen to find out whether all or some of these techniques are being practised by customers, and to evaluate the effect they may have on supplier marketing policy..

This research work must be viewed alongside the changes mentioned above which are underway in the current industrial marketing environment – changes which will materially influence the future role of personal selling..

PART 1 - PRELIMINARIES TO THE RESEARCH

SECTION 6 - THE BOUNDARIES OF THE RESEARCH PROGRAMME

This section lists the limits within which my research investigations have been conducted. The studies undertaken have been confined within the following boundaries:-

- 1) The research has been conducted within U.K. based companies.
- 2) The companies investigated were located within the following industrial product classifications (the classifications being derived from the Kompass Register):-

		<u>Numbers of</u>	
		<u>Companies</u>	
Printing and Publishing	Kompass Group	28	8
Rubber and Plastics	" "	30	7
Chemicals and Chemical Products	" "	31	8
Metal Products	" "	35	6
Electrical and Electronic Equipment	" "	37	14
Transport Equipment	" "	38	12
Scientific and Industrial Instruments	" "	39	9
Machinery and Equipment	" "	40	18
			<u>82</u>

NB. 60 companies have been investigated - the total of 82 given above occurs because some companies had activities which overlapped into several product classifications. The companies were not chosen on a sampling basis, but were selected because their activities came within my scope of understanding and experience. Cost limitations also had to be borne in mind when selecting the firms visited.

3) The companies selected within these classifications were also placed within two categorisation systems.

a) Method of categorisation suggested by Colin McIver in "Marketing" (Business Publications Ltd.). The companies have been placed within one of the four areas:-

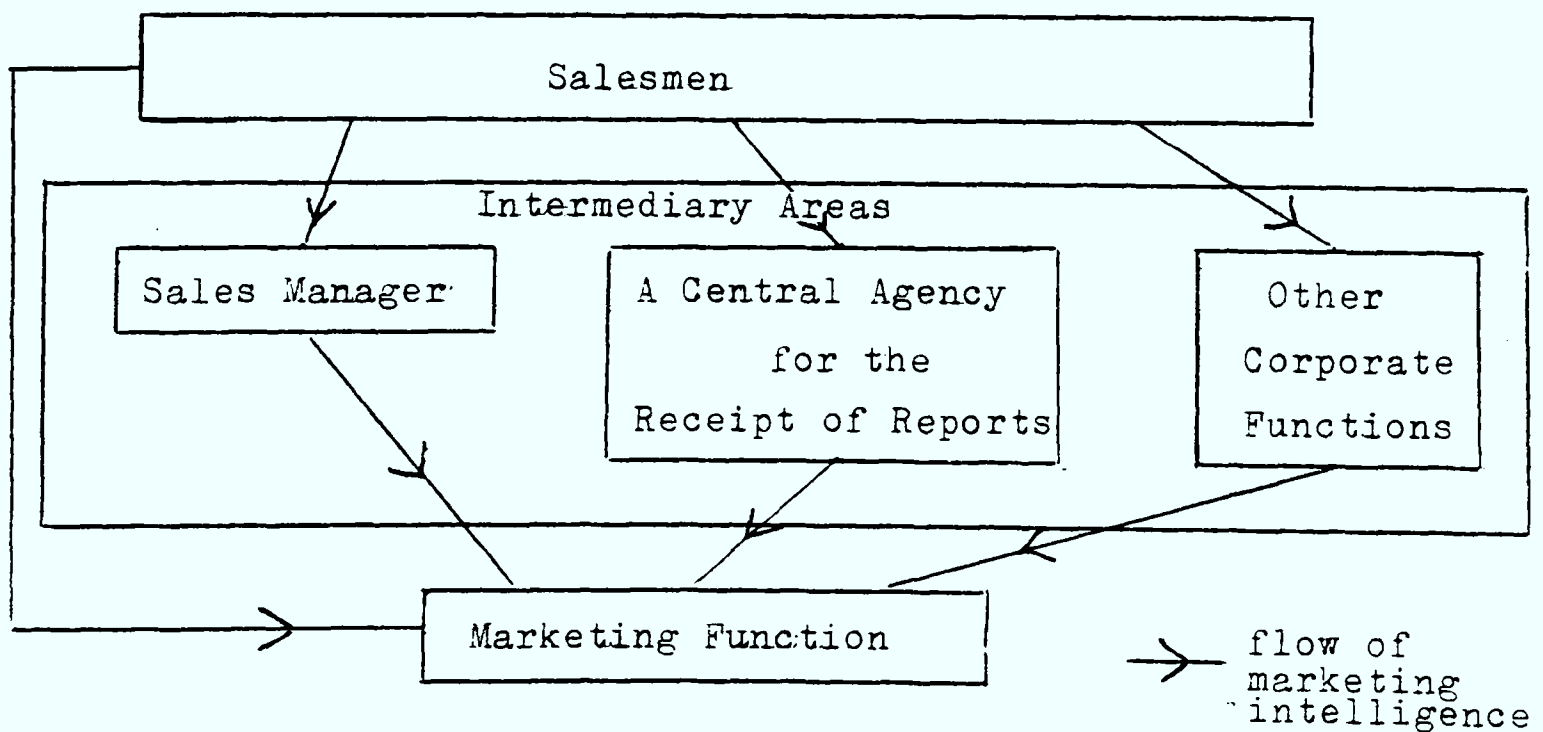
- i) Big Unit Operators - those companies concerned with the sales of very large, highly priced units.
- ii) Small Unit Operators - those companies concerned with the sales of more frequently purchased lower priced items.
- iii) Component Operators - those companies concerned with producing items which form part of an end product marketed by another industrial organisation.

- iv) Raw Material Operators - those companies concerned with the sale of basic materials.
 - b) Method of categorisation suggested by Eric Shankleman (in a paper on Marketing Research given to a seminar at Bradford University in 1968). The companies have been placed within one of the three areas:-
 - i) Those companies involved in areas of rapid technological change.
 - ii) Those companies involved in areas of medium-scale technological change.
 - iii) Those companies involved in areas of slow changing technology..
- 4) Such companies coming within the limits of the study were the following:-
- a) Those companies selling products to other industrial companies and nationalised corporations.
 - b) Those companies selling products with associated services to other industrial companies and nationalised corporations.
 - c) Those companies selling products (with or without associated services) to other industrial companies and nationalised corporations, where a contracting agent may be used in some aspect of the transfer of the product to the customer (e.g. a company selling air-conditioning equipment which is installed at the customer location by an engineering contractor).

Such companies coming outside the limits of the study were the following:-

- a) Those companies solely concerned with the marketing of industrial services..
 - b) Those companies selling products (with or without services) to individual members of the consuming public, government institutions, and non-industrial establishments.
- 5) The research was concerned with the acquisition by the sales force of marketing intelligence from the U.K. market-place (ie. this meant that information gathered from export markets was outside the limits of the study).

- 6) It was within the boundaries of the study to be concerned with both written and verbal submissions of intelligence by the sales force.
- 7) The research covered the acquisition of marketing intelligence which would be useful to the corporate Marketing function in the development and construction of long-term marketing plans (ie. this meant that information generated solely for the benefit of affecting short-term corporate activities was outside the limits of the study – short-term being defined by the length of the period into the future that a Master Budget and its related sales, production and expense budgets were fixed by the company.. In most companies, this period was 12 months into the future, but some companies were extending their budgetary periods to 2 and 3 years into the future).
- 8) The research study was concerned with the transmission of the marketing intelligence from the sales force to the corporate Marketing function. It was within the limits of the study to investigate the various parts of the corporate organisation through which the written submission of marketing intelligence was conveyed before it finally reached the Marketing function. The written intelligence could either be transmitted directly from the salesman to the Marketing function or transmitted through various intermediary parts of the company organisation before it reached the Marketing function. Consider the following diagram:-



The intermediary areas shown in the diagram may not necessarily be independent of the Marketing function - for example it might be the case that a central agency for the receipt of reports would be part of the Marketing function. In such examples reported intelligence would thus be said to have been transmitted directly to the Marketing function. The research was concerned with evaluating any amendments, modifications, omissions and additions made to the reported intelligence in the intermediary parts of the organisation through which such intelligence was conveyed. Consider the following instances of information flows that have arisen within companies visited:-

- a) The reported intelligence information having been forwarded to one of the intermediary areas was passed back to the sales force for clarification or further analysis before it was reconsidered for communication to the Marketing function. The reported information was also passed back to the sales force with a recommendation that it contained unsuitable intelligence for the Marketing function and should not be communicated to Marketing staff (the intelligence was thought irrelevant or inadequate to the needs of the Marketing function). Such instances came within the limits of the study and have been investigated.
- b) The reported intelligence information was passed from one intermediary area to another before eventually being communicated to the Marketing function - for example it was the case that information having been analysed by the Sales Manager was passed to a central agency for the receipt of reports for further consideration before it was forwarded to Marketing staff. Once again, such examples have been investigated since they came within the boundaries of the research study.

Consider the following instances of information flows that have arisen within the companies visited, which were regarded as outside the limits of the research study:-

- a) Written sales reports communicated to a corporate function (other than Marketing) for the use solely of that function with no intention that the information contained in such

reports be eventually communicated to the Marketing function. Such reports, therefore, not reaching the Marketing function did not come within the ambit of the research.

- b) Intelligence gathered from the market-place by functional staff (other than salesmen) who may be working in close liaison with the salesman at his interface with the customer. Such intelligence gathered by non-salesmen did not come within the research boundaries..

9) The research was also concerned with the verbal transmission of appropriate marketing intelligence to the Marketing function. It was within the limits of the study to consider the opportunities that have arisen within companies for the passage of such information.. Consider the following examples:-

- a) Sales conferences with Marketing staff present were an opportunity for verbal intelligence to be contributed by the salesman.
- b) Formal meetings between the salesmen and members of the Marketing function were another such opportunity for verbal intelligence to be communicated..

The minutes recording what had taken place at such conferences and meetings within companies have been monitored as part of the research in order to attempt to define the type of marketing intelligence verbally transmitted by salesmen.

10) The research also covered the submission of written and verbal marketing intelligence by the salesmen at meetings of committees (comprising members of the Marketing function and a variety of other functions) within companies visited. For example, a company visited during the investigation had a Product Policy Committee, which had representatives from all the different company functions (including salesmen). This was another opportunity for the salesman to provide an appropriate input of marketing intelligence. The minutes recording the activities of such committees have been investigated in order to evaluate the contributions made by the salesmen. Such investigations were within the limits of the research study.

11) It was within the limits of the research to consider what

happened to the reported marketing intelligence when it reached the Marketing function. The investigations were concerned with the organisational levels within the Marketing function at which the intelligence was evaluated, and what the Marketing function did with the intelligence within its long-term planning activities and operations. The two categories of use within which the Marketing function put the marketing intelligence were designated as follows:-

- a) The intelligence that could be regarded as part of an 'information bank' and which provided a background of knowledge which may be taken notice of by marketing staff when deriving their long-term marketing plans.
- b) The intelligence that could be regarded as being appropriate for direct inclusion in the long-term marketing plans.

12) The research took into consideration the type of structure and organisation of sales forces rendering appropriate marketing intelligence. The educational background and previous work experience of industrial salesmen may be important influences on their ability to collect information, and such influences were considered within the boundaries of the study.

13) The research involved the study of other factors which may have a bearing on the contributions of marketing intelligence by salesmen. Such factors as the following were considered within the limits of the study:-

- a) The Input of Information to the Sales Force.
- b) The Education and Training of Salesmen.
- c) The Motivation of Salesmen to generate information from the market-place..
- d) The Negotiating Processes encountered by Salesmen at the interface with customers.
- e) The Call Plans and Strategies of Salesmen.
- f) The Importance of the Marketed Product from the point of view of the customer.

PART 1 - PRELIMINARIES TO THE RESEARCH

SECTION 7 - REVIEW OF THE LITERATURE

My research study has been concerned with the central theme of whether useful long-term marketing intelligence can be acquired, and conveyed by industrial sales forces to corporate Marketing functions as an aid to future strategic planning. An extensive examination of the literature reveals little published work directly relating to this topic.. There are passing references to be found in the standard texts and papers on Industrial Salesmanship. The considerable literature on such subjects as Marketing Information Systems, Long-Range Planning and Marketing Planning clearly has a relevance for the subject, dealing as it does with the use to which the information is put. My review of the literature is therefore divided into the following areas:-

- 1) Industrial Salesmanship.
- 2) Marketing Information Systems.
- 3) Corporate Long-Range Planning.
- 4) Marketing Planning..

Industrial Salesmanship

In reviewing the literature relating to my research theme, writers are seen to propound the following observations:-

a) Industrial salesmen have an essential communications role to fulfil - they supply a two-way information flow. "They are responsible for the education of their customers in the latest technical developments and for reporting back opportunities and developments in the market-place to their companies" comments Winkler (1972) on page 203. Reiser (1962) quoting Orm Henning, Marketing Manager of Industrial Products, Texas Instruments states that "one should remind oneself that selling is only part of marketing - particularly in the scientific-industrial world. Marketing is communicating back to your factory your individual customer's needs and particular problems." Writers do, however, place most concentration upon the flow of information to the customer revealing:-

- i) the amount and type of information needed by the market-place,
- ii) the most effective ways of presenting the information, and
- iii) the times most appropriate for the conveyance of the information.

However, Chisnall (1975) reflects on page 189 that "the performance of sales representatives as marketing communicators tends to receive limited attention."

b) Industrial salesmen "in theory, can play an important role in continuously feeding back significant market information" says Shankleman (1967). Rowe and Alexander (1968) stress on page 33 that "the industrial salesman has great importance as a provider of up-to-date information about his customers and potential customers, the products they use, the prices they buy at and the products they are preparing to launch." These writers look at the likely ways in which salesmen can be helpful to their companies - ie. in establishing marketing plans, negotiating key individual transactions, negotiating prices, developing new applications, evolving product adaptations and assisting with new product ideas. Webster (1965) focuses upon four areas of marketing where the salesman might usefully be able to provide intelligence - ie. in product planning, sales forecasting, competitive strategy and

pricing. Such literature, whilst itemising topics of marketing upon which salesmen might devote their time, does not go into substantive detail about the specific elements of intelligence to be derived by salesmen under these headings. The literature does not render comment about the depth of analysis to which salesmen might consider the intelligence they collect. Very little mention is made of the marketing and technological situations in which the types of intelligence are collected by salesmen.

c) The intelligence which is collected by salesmen is usually intelligence which is of direct benefit to them in their selling job - ie. both Shankleman (1967) and Markham (1970) acknowledge that salesmen acquire intelligence for 'self-use', rather than for feedback to management.

d) The intelligence collected by salesmen is often more appropriate for use in assisting with the development of short-term marketing tactics than long-term strategic plans. Numerous writers - Kotler (1976), Winkler (1972), Markham (1970) and Brion (1967) - comment that salesmen have a greater propensity to be concerned with generating tactical intelligence. "The tactical market information in industrial markets has frequently been left for the sales representative to collect through his regular and direct contact with customers" reflects Brand (1972) on page 12. Denning (1968) on page 154, comments that it is only a secondary function of sales reports to supply intelligence material on which marketing strategy can be based.

e) The changing role of the industrial salesman is speculated in the literature to have an effect upon the collection of marketing intelligence. "Salesmen sought sales success largely on the basis of personality, emotion, friendship and loyalty. This orientation to selling has been displaced by the need to better understand the product being sold and evaluate it in terms of how it can satisfy customer needs" comments Kollatt, Blackwell and Robeson (1972) on pages 369-370. Dawson (1970) states "the new salesman is visualised as a problem-solver, an educator and an empathizer." E.J. Kelley (1972) on page 105 says "the salesman's new role extends beyond strategies and profits to a total involvement in the marketing process." Personal selling should no longer be seen

"as a discrete activity, but as part of a system by means of which the marketing job is accomplished" according to Rathmell (1969) on page 43. Markham (1970) on page 106 says that industrial salesmen have more to do than sell. "The ideal salesman may also have to act the part of a market research investigator, a public relations officer and an industrial consultant." It is in this changed role that salesmen are exposed to more opportunities to collect marketing intelligence appropriate to their companies.

f) Industrial sales forces are organised in particular ways to fulfil the objective of increasing selling effectiveness. Whenever writers propose the adoption of new organisation systems little consideration is given to exploiting these systems for purposes other than the enhanced productivity of the selling process. There is no mention of stating that the systems may have advantages in helping the salesman to collect specific types of marketing intelligence. Chorafas (1967) in discussing the specialisation of sales forces by the type of industry to which products are marketed mentions the general point that in such a situation, "the salesman becomes virtually a partner of the customer so much so that he can quite literally forecast the future sales and marketing strategies both of his customers and of his own company." Anderson (1975) comments on the different types of sales force organisations seen in a diversity of companies and the selling benefits that can be achieved, but does not mention the different categories of marketing intelligence available to the salesmen operating within the numerous organisation structures.

g) An attempt to understand industrial buying behaviour figures prominently in the organisation of sales and marketing effort. Brand (1972) on page 11 notes that "this traditional interest in buyer behaviour has become more formalised in recent decades as industrial and commercial units have grown in size and as competition for an expanding disposable income has increased." The development of an effective and efficient approach to the matching of buyer requirements and seller capacities is dependent on the marketer's understanding, and consequently his ability to classify or structure the decision-making process underlying industrial buying behaviour. Writers have concentrated on

developing universality assumptions that there is/are best way(s) of designing models of industrial buying behaviour, and have tended to ignore the contribution that might be made by industrial sales forces at the individual customer location in the collection of intelligence which will help to define the industrial buying dimension. Robinson, Faris and Wind (1967) in developing their 'Buygrid framework' and Brand (1972) in his investigations into industrial purchasing habits are two examples of writings which establish the view that there may be numerous universality assumptions available to the marketer. More recently, Williams (1976) notes that "the need for a general conceptual framework or theory capable of describing and explaining in detail the enormous variability observable in purchase behaviour across individuals, products and situations has become clearly established." In response to this need a number of "integrative" or "comprehensive" models of buyer behaviour have been proposed. These models demonstrate a convergence toward the representation of the buyer as an information processor and a problem-solver, but the implications of this perspective have not been explored and developed in detail. Thus, despite claims of comprehensiveness and generality, existing models are restricted in scope and fail to describe basic elements of the purchase process in detail. For example, relates Williams, "none of the existing models deals in detail with the logical or psychological micro-structure of such basic processes as recognising and defining purchase problems, generating alternative courses of action, limiting search or information gathering, or choosing among alternatives and developing a commitment to act on a purchase decision." The literature does not accord a role to the industrial salesman in the acquisition of intelligence concerning the details of the purchase process. Webster (1965) reflects that "industrial buying decisions are more complex, involve more people, take longer, require the evaluation of more factors and are less easily observable, influences on the industrial buying decision appear to be more varied and a richer variety of information sources may be involved." Taking these remarks into account it is surprising that there is a lack of literary reference to the role that may be played by salesmen in

studying buying behaviour.

Marketing Information Systems

In reviewing the literature it is noticed that much attention is given to the structuring of marketing information systems in companies, but no recognition has been given to any formal role the industrial salesman may take within the systems. W.T.Kelley (1968) describes his writing on marketing intelligence as being concerned with "an entirely new field". The objective of the writings "is to establish the rationale for a new and distinct management speciality and to show how to organise and run a marketing information system in a large corporate unit." He observes on page 2 that "recognition of the need for arranging for systematic marketing intelligence has come very slowly in business."

It is appropriate to outline how writers define what they mean by marketing information (or intelligence - the two words being treated interchangeably). Kotler as quoted by Proctor (1975) explains what is meant by Marketing Information as follows: he defines "the flow of information known as Marketing Intelligence as comprising salient facts about institutions and developments in the environment that affect the company's opportunities and performance. Marketing Intelligence is conceptualised as a broad term embracing raw data, summary statistics, qualitative inferences, expert and lay opinions, impressions and even rumours." Cox and Good (1967) say that "a marketing information system is a set of procedures and methods for the regular, planned analysis and presentation of information for use in marketing decisions." This definition stresses a rigid and formalised structure within which information circulates, whereas Kotler (1976) notes that flexibility and informality of information flow are important alongside the formal system. The formalised approach is also emphasised by Montgomery and Urban (1969) who define Marketing intelligence as "the formal, systematic and continuous scanning of the environment and the dissemination of the data so generated."

Other writers emphasise the need why companies should develop marketing information systems. R.W.Hill (1973) in the preface to his book, comments that "companies must adjust to a changing environment if they are to survive and prosper; they must be cognizant of the fact that with more competition, increasing

size, rapidly changing technologies and markets, and vast investments at risk for longer periods of time, a new marketing approach is necessary..... Emphasis being placed on the need for an information system.....as a basis for planning, executing and controlling marketing activities." E.J.Kelley (1972) on page 78 states that "marketing information systems have evolved in response to the organisational need for information flows and in response to the increased complexity of collecting, synthesizing and routing proper information to marketing decision makers." These two writers also indicate what should be done with the output of the marketing information system. On this same issue, Kotler as quoted by Proctor (1975) says "a crucial point about marketing intelligence is that it must be made available to the right executive if it is to be useful; the information must flow not only to the firm but through it." Beronson (1969) reflects that "the marketing information system.....must be designed to create an information flow that is capable of providing an acceptable base for management decisions in marketing."

In summarising the literature, the emphasis is placed upon the study of the following aspects of marketing information systems:-

- 1) the structuring and organisation of systems;
- 2) the flow of intelligence within the systems;
- 3) the need for the development of systems within companies;
- 4) the use made of the intelligence output of the systems by marketing executives;
- 5) the importance of internal departments of companies (ie. market research and forecasting areas) as sources of intelligence.

Industrial salesmen are observed to report intelligence into marketing information systems; but the reporting is on a very informal and ad hoc basis. Salesmen are thought to be outside the formalised mainstream of information flow. Winkler (1972) on page 92 states that "one needs to systematically review the sort of information which the salesman should report" and devise "a method of sorting and classifying this data, so that it can be used within the marketing information system." Webster (1965) says that "specific procedures must be established for the collection,

summarisation and evaluation of sales force information." Kotler (1976) on page 424 suggests that "an intelligence office might be established to receive and disseminate sales force intelligence." Writers, therefore, do recognise the importance of catering for the receipt of sales force intelligence, but do not clearly indicate the formal relationship that should exist between the sales force and other members of the marketing information system.

Corporate Long-Range Planning

It is necessary to look at the literature in this area, since my thesis is concerned with the reporting of long-term (or range) marketing intelligence which will be beneficial to marketing executives in devising their long-term plans. In the next section I shall specifically look at the work undertaken in the marketing planning field, but here it is appropriate to consider the literature relating to the total long-range planning process of the company because it is within that total process that any marketing plans will be placed. R.W.Hill (1973) on page 190 states "marketing planning cannot exist without corporate planning."

It is appropriate to outline how writers have defined what they envisage long-range (or long-term) planning to be. Foster (1972) on page 18 states that "long-range planning establishes a company's self-identified corporate objectives and targets for a sufficiently long period of time into the future. These objectives and targets are based on a realistic assessment of the company's available skills, assets, strengths, weaknesses and capabilities and the competition and the changing environmental factors relevant to its current and intended future business. It indicates in broad terms the steps which each sector of the business must take to achieve the stated objectives and integrates these individual steps into an overall plan for the whole." D.Hill (1970) comments that long-range planning is "an organised effort to plan the development of all the resources at the company's disposal in a co-ordinated fashion and as far into the future as may be sensible." Perrin (1967) says long-range planning is "the systematic attempt to increase the rate of profitable growth of an entity in the long-run."

Several writers comment upon the necessity of having the involvement of a great number of company personnel in the planning process. Mace (1965) emphasises the importance of the chief executive of the company as a co-ordinator of the entire long-range planning effort, but says that everyone working for a company should have some involvement in planning activities. Wills as quoted by R.W.Hill (1973) on page 215 says "the modern company is not

selling goods or services, it is selling satisfactions.....It must organise for flexibility and for change. This means not only improvement and innovation but a programme of long-range planning which will involve every department head."

Other writers highlight weaknesses in organisations that have prevented long-range planning systems from working effectively and mentioned difficulties which companies are having in evolving satisfactory planning arrangements. Irwin (1974) discusses the difficulties in inculcating a strategic climate within an organisation and has proposed some approaches for improvement. He comments that "strategic management is concerned with the determination of the long-term goals of an enterprise, and deciding on the most appropriate course of action to achieve them, considering environmental conditions, resources available and risk attitudes." However, the deliberate practice of strategic management is still rare and rudimentary, despite wide recognition of the threats to corporate survival under conditions of rapid change. Wilkinson (1974) is of the view that when corporate planning has been tried by several organisations, a number of problems have arisen. They are often a consequence of the planning system and the manner of its introduction to the organisation. He wants to see long-term planning introduced in stages. Staff should contribute to the development of the system, which at each stage in its evolution is adapted to their needs. King and Cleland (1974) comment that "environmental information is critical to effective long-term planning, yet most organisations base their planning more on judgement, intuition, partial data and ad hoc studies, than on objective systematic information that is routinely collected and analysed for strategic purposes." They point to the key phases in the long-term planning process and to the environmental information and its sources required by each.

Much attention is given in the literature to the foundation within companies of long-range planning departments. Writers comment upon how such departments have been hived off from the corporate finance departments. Many corporate planning departments are associated closely with the activities of finance departments. R.W.Hill (1973) on page 188 mentions that "corporate long-range

planning is a more recent managerial discipline or concept which has been brought about by the thrusting and pushing of financial men who are anxious to have some profit plans for the future." It is undoubtedly true that the marketing effort is inextricably bound up with corporate long-range planning, but few marketing executives have been involved in the initial stages of establishing planning departments..

In summarising the literature, most published material on long-range planning seems to fall into three broad categories:-

1) Questionnaire analysis approach, where the reporting companies answer standard questions to assist in analysis and further categorisation, covering such points, as:

- a) the size and authority of the planning staff;
- b) the philosophy and policy of long-term planning;
- c) the techniques and facilities available to the planning staff;
- d) the measuring and evaluating the results of the long-term planning process and detailing the problems of implementing the system;
- e) the decision-making process;
- f) the background detail of the companies involved.

2) Detailed examples of long-term planning systems of a few specified companies..

3) General observations, presumably based on practical observations, on what constitutes good and bad planning.

On-going research being conducted by Savage (1977 continuing) is hoping to reflect the long-range planning practices and experiences of a broad spectrum of industries and companies, a selection of the techniques, documentation and procedures used, and the benefits and problems stemming from long-range planning.

Marketing Planning

The literature recognises the widespread existence within companies of formal long-term marketing plans and acknowledges the high level of commitment that marketing executives have to the planning process. Meier (1976) stresses that a company's marketing plan requires teamwork on the part of the product and sales managers, salesmen and marketing researchers, working to corporate targets, and lists the objectives and requirements of an overall marketing plan. Hudson (1970) on page 145 describes a corporate Marketing plan as "a consolidated company department's statement of a company's long-term projection of its total current business, to which is added a projected estimate of the contribution to be expected from the exploitation of new products, new markets, new methodology, within a specified Time Span and within an agreed budget of Cost." E.J.Kelley (1972) on page 53 discusses marketing planning as "the continuing managerial and technical activities and processes involved in assessing areas of marketing opportunity, determining the marketing mission and goals, developing and co-ordinating marketing action programmes and evaluating and adjusting all market-related programmes."

Having stated such definitions, writers focus their attention on how crucial the marketing plan is to the purpose of the business and the plan's relationship to other functional plans. Leyshon (1976) describes the technical, organisational and behavioural difficulties involved in relating the market planning mechanism of an enterprise to its overall corporate planning activity. Hill (1973) on page 191 says that "the marketing function has an important part to play in assessing the environment and therefore contributes significantly in the formulation of basic objectives. Many of the essential elements of corporate plans, whether long or short range, tend to be predominantly marketing." Fisher (1976) on page 38 reflects that "the marketing plan is fundamental to virtually every other plan proposed within the business: from it flows the timing and volume of revenue, the demands on production, the development of the requisite technology, the number and type of workpeople employed and similarly for other aspects of the organisation. Together with its linked budget it should integrate and

synthesize the business and synchronise it with the outside world." Hudson (1970) on page 145 refers to the importance of the company marketing plan in his statement that the Plan is the keystone arch in long-term business prosperity and the overall aim of profitable expansion." Kollatt, Blackwell and Robeson (1972) render the view that Marketing is perhaps the most dynamic, complicated, and challenging function of business. Marketing success is increasingly recognised as a pivotal determinant of corporate success. The perceptual receptivity of marketing and sales personnel concerning the effects of changing environmental conditions is critical to the entire corporate purpose. Moreover, the relative influence of marketing and sales personnel on company strategy formulation affects the firm's ability to sustain a market niche. Thus the company's adaptive potential appears to be contingent upon the perceptual framework of marketing and sales staff, as well as their ability to influence the company's strategies. Staudt as quoted by Coram and Hill (1970) on page 24 comments that "Marketing has priority of emphasis within the firm only by virtue of the fact that the market holds veto power over all other activities carried on within the systems. This places a tremendous premium on accurately defining market requirements and understanding purchaser behaviour." Hill (1973) on page 11 summarises that "the whole operation of business planning is intimately dependent on a marketing input with such rapid changes taking place in the business environment, no forward prediction or planning can be carried out satisfactorily without a very large input from the marketing function." Chisnall (1975) on page 281 notes that "the marketing plan will largely determine the soundness of the corporate planning structure." Writers recognise how important it is in formulating marketing plans to have sound, valid, reliable and consistent information as a planning base. Azim (1975-76) comments that "the quality of effective marketing planning depends on the information available and the sense of system which exists towards its collation." Hill (1973) on page 153 notes that "the essential for any successful marketing operation is planning, and no plans whether tactical or strategic can be drawn up, implemented or assessed without information. This whole

situation is analagous to a military operation where the probabilities of success are greater the better the fund of intelligence information available."

In obtaining satisfactory information, writers are aware of the role that can be played by company sales forces. Rowe and Alexander (1968) on page 34 stress that "no marketing plan can be made in ignorance of the reactions, inclinations, wishes, tendencies, and impending developments of industrial customers..... and since only the sales team has the feel of these situations it follows that the sales manager must participate in the development of marketing plans.." Massey (1965) shows that I.C.I. sales representatives are an integral part of the planning process. Marting (1959) reflects that "industry runs on facts - and the marketing man very possibly needs more facts, more information, than any other executive in the company. In addition he needs a high degree of sensitivity to the psychological subtleties behind those facts. The field salesman is the basic source of both." It is acknowledged that the interchange between the industrial goods manufacturer and his limited market is so important that the people at the point of interchange - the sales force - cannot avoid being involved in policy formulation..

Other writers explore the content of marketing plans and discuss the application of marketing principles and techniques to the work of planning for products and markets. Foster (1972) looks at planning in the specific areas of markets, products, new markets and products, prices and profit and distribution and comments on the marketing tools that need to be employed in deriving the plans. Waterworth (1973) studies the financial variables affecting the plans of marketing executives.

The literature records that marketing staff have numerous planning responsibilities and acknowledges that salesmen might be useful contributors of intelligence when marketing plans are being derived..

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PART 2 - RESULTS OF THE INVESTIGATIONS

PART 2 - RESULTS OF THE INVESTIGATIONS

Introduction

This Part is concerned with a comprehensive appraisal of the results obtained from my field enquiries amongst sixty companies. My investigations have been related to companies located within eight specific industrial classifications, and companies selected have been placed within two other categorisation systems according to the type of product sold and the type of marketing environment in which they operate. See Part 1 Section 6.

Information has been gathered as a result of an initial interview with salesmen and Marketing staff in the companies, supplemented by further interviews where new developments impinging on the thesis subject have arisen during the time period of the investigation. I have attended sales conferences, corporate committee meetings and training seminars to provide me with other items of information. In other instances I have been able to see the agendas, records and minutes of conferences and meetings so that I could monitor the type of intelligence rendered by salesmen. I have also been present with salesmen at the prospect/customer location when they have been eliciting marketing intelligence. Thus it has been possible to identify both the subject-matter conveyed in specific reports on particular topics and recognise the different strands of intelligence covering numerous marketing topics in general written reports. The major problem in investigating the intelligence flow from the salesmen has been in identifying the type of intelligence which has been verbally conveyed during informal discussions between salesmen and Marketing staff. In assessing the type of intelligence which has been communicated in this way I have had to rely to a great extent on the opinions and views of salesmen and Marketing staff and rely less on personal observation of the occasions upon which the intelligence was transmitted.

Section 1 reveals the intelligence collected by sales forces and the type of reporting technique they have adopted in transmitting that intelligence to Marketing staff. The subject-matter which salesmen are responsible for communicating in their intelligence reports has been divided into five categories

(ie. Product, Customer/Market, Competition, Long-Term Volume Forecasts, and Other Topics of Marketing Intelligence). For each category a summary chart has been provided to show the number of companies reporting on the particular intelligence topic, together with the method of reporting used by salesmen. This section also comments upon any similar and contrasting relationships that the research results have between one classification and another.

Section 2 portrays the different structures that companies develop to receive intelligence from the sales force. An insight is provided into the requisitioning, circularisation, and receipt of reports within companies.

Section 3 is concerned with the usage by Marketing staff of the intelligence provided by the sales force.

PART 2 - RESULTS OF THE INVESTIGATIONS

SECTION 1 - INTELLIGENCE COLLECTED BY SALES FORCES AND REPORTING
TECHNIQUES USED

PART 2 - RESULTS OF THE INVESTIGATIONS

PRODUCT INTELLIGENCE

Product planning lies at the centre of a company's effort to maintain and improve its competitive position. Industry has difficulty in organising for innovation which is what product planning is all about. The main problems seem to be in designing a suitable organisation and then securing the effective operation of the activity. In the past product planning has been dominated by technical staffs - companies have seen long-term profitability and customer satisfaction through technological competence in design and production. This encouraged the perpetuation of a situation whereby technical staff performed the functions of both determining customer needs and also translating these needs into products, and so product range decisions have all too frequently been based upon technical rather than marketing considerations. More companies are beginning to realise the need to adapt to a changing market environment, but remain unsure how to make the changes. However, this research has revealed the recognition on the part of company executives to have consistent information from the market environment in order to produce the right atmosphere in which sensible product plans can be generated.

In most small/medium sized manufacturing companies where the product range is not too complicated one sees the Sales Manager being responsible for product policy. But in the large multi-product company a serious problem arises. As the range of products assigned to the sales organisation increases, so does the Sales Manager's difficulty of establishing a meaningful product policy for each one. In this situation, leaving product policy under the control of a Sales Manager responsible for the whole range may be one way of seeing to it that there is no policy; he just has too much work to do; and too many products to look after. Some companies have attempted to handle this situation by means of a centralized product planning unit. However, such units are remote from the changing happenings in their markets and it has been quickly realised that the salesmen being most nearest the customer would have to produce a feedback about product occurrences in the market to alleviate the remoteness.

Virtually all companies surveyed had their sales forces involved in the reporting of worthwhile product intelligence from

the market-place. Only those companies supplying raw materials were doubtful about the need for using salesmen to acquire intelligence. Salesmen of such companies spent a minor amount of time with customers compared with salesmen belonging to companies in other categories. Often the customer has computerized stock control systems which avoid the need for frequently seeing salesmen for the constant re-ordering of materials. Blanket contracts are frequently agreed between supplier and customer - a contract stating that the vendor agrees to supply specified materials at agreed prices and quality and at agreed times. This method avoids all the effort of constant re-ordering, giving cost reduction and control. Consequently, there is a substantial decline in the number of customer visits undertaken by materials salesmen and opportunities are lost for collecting intelligence.

Salesmen in companies classified as Big Unit Operators, Small Unit Operators, and Component Manufacturers were however very familiar with reporting product intelligence. It was noticeable that companies who were market leaders placed much emphasis on the collection of this type of intelligence. However, Marketing Managers of some of these companies saw their products as pieces of hardware, rather than as devices by which the resources of a company are turned into customer-satisfying benefits. They attributed their market leadership to the fact that they possessed reliable and dependable products. If the product policy was sound then other factors such as extent of competition, pricing strategy, distribution etc. were of minor significance. Salesmen in these companies were trained to see and appreciate every technical facet of the product they were selling whilst their knowledge of markets and competitors were limited. Some of the product reports of salesmen handling products which were market leaders did not fully reflect whether the products met customers' requirements satisfactorily. Salesmen were quickly revealing in vast detail the blatant inadequacies of their products as voiced by customers. But they were not grasping the fact that there was a wide grey area of acceptance where products are not quite right, but where they are not sufficiently wrong to cause spontaneous criticism to be voiced by customers. This can be an area of much danger about which it is

difficult to get warning without sensitive research by the salesman, but where loss of business can occur apparently suddenly when a competitive source of supply manufactures a product in which the deficiencies have been remedied. This was observed in one instance where an hitherto satisfactory component had been used for a purpose for which an alternative was equally suitable. The buyer gradually recognized this, and his fears about using the alternative component were allayed, he made the switch and the well-established supplier was ousted without warning. Yet the customer had the switch in mind for some time and presumably had been testing the alternative over a period. This shows a situation reflected in a few companies who had market leadership positions, only to realize that such leadership could be eroded very quickly. It is also an example of where an apparently sound information feedback channel existed, but which required supplementing by a further channel. Such reporting weaknesses were seen in sales forces inculcated with extensive product knowledge, but having only a superficial knowledge of the competitive structure of the market.

Reporting product intelligence was not confined just to sales forces possessing products which were market leaders. Those companies whose supplies of products were on an irregular basis to customers invited their salesmen to collect appropriate information. Marketing Managers in these companies would supply a product to a customer, then a period of five years might elapse until the customer required a similar product, but after this purchase it might only be six months before another order was placed with the supplier. Companies in such situations tended to commission ad hoc product reports from their salesmen, rather than establish a formal reporting system. The ad hoc reports generated by salesmen were developed from intelligence acquired at the larger customers. The reports also mostly contained intelligence from long-established customers - it was noticeable that the salesmen did not concentrate on reporting about product acceptance amongst customers taking their products for the first time. There was a fear on the part of salesmen of delving too deeply into a new customer's business and analysing the reasoning behind a customer purchase.

Extensive product reporting by salesmen also took place in

companies whose product ranges were frequently changing and in companies which appropriated substantial funds for diversification into different product areas.. In these companies formal reporting systems were established which produced high quality product intelligence. When companies were developing new products, salesmen were frequently seen undertaking techno-economic studies in conjunction with customers to ascertain the benefits the new product offered in comparison with existing methods in different industries and applications.. Marketing Managers in these companies created venture development groups to evaluate the development and commercialisation of new products - salesmen were members of such groups. The groups developed operational plans which laid down the guidelines for co-ordinating the introduction of the new products to the market-place. Regular reports were placed with the venture development groups by salesmen who analysed the difficulties being encountered by customers who had taken orders of the new products.. In rapidly changing technological areas the venture development groups operated for a period no longer than two years - once these groups ceased operating there was a noticeable decline in the amount of product reporting by salesmen to their companies. After a running-in period when product problems were sorted out and market penetration was well advanced, the reports became less precise and less reflective about the products.

Much useful product reporting by salesmen was also a feature in companies which marketed numerous ancillary services in addition to the supply of a product to customers. Frequently in industrial markets a customer's need to 'solve problems' is not always met completely by the product purchased. There are associated problems to be solved before the full benefit of the product is realised in terms of extra sales, or other criteria. Additional assistance by way of ancillary service may be required. The guiding economic principle of ancillary service as a marketing tool is that the supplier who thus improves the value of the product to the customer in turn benefits directly or indirectly through extra sales, better prices or lower marketing or other costs.. In some industries (in particular, those characterized by systems selling) service has become a key in long-term competition. Companies investigated

provided many different advisory services for prospects and customers to help specify the most suitable grade of a product for specific application or to raise the efficiency with which the product is used or to bring it into effective operation at an earlier date than would otherwise be the case. Salesmen were seen to be active in the rendering of these services: - for example, salesmen working for an electronics manufacturer became involved in the design of customers' equipment, or salesmen supplying accounting machines became involved in analysing office systems. These services did not end with the transaction, but maintained afterwards as part of a continuous relationship. This relationship was particularly forged where the requirement for services was widespread due to the lack of the required specialised knowledge among customers. The needs tended to be highest among products which were technically complex and new, with fast-growing demand, so that there was widespread ignorance in the customer companies and little expertise to alleviate this. Under such circumstances technical service rendered by the salesman could be of tremendous value in the marketing strategy and a link which the customer would be reluctant to break because of the possible loss to him. In these situations salesmen had many opportunities to provide useful intelligence to their Marketing staffs.

During my investigations I have been able to observe the role that salesmen take in providing intelligence which helps to create coherent corporate product plans. In this section I have commented upon the following areas of the product aspect of Marketing:-

- 1) Product problems and complaints.
- 2) Product modifications and amendments.
- 3) New Product Ideas and their development.
- 4) Other Product topics.

Salesmen in providing knowledge within these categories have in most instances effectively assisted in defining the boundaries of a company's business and in developing the optimum product mix to ensure the company's survival and future prosperity.

Product Problems and Complaints

Salesmen of the companies visited commented upon a whole variety of problems and faults that occurred with the products supplied to customers. The problems reported upon ranged from those which had minor irritations for the customer's operations to those which had major repercussions threatening the continuance of the customer's activities. Salesmen reported upon problems of great technical complexity - for instance, salesmen involved in 'systems' selling or in the sale of sophisticated high-value components or in the sale of precision instruments compiled detailed intelligence about difficulties with the installation of equipment and about the initial problems arising from the integration of new equipment with existing customer facilities. Other salesmen were involved with the feedback of intelligence concerning problems of an economic nature, not problems involving technical parameters. For instance, salesmen reported upon the economic problems customers were having in understanding the affects that the costs of operating newly-purchased equipment were having on total operating costs - this type of reporting was prevalent where salesmen were involved with the sale of high-value machine tools (ie. milling and welding machines) which once integrated into a customer's manufacturing processes would substantially alter production cost levels. The majority of product problem reports completed by salesmen focussed upon intelligence of a technical and economic nature. It was noticeable, however, that 'systems' salesmen concentrated upon reporting problems of a 'psychological' nature encountered at the customer location (particularly, during the six-month period following system installation). These salesmen were concerned with reporting the reactions that operators revealed when using the new systems and in monitoring the time that it took operators to adapt to the systems at the work-place.

When examining the reports generated by salesmen concerning product problems, the following items of intelligence were always provided to corporate Marketing staff:-

- 1) The precise nature of the problem or fault - NB In two-thirds of the companies surveyed (primarily, in the Small Unit Operators and Components categories) salesmen were encouraged to, either

record verbatim the description of the problem as provided by the customer or to acquire the customer's signature to the problem as they interpreted it. I would support the contention that in reports of this nature, problems tended to be more detailed and clarified and more revealing to Marketing staff concerned with solving the problem. In the other one-third of the companies, Marketing staff had to rely solely upon the salesman's own interpretation of problems without seeing that the customer had acceded to that interpretation. In analysing the follow-up to these reports it was noticeable when Marketing staff were tackling the problem that they frequently had to resort to consulting salesmen for various facts which impinged on the problem.

2) The date that the problem was first detected by the customer.

3) The length of the time period between the date the product was delivered to the customer and the date that the problem was discovered.

These three items of intelligence featured in all the product problem reports. In 60 % of the companies surveyed, two other items of information were added to those above, namely:-

1) The particular person within the customer organisation who discovered the problem. This item featured more on those reports where the product under discussion was one of high-value to the customer's operations.

2) The recommendations for resolving the problem - salesmen were directed to state the resources, time and cost required to provide the solution satisfactory to the customer. This item of intelligence was reported solely by those salesmen in the Big Unit Operators category and salesmen involved in the marketing of 'systems'.

Other items of intelligence are also contributed, but acquiring such items involves the salesman in asking questions which often create psychological conflict with the respondent in the customer company. Salesmen risk being alienated from the customers when attempting to acquire 'sensitive' intelligence such as the following:-

1) The type of repercussions on the customer's business which the problem is causing.

2) The ways in which customer personnel may have attempted to deal

with the problem prior to contacting the company - it is possible that actions may have been taken which have made the problem worse.

3) The circumstances in which the product problem was detected.

This type of intelligence was forthcoming from salesmen in situations where they happened to be dealing with established customers. 'Systems' salesmen responsible for offering substantial ancillary services to customers also contributed the above knowledge in their reports - the length of time spent by these salesmen at the customer location enabled them to have opportunities to obtain such intelligence. Reports by these salesmen tended to contain lengthy, detailed statements of problems.

The briefest reports on product problems came from salesmen in the Raw Materials Operators category. Such reports dealt with just three fundamental areas of complaint concerned with the quality of the materials; the packaging of the materials; and the delivery of the materials. Complaints were never described in detail by the salesmen, who did not give adequate priority to this type of reporting.

It has been observed that of the total number of companies whose sales forces contribute a feedback concerning customer complaints about product problems between one-third and one-half of them have adopted both written and verbal methods to have the intelligence communicated within their organisations. The verbal reporting of product complaints occurs both in informal discussions between salesmen and Marketing staff and in the more formalised periodic sales conferences. The informal verbal feedback about product problems tended to take place after a group of 'similar' problems had arisen at different customer locations, rather than taking place following every isolated problem that salesmen might have had brought to their attention. This type of informal feedback was noticeable in companies involved in areas of slow-changing technology - for example, it was very apparent in a company marketing a range of standard, electrical components and in a company marketing low-priced scientific laboratory instruments (in both instances, the companies were not vulnerable to much technological change). Thus, informal verbal reporting of product

problems was only commenced by the salesman in circumstances where a particular problem arose several times at the customers within his area of responsibility. It was also seen that salesmen verbally communicate customer problems in situations where rapid decisions are demanded of the supplier by the customer because a particular problem may be causing him to terminate manufacturing operations. In such situations where it is imperative to keep a customer's operating processes continuing the problem brought to the salesman's attention is verbally revealed to Marketing staff in informal meetings..

In addition to this verbal reporting by salesmen in informal meetings with Marketing staff much verbal feedback on product problems takes place at the formal sales conference of the companies. This type of feedback was mainly demonstrated in companies marketing large, high-price products operating in areas of rapid technological change - computers, radar equipment, combine harvesters etc. The following matters were discussed most frequently at conferences:-

1) The key account problems - those customers regarded as 'key' accounts who make complaints to salesmen about the products supplied have their problems brought before the sales conference. All salesmen and Marketing staff are made aware that maximum effort is required within the company to cure the problem that has arisen at this 'key' account.

2) The problems that are regarded as grave for the supplying company - these are problems which if no solution is found involves the product being withdrawn from the market-place for a long period of time. They are often problems which involve basic fundamentals of design, and lead to the product being taken back to the 'drawing-board' by the supplier.

3) The actions to be taken to resolve problems - the conferences are used as a forum to hear sales force recommendations on how various product problems should be alleviated. Salesmen comment on the following:-

a) the resources that are needed for effective action to be taken;

b) the costs of pursuing alternative courses of

recommendations to rectify problems;

c) the time that must be allocated for implementing the recommendations.

4) The departmental functions within the customer organisation instituting the complaints - Marketing staff need to be aware of how widespread the knowledge of a complaint is within the customer business.

5) The pattern of action to be taken in the future to resolve similar problems as speedily as possible - deciding who needs to be consulted within the supplying company to deal with the problem; deciding upon temporary forms of assistance to be given to customers whilst the problem is being solved etc.

Intelligence upon product problems is also verbally communicated at corporate committee meetings attended by salesmen together with members of other functions - in four of the companies investigated this type of communication was often utilized. The arrangements were highlighted best in the truck industry. One company had a product policy committee (meeting monthly, chaired by the Marketing Director) which was interested in monitoring how effective the company's truck ranges were in the various market segments and in analysing the various alternative market positions that might be occupied by the vehicles in the future. The committee discussed the problems being encountered by the customers taking the products, since such problems would crucially affect company attitudes to product development.

Salesmen attended these meetings to specifically notify the type of faults and problems arising with the trucks. Salesmen were an important source of advice on the following matters:-

1) The cause of the fault in the truck - particularly, defining whether the fault was due to wrong or inappropriate usage of the vehicle by the customer, or whether there may be a basic design fault with the components of the vehicle.

2) The extent to which the fault had been noticed by other customers taking the vehicles.

3) The overall effects on the customer's business which the vehicle breakdown has caused.

The product policy committee endeavours to evolve strategies

to prevent the fault or problem arising in the future.

Many of the companies visited whilst encouraging a verbal input on product problems at conferences and corporate committees also ask for written reports to be completed by salesmen on all occasions where a customer has made a complaint about a company product. Companies (with the exception of most Raw Material Operators) called for reports from salesmen which solely related to Product problems.. On the other hand, salesmen working for Raw Material Operators, completed a general intelligence report which could include any items of information from the market-place, not just items restricted to the definition of product problems..

The written reports on product problems, which salesmen have to complete are structured in several ways. All the following three structures are seen in operation in the companies visited:-

- 1) A report containing a list of categories of problem-causes that might arise at the customer location. Salesmen have to indicate in which category the customer's product problem is placed.. Such a report may or may not ask questions which have to be completed by the salesman in addition to indicating the appropriate category. This structure was adopted by 65% of companies who asked salesmen to provide a specific feedback report on Product Problems. It was a structure commonly used in the rubber, plastics and chemical product areas, and to a lesser extent by companies manufacturing simple electrical components.. An example of such a report is shown as Appendix A.
- 2) A report containing numerous questions for the salesman about the product problem found at a customer location. This structure was used in 20% of companies asking for specific reports.. It was a structure mostly used by Big Unit Operators involved in systems marketing, but was a particular feature of industries marketing computers, trucks and machine tools. An example of such a report is shown as Appendix B.
- 3) An 'open' report which asks the salesman one fundamental question - ie. to describe the problem found at the customer location. Otherwise the report is completely blank when given to the salesman. Unlike the first two reports there are no categories of problem-causes listed and no detailed questions asked. This is the least

frequently adopted report structure being used by those sales forces providing a feedback on product problems. Only 15% of companies rely on this type of report - the examples of this report being found primarily in those companies involved in areas of slow-changing technology. This type of report tended to be used in those companies where little emphasis was placed upon the importance of gathering product data. An example of such a report is shown as Appendix C.

Product Modifications and Amendments

Salesmen of the companies visited frequently report intelligence from the market-place that leads to modifications being made to the product range they sell. Industrial salesmen are constantly under pressure to sell 'specials' - to make minor or even major changes to a product or system to suit a particular customer. Many such requests for adaptation are known to be quite unnecessary. They often arise from some unnecessary peculiarity in the purchasing company's processing technique or design. In many of these cases the answer is for the salesman to try to find some way of persuading the customer to change rather than insist on an amended product. However, there is no use pretending that in some cases the importance of the customer will not make it necessary to concede and produce a 'special'. In such situations it is bad marketing to remain determined to sell the standard product only. When the salesmen reported customer requests for product modifications the following items of intelligence were most frequently provided to corporate Marketing staff:-

- 1) The reasoning behind the customer request - stating the use for which the modified product is needed by the customer.
- 2) The comparison between the standard product and the envisaged modified product - for example, this may involve the salesman taking the technical design drawing of the standard product and marking on the drawing the appropriate amendments.
- 3) The price the customer would be prepared to pay for the modification.
- 4) The ease with which the modification could be built into the standard range.

In 20% of product modification reports the following additional items of intelligence were generated by the salesmen:-

- 1) The potential existing at other customer locations for the proposed use for which the modified product is being developed.
- 2) The life expectancy of the modification.
- 3) The savings which will be achieved by the customer if the modification is developed. This item of intelligence is very difficult for the salesmen to estimate and may involve them in probing into highly confidential areas of the customer's business. Nevertheless this intelligence is crucial to the supplying company Marketing Manager who is trying to find out the 'value' to the customer of the modification.
- 4) The circumstances in which any new use for an existing product was 'discovered' by the customer.

Such additional items of information were only provided in reports by salesmen marketing high-cost, complex products and 'systems'. Amendments to such products often involved much expensive research and Marketing Managers required this detailed extra information before going ahead with the project.

Following the initial submission by an individual salesman for a product modification or amendment it was observed that in half the companies studied the Marketing Manager would initiate an ad hoc investigation of the submission. This ad hoc survey to verify the market potential for the proposed product modification was undertaken in most cases by a trained market researcher from the company or from an agency. However, in 30% of the cases, another salesman (unconnected with the salesman submitting the proposal) would do the verification survey.

Quite often it would be found that whilst the particular modification requested should be resisted, a weakness of the product had been revealed which required to be closely examined. The ad hoc survey was often extended to cover an analysis of the product's strengths and weaknesses as currently seen by customers. Salesmen undertaking the survey would often notice uses and applications for a product which were no longer needed. Marketing Managers frequently mentioned that a high rate of requests for specials is often evidence of a fundamental product weakness, or at least

some critical gap in the product range.

The interaction between customers and the supplier transmitted through the individual salesman was noted to be a powerful source of product development. Development of the product range in this way is not inconsistent with a systematic drive to control product variety. It must constantly be the aim of the Marketing Manager to keep his company's product range coherent and with the least number of specials. The Marketing Managers interviewed found the intelligence contained in the sales force reports of use when trying to develop policies to control product variety and keep the product range up-to-date.

In addition to the ad hoc written feedback by salesmen, this topic of intelligence is verbally communicated by the salesmen mainly in informal discussions with Marketing staff. The modification which involves a major change to the standard product tends to be commented upon by the salesmen at their periodic sales conferences. The conferences provide the Marketing Managers with an opportunity to acquire opinions from all their salesmen upon whether they have had similar demands for the modification being considered. Marketing Managers are provided with an indication of whether there is a widespread need for the modification.

New Product Ideas and their Development

Almost two-thirds of the companies visited requested their salesmen to report upon any new product ideas and concepts that they think were worth pursuing. All the salesmen were encouraged to submit ideas and a quarter of these companies additionally had their salesmen advising upon the subsequent screening and evaluation of the ideas. Only companies in the Big Unit Operators category and office equipment companies in the Small Unit Operators category had their salesmen involved in new product reporting. Companies marketing 'systems' were the only ones who involved salesmen in screening and evaluation processes prior to development of the product. These salesmen had frequently been involved in studies lasting many months with customers who were looking for further developments and innovations in the type of products they were purchasing. In one company observed salesmen had been working

with an established customer on the possibilities of using industrial gases for the freezing of food. Together salesman and customer had confirmed that such proposals were feasible, but some kind of machinery was needed to transmit the gases into large freezing units. The salesman was aware that his company who marketed the gases could help with developing the machinery. His company had sufficient technical expertise to manufacture the machinery and the Marketing Manager was of the belief that the only way to rapidly increase industrial gas sales to companies thinking about new methods of food freezing was to develop this transmission machinery. The salesman submitting the idea for new machinery played an effective role in the screening and evaluation of the idea prior to development. Many instances of this type of new product submission were noticed in situations where salesmen worked closely with customers in an advisory capacity on research projects — examples were noted when salesmen acted as advisors on research projects at Government defence establishments. Such salesmen were fruitful sources of new project ideas and became involved in most steps of the product planning process. The only steps in the process where salesmen tended not to play a role was when Product Managers were making estimations of the profit contribution likely to be made when the new product was built into the standard range and when checks were being made as to the general compatibility of the product with existing company resources

When salesmen initially submitted a new product idea, the following items of intelligence were most frequently provided to their companies:-

- 1) A description of the specification of the product as currently envisaged..
- 2) The source from which the new product idea was derived.
- 3) The market requirements that would be fulfilled by the new product.
- 4) The particular industrial customers that would be interested to see such a new product developed.

In those companies where salesmen in addition to submitting ideas also become involved in deciding whether new product ideas

should be developed much more detailed intelligence such as the following was provided:-

- 1) The particular applications for which the new product can be sold.
- 2) The changes necessary in the sales organisation to satisfactorily market the product.
- 3) The likely competition that the new product will have to overcome - commenting upon the factors which will make the new product a more credible proposition than the products of competitors.
- 4) An assessment of whether present service facilities will be adequate to cover the successful sale and operation of the new product.
- 5) The prices that the market is prepared to pay for the new product.
- 6) The effect the marketing of the new product will have on the sales of the existing product range.
- 7) The initial volume demands from customers for the new product.
- 8) An assessment of the period of time the new product will be in the market-place - commenting upon how potential technological changes might affect that time period.
- 9) The likely sensitivity of the potential customer to the different aspects of the marketing strategy - for example sensitivity to price was reflected in forecasts of the approximate price level where it would be virtually impossible to sell the new product no matter how great the sales effort.

Salesmen communicate their new product ideas by means of written reports. Such reports contain a limited number of questions for the salesman to answer - he is not left with a blank report form to complete. An example of such a report is shown as Appendix D. These written reports were either forwarded directly to Marketing staff or placed before product planning/development committees containing representatives of most corporate functions and responsible for scrutinizing and overseeing new product proposals. Such committees provided an initial indication of whether the new product ideas submitted were appropriate for the company to examine in greater detail. In the majority of companies visited once initial approval was given to an idea, salesmen were asked to complete a more substantial appraisal of that idea. This appraisal frequently

involved an evaluation of the product proposal against certain qualitative marketing criteria, and the answering of several detailed questions which helped to provide the company with facts and opinions upon which a decision could be taken to introduce the product or discontinue any development activity that had taken place concerning the product. An example of an evaluation report of this nature is shown as Appendix E.

In four of the companies (all marketing 'systems' packages) visited a salesman was a member of the committee which decided whether new product ideas should be brought to the market-place. The salesman made a valuable verbal contribution to committee meetings in advising his colleagues about the current reactions of the market-place to the product development proposals. He advised mainly upon the timing of the product development programme and the contingencies that ought to be incorporated in the programme. His advice was particularly important where it took a long period of time to develop the new product, because market attitudes to price, competitive offerings etc. were not likely to remain the same over the period from when the product idea was first mooted to the launching of the product.

In all companies that took product ideas from their sales forces there was an emphasis on the use of formal reporting methods in order to communicate the intelligence. These reports fitted into the formalized procedures used internally in companies to screen and check the feasibility of developing the ideas.

Other Product Topics

The bulk of the product intelligence reported by salesmen has been commented upon. However, there are other topics connected with the general planning of the product range where the salesmen make a contribution. This involvement of salesmen in general product planning is confined to a very small minority of companies visited.

One company utilizes its sales force to collect intelligence from 'key' customer accounts about the events that determine whether the customer will cease purchasing the company product in the future. The written report conveying this intelligence is shown

as Appendix F. In this report the company lists the events that may occur at a customer location, which if they take place will mean that the customer will no longer have a need for the product (in this instance, a component) being marketed by the company.. In the situation of the event(s) taking place, the company will have to decide whether it will supply a replacement product which the customer will find appropriate to use, or decide to leave this customer to a competitor. The salesmen are involved in forecasting the likely date that these events will take place in the future and the functions within the customer organisation whose activities may have a bearing on the event taking place.. The Marketing Manager of the company felt that his salesmen provided some indication of the length of time his products would be in the market-place.

Two other companies visited have their salesmen providing an intelligence feedback concerning the life expectancy of the products marketed by them.. The salesmen are involved in commenting upon the technological factors operating in the market-place which are determining the rapidity with which the products they are selling are becoming obsolete. This intelligence is not communicated in a formal written report, but is reported in one of the companies in informal verbal discussions that salesmen have with Marketing staff, and in the other company salesmen verbally present the intelligence to a product planning committee which includes representatives of various company functions.

PART 2 - RESULTS OF THE INVESTIGATIONS

COMPETITION INTELLIGENCE

A company attempting to sell without maintaining a continuous analysis of competitive products penalises itself in terms of product design information and in terms of sales effectiveness. It is too easy to be trapped into trying to sell properties which are not required in a product and then fail to understand why competitors who are not burdened with the costs of these unnecessary properties consistently obtain the business. In the same way a company can have a product with very vital properties which are unique to it and yet are unable to make sales use of the fact because no one has been concerned to collect intelligence in order to analyse the competitive products. This was illustrated in one company visited - a manufacturer of heat furnaces whose product was much more compact than any of its rivals and yet was unaware of the fact until after a research survey carried out by the sales force had been completed. This piece of intelligence-gathering led to a sharp change in advertising and selling approach.

However, most marketing managers seem to realise that to plan the improvement of market standing and share, it is necessary to have a thorough analysis of the fundamental reasons why major competitors, as well as one's own company, hold the position and share they do. Their market share and trends are most important measures and indicators, but they are manifestations of a whole complex of qualitative and quantitative marketing factors of management coverage, selling effectiveness, product acceptances, services, skills and strategies. Innovation is frequently the most successful competitive tactic because it offers the potential of radically changing competitive relationships. It can do this either by creating new product concepts which set the company apart, or by creating a new market or marketing concept which has the same effect. Salesmen must attempt to spotlight innovating actions being taken by a competitor.

Salesmen working for Big Unit Operators operating in markets of fast-changing technology reported substantial amounts of competitor intelligence. But it was noticeable that companies within this classification who held market leadership positions did not regularly monitor competitive strategies and activities -

only monitoring competition in a cursory, infrequent way by ad hoc surveys. Usually these surveys undertaken by the salesmen collected facts about competitor policies and strategies after they had been implemented. The surveys contained intelligence which revealed how customers had reacted to changes in the marketing approach of competitors. There was no attempt in companies who had products that were market leaders to collect facts which would enable them to react to competitor policy changes before they had been developed in the market-place. As seen previously these companies concentrated on the gathering of intelligence about product acceptance in the markets in which they operated. Occasionally such reporting generated a few facts about competitor attitudes to product offerings, but such facts were not deliberately collected in a formal way. Marketing Managers of these companies believed that sufficient financial, labour and manufacturing resources were always available to counter major changes in competitor strategies which threatened their market position.

More worthwhile competitor intelligence was collected by Big Unit Operators who had products which held the second or third highest shares in the market-place. This intelligence was primarily collected in a formal way by means of regular periodic reports. These reports frequently brought to light many of the intentions of competitors to vary their marketing approach before plans and strategies were tried in the market-place. However, these companies concentrated on collecting intelligence about the activities of their largest competitor/s and virtually ignored monitoring developments taking place either in those competitors whose products held small shares of the market or in new competitors entering the market-place. One company observed in the office furniture sector regularly requested its salesmen to review the performance of the competitor who was the market leader - such a review would cover the collection of facts about the following aspects influencing the competitor's performance:- sales organisation; distribution; product plans; management changes; advertising and promotion methods; production and plant developments. When facts were required upon other competitors, the company Marketing Manager

would consult the trade association. The information provided by the association only revealed events and developments that had already taken place and did not provide either an insight into the thinking behind such events or the detailed results of the changes of strategies adopted by competitors. This type of arrangement - detailed sales force analysis of the larger competitor and reliance upon the trade association for intelligence about smaller competitors - was also commonplace in the electronic products sector.

Extensive competitor reporting by salesmen was also undertaken in companies with established sales forces. These salesmen collected many worthwhile facts about developments taking place within competing firms. In contrast there was a noticeable absence of reporting upon competitor activities in instances where salesmen frequently switched from one company to another within the same category of business. Marketing Managers took the view that salesmen would take with them much intelligence about the fundamental methods and practices of appraising competitor performance, and how facts about competitors were used in the development of long-term marketing strategies.

Reporting competitor intelligence was also a feature of companies who operated in markets where there was a long negotiating period prior to the conclusion of a sale. This type of situation was most noticeable in the marketing of computer systems and radar systems. Negotiating the sale of such systems was very protracted and frequently it was observed that a customer having worked with one supplier designing and adapting a system relevant to his needs would switch to another supplier(s) offering a system 'package' in which price and after-sales service terms were more beneficial than the other 'package' which only had appropriate terms covering system design. It was frequently noticed in a systems sale that there were separate stages in the negotiating strategy - design, adaptation and likely integration of the system into the customer location were negotiated as the first step, followed by a review of the costings associated with the operating of the system as the second step, then decisions about pricing and credit terms as the third step,

finally after-sales and ancillary service terms were discussed as the fourth step. At the outset a Marketing Manager before committing his company's active involvement in the first stage of discussions needed to be aware of the stance likely to be taken by competitors at each stage and to have knowledge of the boundaries within which competitors would be capable of securing business. The salesman involved in day-to-day negotiations at the customer location over a period of many months was seen to be an important monitor of the changing approaches used by competitors as discussions moved from one stage to another.

For a supplier Marketing Manager securing a systems order of this nature involved the presentation to the customer of terms covering several marketing variables - price, after-sales service, mode of operation, delivery etc. It was very rare to see one marketing factor (eg. price) being critical in such a deal - the proposition had to be satisfactory to the customer in respect of a group of key factors. Other companies (not only those involved with systems) classified as Big Unit Operators, Component Operators and Small Unit Operators used their salesmen to report upon competitor developments where negotiations to secure orders had to cover a range of marketing factors. In contrast it was seen that in the sale of raw materials and the sale of components/units built to standard specifications salesmen did not become involved in reporting competitor intelligence. Frequently orders for these products were achieved as a result of discussions concerning a single marketing variable. Marketing Managers of companies selling such products felt it was unnecessary to have detailed reports about all aspects of a competitor's business.

Within the various business categories surveyed, with the exception of Raw Material Operators it was recognized that companies who conducted a high ratio of new business to total business over specified periods of time tended to utilize salesmen more in the gathering of competitor intelligence. Marketing Managers in these companies established formal reporting systems, usually involving presentations of facts by salesmen at the regular company sales conferences. Such managers were concerned to trace any changes in the marketing patterns of competitors

when new business was being sought. There was not the same anxiety to monitor competitor developments where a company was assured for one reason or another of a high level of replacement business.

During my investigations it seemed always to be the case that companies were asking their salesmen only to monitor existing competition - salesmen were never asked in their written reports to comment upon possible new entrants coming into the market-place. Discussions at sales conferences always centred on the activities of immediate competitors, with little attempt to focus on the role of new competition threatening to seize future market share.

In this section I have commented upon the following areas of the competitor aspect of Marketing:-

- 1) Competitor Marketing Strategies
- 2) Competitor Proposals/Quotations to Customers and Prospects
- 3) Competitor Strengths/Weaknesses Evaluation and Competitor Company Structure and Organisation

Salesmen in ascertaining knowledge within these categories have helped Marketing Managers to acquire a picture of a competing company and the developments influencing the company in its marketing practices and attitudes to its customers.

Competitor Marketing Strategies

The area of competitive strategies is a very broad one, since a company has a wide range of choice in selecting what mix of things it will emphasise in its attempt to reach its market objectives. Salesmen of three-fifths of the companies visited contribute to recognizing the stance taken by competitors on a whole broad range of policies. Most industrial markets are dynamic and continually changing and there is a substantial payoff to the salesman that can understand the market dynamics well enough to identify the time of occurrence of certain competitive strategies and prepare effectively for probable future trends.

When the salesmen reported on this topic the following items of intelligence were most frequently provided to corporate Marketing staff:-

- 1) The strategies competitors are adopting with particular market

segments and types of industrial customers - commenting upon any comparisons and contrasts in the tactical policies being used by competitors and upon the degree to which certain markets or customers may be attracting more competitor resources than others.

2) The relationship competitors have with customers - salesmen will endeavour to identify how the 'key' customer accounts are being dealt with and the type of special tactics being employed to maintain an effective presence at those accounts. An attempt is made to monitor any trading reciprocity agreements developing between competitors and customers.

3) The structural changes that competitors may be proposing in transferring the products to the market-place - commenting, for example, upon the possibilities of competitors establishing distributor networks and agencies to transfer products to customers.

4) The details of particular marketing campaigns likely to be initiated by competitors in the future and of campaigns currently in operation. For example, reporting upon market-place attitudes and reactions to sales promotions or special discount campaigns that competitors are employing.

5) The call patterns of competitor salesmen - commenting upon the number and types of calls that these salesmen are undertaking.

6) The sales literature being issued by competitors at prospect/customer locations.

The salesman has access to two sources of information about competitors' strategies - competitors' salesmen and customers. 'Sensitive' questions have often to be asked of these sources in order to ascertain the type of intelligence required by Marketing staff. In the majority of instances observed salesmen maintained cordial relations with all competitors. Very frequently salesmen selling small units and components gave competitor salesmen copies of price sheets and catalogues when asked, and the competitor salesmen as a result would reciprocate. Salesmen were encouraged to ask competitor salesmen directly what they wanted to know - even if the answer was not accurate, it was usually quite interesting. Salesmen were frequently seen leading competitor salesmen into talking about other competitors. This was often a very lucrative tactic; both do have common enemies. The salesmen

found greatest difficulty in acquiring knowledge about strategic changes that competitors are going to adopt in the future - intelligence is much more easily acquired about customer attitudes to competitive strategies currently in operation. Only in 10% of companies (mainly Big Unit Operators) visited was I convinced that salesmen were providing adequate intelligence concerning the likely future intentions of competitors. Salesmen must continually attempt to highlight innovating strategies in a competitor company before action is taken to implement the programme based on the strategies.

These items of intelligence, in the majority of companies visited, were reported in verbal discussions with Marketing staff. In one company, it was observed that the Marketing Manager who attended his sales manager's quarterly sales meetings always insisted on leaving at least one hour aside for the discussion of competitor marketing strategies. Salesmen were asked to make comments at each meeting about several questions put to them by the Marketing Manager - for example-

- 1) Are there major markets or market concentrations, or geographic regions where competitor effort is relatively weak ?.
- 2) Are there potential market segmentation or volume opportunities available because of the distribution channel being used or a channel not being used ?.
- 3) What product factors that competition may be weak in might be emphasised advantageously in selling or promotion ?.
- 4) Are there specific user-industries of important potential that have been underworked by competition ? Are there major accounts of competitors where there are prospects of gaining entry ?.
- 5) What services do competitors perform badly or omit altogether ?.

In instances, where a salesman may have ascertained intelligence concerning possible changes in a competitor's strategy to be made in the future, such changes and the company's posture and stance to be adopted to those changes were discussed within the formalized sales conference. In 5% of the companies visited, the intelligence was also conveyed in periodic written reports, which included comments upon other elements of competition (eg. competitor company structure and organisation, competitor strengths and weaknesses etc.) Examples of such reports are shown as Appendices G and H.

Most companies visited are beginning to think that they should be establishing more formal written reporting systems to acquire this type of intelligence from the sales forces, but at this point in time the intelligence is primarily acquired from the sales force in verbal discussions..

Competitor Proposals/Quotations to Customers and Prospects

Salesmen in just over half of the companies visited reported to Marketing staff on the current proposals and quotations being submitted to the market-place by competitors. Salesmen (particularly in 'systems' manufacturers) made a comparison of the competitor proposals being submitted at particular prospect/customer locations with their own company proposals. The sets of proposals were studied in a great amount of detail and salesmen looked at how all the diverse elements of the marketing mix had been treated in the proposals. Salesmen commented on the prices, delivery commitments, credit terms, warranties, after-sales services etc. being offered by competitors. In the majority of instances, the feedback of this intelligence was made by salesmen on all occasions when they submitted a firm and specific quotation to prospects/customers and subsequently lost the order to competitive suppliers. In other instances (mainly companies marketing 'systems') the salesmen would provide intelligence about competitor proposals at each separate stage of negotiations. Often these negotiations lasted several months and the salesman might forward to the Marketing Manager at least three different reports in that period of time. Salesmen provided the following items of intelligence most frequently to corporate Marketing staff:-

- 1) The names of all the competitors who tendered proposals to the prospect/customer.
- 2) The proposals which have been accepted by the customer.
- 3) The elements of the proposals submitted by the salesmen which were met with considerable antagonism by the customer.
- 4) The particular elements of the successful competitor proposals which most impressed the customer.
- 5) The chances the company may have of submitting proposals in the future to the lost customer.

It is often exceedingly difficult for salesmen to acquire a precise breakdown of all the details of competitor proposals, but customers frequently appeared willing to talk about promises and commitments made by competitors, hoping for a more favourable commitment from the salesmen. A detailed analysis of 'lost orders' was of immense assistance to a Marketing Manager in highlighting which aspects of a company's 'behaviour' - price, technical factors, delivery, service etc. - were the prime cause for losing the order. The feedback reflected in 'lost orders' reports emphasised to a Marketing Manager that there were many facets to a proposal quoted to a customer and the customer had different values for each possible facet, unlikely to be similar to the value the producer expected him to have.

The 'lost orders' intelligence was communicated by salesmen in written reports to Marketing staff. Examples of such reports are shown in Appendices I and J. There was little evidence of any verbal comments passing between salesmen and Marketing staff concerning this particular area of competitive intelligence.

Competitor Strengths/Weaknesses Evaluation and Competitor Company Structure and Organisation

Six of the companies visited (all Big Unit Operators) have their sales forces reporting upon these two areas of competitive intelligence. Salesmen are given several factors against which competitors' performances can be measured. In analysing performance on all these factors salesmen assist in identifying the crucial strengths and weaknesses of the companies. Salesmen analyse how competitors compare with their company in the factors of product design, product quality control, services provided to customers and engineering skills and capabilities employed. The product ranges of competitors and how their products have been accepted by markets are given the most attention in salesmen's intelligence contributions. Salesmen also provide information about the sales organisations possessed by competitors. The following items of intelligence concerning the sales organisation of competitors were most frequently provided to corporate Marketing staff:-

- 1) The location and manning of sales offices.
- 2) The number of sales representatives operating in the different market segments, and responsible for dealing with the different user industries.
- 3) The geographical territories covered by the representatives and assessments of the efficiency of territory coverage.
- 4) The selling methods being used by the representatives.
- 5) The type of staff support given to salesmen in the field.
- 6) The transfer of salesmen from one competitor to another.

In addition to this intelligence four of the companies visited obtained considerable help from salesmen when examining the internal structure of competitor companies. Salesmen often provided intelligence about the following:-

- 1) The manufacturing facilities existing at competitor locations, highlighting the age, type and general condition of manufacturing equipment.
- 2) The engineering skills and talents employed in the manufacturing of competitor products.
- 3) The operating problems that competitors encounter.
- 4) The size of the different functions operating within competitor organisations.

This intelligence about the internal structure of competitors seemed more difficult to obtain than all other competitor intelligence. In two of the companies observed (a company marketing computers, the other marketing printing equipment) the salesmen were each assigned a competitor to study. A carefully planned information form was given to the salesman to complete, and he would be asked to prepare a formal talk on the competitor supported by a written report at a sales meeting in one month's time, handing in the written report prior to the meeting. After the presentation the Marketing Manager conducted an open discussion so the other salesmen could add what they knew. An evaluation of four competitors would be carried out in any one day-long sales meeting. Other intelligence was reported on an ad hoc basis and usually communicated to Marketing staff at periodic sales conferences. In one company, producing specialised machine tools sold to car manufacturers, salesmen identified four factors against which

competitive strengths and weaknesses should be measured. To operate successfully in this particular machine tools market required:-

- 1) a high degree of sophistication in terms of design, since parts are produced in such heavy volume that a new machine may be ordered as a result of a design change in a single part of a car.
- 2) careful quality control, since any delivered machine must always operate in accordance with established specification.
- 3) a strong service organisation, since a breakdown is a major crisis to the automotive customer.
- 4) the financial skills to deal with the highly cyclical pattern of orders.

During sales conferences the salesmen analysed the performance of competitors on all the four factors, thus selecting their crucial strengths and weaknesses. Intelligence is also forwarded in periodic written reports submitted by salesmen. An example of such a report is shown as Appendix G. The written reports request the salesman to answer several questions and provide any other items of competitive intelligence he thinks would assist Marketing staff.

The real significance of a strengths/weaknesses analysis is what it says about the company's competitive posture. A sales force that can assist in defining that posture provides a useful input to the Marketing Manager working on his long-term market strategies. The Marketing Manager also requires a strengths/weaknesses analysis of competition in order to give his company an insight into how it might adapt to unforeseen developments. Every Marketing Manager must be reasonably sure that his company has the required ability to exploit the unforeseen opportunities or respond to unanticipated threats.

PART 2. - RESULTS OF THE INVESTIGATIONS

CUSTOMER/MARKET INTELLIGENCE

Some companies marketing industrial products may have only a handful of possible customers, and the product system or service offered is custom built over a long manufacturing cycle and is of very high value, and nearly always a new purchase. In this situation the marketing company can attempt to model the buying process of each customer. It is true that in the new purchase situation the customer tends to be more reliant upon the salesman. Although large customers are concerned to obtain a good deal from their suppliers, they do not, if they are sensible, treat their suppliers as the enemy. Rather they will seek to develop close relationships with their suppliers so as to ensure that they obtain high quality products, continuity of service and supply. To facilitate this relationship buyers are often more than ready to share information about their own companies. However, the salesman must be able to earn buyers' respect by showing how he uses the information he gets to their benefit otherwise he will soon cease to be the recipient of confidential information.

At the other extreme, there are companies selling industrial products that are small, simple, low value, high volume, sold to many market segments often as replacement sales and sometimes through distribution channels. Such companies needed to find out the aggregate behaviour of the customers in a particular market segment and Marketing Managers tended to employ specialist market researchers rather than salesmen to survey aggregate behaviour.

The salesman's role in collecting intelligence about his customers has therefore been clearly developed in companies where a few customers represent the major part of total sales and where the products being marketed are of considerable value. In such instances, the salesman cannot adopt a standardised sales approach relying on statistical chances of success, because the alienation of one industrial prospect may involve his company's permanent isolation from a significant share of the market. The salesman's exploration has to establish the precise needs of each of his prospects and reveal the areas where the resources of his own company and the advantages of his product can be brought to bear. The salesman has to learn that in acquiring this kind of intelligence he is not wasting time. He cannot sell until he has individually

established what it is that the buyer needs. An individual salesman will therefore as part of his plan see his early contacts within the prospect's organisation as explorative. If he comes out with intelligence which helps in this way his visit was a success. The sale itself is a long-term operation. He will not acquire the intelligence he wants from one individual alone - he must find means of getting behind the company facade. He can do this only if he makes careful plans so that when he makes each call he knows precisely what he wants to achieve, the point being that most of the time this will not be the 'order'. The planning will of course constantly be present as gradually the explorative content decreases and the selling content increases. The Marketing Manager needs to have a great deal of feedback in the explorative phase to determine the type and amount of resources to deploy in the later stages of procurement situations.

It is salesmen in companies classified as Big Unit Operators working in areas of rapid technological change that do most reporting on customer activities and purchasing behaviour. Salesmen working for Component Operators manufacturing precision, non-standard components subject to speedy technological changes also did a substantial amount of reporting of developments at the customer location. More worthwhile intelligence was always forthcoming from the customer in instances where there was total reliance on the salesman - where the salesman assisted the customer to define his needs and aided him with the integration of the marketed product into his manufacturing processes. To fulfil this role, the salesman was frequently entrusted with much information about the production, financial, and organisational plans afoot in the customer business. Salesmen of these companies also reported more reliable intelligence in situations where customers were involved in reciprocal trading arrangements. In these circumstances intelligence was much easier for the salesman to obtain. Many of the supplying companies observed were responsible for keeping the inventory records of their customers - in these instances, whilst the supplier incurred higher costs as he took on more of the inventory task, such arrangements tended to strengthen the quality of user-supplier relationships. Salesmen were made aware that understandings like the latter could

be developed which go far beyond those involved in the usual purchasing relationships. Salesmen were instructed to report on the development of trade relations - where a company is giving preference to suppliers who are also customers. In those companies undergoing increases in the size and diversity of their activities there tended to be more situations where trade relations could be employed. Salesmen are trained to appreciate that buying company policies and practices concerning computerised ordering, supplier inventorying, trade relations and purchasing contracts can affect both the roles played by buying influences and the outcomes of buying decisions. These factors can have an impact on user-supplier relationships, and the salesman is capable of exploring these factors in purchasing situations and reporting to his Marketing Manager on possible future strategies to be employed to develop satisfactory relationships.

Marketing Managers of these companies recognized the adaptability required of the salesman which goes far beyond the realisation that products are different and that different customer personnel influence the buying decision. Adaptability in this context includes the flexibility vital to the salesman confronted by changes in interest and motivation of his customers, but it also embraces the ability to recognise what triggers off interest in a new purchase; a change in repeat purchase pattern; or the importance of anticipating and preventing any change once listed as a preferred supplier. Marketing Managers commented on the need for their salesmen to possess diagnostic skills - the skills to identify and analyse customer problems so that suitable products may be recommended. The customer himself may not have identified the problems clearly and sharply, or may even have misunderstood them. The salesmen frequently carried out surveys to identify the customer's needs for their products and to recommend the grades, types, or qualities of product that should be used. Often such surveys showed a more advanced or better selected product would give greater efficiency. The analysis often went further and identified trends in the customer's market and anticipated the nature of his market requirements in the future. The salesman's diagnostic skill may be the trigger setting the buying process in

motion in the prospect company and improving the match between what the customer desires and what the firm offers.

Much sales force reporting of customer activities also occurred in companies that marketed extensive pre- and post-sales services in addition to the basic product. Salesmen in evaluating a customer's needs for a range of services were entrusted with much worthwhile intelligence about customer activities and operations.

In this section I have commented upon the following areas of the customer/market aspect of Marketing:-

- 1) Customer Activities/Operations.
- 2) Customer Purchasing Behaviour.

Salesmen in deriving knowledge within these categories help to give Marketing staff an insight into customer needs and develop a picture of the factors and principles influencing decisions made within the customer organisation.

Customer Activities/Operations

In industrial markets the difference in requirements between one company and another are much greater than between personal consumers. Differences in size, from multi-plant firms employing thousands to small companies employing a few; in financial structure from firms that are independent to firms which are wholly or partly owned by others; differences in production techniques; and completely different management structures. Salesmen of half of the companies visited acquired considerable intelligence during their visits to the prospect/customer location which assisted Marketing staff in an understanding of the activities and operations of the organisations to which their products were being supplied.

When examining the reports generated by salesmen concerning customer activities and operations, the following items of intelligence were most frequently provided to corporate Marketing staff:-

- 1) The product range manufactured by prospects/customers and the type of industrial users taking those products.
- 2) The new products being developed by prospects/customers.

- 3) The size of the customer - information supplied varied from direct data on annual purchase levels to indirect measures such as the number of persons employed.
- 4) The functional structure of customer organisations - commenting upon the roles and the duties of the various staff in each function.
- 5) The 'make-or-buy' capabilities of customers.
- 6) The financial circumstances of customers - they may have specific cash problems which will lead the company to carefully assess their credit-worthiness.
- 7) The inventory policies of customers.
- 8) The layout of manufacturing facilities at customer locations - commenting upon the age and condition of machinery used at the locations, the production capacity of the machinery etc.
- 9) The future changes in the operating plans of customers which may affect demand for the products being supplied to them.

In addition to this intelligence, salesmen working for Big Unit Operators (mainly marketing 'systems') occasionally acquired information about the future product and investment plans of customers. Often, however, much psychological conflict was created between salesmen and customer personnel when questions were asked about future policies and plans.

Most of this intelligence about customer activities was communicated by the salesmen in written reports. The intelligence was conveyed in the following two basic types of reports:-

- 1) The report which is completed on a regular periodic basis irrespective of the customer call pattern adopted by the salesmen. Examples of such reports are shown as Appendices K and L. The salesman is required to answer a series of questions about the customers for which he has responsibility. 50% of the companies visited (all Big Unit Operators) used this report method to communicate information about customer operations and activities.
- 2) The Visit Report which is completed following each contact with a customer. One type of Visit Report given to salesmen in the companies visited contained several sections of questions about different aspects of marketing (only one of the sections relating to customer activities and operations). An example of such a report is shown as Appendix M. This structure was adopted by 30% of

companies who asked salesmen to provide a feedback report on customer activities/operations. Other Visit Reports, given to salesmen do not ask detailed questions which direct attention to considering certain aspects of customer operations. An example of this 'open' type of Visit Report is shown as Appendix N. Only 20% of companies relied on this type of report to record the intelligence. The Visit Report method of recording customer intelligence was primarily used by salesmen working for Component Operators.

The companies visited are depending primarily on written reports to receive the intelligence, but I have observed that the facts contained in the reports are also frequently communicated in informal discussions between salesmen and Marketing staff. Therefore, there is a considerable amount of duplication in the communication of the intelligence - the same facts being stated in written reports are also revealed verbally in informal meetings. Six of the companies visited have established committees containing representatives from all the main business functions to review the likely future operations and plans of major customers. One company manufacturing precision components established a committee to keep under review the following aspects of a customer's activities:- financial rating and background; usage of components; plant location; names of key individuals; policies as to buying and use of components; pattern of component buying; and developments which might involve use of components. Members of the sales force serve on these committees and it is to be noted that they make significant intelligence contributions which assist in the review undertaken of future customer plans.

Therefore, there is a wide variety of reporting methods by which intelligence about customer operations and activities are communicated to Marketing staff.

Customer Purchasing Behaviour

The nature of the salesman to customer confrontation involves a complexity of relationships and a variety of strategies which can be adopted. The salesman must be aware of numerous aspects of customer behaviour when he is negotiating, if he is going to

satisfactorily prepare a proposal for a customer.

Only a small proportion of the companies (principally Big Unit Operators) visited utilise their salesmen in collecting intelligence about how individual customers reach procurement decisions. The following items of intelligence were most frequently provided by salesmen to corporate Marketing staff:-

1.) The names, positions, and duties of customer personnel who have either been directly involved or mentioned in procurement negotiations - highlighting the personnel who are:-

- a.) 'users' of the product;
- b.) 'influencers' of the purchase decision;
- c.) the 'buyer' of the product; and
- d.) the 'decider' - ie. the person responsible for the

ultimate decision to purchase the product.

Salesmen are advised to watch for shifts in the types of jobs held by the key buying influences over time. Those customer companies in industries susceptible to rapid technological change and new product innovation had frequent job changes for the important buying influences. The Marketing Manager needed to be made aware of such changes. The salesman always found it easier to identify the functional areas involved in the buying decision, than to recognise the factors affecting buyer behaviour (ie. factors likely to affect the behaviour of individuals and groups of individuals involved in the purchase decision eg. psychological and sociological factors; novelty of purchase; essentiality value etc.)

2) The customer personnel with knowledge and interest in the product purchased.

3) The structure of the Purchasing Department of the customer company.

4) The type of purchasing agent prevalent at customer locations - comments are made about the calibre, education, and specialisation of buyers.

5) The importance to the customer of the product being purchased - this factor may determine the buying traits and habits of the customer.

6) The purchasing techniques (value analysis, vendor rating, supplier performance evaluation programmes, supplier price and

cost analysis, dual sourcing studies etc.) in use at the customer location. Often a customer when discussing a particular supplier's product at a vendor rating session will invite the salesman to attend if it is thought that he can make a reliable, knowledgeable contribution to the discussion. If the salesman makes an effective contribution, the advantages are obvious: he has a monopolistic opportunity to sell his product, or if he must admit its inadequacy to retain their respect, he has a virtual invitation to offer modifications, improvements or substitutions of other items in his line. Many situations were observed where the salesman was present at customer vendor rating sessions - usually where the following circumstances occurred:-

- a) where the salesman belonged to a regular 'in' supplier,
- b) where the salesman originally had participated in discovering and presenting a solution to the customer need,
- c) where the salesman had spent long periods of time familiarising himself with customer processes and systems,
- d) where the supplied part, component etc. was a high proportion of the final cost of the customer product.

One company operated a vendor rating system whereby they kept up-to-date records of acceptance rates for each type of component they purchased from each of their suppliers. These records were presented graphically and placed on notice boards so that supplier salesmen could see them.

- 7) The quality control procedures used by the customer to test incoming products.
- 8) The role to be played by the purchased product in the buying system's production and marketing processes.
- 9) The commitments and guarantees the buying organisation requires of the supplier.

The salesman becomes particularly useful when identifying the reasons for a change at the customer location from one buying situation to another - for example, the reasons for a switch from an 'ordinary' straight rebuy' to a 'modified rebuy' situation. This switch may be due to internal causes, such as new buying influences becoming involved in the procurement, or outside events, such as the competitive action of another company. Salesmen are

aware that competitors who were not active suppliers would always try to convert the customer's 'straight rebuy' situations into 'changed rebuy' situations, in order to bring about a new analysis of alternative product proposals. Salesmen in reporting back to their Marketing Manager warn him of the particular competitive threat looming to the future supply position. If it is not a competitive threat which is altering the buying situation, then the salesmen report on the internal causes which may be affecting future supply. Any new buying influences that enter the situation will be mentioned by the salesman. The salesmen can pull out much useful intelligence which will assist the Marketing Manager in his planning capacity, because they can appreciate the varied requirements needed of their role in the different buying situations.

The salesman in the conduct of his duties may normally only see the buyer in the customer company - whereas for the acquisition of much of the intelligence about purchasing behaviour he may need to speak to other customer personnel. Access to such personnel, however, may be inhibited and often raises problems of alienated relationships with the buyer. The salesman anticipating these problems can therefore only obtain a limited amount of intelligence concerning the purchasing behaviour of the customer organisation. Marketing Managers are looking for most feedback where a degree of innovation or change in habit is involved for a purchasing company in reaching a particular decision to purchase. Such feedback will be useful in future selling situations as a means of diminishing the degrees of disturbance caused in customer organisations. Whenever there is a disturbance the buying decision tends to be a diffused one - the Marketing Manager desires to know which new buying influences are affected by the different types of innovation. In the high 'degree of innovation/disturbance' areas the salesman spends more time at the customer location and is provided with greater opportunities to acquire intelligence. The necessity for understanding buyer behaviour and its determinants in order to achieve successful planning and implementation of marketing strategies is becoming gradually recognized in companies classified as Big Unit Operators. Any attempt to understand the managerial problems of marketing a product/s must include, at or

near its beginning, a study of the persons and establishments that buy or can buy those products. Without a knowledge of his market, the buying units that comprise it, and the working conditions of and the objectives sought by the purchasers in their operation, the marketing manager finds himself forced to make decisions and formulate plans and programmes in a sort of informational twilight of assumed facts and conditions that can result in useless error and loss. The sales force can bring the marketing manager away from the informational twilight by its contribution of reported comments on purchasing behaviour.

In the companies visited which receive information about purchasing behaviour the majority of salesmen do acquire very significant intelligence. The intelligence is communicated in written reports completed either during the course of negotiations with the customer or following the satisfactory conclusion of a contract. An example of such a report is shown as Appendix O. The intelligence is also communicated in informal discussions between salesmen and Marketing staff and during the periodic sales conferences. An example of an agenda of questions (concerning customer purchasing behaviour), inviting a verbal response from salesmen at their periodic sales conference is shown as Appendix P. The answers given by the salesmen provide details about the personnel within the customer organisation who influence purchasing decisions. At another company sales conference I observed salesmen aiding the recognition of various elements of individual buying behaviour. The Marketing Manager always wanted up-dating on the following elements of behaviour at customer locations:-

- 1) the level of awareness the buying system had of the products being offered.
- 2) the level of search behaviour that the buying system initiated.
- 3) the goals sought by the buying system - how was the product fulfilling the expectations attributed to it in the purchasing phase and the original intentions the buyer had in mind when he committed himself to the search for the product.
- 4) the degree of identification (or harmonisation) that the buying system had with the product.
- 5) the degree of commitment the buying system will have to the

product in the future.

The Marketing Manager thought the salesman's assistance valuable in his up-dating processes.

Salesmen in advising Marketing staff of this topic of intelligence, therefore, use both written and verbal means of communication.

PART 2 - RESULTS OF THE INVESTIGATIONS

LONG-TERM VOLUME FORECASTS INTELLIGENCE

Once a company's basic objectives have been established, the primary planning document in any organisation is the sales estimate or forecast. This is an estimate of sales in terms of volume or of value for a definite future period under a proposed marketing plan and under an assumed set of economic and technological conditions. Once the sales forecast has been prepared and accepted all other forecasts in the company rest on it. Sales forecasts were originally used to control the activities of the sales force and where a sales forecast was used in other company activities, a moderate one was used as a basis for production and a 'realistic' one for financial purposes.

Sales forecasting should not be regarded as a means of arriving at an accurate and detailed view of the future - it is simply a means of assessing future probabilities in an attempt to reduce the uncertainty which must always surround the future. Strictly, sales forecasts should always be expressed in terms of probabilities, but, of course, one has to be sensible about this, and avoid producing vast numbers of statistics all with probabilities attached. This is just confusing to the management of the firm. Perhaps the best way of dealing with this problem is for the salesman to pick on the forecast to which he would assign the highest probability and put this forward as the 'most probable' number at the same time indicating other fairly probable numbers. Unless one does indicate these other possibilities, there is always a danger that what may be a very uncertain future may appear relatively risk free because of the manner of presenting the sales forecast and the company will not retain the flexibility to deal with the vagaries of the future. The way in which problems of sales forecasting are approached in any industry or in any company depends to a great extent on the nature of the product concerned, and the nature of the market.

Salesmen in one-fifth of the companies visited were involved in estimating possible sales volumes over a period of time. These salesmen mainly worked for Component Operators who marketed their products in numerous, different industries, but some salesmen working on behalf of Big Unit Operators provided volume forecasts. They provided an evaluation of the future volume demand that each

individual prospect/customer had for the products of the company. In one-third of this group of companies, salesmen extended their evaluation further and provided future volume demand figures that each individual prospect/customer had for products from all the possible sources of supply. Thus, these salesmen (working mainly for Big Unit Operators) provided the customer volume demand figures for the products of their company and for competing products. In such instances, when the volume figures from all the salesmen have been collated, Marketing staff will be given an indication of the market shares that their company and competitors are likely to achieve in the future. When reporting these volume forecasts, the salesmen also provided the following items of intelligence to corporate Marketing staff:-

- 1) The reasons to support the volume estimates shown for each customer.
- 2) A review of the current product supply situation at each customer location - commenting particularly upon any contractual commitments binding the customer to competing suppliers.
- 3) The problems that may be encountered in trying to win the orders associated with the volume demand figures at each customer location.
- 4) The actions required by the company (and particularly Marketing staff) to ensure that customer demands are fulfilled in the future.

Some salesmen, in addition to providing this intelligence, also gave their recommendations as to the amount of priority the company should give to the various customer volume demands. They stated which of the volume demands the company should attach highest priority to trying to fulfil and those volume demands which should be given least priority. Salesmen working for car component manufacturers were particularly involved in establishing priority targets within their forecasts. In one of the companies visited, salesmen showed three volume figures reflecting customer demand - they provided optimistic, central, and pessimistic expectations of the future volume demands of customers. Salesmen in one company were always advised to consider three measurements in order to develop future forecasts. The first was the level of 'establishment' of their products - that is the total number of users times the number of products they own. The second was the

rate of growth of these users together with quantity levels - called the rate of new user penetration. The third was the replacement rate - ie. the average time it takes for a user to replace the product. These measurements provided a framework within which sensible forecasts were generated. The sales forecasts produced by salesmen in another company provided objectives related to levels of service for existing customers and for new account penetration, broken down region by region. They specified conversion rates of orders to calls, recall rates, the rate of introduction of additional products to existing accounts. They also contained a sub-plan which related specifically to the key accounts held by the company, showing where a defensive marketing policy was required and where key accounts could be exploited for further business. The plan showed the proposed deployment of the sales organisation related to journey cycles.

Salesmen who provided volume forecasts intelligence found difficulty in trying to obtain reliable information about future customer demands for competing products. The intelligence provided was very sound when forecasting the future requirements of customers already established with the company - the estimating was generally hazardous when considering the future requirements of 'prospect' companies with whom the salesman had had little or no previous contact.

This volume forecasts intelligence is communicated by the salesmen in periodic written reports. Examples of these types of reports are shown as Appendices Q, R, and S. One of the companies does provide time at its sales conferences to hear additional comments concerning the volume figures submitted in the written reports. Apart from this instance, however, salesmen communicated this topic of intelligence in written reports to Marketing staff.

PART 2 - RESULTS OF THE INVESTIGATIONS

OTHER TOPICS OF MARKETING INTELLIGENCE

During my investigations it was observed that salesmen reported other items of marketing intelligence that perhaps could not be regarded as being within the intelligence categories already discussed. In this section I have commented upon the following aspects of Marketing in which salesmen have made intelligence contributions:-

- 1) Industrial Advertising Programmes and Promotion Campaigns.
- 2) Sales Literature and Aids.
- 3) Pricing.
- 4) Distribution.

Salesmen in providing knowledge about these matters have considerably assisted the Marketing Manager in his long-term planning role.

Industrial Advertising Programmes and Promotion Campaigns

In a small minority of companies visited salesmen advised Marketing staff on the construction of future industrial advertising programmes and on promotion campaigns that were being adopted by the company. Salesmen when presenting proposals during their negotiations with customers often have to refer to the claims made for their product in company advertising. They are in a position to monitor customer attitudes and reactions to the advertising and the intelligence gathered can provide a useful feedback to Marketing staff deliberating on the design of an advertising programme.

Salesmen most frequently advised Marketing staff on the following:-

- 1) The type of persons and organisations to be reached with the company advertising.
- 2) The places and times to reach those persons and organisations.
- 3) The appropriate media through which to convey advertising messages.
- 4) The claims to be made in advertising messages which will aid the sales forces in providing a co-ordinated sales pitch at customers - salesmen commented upon the type of sales objections and competitive advantages that needed to be overcome.

Salesmen, therefore, provided valuable aid to Marketing staff formulating advertising programmes. In a few instances salesmen

contributed ideas on advertising policy aimed not at the customer but at his customer. Essentially this advertising was limited to those situations where one was selling a raw material or component which represented a high proportion of the value of the final consumer product. It is only in this kind of case that the advertisement investment can generate a reasonable return. It was mainly used by material suppliers - copper, synthetic fibre, and plastics. Salesmen were brought into the process of consultation when advertising plans were being developed. In addition to this assistance, some of the salesmen rendered advice about the launching of special promotion campaigns (eg. discount campaigns). Salesmen contributed advice about the timing of campaigns and about the prospects/customers that the campaigns should be directed towards. This advice was rendered in companies marketing standardised, low-value components where promotional discount campaigns were frequently adopted.

This topic of intelligence was mainly reported verbally by the salesmen. Marketing staff at the periodic sales conferences heard the contributions of salesmen when advertising and promotion objectives were being discussed. Advice on the more detailed aspects of advertising and promotion campaigns was communicated by salesmen at corporate committee meetings. Salesmen were regularly in attendance at the meetings to submit their advice about the various programmes and campaigns. In instances where money spent on industrial exhibitions forms a large part of the advertising and marketing budgets, companies have corporate committees to co-ordinate arrangements for all the exhibitions. A member of the sales force always serves on the exhibition committees and is frequently seen advising fellow committee members on how to obtain maximum benefit from exhibiting the company products and services.

Whilst the verbal contribution by salesmen of advice on advertising programmes and promotion campaigns is considerable, it appears that in one of the companies (involved in the marketing of air-cooling systems) visited Marketing staff rely on a written input of information from salesmen. An example of a questionnaire issued to salesmen in the company is shown as Appendix T. However, the other companies visited who take advice from

salesmen about this area of marketing are planning to continue with verbal reporting systems.

Sales Literature and Aids

In a few companies visited salesmen were actively involved in the preparation of sales literature and sales aids to be presented to prospects/customers. The literature and sales aids can often be very expensive and it is essential to distribute such material to the correct audience at a customer location if satisfactory results are going to accrue to the company. It is appropriate that salesmen should provide some input into their companies concerning the type of literature and aids developed since they are regular users of such material. The salesmen provided advice to Marketing staff about how prospects/customers have reacted to the literature given to them - recording the types of questions asked and criticisms made about the literature; the problems that customers have found in understanding the material contained in the literature; and commenting upon what customers have said about the need for more explanation of the company and its product range within the literature. Technical literature is unsuccessful unless it finds its mark with accuracy. The need for sound targeting is underlined by the high cost of this form of sales pitch. One company visited reflected this cost factor - it manufactured a series of electrical devices used in several automatic processes in heavy engineering industries. Because a high degree of reliability was required under sometimes rough conditions, the devices had to be made to especially severe specifications and were expensive. The sales literature therefore had to demonstrate this quality image. This meant that it was important to distribute the literature to a selected audience to avoid expensive wastage. The company had to have a clear idea of what this selected audience was - the salesman assisted in constructing the picture of that particular audience by reporting back useful information on the make-up of the purchase Decision-Making Unit in customer firms and giving considerable help in stating what particular aspects of assistance each DMU member required. Feedback of this information by salesmen can be

useful to Marketing staff formulating literature to be used in future sales presentations.

The salesmen were helpful in advising about the various phases in customer negotiations during which particular types of literature should be presented. The sequence in which particular material is provided and the specific times that the material is displayed to customers can be crucial in obtaining sales orders. The salesmen are also aware of the particular people within the customer organisation that need to be given the literature. In those companies that developed sales aids and kits to explain to customers the various capabilities of their products, salesmen advised about how such aids and kits should fit into the sales presentation. Salesmen assisted in defining the level of sophistication and complexity that had to be revealed about their products in the kits being developed.

This contribution of advice by salesmen was given in verbal discussions with Marketing staff. Corporate committees responsible for the development of sales literature and sales aids provided a forum where salesmen could render their advice. In the companies visited a member of the sales force spends an average of one day per month putting his views to the committees. In those companies where responsibility for sales literature/aids lies within the Marketing department, then salesmen pass their advice to the appropriate staff in informal, verbal communications. There seems to be no written feedback of advice on the development of sales literature/aids.

Pricing

In many industrial market segments, product offerings are diverse and there is no established market price for a product, although there may be numerous close substitutes. Often, the central element of the problem is to predict how much extra the market is willing to pay for a particular product feature. This is a policy area where Marketing Managers mentioned the need for more assistance - particularly those managers who had products marketed in non-standard pricing situations (ie. where 'market pricing' was the normal practice). The problem was most acute in jobbing firms

- where a large variety of non-standard products were made in batches to the customer's specification and against the customer's order. Because the products are to customers' specification, the potential range is virtually infinite. Pricing cannot be done by means of a pre-set price list and discount structure as in the case of producers of standard products. Instead the pricing must be done on an ad hoc basis on the receipt of enquiries from customers - salesmen must generate a greater feedback on price matters in these non-standard sale circumstances. In four of the companies (all Big Unit Operators) visited salesmen were frequently asked to provide estimates of an appropriate selling price that the market-place would bear. The salesmen reported upon the value of the product in the customer's planned end-use or application and upon the customer's expectations about the price he would have to pay for the product. In cost-based pricing situations companies required no intelligence from the market-place since prices were not oriented towards the market, but were instead related to the company's own particular cost experience as interpreted in its own particular way. Salesmen were not needed to generate advice in such situations. However, this needs to be contrasted with Product Analysis pricing situations - where the price that the buyer pays for a product is directly related to those aspects of the product for which he is paying. The significant properties of the product and the price of the product should therefore be interdependent variables. One has to discover how much value the market ascribes to each of these significant properties, and then by analysing products into these properties, so build up a price. In such circumstances, sales force feedback is essential - intelligence is needed by Marketing staff concerning the value placed by the market on the significant properties of the product.

When discussions were taking place within a company concerning possible product price increases, salesmen advised Marketing staff upon the following issues:-

- 1) The buyer's conviction of greater value and satisfaction.
- 2) The buyer's need for the product versus other uses for the money.
- 3) The price awareness of the buyer.

- 4) The ease of making price comparisons.
- 5) The price threshold of substitute products.
- 6) The pound values of the associated warranties, guarantees and services.
- 7) The likely reactions of competitors.

Pricing discussions of this nature took place in an informal framework of meetings between salesmen and Marketing staff. Marketing management can do a much better job of managing eventualities like price changes if it can anticipate the probability of price-cutting in advance and not find itself in the chaos and quick estimating of a crisis. Good forecasting knowledge from salesmen may even permit strategic marketing or price moves ahead of a potential culprit as a warning. The need to know about price changes in advance was observed to be most necessary in industries where large job-shop or engineered systems quotations were involved. Long-term pricing policy was not discussed at periodic sales conferences - occasionally reference was found to salesmen discussing the effects of price increases/decreases in the short-term upon particular 'key' customers. There is a complete absence of any written feedback concerning pricing intelligence.

Distribution

Few instances have been observed where salesmen sell their products to a distributor network rather than direct to the final market. In one of these instances the salesmen provided a great deal of information about the distributors. The salesmen commented to Marketing staff upon the following matters:-

- 1) The selling procedures of the distributors - reporting on the way the selling operation is conducted.
- 2) The problems encountered by distributors in selling their products.
- 3) The support services that need to be given to distributors to assist them in effectively carrying out their selling programme.
- 4) The stockholding circumstances of distributors.
- 5) The sales targets that can be allocated to distributors.

This intelligence concerning the distribution network was

verbally reported by salesmen at their periodic sales conferences. Time is specifically set aside by Marketing staff to hear the views of the sales force about the degree of effectiveness of the distribution network.

PART 2 - RESULTS OF THE INVESTIGATIONS

SECTION 2 - ORGANISATION FOR THE RECEIPT OF INTELLIGENCE BY
COMPANIES

The usefulness of intelligence gathered by the sales force depends on its accuracy, retrievability and speed in moving to higher management levels where it can be used as an input in the development of long-term marketing plans. Decision-making at the long-term planning level is becoming an increasingly complex process with a multiplication of both knowns and unknowns. Because of this, information-gathering becomes more crucial, since there are ever more unknowns coming into the decision-making matrix and the influence and direction of these unknowns must be evaluated. This puts an enormous strain on information gathering sources in the modern company, one that the company must respond to by creating effective machinery to handle the problem.

During my investigations I have observed that companies have created many alternative patterns and structures for receiving written intelligence from the sales force and for communicating that intelligence to Marketing departments. A summary of the patterns and structures is given below:--

1) Salesman $\xrightarrow{\hspace{15em}}$ Marketing Department

ie. Intelligence goes directly to Marketing staff with no alterations and no evaluation by intermediaries.

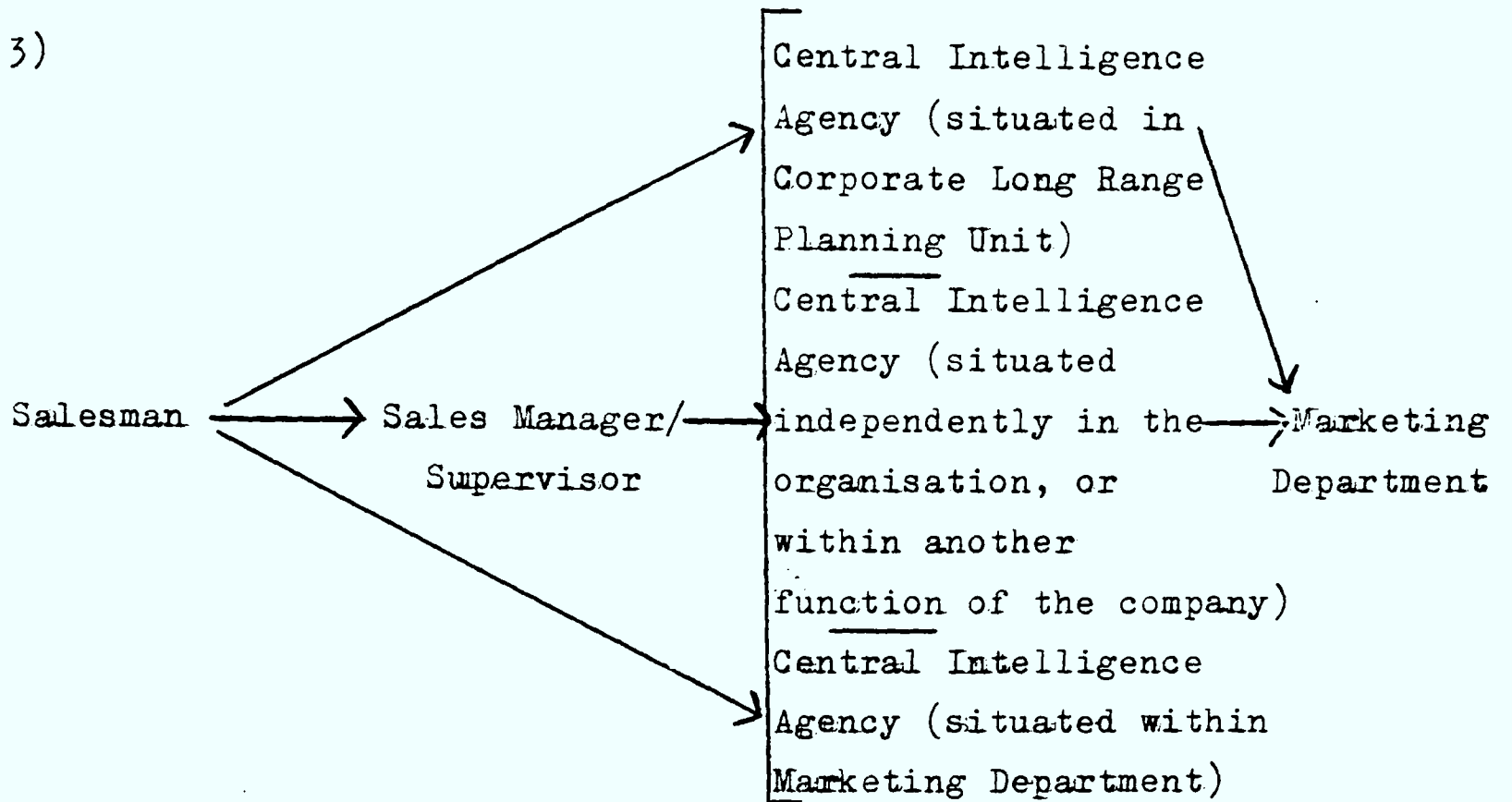
2) Salesman $\xrightarrow{\hspace{2em}}$ Sales Manager/Supervisor $\xrightarrow{\hspace{2em}}$ Marketing Department

ie. Intelligence goes initially to the salesman's superior in the management team. This Sales Manager/Supervisor may have one of two possible roles in dealing with the intelligence -

- a) acting as a collection centre for the reports - ie. making no amendments, alterations etc. to the facts as collected, or
- b) taking an active part in the checking and scrutinizing of sales force documentation making whatever changes he feels necessary and appropriate.

The intelligence reports are then forwarded directly to Marketing staff.

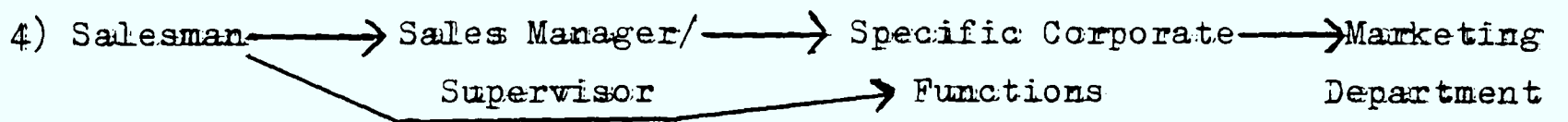
3)



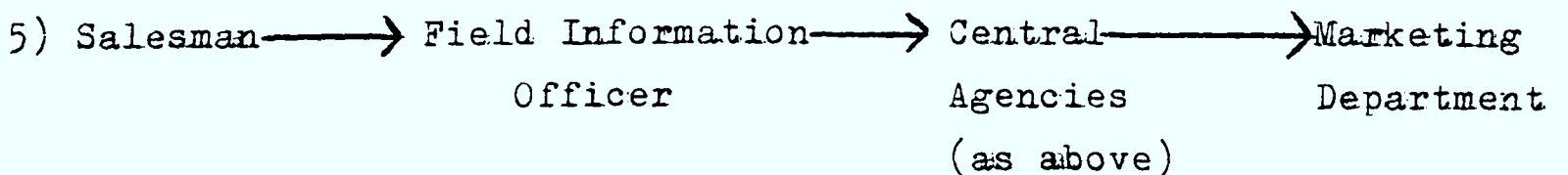
ie. Intelligence goes to a central intelligence agency (either directly or via Sales Manager/Supervisor) - this agency may be situated in one of several places within the organisation, as follows:-

- a) Within a Corporate Planning department
- b) In a position independent of other functions
- c) Within another Corporate functional department
- d) Within the Marketing department

Intelligence is then forwarded from these central agencies to the Marketing department.



ie.. Intelligence is forwarded (either directly or via Sales Manager) to a corporate function other than the Marketing function for analysis and evaluation before being passed to Marketing staff.



ie.. Intelligence is passed initially to Field Information Officer before either going directly to Marketing staff or is passed through any of the central agency structures as described in 3) before reaching Marketing staff.

It is convenient to discuss each of these various structures separately to see the circumstances in which the different communication procedures were adopted by the companies investigated.

1) The communication of the salesman's written intelligence directly to Marketing staff was solely confined to companies classified as Raw Material Operators who operated in areas of slow-changing technology. In these companies there was simply not enough intelligence forthcoming from the sales force to justify the cost of creating an intermediary structure to analyse and evaluate the data supplied. Also the range of intelligence collected by salesmen of these companies was somewhat narrow and virtually always of a routine nature - the product problems reported upon were always of a similar nature and the snippets of intelligence picked up about customers were predictable. Thus it seemed that the employment of skilled personnel to evaluate the data would have been a waste of talent. Even the employment of lesser skilled staff was not necessary because there was no need for the collation of material or the cumulation of statistics prior to the small amount of information being passed to the Marketing department..

2) Companies take the first step in developing intermediaries to look at sales force intelligence once there is a certain total amount of facts being presented formally, periodically, and consistently, and once the range of facts presented broadens to cover items of intelligence which are not routine or insignificant and embrace matters unsuspected or unknown within the organisation. The least sophisticated type of intermediary to adopt to review sales force data involves using the Sales Manager/Supervisor as an assembly point for the receipt of written reports. Employing the Sales Manager to channel intelligence between the sales force and Marketing staff was a major feature of most companies investigated who were classified as Small Unit Operators and Component Operators. This structure was used particularly where the companies were small, manufactured a narrow range of products and operated in a few established markets. It was a structure commonplace where an intelligence reporting system had been established for a long period of time and where little change had

been made with the workings of the system. However, the role of the Sales Manager in the reporting process varied between companies. In two-thirds of the companies visited the Sales Manager merely acted as a collection centre for the salesman's reports. This was primarily in cases where the company had created a central agency to monitor incoming intelligence. In instances where this further intermediary was created the Sales Manager would spend a very limited amount of time perusing the details of the reports - on average about $\frac{1}{2}$ hour per week was appropriated by the Manager to read about ten detailed reports on fairly critical competitor matters and product problems and eighty routine visit reports. Most managers devoted all their limited time to studying reports conveying information about urgent, significant product complaints - reports conveying product intelligence always received priority over other marketing reports. In the remaining one third of companies the Sales Manager played a more active role in questioning salesmen on the facts contained in the reports and altering facts he thought were wrong or giving more prominence to other facts. The Manager would take this more active role even in instances where a centralised agency was functioning to review data. It was particularly noticeable that the Sales Manager took this active role in instances where he had had previous experience of working in a Marketing department, and had frequently been in the position of using unchecked sales force data. Such Sales Managers were aware of the need to turn 'raw' sales force data into a presentable, easily-read format.

3) Increasingly it was observed in the largest Component Operator and Small Unit Operator companies (particularly those operating in areas of rapid technological change) visited that a beginning was being made in the creation of sizeable, centralized agencies, independent of sales management, to monitor and analyse intelligence from the salesman. These agencies were being formed primarily to receive reports on product and competitor intelligence where a speedy reaction to the facts acquired was a pre-requisite to a successful sales presentation. Initially, such agencies were given an independent position in the organisation, but as the need for effective long-range planning became recognised within the

company such agencies were either incorporated within a Corporate Planning Unit or brought into the Marketing Department. The need for centralised intelligence services has been recognised for some time in companies classified as Big Unit Operators, supplying sophisticated 'systems' and operating in areas of medium/rapid scale technological change. These companies recognise that the systematic collection and evaluation of sales force data at one central point in the organisation will greatly improve the quantity and quality of forecasting data available to planning officials. The supply of data in these companies has been increasing in the past few years by geometric progression. The busy marketing executive needs a filtering device which will receive, handle, evaluate, edit and direct data to the various appropriate decision-makers. Otherwise, valuable executive time will be wasted in searching for the crucial, key items among the vast pile of undigested and unrelated facts. To make matters worse, not enough key facts are likely to be extracted to make well supported decisions. Establishing centralised machinery to convert the vast flows of raw statistical material and fact into a finished product represents a rational answer to the uncontrolled data breeding problem.

Of the companies investigated who had centralised intelligence agencies it was noted that only 5% of companies had agencies which were in an independent position in the organisational hierarchy; another 35% had their agencies placed within the Marketing department; the remaining 60% had their agencies within the Corporate Planning/Long-Term Planning departments. A centralised body for receiving the sales reports seems to offer several services to improve the processing and dissemination of intelligence. One service is intelligence evaluation - given the presence within the agencies of skilled analysts available to examine the incoming intelligence then technical opinions can be rendered as to how much confidence can be placed in the intelligence. A second service is intelligence abstraction - trained abstractors can condense and edit incoming facts to make them more useful for marketing staff. Dissemination is a third service - getting the intelligence to the right marketing personnel in the right format

in the shortest feasible time. These sort of services cannot be done effectively by the Sales Manager/Supervisor who can only give a cursory review to the data contained in the sales reports.

4) In certain circumstances the salesman's intelligence reports were initially forwarded to corporate functions other than Marketing and Corporate Planning. Sales reports containing details of a product problem would be forwarded by the salesman or his manager to the relevant corporate function that could alleviate the problem. Reports containing details of the credit-worthiness of a customer or dealing with a customer's future investment plans may be forwarded to the Finance department prior to being posted in customer index files within the Marketing department. This type of arrangement assumes that the salesman has the competence to realise where the facts he is providing will be used. I noted few instances where companies adopted this communication pattern. It was a pattern primarily adopted where salesmen had previously had experience within many different functions of the company. These salesmen seemed more able to appreciate the situations encountered in other departments of the company and understand how the facts they were generating would provide an essential input to those situations. This communication pattern also tended to be adopted for specific ad hoc reports on particular marketing matters in cases where the initial request for the investigation by the salesman came from a specific function. For example, Finance department may have requested salesmen to investigate particular problems relating to credit arrangements with large customers. Once the salesmen had completed their task, the reports would be initially forwarded to Finance staff before eventually reaching Marketing personnel. Numerous situations were observed where ad hoc reports (requisitioned by a specific functional department) would be forwarded to the appropriate function, whilst regular, periodic reports would go through other channels (Sales Manager, Central Agency etc.) on the way to the Marketing Department.

5) In three companies observed, all Big Unit Operators, another intermediary was created to monitor and check sales force facts before they were forwarded to the Marketing department. This

intermediary was variously described as a Field Information Officer or Sales Intelligence Adviser. In all cases he was a former salesman who had an interest in the collection and processing of marketing information. He would assist his sales force colleagues on particular explorative calls on customers; helping salesmen to evaluate the purpose of visits to prospects; and assisting them in the presentation of relevant facts gathered from visits. The three companies investigated had previously had a central intelligence agency, independent of the sales and marketing function to receive sales force data. However, senior management within the companies had detected the impression that salesmen believed the centralised agency was too remote from the marketplace and they couldn't see any direct benefit to themselves resulting from the input of intelligence to the agency. The central agency was broken up and a salesman was asked to become responsible for processing sales force intelligence. The sales force felt this new information officer was more accessible to them than the agency and could provide much beneficial aid in negotiations with customers. The reporting system in which the salesmen played a part seemed to gradually work more smoothly and senior management were convinced that there was an improvement in the quality of intelligence being produced by the sales force.

Having commented upon the intermediary structures created to facilitate the passage of intelligence into the Marketing department it is now appropriate to make observations about the experience of staff within the intermediaries and the numbers of staff involved in reviewing intelligence. The Sales Manager/Supervisor taking a role in the reporting system, had in 85% of instances job experience only within the sales area. He had not spent any time in the Marketing department where he could have gained an insight into the types of intelligence needed for long-term planning and the uses to which information was placed. In all of these cases the Sales Manager/Supervisor had either formerly been a salesman within the company or had been recruited from the sales management teams of other companies. These managers had no formal training or experience of intelligence evaluation, abstraction

and dissemination. They coped best in dealing with product problems intelligence and could appreciate the importance of passing to the Marketing department a catalogue of the difficulties customers had been having with products. They were also reasonably efficient at developing and up-dating files for keeping customer information - however, such files tended to include only routine data. Any other type of marketing intelligence received only a quick glance before being passed without alteration to Marketing staff. No effort was made by the Sales Manager to condense the written reports from their salesmen or to itemize the key facts for Marketing staff. Little time was appropriated to questioning salesmen about the sources from which intelligence was gathered. However, it was noticeable that some Sales Managers/Supervisors had a lot of experience in corporate functions other than the sales area, and others had previously worked in positions which had involved much time in intelligence processing. These managers were significantly more alert to the benefits of monitoring sales force intelligence and checking the basis of facts presented to them. Some 5% of managers had backgrounds in engineering, production and manufacturing areas. They had served technical apprenticeships and often taken their initial junior management posts in these areas. Such staff were highly capable when processing the entire range of information about the company's products - not only checking product problems reports, but encouraging active sales force involvement in the evaluation of product modifications and the search for new product ideas. They were keen to monitor usages and applications that customers were finding for company products. Also, monitoring of technological developments in competitor companies received high priority when looking at sales force reports. Another 10% of Sales Managers/Supervisors had held positions within centralised intelligence agencies and had been used to handling a variety of marketing data. These were the managers who more than any others exercised a right to alter and amend sales force intelligence and critically question the foundation of intelligence passed to them. Most of them were adept at isolating those facts from reports which would form a crucial input to the Marketing Manager's long-term plans. This group of managers devoted more

time than others to their intermediary role of evaluating sales force data. They were managers who also believed in communicating intelligence back to salesmen about the ways in which the initial input had been used. Those who had spent time in centralised intelligence agencies were able to appreciate how sales force data frequently dovetailed with data from other corporate sources. They did not see sales force intelligence solely as fragments of unrelated data but could see the total planning picture into which the intelligence could be slotted. Such managers tended to be more aware of the importance of speed in disseminating intelligence to the appropriate corporate areas.

Where companies had established centralised intelligence agencies as the primary intermediary in reviewing sales force intelligence before its passage to the Marketing department it was significant that these agencies occupied a high status within the organisational hierarchy. It was observed in all companies classified as Big Unit Operators that the agencies were either managed by a director of the company board or led by a senior member of the management team. These agencies were staffed by specialists from most corporate functions who had been within the company for periods exceeding five years. It was interesting to see that five years seemed to be the conventional period that managers must spend within the company before being considered for posts within the intelligence agency. Whilst noting that agencies were made up of specialists, it is important to stress that the head of the agency was often a generalist - his position at the apex of all communication flows inevitably gave him the overall picture, the knowledge of all of the implications of the information that he managed. He frequently acted as a buffer for other top executives by preventing too much coloured information from being transmitted to departments by the various specialists. The agency specialists were very well trained in the behavioural sciences with a sound technical knowledge of marketing research. They appreciated the particular importance of recognising and evaluating bias and distortion in reports. They were seen as liaison men who made sure that marketing and other corporate staff fully understood the intelligence findings and their policy

implications. It must also be noted that at least one of the agency staff must have had previous sales force experience. This gave the salesmen some confidence in the agency that at least one member could perhaps understand how the intelligence had been collected and could appreciate and interpret the reasons why this intelligence could be useful to Marketing staff. It is essential for the salesman to have an element of confidence in the agency, otherwise there could be a deterioration in both quality and quantity of intelligence forthcoming, and as was noted earlier to restore the data flow one may have to appoint intelligence processors less remote from the sales force (as in three companies referred to earlier).

In cases where corporate long-range planning was given high priority within an organisation, one saw that the intelligence agencies were the co-ordinating body for the development of all functional plans. Agency staff in these instances had powers to issue requests for a whole gamut of intelligence from the market-place. They also tended to alter and amend the sales force reports and change the emphasis accorded to certain facts before they reached Marketing staff - they did this to a considerably greater degree than agencies less involved in co-ordinating long-range plan development. A considerable minority of centralised agencies (approx. one-third of the total observed) were not critically involved in plan development. They played the role of an orthodox intelligence processing department condensing sales force data, and abstracting key facts for consideration by various departments. This type of agency had a lower status within the organisational hierarchy than those agencies co-ordinating long-range plan development.

The size of central intelligence agencies was determined largely by whether or not they had a key involvement in long-range planning. Those agencies responsible to a Planning Director and situated within a Corporate Planning Unit tended to have more staff evaluating and reviewing intelligence findings than agencies outside the mainstream of corporate planning reviewing a similar amount of findings. The size of the agencies was also affected by the length of time that reporting systems had been installed in

the company. In circumstances where a sales force reporting system was being commenced more staff were initially brought into the agency to review and check the reports. The numbers of staff in the agency involved in reviewing sales force data also depended upon the different types of reporting adopted. Where many ad hoc reports flowed from the sales force there were more staff in the agency monitoring the data than in instances where regular periodic reports on defined subject-matter were being transmitted by the salesmen. There was also more staff in the agency looking at sales force data in instances where the sales manager/supervisor took a passive role in surveying the incoming data.

The written intelligence having been transmitted through various intermediaries finally arrives in the Marketing department. In too many instances, however, the intelligence is received by young staff new to the company, staff of below junior management level, with little experience of the implications of the intelligence. This was particularly apparent in companies manufacturing raw materials where intelligence is transmitted directly between salesman and inexperienced Marketing staff, and in companies where only the Sales Manager has been the intermediary looking at the data before passing it to Marketing staff. Inexperienced Marketing staff unused to handling the data can cause an embarrassing amount of delay in making use of the intelligence. However, in instances where central intelligence agencies have been created in companies the intelligence is virtually always passed to more experienced Marketing personnel and usually to the staff who will be directly involved in using it. It has also to be remembered that in some companies the central intelligence agency is situated within the Marketing department and contains experienced staff having a high status within the organisational hierarchy.

The creation of intermediaries, like intelligence agencies, has taken place in companies to review and monitor data which has come from the sales force in written form. As shown in the previous section, the salesman verbally contacts the Marketing department with various types of marketing intelligence and it is in such verbal discussions that the salesman may be able to exercise most influence over planning activities. However, there

is difficulty in identifying precisely the extent and significance of discussions between the salesman and Marketing staff - particularly in the informal and 'accidental' discussions. This informal channel of contact was seen to be most significant in transmitting intelligence about emergency product problems - those problems requiring immediate action if the customer was to be prevented from taking his business elsewhere. It is impossible however to portray a framework within the Marketing department for the receipt of informal intelligence - one can only postulate its existence.

In studying the transmission of verbal intelligence from the salesman to Marketing staff at the formal periodic sales conference it was noticed in the majority of instances that the job of presenting the intelligence was taken by the Sales Manager/Supervisor. A study of the minutes and records of sales conferences held within companies surveyed revealed that when marketing intelligence (collected by an individual salesman) was being presented that in approximately three-quarters of such instances it was the Sales Manager/Supervisor who transmitted the data. It is impossible to estimate the amount of distortion that may have occurred in the verbal communication between the salesman and the Sales Manager prior to the conference - unlike the alterations and changes in interpretation which can be observed when written communication occurs between them. However, in contrast to the dominating role taken by a majority of Sales Managers at sales conferences, it is entirely different when one looks at discussions taking place at corporate committee meetings involving a variety of functional staff. As noted in the previous section, some companies have invited salesmen to be members of corporate committees established to review product policy and customer strategy. At this type of periodic meeting, the salesman presents the data he himself has collected. In the instances observed this information before presentation was not scrutinised or reviewed by Sales Managers or intelligence agency staff. The Marketing department, therefore, hears this information directly from the salesman. It is in this context that the salesman exercises most influence over the processing of intelligence to Marketing staff.

This section has reviewed the ways in which intelligence collected by the sales force becomes transmitted to the Marketing department. The development and implementation of a high-quality intelligence transmission system is a top management responsibility. The signs are clear that we are entering an era of ever-multiplying research and information which will mean improved performance and competitive advantage for the companies that gear up to it.

PART 2 - RESULTS OF THE INVESTIGATIONS

SECTION 3 - USAGE OF INFORMATION

The intelligence generated by the sales force, having passed through one or more intermediaries responsible for reviewing and scrutinizing the facts, finally arrives in the Marketing department. The success of any reporting system from the point of view of the salesman depends to a great degree on how he sees the intelligence collected being used by the Marketing department in developing long-term plans and to what extent Marketing staff as a result of evaluating the information can then help the salesman to do his job more effectively.

Some of the salesman's intelligence is ignored by Marketing staff, particularly in instances where there is great scope for the subjective colouring of data. Where the views of customers and prospects are being reported there is much scope for unconscious adjustment. Marketing staff also place less confidence on the intelligence in situations where the actual source of the intelligence is known to be unreliable or where the actual source is not in the position to supply the type of facts reported by the salesman. Marketing staff are also cautious about the possibilities of bias in samples from whom ad hoc intelligence is gathered. The salesman may have used his most co-operative customers for the purpose of collecting information and this would lead to an ineffective cross-section for the survey.

However, other intelligence from the salesman is acted upon by Marketing staff - some intelligence being placed in customer and competitor files to develop a bank of information to be consulted at a future date, whilst other intelligence will directly find its way into the long-term plans prepared by Marketing staff. It was observed that Marketing staff paid much more attention to sales force data which had been rigorously scrutinized before arriving in the department. Most of the data for instance which had survived without critical comment from a central intelligence agency received acceptance within the Marketing department and would be beneficially used. It was noticeable that correspondingly less attention was given by Marketing staff to some of the intelligence which had been transmitted directly from the salesman.

Sales force written and verbal reports on product problems

and complaints were a valuable input to the Marketing Manager's thinking in developing future product plans. Frequently customers with a serious complaint arising from a product fault directly contacted senior supplier Marketing staff - in many instances the Marketing Manager found his salesman's report useful in checking the circumstances that led to the fault arising and in noting whether the fault was occurring at other customer locations. The reports were the only source for the Marketing Manager to consult if he wanted to know how widespread the fault was amongst customers. The Marketing Manager made particular use of sales force advice on the effects a problem was having on the customer's operations and the resources that would be needed to resolve the problem. Attention was paid to a salesman's appraisal of the alternative courses of action that might be taken to correct the fault. It was noticeable in companies manufacturing small units and fairly standardised products and components that the Marketing Manager valued sales force data on product problems when developing future plans to introduce guarantees and warranties for certain products. The data was an essential input to the Marketing Manager taking decisions about the contingencies to be covered in guarantees and the circumstances under which the guarantees would be activated by customers.

Marketing Managers in the companies surveyed highlighted the inundation of proposals for product modifications that came from potential customers. Much reliance was placed by Marketing staff upon the salesman's examination of the reasons underlying the request for modifications. Other evidence provided by the salesman about the modification - such as its likely future price and the future potential - was given less attention in circumstances where specialist market researchers had reported upon the feasibility of establishing a market for the modification. It was also observed that Marketing staff took little notice of sales force comments upon how sales of the modification would affect the future sales volume of the existing product range. Many Marketing staff commented that the salesman's evidence was coloured by an excessive willingness to satisfy long-established customers and independent assessments of market size and potential for a

modification were more valued.

In all companies surveyed where long-term product planning was given high priority salesmen were encouraged to submit new product ideas for consideration. However, I found little evidence (except in companies marketing costly 'systems') that Marketing Managers regarded such new product input as valuable. In 'systems' companies Marketing Managers recognised that their salesmen were often spending several months in joint projects with prospects designing systems facilities compatible with existing installations, and in these circumstances any sales force submission for a new product would be a key input into future plans. In other cases Marketing staff just noted the fact in product files that a salesman had put forward a new idea, and no follow-up of the idea would occur until it had been advanced by other executives in the organisation. However, once the same idea had been projected from several sources within the company, the attitudes of Marketing staff to the input generated by salesmen changed. During the screening of a new product proposal Marketing Managers frequently resorted to forecasts made by their sales forces. Attention was paid to sales force views about the range of applications that a new product may have for potential customers. A salesman's forecast of likely services that would have to be introduced with the product were taken notice of by Marketing staff. However, as with the input connected with product modifications, sales force pricing and volume forecasts tended not to be built into long-term plans. The best opportunity for the salesman to influence Marketing staff on new product prices and volume forecasts was presented in those companies that had corporate committees established for the specific purpose of screening new product ideas. In this situation, the input of the salesman concerning contingencies to be built into the new product development programme was valuable.

Sales force intelligence reaching the Marketing department about competition in the market-place was used in two ways. Firstly the following intelligence was placed in competitor files to serve as an 'information bank' providing a background of knowledge when marketing plans were to be developed:-

- 1) The call patterns of competitor salesmen

- 2) The sales literature issued by competitors.
- 3) The competitive proposals accepted by customers.
- 4) The number of sales representatives working for competitors and the manning levels of their sales offices.
- 5) The type of support given to competitor salesmen in the field.
- 6) The internal structure of the competitor company.

Other types of competitor intelligence contributed by the sales force had more direct effects on the plans developed within the Marketing department. Marketing staff endeavouring to measure the results of existing promotional campaigns implemented by competitors used sales force data about customer reactions to such campaigns. When Marketing staff received sales force hints about a planned future promotional campaign (maybe a discount campaign) they could develop alternative plans to counter or nullify such a campaign. In instances where companies conducted a long period of negotiations prior to a product sale being achieved it was essential for Marketing staff to have details about variations in competitive proposals made during that period. Salesmen were a vital source for comments on such proposals. The Marketing Manager in possession of such feedback could evaluate how orders were being 'lost' in the market-place and could gain an impression of which particular areas of the market were receiving heavy resource commitments from competitors. Prior to the commencement of the long-term planning process, many Marketing Managers were concerned to evaluate the strengths and weaknesses of competitors and gain an overall picture of the opportunities and threats affecting the company. Salesmen working for Big Unit Operators were helpful to Marketing staff in identifying the skills and capabilities of competitors. The options open to a company, the range of plans it can consider in relation to a product, may be viewed in isolation, but more properly they need to be assessed in the context of the options open to competitors, so that the 'pay-off' from deciding on any particular course of action can be assessed under various assumptions of competitive action. There has to be a running dialogue in the early stages of the planning process between salesmen and Marketing staff so that the most likely sets of options and states of the market can be identified and investigated.

Marketing staff as well as knowing the positions and attitudes of competitors in the market-place also need to have knowledge about the business intentions of customers. They need an awareness of how such customer intentions will affect future demand for products. Assumptions about these intentions need to be made explicit in marketing plans. Sales force reports on customer operations/activities were used in two particular ways by Marketing staff. Firstly, Marketing staff stored knowledge about the circumstances in which company products were being used by customers; the frequency of use of products by customers; the ways incoming products were tested for quality, reliability etc. by customers; and the importance of the purchased product to customer operations. Secondly, from this store of knowledge about existing customers Marketing staff were placed in the position of being able to recommend new ideas and applications to future customers. But also Marketing staff from their evaluation of this knowledge could advise existing customers of changes that could be made to their current operations which would lower costs and increase the effectiveness of product usage. By such advice Marketing staff were deliberately strengthening long-term user-supplier relationships. Many Marketing Managers noted that the sales force were helpful to future planning when providing intelligence about the capabilities of customers to develop facilities enabling them to manufacture their own product to replace those being currently supplied. Marketing staff, however, placed less credence on sales force reports concerning trends and developments in the markets in which their customers operated. Such developments clearly needed monitoring since they would critically affect customer purchase levels from current suppliers. Marketing staff, however, instigated specialist market research surveys on trends in customer markets - such surveys corroborating the sales force analysis. When differences occurred between the two investigations the specialist market research survey view was adopted in the majority of instances observed. Marketing Managers noted that salesmen were unable to appreciate all the variables impinging on the customer's market-place - the salesmen would report accurately on a customer's

declared intentions towards his markets, but could not recognise for instance how variables like government action would impinge on those markets.

Many companies observed were beginning in their long-term plans to build models of customer buying behaviour - particularly modelling real situations at a few key customers. Salesmen provided valuable inputs to these models. Marketing staff accepted sales force data about the functional areas within the customer company that took the purchase decision or influenced that decision. But less confidence was placed in sales force input concerning the behavioural factors that affected functional members who influenced and made purchase decisions. Little attention seemed to be paid to the salesman's views about the habits, traits, attitudes etc. of personnel involved in negotiations. In contrast Marketing staff used much of the salesman's intelligence about purchasing techniques being implemented at the customer location - particularly where the salesman had personal involvement in the customer's appraisal of purchased products.

The Marketing Manager having made assumptions for his long-term plans about his company's products; about the options open to his competitors; and about the declared intentions of his existing customers must then develop volume forecasts of future business. The Marketing Manager is primarily concerned with the relationship between such volume forecasts and manufacturing capacity figures and financial targets. The Marketing Manager, therefore, receives numerous departmental inputs to determine the relationships between these forecasts. Requests to the sales force to estimate possible sales in the future were made in a minority of companies covered in this investigation. Various reasons were given for such requests - ie. companies were placing responsibility for the forecast on those who had to produce the results; or companies believed that the salesmen were given greater confidence in quotas which had been developed from their original forecasts. In other companies not requesting sales force assistance, Marketing staff noted the view that salesmen were either too optimistic or too pessimistic about future possibilities; and were unaware of the global forces which influenced the

economic pattern of our economy. Marketing staff made planning use of the future volumes recommended by the sales force for current customers, but made little use of sales force estimates of the future requirements of prospects with whom the salesman had limited contact. Also many of the sales estimates had been made without due regard to future productive capacity available within the company. Marketing staff preferred to rely upon the internal forecasting/corporate planning units for such estimates. However, it was observed that once the volume forecasts had been finally established Marketing staff took cognizance of sales force recommendations about the order of priority in which customer requirements were to be met.

Several other items of sales force intelligence reached the Marketing department, with varying degrees of attention being devoted to such items. A few sales forces provided an input about the advertising strategy that companies should be considering. Marketing staff were primarily interested in knowing from the sales force which customer personnel should be reached with advertising (particularly when direct mail campaigns were being initiated). They did not take notice of any sales force commentary on the media that should be used in advertising campaigns or the particular advertising messages which should be broadcast. It was noted, however, that in one type of advertising, ie. exhibitions, salesmen were heavily involved with Marketing staff in the long-term planning of arrangements for the display of products at the exhibition. Salesmen in some companies also helped Marketing staff with the development of sales aids and literature. Again Marketing staff took most notice of sales force advice on the targets within the customer company that should be aimed at with literature and aids. Companies with highly technical sales teams encouraged Marketing staff and salesmen to work together in the development of kits and models to explain products to customers.

In four companies investigated during the survey, salesmen provided an input concerning pricing policy to Marketing staff. The Marketing Manager when considering proposals to increase product prices would listen to sales force views about the likely reactions customers would have to such proposals. I did, however, gain the

impression that Marketing staff took little notice of future pricing forecasts that were made by salesmen when new products were going to be introduced to the market-place.

In this review of the usage of sales force information it can be seen that in some circumstances Marketing staff are totally reliant on the data provided, but in other situations preference is given to facts provided from specialist market researchers. Most of the intelligence accepted by Marketing staff is used to form a bank of information from which appropriate facts can be drawn for long-term planning purposes.

PART 3 - OBSERVATIONS ARISING FROM THE HYPOTHESES

PART 3 - OBSERVATIONS ARISING FROM THE HYPOTHESES

Introduction

This Part provides an assessment of the results acquired from testing several hypotheses during the course of my investigations.. The review of the literature in this field of study showed there was very little validated theory against which the hypotheses could be evaluated - each hypothesis had to be tested against the empirical data collected.

The following hypotheses were tested in the investigations:-

- 1) Hypotheses depending on the personal characteristics and background of the salesman.. Section 1 describes the information provided to the salesman to improve his knowledge of company activities and policies. The section reveals that the marketing intelligence generated by the salesman from the market-place is more meaningful to companies and of a higher quality, if the salesman is provided with particular background information about his company - ie.. facts concerning current production and sales operations and future capacity plans. Section 3 discusses the type of education and training given to the salesman and comments on the type of training programmes that seem to aid the salesman in his intelligence-reporting role. The section also reviews the effects on the salesman's reporting ability caused by his previous work experience in the company and elsewhere.
- 2) Hypotheses related to the structure and characteristics of the salesman's job.. Section 2 stresses that the particular organisational structure within which a salesman operates affects the type and quantity of feedback that will be generated from the market-place. Section 5 reveals that call strategies relating to the salesman's work and the negotiating practices encountered by the salesman at the interface with the customer can have an affect on the type and quantity of feedback reported to the company.
- 3) Hypotheses concerned with the interaction of the job characteristics with the personal characteristics of the salesman. Section 4 discusses the type of motivational and remunerative inducements provided to the salesman to support him in his reporting role.. The extent to which he becomes involved and interested in reporting intelligence is shown to be dependent on appropriate

relationships being established with sales managers and Marketing staff.

The results obtained from examining such hypotheses against the empirical data show to Marketing staff the matters that have to be considered when reviewing the nature of a sales force reporting system. The results should be of practical benefit to Marketing Managers seeking to effectively utilise the capabilities of their sales forces. The body of knowledge will also form a base upon which further research studies can be implemented.

PART 3 - OBSERVATIONS ARISING FROM THE HYPOTHESES

SECTION 1 - INFORMATION INPUT TO SALES FORCE

Every selling operation has its own problems, its own requirements and its own criteria of success. An effective sales operation can only be established in the face of constantly changing market conditions when salesmen are made aware of their position of importance within the company and are fully supported in the field. If the operation is to be maintained Marketing Managers should be trying to ensure in-company communication of a high standard on anything which is relevant to the work of the salesman. Salesmen need to be made fully aware of corporate objectives and the part they are expected to play in achieving these. They must also have fullest possible information on which to base the efficient running of their own business. The promises made by the salesman to the customer or prospect and the obligations accepted by the salesman determine whether the company he represents is going to have a smooth run or is going to struggle over an assault course. The salesmen only have any chance of doing the right thing if they are fully informed of the company's capability in terms that they can understand.

The relationship between sales and production has often been one of conflict, but some companies investigated have been making positive strides towards a rationalisation that ensures a close and effective interface between the production unit and the sales force. The result has been a dramatic improvement in delivery performance, in sales confidence and in the economics of production, which have added up to increased customer satisfaction and better rates of profitability. Liaison between sales and production has to be very close - confused conditions have arisen very often as a result of production priorities being determined according to the strength of personality of individual sales managers, rather than according to the best interests of the total operation. The salesmen themselves have been motivated usually by the forcefulness of the individual customers' complaints so that in practice the factory flow has been very much directed in an uneconomic and uncoordinated way by the personality of customers, regardless of the relative importance of their business to the manufacturing company.

For the salesmen to promise a realistic delivery date to the

customer, they must have access to data on the factory's capacity and the extent to which it is committed into the future. The cause of most late deliveries can be traced back to mistakes made in the original sales negotiations, where an unrealistic promise or an uninformed guess was made to the customer by the salesman. Once this has occurred, then the whole organisation is on a slippery slope, endeavouring to do the impossible and wasting time and energy in the process. But matters can be taken further than this - a salesman whose estimates, guesses, indicators etc. are fundamentally wrong ruins his reputation in the eyes of his customers. Such a salesman will never be entrusted with the types of intelligence noted in Part Two of this thesis - his capacity to feed back appropriate and useful facts to his Marketing Manager will be severely curtailed.

The capacity data provided to a salesman can be converted into whatever terms are easily digestible, depending upon the manner of quoting for orders. It might be in terms of man-hours available, if projects are broken down into man-hours per section when the estimates are prepared; or it might be in terms of number of units that can be manufactured on a weekly/monthly basis, so that the salesman is permitted to accept orders up to a given limit per type of unit. As well as this data salesmen should be given indications about possible capacity constraints that lie ahead - both internal constraints (departmental bottlenecks) and external constraints (shortages of skilled manpower or raw materials). In one situation observed an engine manufacturer had a factory designed for a given, maximum output and he had no intention of exceeding it. Knowing as he would when the factory was on full output exactly what the manufacturing costs were, he would be able, and intended as a sales policy, to sell no more than that number, and was free to use price or sales effort to regulate demand to this level. In this instance, salesmen were given no indication of this constraint on fulfilling potential customer orders.

A sales force and a production unit, however, cannot function effectively if systems of communication are too tightly regulated. On the other hand, there must not be an uncontrolled

free-for-all. In some companies investigated the best approach has been recognition of the 70/30 or 80/20 rules. Let 70% or 80% of orders go through on a standardised production schedule, with the salesman able to identify immediately that capacity exists to cover the orders in question. Then about 20% or 30% of the business handled can be in the form of abnormal requirements (either more rapid delivery than the standard; bigger batches; or possibly some amendment to a standard specification). The flexibility has to be within limits. These limits can be specified and quantified, and must be made known to the sales force. When a salesman desires to go for an order that doesn't conform to the standards specified, or conflicts with the future workload of the factory, then a special procedure has to come into effect, so that someone with officially delegated authority can make the decision to accept or reject it. This should then set in motion a series of procedures to make allowances for the special case. But what has to be made clear is the fact that salesmen must know of the existence of such procedures and understand their implications.

The sales contract is a whole series of promises, most of which can affect the manufacturer's ability to deliver on time. In many instances, the contract negotiated is more specific in its promises than it needs to be to satisfy the customer, and this reduces the margin of manoeuvrability on the part of the manufacturer, making it more difficult to react to a situation that is causing delay. These instances illustrate the need for guidelines to be issued by production staff to salesmen which reveal what the factory can do within various production schedule options.

Not only the time scale for delivery, but the specification of the product in the sales contract affects delivery performance. Any limitations on the authority of the salesman to make commitments about various aspects of the specification must be precisely stated. Many Marketing Managers observed that salesmen have a tendency to sell what the company cannot make - salesmen are under the impression that what is technologically possible for rival companies is also within the capabilities of their own companies. They have never been told the stage of technology to

which their company has progressed. They are unaware of the contents of current research and development programmes - and there is a particular need for a salesman to know which programmes are coming to fruition in the immediate future. Such a programme may well affect his current negotiations to derive a satisfactory specification for his prospects.

As well as capacity data and specification limits data the salesman has a need for a regular up-date on where the various orders he has taken are placed on the production schedule. This type of tactical operational data satisfactorily reached the salesman in the majority of companies observed, but the same could not be said for the communication of other production data. Useful data concerning capacity only seemed to flow to the sales force in 30% of companies visited. These companies were mainly component manufacturers involved in batch production where there seemed innumerable more difficulties than in other situations of slotting the batch order into production schedules. Rendering appropriate assistance to the sales force concerning the parameters within which specifications could be fixed was not commonplace in the companies visited. In only 10% of companies visited was I satisfied that enough guidance was provided to salesmen when a specification had to be drawn up for a customer. It was primarily the Big Unit Operators that gave most guidance. Salesmen representing these companies were often marketing one-off products - each customer's request was unique, particularly where 'systems' facilities were being purchased. In those cases there was no such thing as a standard specification. These salesmen, therefore, tended to need more assistance in mapping a specification than those salesmen involved in the marketing of standardised product lines.

Whilst recognising the importance of production data to the sales force one must not overlook the provision that should be made for aiding the salesman to measure the adequacy of his own performance. Much tactical operational data concerning the selling effort needs to be communicated by different functions to the salesman. The salesman needs to be advised how to save time and effort in planning economic journeys and determining call cycles. An indication on a regular basis of overall sales performance

needs to be provided to each individual salesman. If that individual salesman is to see the necessity to take action to raise the level of his sales performance, it may be useful to forward to him information such as the following:-

- 1) Number of calls per day.
- 2) Number of different calls per week or month.
- 3) Ratio of orders to calls.
- 4) Value of sales per call.
- 5) Time spent on non-selling activities - ie. report writing.
- 6) Mileage covered in given periods - mileage per call.
- 7) New accounts opened.
- 8) Expenditure and cost of obtaining sales.

The salesman needs to be supplied with the total sales force activity analysis picture and his own performance relative to the various activity variables. Also under this data category the individual salesman should be supplied with an evaluation of total sales against budgeted targets and given details of his own performance within the totals. This sales activity data, despite its importance in assessing selling effort, was forwarded to salesmen in only half of the companies visited. Particularly the data was circulated in companies where salesmen were involved in the development of future volume forecasts. The data was intended to provide the salesman with an indication of the base line at which their company was situated - a base line from which the volumes must be projected. Salesmen, prior to recommending future volume levels were given a review of the current year (to date) activities of the company and the past year activities. This review (in most instances observed was supplied by the Corporate Planning function) contained the following material:-

- 1) Economic, industry and competitive conditions in each major market/region.
- 2) Industry technological developments - with in a few instances, the company's research and product development accomplishments.
- 3) Capital expenditure goals versus actual expenditure levels, with explanation of variances.
- 4) Financial ratio goals (earnings/share, return on investment etc.) versus actual figures, with explanation of variances.

5) The company's present position in the industry, major problems and obstacles in manufacturing and marketing, strengths and weaknesses.

In other companies the review took the shape of a running record of industry supply (capacity) versus demand and was issued to the sales force in the form of quarterly reports. The key supply indicators to be compared to the demand forecasts included the following:-

- 1) Industry output, backlogs and inventories.
- 2) User-industry inventories, production, their forecasts.
- 3) The start-up timing of new capacity in the process of building.
- 4) The long-range expansion plans in the industry.

Such examples of input were intended to provide salesmen with an overall picture of the current state of their industry and to itemise significant trends in the external environment determining company success or failure. However, it was only in companies where salesmen took an active role in future sales volume forecasting that this type of input circulated. In this kind of input report to salesmen it seemed to be information about the technological changes affecting the industry which was mainly lacking. Also, salesmen were given insufficient information about changes in their own organisation structures. They were not told about changes in the responsibilities and duties of the various functions operating within their company. This seemed to be a key problem area in the exchange of information - a salesman with a particular difficulty must be made aware of which functional department could assist him. The salesman has to be informed about each functional department's scope of decision-making.

Other criticisms have to be levelled at companies for not providing enough financial and accounting data to their salesmen. In a majority of instances, salesmen were unaware of the effect that increases or reductions in product prices had on profit. Salesmen, for example, needed to realise what affect the granting of discounts had upon the profit performance of the company. Other salesmen were not informed about the financial contribution that each individual product made to the overall company profit. The salesman must be shown for each product within the range the ratio

of pound sterling contribution margin to pound sterling selling effort. More input has to be given to salesmen concerning the principles of marginal costing so that they can understand the affect that an increase or decrease in sales volume has on total profitability. This type of input would help a salesman to regulate his selling effort in the most beneficial direction.

In many companies salesmen were provided with information from balance sheets, profit and loss accounts etc. However, insufficient explanation was given about how such financial statements were constructed. Little information was given about the calculation of key financial ratios and how such calculations could reveal indicators of corporate performance. Consequently, one could not expect salesmen effectively to report upon the implications of financial statements they had observed at customer locations. However, a minority of companies provided an accounting input to their salesmen which did appraise the financial position in which the company was placed and gave information concerning how the following matters were undertaken:-

- 1) The development of cash-flow statements.
- 2) The construction of budgets, together with explanations of how variances between budgeted and actual performance occurred.
- 3) The calculation of the return to be made from alternative investment proposals.

It was noticeable that salesmen given this appraisal were more effective at drawing appropriate conclusions from financial statements seen at the customer location.

Having drawn attention to the worthwhile information which is being given or can be given to salesmen, it is necessary to point out that many facts are being passed to the salesman which does not affect his capability to draw facts from the market-place. In particular, the salesman is assuaged with too much information which portrays the history of his company. This history it is said is provided to enable salesmen to converse with older buyers who have had dealings with the firm for many years and like to reminisce. And if the salesman cannot show knowledge of these earlier years, he has lost a valuable point of contact with many prospects. Too much reference though was made to this history in

inputs to salesmen. They were also given a plethora of historical sales and production figures. The figures were never related to budgets and targets so that no worthwhile analysis could be made of past accomplishments or failures. The figures were given without reference to the corporate policies being implemented at the time. Therefore, the salesmen were never given a framework within which the figures might have a meaning.

Companies used many alternative methods of communicating information to the sales force. The regular periodic sales conference provided an opportunity for departmental executives to appear before salesmen. The sales conference tended to be used for 'presentation' purposes - salesmen would be given a preview of new products about to be introduced by the company; product applications would be demonstrated; new promotional campaigns would be explained etc.. The conference also provided scope for different departmental executives to lecture to the salesmen on their areas of responsibility and the type of decisions made within their functions. This type of presentation frequently occurred in the companies marketing 'systems' packages. Here the Marketing Managers wanted to stress the importance of a team approach to selling. The salesman in his negotiations with the customer would need to call upon the assistance of designers, engineers and accountants in the preparation of a satisfactory proposal. The salesman in this situation needs to be aware of the services that can be rendered by other functional teams - he must be familiar with the role of other functional staff. The sales conference provided an opportunity for an executive to be questioned by salesmen about his duties within the organisation..

Bulletins and newsheets played an important part in informing sales forces of what was happening in the company. These bulletins, however, tended to contain a mass of information - the examples seen covered worthwhile items of information mixed with irrelevant 'chit-chat' of no use to the salesman. It certainly would be better to use the principles of 'management by exception' reporting in much of the communications to the sales force. 'Management by exception' reporting would certainly be beneficial when communications about sales force activity and tactical

production operations data were being transmitted to the sales force. There is a limit to the salesman's willingness to search through a mass of information to find items relevant to his day-to-day work.

It is I think necessary to communicate on a regular, frequent basis with salesmen - it was noticeable that some companies just prepared an annual review of their activities and forwarded this to salesmen. It is not possible to treat the passage of significant sales, production and financial data to the sales force in this manner. If news is carried to the salesmen regularly there will be little fear of an important item being omitted, but if news is saved up until there is 'something else to write about', there is a great risk of its being forgotten. Regular newsletters to salesmen have been found to be of value not only in passing on routine information about organisation and marketing changes, but also in reporting sales successes of individual members of the sales force and their contribution in other ways to the company's work.

The need for contact between the sales force and other staff in a company can easily be overlooked. Salesmen, who are often the only contact the customer will have with the company, can be badly out of contact with the company that employs them. All too often they learn of the activities of their own company through the customers they visit. It does not need much imagination to see how embarrassing and frustrating such a situation can be to a man's loyalty and effectiveness. It is essential that worthwhile functional information be communicated to the salesman in order to increase his effectiveness in the eyes of the customer and to encourage him to be more efficient and productive in his own communications from the market-place.

PART 3 - OBSERVATIONS ARISING FROM THE HYPOTHESES

SECTION 2 - ORGANISATION OF SALES FORCE

Time has been devoted during my investigations to studying how different sales force organisation structures influence the salesman in his reporting role. An evaluation has been made of whether certain structures allow the salesman more time to collect intelligence and whether particular structures aid the salesman to gather more intelligence on one subject rather than another. Consideration has also been given to looking at the reasons why companies have re-structured their sales forces - what marketing objectives have been sought when making organisational changes. In many companies, the organisation of the sales force remains static, changing only when forced to do so by movement of company personnel, or pressure from the market. In deciding the way in which manpower resources should be organised, the Marketing Manager's first consideration must be the type of contact and service necessary to satisfy the market's needs. Changes in the structure of markets, growth of certain major accounts, demand for specialist advice, need for a particular ancillary service and the requirement to negotiate major contracts at high level all force more stringent examination of how the sales force should be disposed. Most recent developments in industrial sales force organisation have flowed from the necessity for organising in the face of a quickening rate of innovation. The need for developing new products, entering new markets and protecting the company's position in existing markets, grows in importance. The emphasis is on measurement, analysis and the evaluation of risk. Where innovation is most rapid the problem of maintaining a concerted marketing plan strains sales management to the limits.

By far the most common method in the past of industrial sales force organisation has been allocating salesmen by geographical area. Such allocations have been defended on the grounds that savings in travelling expenses can be made, and that salesmen can acquire better local and customer knowledge. If there is need to visit an account urgently, the salesman can quickly be on the spot. However, this type of organisational allocation assumes that the product range being handled is reasonably homogeneous and within the technical competence of the salesman to handle. But in the industries that have to be responsive to

ever-quickenning technological change and in industries now concentrating on the development of 'systems' packages for the market-place, it is imperative for the salesman to attain a high level of technical expertise in demonstrating product benefits and applications. This expertise could not be developed without providing a more specialised role for the salesman. From my investigations it is questionable that salesmen working in confined geographical territories generated a more valuable input of customer intelligence than salesmen who were organised in specialist ways - markets have magnitudes or size bounds, and they have contours (large buyers and little buyers), and salesmen working within a geographical structure did not seem to recognise the existence of such bounds and contours. Many companies have, therefore, taken the opportunity of exploring the possibilities of organising their sales forces on the basis of differing sizes of customers or in accordance with the differing importance of particular accounts, in order to focus the salesman's mind on the need to recognise the requirements and problems of clearly defined groups of customer.

It is being gradually recognised that a specialised knowledge of different kinds of customers, their organisations, attitudes and product applications is essential for developing future marketing plans - particularly for the purpose of identifying trends, and growth rates in individual market segments. Salesmen working in defined geographical territories, covering all types of customer, were weak in interpreting buyer behaviour patterns, and in reporting about changes in the operational circumstances of customers. Whereas salesmen working within specialised boundaries could acquire an understanding of buyer behaviour and customer processes because they were exploring problems in greater depth at a defined range of customers. Within such a defined range of customer the salesman could identify a commonality of activities which helped to give him a framework within which he could gather appropriate intelligence.

For such reasons, allocation of sales force duties on a geographic basis is on the wane in the companies surveyed, and considerable re-structuring of sales organisations is taking place.

In instances where sizes of contract have been varying widely, some companies have organised their sales forces by size of account. The significance of large customers in relation to total market size has given rise to the practice of creating a sales force to handle 'key' accounts. Behind this lies the belief that the larger customer needs better service in terms of expertise. His problems tend to be more complex; the availability of alternative processes, usually not practical for the smaller company, leads to difficult decisions in which expert advice may be needed. Increasingly, companies are structuring not only their field organisations, but also their internal sales administration on the basis of allocating specific responsibility. Many electronics companies, for example, have teamed their internal desk sales staff with their outside staff around 'key' customers. Salesmen working within such a structure have been noticeably able at monitoring the technological developments and changes taking place at the 'key' customer location. Such salesmen also were most capable when forecasting likely future volume levels at the 'key' location.

Specialisation of the role of the salesman has also led to duties being allocated by function in some companies investigated. The principle behind such an allocation seems to be that a total selling job may require a different type of salesman at different stages. Also, specialisation on this basis has been justified with reference to differences in required communicative skills. For example, specialisation may be achieved by separating out development work from the regular work of the salesman and placing this in the hands of a specialised representative. Development work here means something beyond the normal job of prospecting; it is concerned with developing the market for new products or for new applications of established products. This may mean that a few major customers have to be introduced to the product, and considerable time may be required for working with each of these few companies to overcome technical, production and commercial difficulties. In addition, there may be a problem of price negotiation which is not within the responsibility and competence of the regular salesman in many sales forces. For such reasons

some companies have placed this work in the hands of a very small number of specialists with special status. Once the initial development work is completed, the selling operation for what is now a standard product passes over to the main sales force. The development (or pioneer) salesman can often discover valuable evidence of product acceptability either regionally or nationally and so provide a series of unbiased tests for alternative sales presentations, so that a future product when finally used by a company's own sales force has maximum chance of success. Such salesmen gave a knowledgeable input on likely product applications. Also, these salesmen were capable of reporting useful intelligence about competitor activities. I was also impressed with their ability to estimate the potential size of the market for the new product they were canvassing.

Other pioneer salesmen were selling a product which had yet to be designed or made (merely an idea or concept) - the salesman is selling a technical capability. For this reason he must be skilled in the firm's own technology to the point where he can almost draw up the specifications. Numerous examples were seen of this type of pioneer operation - one company involved in the manufacture of industrial gases adopted a pioneer sales force organisation to sell the idea of using particular gases for the freezing of food. The sales force was described as a technological mission sales force - once customers had accepted the practicalities of freezing food by means of industrial gas, this sales force handed the order-taking over to a regular sales force that could concentrate on the maintenance of business. Many companies marketing sophisticated machinery had 'Future Products' sales forces operating within a time span of 5 to 10 years - at a certain point in development the operational plan would be taken over by the 'Present Products' sales teams. In some instances, companies have adopted such a structure because of the Marketing Manager's belief that one of the leading causes of new product failure is the inadequacy of the sales force to introduce the product. There are many possible underlying reasons for this inadequacy - training on the new product, field coaching, sales force calibre etc. - but even conceding the adequacy of these, usually insufficient

weight is given to a vital psychological block each salesman may have: the threat to his relationships if the product does not live up to its promises. His 'reliability' in the eyes of each customer as a source of dependable information is a cardinal part of the relationship, and it took him a long time to build it. Realizing that each customer can have a different opinion, he is inclined to doubt the wisdom of giving an 'unknown' item his unqualified support in his presentations. Where a company continuously introduces new products, if it is large enough to afford a special full-time new product sales force, this will overcome the problem and at the same time gain other ideal advantages: clearly placed responsibility, management control, execution of the presentation as described, singleness of purpose of the salesman, more reliable feedback.

Very reliable data from pioneer salesmen on market size; product applications; rates of product acceptability; competitor activities etc. resulted from adopting a division of sales force activities between pioneer selling and what could be described as maintenance selling. The maintenance salesman, whose product was already designed and made could concentrate on feeding back knowledge on customers' problems and modes of operation. For many of the companies, re-structuring their sales forces in accordance with such principles, it was precisely the need for relevant, useful intelligence from the market-place that prompted the changes. It has to be recorded that in pursuing this primary intention companies have been the recipients of much more beneficial marketing intelligence than was received prior to the structural changes.

This same intention - to increase feedback - was also noticeable in companies adopting other sales force organisation patterns. Companies had sales forces whose prime function was to increase penetration within existing customers, while leaving other salesmen to seek further penetration in new accounts. Behind this structure lies the view that cracking new accounts requires persistence, ingenuity, creativity, flexibility, patience, and enthusiasm to a far greater degree than is required to keep regular customers happy, fill their needs and obtain slightly more

business out of them. In some instances, salesmen tend to approach new prospects in the same way they do their regular clients. Some salesmen try to avoid 'prospecting' because they know they're not good at it and see it at the expense of 'servicing' time where there's a fair assurance of more orders. For a large company with many end-users and usually a continuous turnover of the better customers this type of 'new accounts' sales force is feasible. Those customers, of course, must be replaced faster than they drop out if the long-range future of the company is to be secured, and to assure it the solicitation of the good prospects might better be planned, deliberate, not left up to chance, and not left in competition with the more enjoyable 'servicing' - a group of specialist salesmen can answer the need by exploring new account possibilities. Using a new account sales force, companies found that much more feedback was contributed about prospects' activities and operations than had been the case when their sales forces were organised in generalist ways. The new account salesmen seemed to focus more attention on the exploration of a prospect's needs than did salesmen operating within a fixed, geographic territory looking after a diverse range of established and new customers. The constant and heavy pressure on the salesman to acquire new business caused him to take a more critical look at the reasoning behind the purchase of a product by a new customer. Much more intelligence about buyer behaviour was reported by new account salesmen. Such salesmen also proved more able than colleagues in other structures at estimating the proposals made by competitors and at analysing the crucial areas of proposals upon which the success of negotiations with prospects depended. Companies re-structuring their sales organisations in order to create a new account sales force were not only recognising the principle that a different type of personality was needed to explore potential prospects, but also recognising the fact that feedback - about the buying behaviour and activities of the prospects together with an evaluation of competitor proposals submitted - could be greatly improved.

Other companies endeavouring to increase the specialisation of their sales teams have found a need to concentrate on making

salesmen specialists in particular products. Traditionally, an industrial salesman has had to be acquainted with all his company's products, but it is being recognised that where products differ in type of technology this may require a width of knowledge which is not obtainable at a cost proportionate to the potential business. Companies were seen specialising salesmen by product in circumstances where the products marketed were diverse and required different technical knowledge, but also where the key decision-makers in the prospect companies differed from one class of product to another. This type of organisation was common throughout all the various categories of company investigated - originating from the fact that in many companies different factories produced different products, and the tendency, therefore, had been to develop distinct sales forces for each class of product, without serious examination of the alternatives. Sometimes the roots of such a structure were historic - companies with independent sales forces have merged, but the former selling arrangements have continued. The structure meant that one buying company would have maybe two or more salesmen for the same firm calling. Customers did become irritated and there may be much waste of time and effort on both sides. Salesmen operating within this specialised role brought back to their companies a beneficial feedback concerning product problems; product price policies; strategies to be adopted in marketing the product; and developments in the product range. However, in companies re-structuring their salesmen into specialised product forces I did not detect that the prime intention of such changes was to increase the quality and quantity of feedback from the market-place (in direct contrast to the intentions observed in some companies making the structural changes mentioned earlier). The primary reason for having product sales forces was the belief (undoubtedly correct) that the salesman became an expert on his product, and had less need of technical support from other corporate functions. Companies in establishing these specialised forces, therefore, tended to be looking for substantial reductions in the cost of back-up services provided to salesmen rather than for specific improvements in feedback of information.

Marketing Managers are aware that absence of specialisation amongst their salesmen will detract from selling effectiveness, because the salesman will lack the detailed knowledge to back up his selling claim. Another approach used by companies to deal with this problem has been to base the organisation of the sales force around the industries which they serve. Within this market specialisation approach each salesman is assigned an industry or group of industries, rather than a product or a region, and so acts as a market manager. A market is a group of customer needs - thus an electronics firm was observed to focus around such areas as leisure industries; instrumentation and control; and computer manufacturers, and an engine manufacturing firm focussed around such areas as lorry manufacturers; generator manufacturers; and shipbuilding companies. In these instances the salesman acquired a knowledge in depth of the industry he served. He had an opportunity to become exceptionally well informed on factors of derived demand, impending technological developments and product applications. These are the areas where such salesmen generated appropriate feedback for future planning purposes..

Development of market-centred sales forces seemed to occur in the following cases:-

- 1) In companies where new product famine had afflicted the product development function - feedback was required on the extent to which the current product range could be supplemented by new and modified products.
 - 2) In companies desiring either to diversify into high margin services or to concentrate on the marketing of systems - feedback was required on the potential size of market segments that might take the services and systems.
 - 3) In companies where a shift in marketing strategy was contemplated to feature the financial benefits of customer profit improvement - detailed feedback was needed upon the customers' methods of operation and weaknesses in usage of the purchased product.
- These companies were re-structuring their sales forces as a result of particular needs - it was, however, recognised that actions arising from these needs could not be evaluated without improved market-place feedback.

Companies are continually reviewing the need to further specialise their sales teams against a background of rapid change affecting the technological parameters of existing product ranges. The investigations reveal that companies are questioning whether their current sales force organisations are suitable given the rapidly-changing nature of the market-place. It is noticeable that when a change in the organisation of the sales force is made that more time is being allowed within the new structure for salesmen to acquire intelligence helpful to the planning effort. Under the traditional geographical and product allocation of duties salesmen were given a very limited time to report intelligence. With the creation of the new account sales forces, pioneer sales forces, etc.. more time is being allocated to the salesman for intelligence-gathering purposes.. Within the new sales force structures the customer-contact strategy requires that the salesman asks more questions about his prospects' needs at the time of his calls, and about determining factors which influence these needs. He needs to ask the questions for 'self-use' purposes - the answers to the 'self-use' questions are however valuable as an input to his own company's future plans. I am not implying in all cases that the longer the time a salesman has to generate intelligence will ensure that the intelligence will be of a higher quality.

The investigations also reveal that companies are re-structuring their sales forces more frequently than in the past. Marketing Managers who had re-organised their sales forces with a view to increasing the amount of various types of feedback from the market-place, noticed that as the new structure became established there was a decline in the quality of intelligence produced.. This decline was particularly apparent in companies which asked their salesmen to provide intelligence reports on a very inflexible basis - ie. a certain number of reports on specified subjects had to be submitted within a defined time span. The decline was also noticeable in those companies not encouraging salesmen to submit ad hoc reports on various marketing topics. It seems necessary if one is to maintain the quality of intelligence to have a flexible reporting system where salesmen are encouraged to produce ad hoc intelligence reports alongside the regular

periodical reports.

Marketing Managers are becoming aware of the need to develop flexible reporting systems to bring intelligence from the market-place via their increasingly specialised salesmen. Methods of doing business have radically altered in the past decade, and the ways of organising sales forces have to be seen in this context. Many sales force structures have evolved over time and changes are often made on an ad hoc basis in response to particular situations. However, as more and more companies begin to realise what particular types of information they need in order to develop effective future plans, one is seeing that sales forces are being re-structured with the specific objective of increasing the flow of intelligence from the market-place.

PART 3 - OBSERVATIONS ARISING FROM THE HYPOTHESES

SECTION 3 - EDUCATION AND TRAINING OF SALES FORCE

During my investigations I had an opportunity to discuss the following matters:-

- 1) The previous experience and job positions salesmen have had within the company and at other companies.
- 2) The educational background of the salesmen.
- 3) The extent of training the salesmen have had.
- 4) The frequency of training programmes for salesmen.
- 5) The different types of training given to the salesmen.
- 6) The different techniques of training used by companies.

In some visits to companies I have been able to attend training sessions for salesmen and during other visits I have been allowed to examine training records and documentation. As well as monitoring in-company training courses I have noted whether salesmen have attended external training programmes.

In this section I have commented upon the general training courses which may have an indirect bearing upon the salesman's ability to acquire and report marketing intelligence. However, I have devoted most time to investigating the instructional training given to salesmen in the acquiring of interactive skills - the type of skills a salesman needs to develop in order to be successful in his intelligence collecting and reporting role. I have therefore looked at specific training courses geared to the development of interactive skills, as well as observing the general training environment surrounding the salesman.

Marketing Managers when evaluating the training required by salesmen spoke of the crucial importance of helping to develop in a salesman an awareness of the purpose he hopes to attain in visiting a customer/prospect. In several situations it was observed that companies redesigned their 'information-feedback' reports to include a space headed 'purpose of visit'. Marketing Managers, however, found that the incoming reports hardly ever contained an entry in this space. The salesmen appeared incapable of visualising a purpose for a visit other than that of maintaining contact. The training staff of one company, therefore, decided to spend several weeks with the salesmen observing them making customer calls. The training staff confirmed their initial thoughts when they discovered that 'hardly one man out of several

dozen consciously thought out the purpose of his visits'. This company was of the belief that the industrial salesman's aims vary from customer to customer and the purpose of an ultimate sale is preceded by many preliminary purposes involving the location of the right contact in the prospect's organisation; exploring the organisation's needs; the most suitable product to satisfy them; obtaining a works trial; and many others. Salesmen have to be made aware of the purpose of their visits in order to define the types of information they hope to gather from the customer/prospect. To develop this sense of purpose the content and quantity of training should clearly be geared to an understanding of the salesman's function. From a marketing standpoint the salesman may be engaged in a variety of activities, none of which can be defined as selling, although they may bear an indirect relationship to sales — in the course of a day, the salesman may be called upon by his customers to be a business adviser, advertising counsellor, accountant or economist, and at the same time must keep abreast of each customer's interests and requirements. It was observed that training salesmen to be successful at the advisory/counselling role had a dual purpose — it gave them an awareness of the purpose of their customer visits and increased their reputations in the eyes of their customers. Given greater knowledge the salesmen were trusted more by customers and given greater amounts of useful feedback intelligence. It must be noted that where salesmen can get their customers into the 'advisory' realm and away from the strict 'selling' realm, more beneficial intelligence was forthcoming. This was clearly seen in the 'systems' selling situation where salesmen were in great demand by customers to 'advise' upon a range of topics.

In training salesmen to be effective advisors, I am of the view that Marketing Managers place too much emphasis on the 'mechanistic' aspects of training rather than concentrating more on the 'behavioural' aspects of a salesman's interpersonal relationships with customers. The majority of salesmen had a keen technical appreciation of their products and could demonstrate the intricacies of how their products worked. Additionally, they were aware of the current applications to which their products

could be useful to customers. My conclusion from visiting companies was that whilst salesmen had an enormous background of product knowledge they could not effectively use this knowledge at the interface with the customer. It should be recognised that more important than the salesman's technical qualifications is the fact that the salesman continually engages in interpersonal relationships. All too often training programmes prepare him insufficiently for this or do not prepare him at all.

A minority of companies (particularly those in the Big Unit Operators category) understand the need to train their salesmen to deal more effectively with other people as vitally important. There seem to be two good reasons for this.. First, it is recognised that for many individual salesmen what can be achieved is strongly influenced by their skills in dealing with others - their range of interactive skills determine their ability to acquire the more sensitive items of intelligence from the market-place. Second, many salesmen are inept at interacting with customers/prospects, and most of the remainder still have much room for improvement. Much research has been undertaken into how much of the salesman's job effectiveness is determined exclusively by his own actions, but little study has been devoted to how much of his job effectiveness is determined by his interactions with other people (the essence of interactive skills training). Most research has explained why some salesmen are better than others at certain things either in terms of what they are (their aptitudes, personality, intelligence, attitudes, interests), or of what they know, or what they do (skills). In the case of dealing with customers and other people, one can postulate that some salesmen are more successful than others because they are more skilled, ie. they either do certain things that others do not, or they do them better. This might not be the whole truth, of course, - some of the differences are almost certainly due to personality and aptitude factors. However, from the point of view of helping salesmen to deal with others more successfully, it is the skill explanation which is the crucial one, because skills can be developed, whereas aptitudes and personality are relatively stable in the adult and not easily susceptible to modification. Knowledge may

also be a factor but since dealing with people involves doing, ie. skill, there is obviously more justification in attributing differences between salesmen to what they do than to what they know. The view that 'knowing is not doing' has taken time to learn, but is now being gradually recognised.

What are these skills referred to above? Sales and Marketing Managers simply answer that they are interactive skills - other variant descriptions being human relations skills, social skills, or interpersonal skills. A useful beginning point is to ask what salesmen are doing when they interact with others. This helps us to understand what interactive skills are, although it does not tell us how such skills are performed. At one level, one can say we are, for example, talking - indulging in verbal behaviour - asking questions, making statements etc. Verbal behaviour is probably the thing we notice most when salesmen are interacting with customers, but the non-verbal behaviours are important adjuncts.. All these things are observable, and clearly they are a part of what one means by interactive skills. At a higher level we can describe interactions in terms of what the participants are trying to achieve, ie. the notion of purposes or objectives must be mentioned. This accords with our commonsense views about skills, which include the concept of behaviour directed towards some end. Thus a salesman is not merely talking to a customer, but he is advising them, or enlisting their co-operation. These are the kinds of things a salesman does and it is suggested that the patterns of behaviour used in doing such things are the salesman's interactive skills. Another set of objectives, which salesmen are seeking to achieve in their interactions with customers are internal ones, ie. relating to the personal needs of the salesman (needs for self-esteem, ego-identity etc.). There is evidence that social sensitivity (or empathy) - involving the ability of the salesman to make finer discriminations between people, to receive and correctly interpret a wider range of cues from others and to be more accurate in assessing another's feelings and attitudes, is improveable by training and would seem to be an integral part of interactive skills.

The proposition that individual differences in success at

'dealing with people' problems can most effectively, from the point of view of training, be attributed to skills, does not meet with universal agreement amongst the Marketing staff interviewed during my survey. A minority of staff believed these differences are largely a matter of values and attitudes. Now values and attitudes, which we often regard as one reflection of an individual's personality, can be modified by training even though they resist change strongly. Attitudes are important as determinants of the behaviours a salesman will use in a situation with a given objective. Achieving interactive objectives is largely a matter of selecting appropriate behaviours, but it seems that it is not sufficient that a salesman has the appropriate behaviours in his repertoire.. They also have to be available to him - he must be able to select them as appropriate, and attitudes, I suggest, may be an inhibiting influence.

The performance of interactive skills, then, does depend on what a salesman is, as reflected in his attitudes.. Or we can say that what a salesman does when he is dealing with customers and prospects is determined by what his attitudes let him do. It is easy to understand why many training staff in a minority of companies consider that the way to improve interactive skills is to change attitudes.. Some of the methods observed that have been developed for training these skills are based on this supposition.. In considering this supposition two things must be allowed - first it has been demonstrated quite clearly that attitudes can be changed and, second, attitude change has been shown to issue in behaviour change. However, the evidence for the latter has not been satisfactorily demonstrated.. Indeed, one may ask why we should expect a changed attitude to have a beneficial effect on a skill. Certainly it may facilitate the use of behaviours required to build up the skill but unless the skill itself has been demonstrated to the person, and he has had the chance to practice it, one should be justifiably surprised to see an improvement in skill. It must be remembered that the behaviours associated with the old attitudes have probably been firmly established by experience and long use, and to replace them may require substantial unlearning and rebuilding. One other problem can be noted associated with the

approach that relies on attitude change as the means of improving interactive skills. It is that identifying the specific attitudes that need to be modified in order to improve a particular interactive skill is a very difficult task. In a real salesman-customer confrontation, it would be a daunting prospect to have to investigate the complex of attitudes possessed by even one party which could potentially affect his interactions with the other, and to set about modifying them. Moreover, attitudes, because they are part of a person's make-up, are very personal. If one is trying to improve the interactive skills of a group of salesmen using the attitude change approach, one would virtually have to implement an individual programme for each salesman. While individualised instruction is perhaps an ideal for any kind of training, in this instance it would hardly be practicable and would not use resources efficiently. The argument, therefore, appears to be that the path to improving the ways in which salesmen deal with others is through attitude change - get the attitudes right, and the desired behaviour skills will automatically follow. One cannot deny that attitudes intervene in the interactions between people or that they influence behaviour. But I feel my investigations reveal the view that skills which are learnable, are the most important contributors to differences in the facility of salesmen to deal with their customers and others.

The case that emerges for approaching the development of a salesman's interactive skills directly through behaviour change seems a strong one. The principal point in its favour is that dealing with customers does involve behaviour, and if one wants to modify behaviours, salesmen must have a chance to try out and practice the new ones required by the skills into which they have to be integrated. A few Marketing Managers questioned whether new behaviours and skills developed in a training situation are likely to be maintained if attitudes have been ignored. Interestingly, it does appear from several research investigations that behaviour changes actually induce attitude changes in some cases. It seems that the practice of new behaviours by salesmen, accompanied by success in achieving the objectives of interactive situations, causes attitudes to be modified so as to bring about congruence

with the results of the behavioural experimentation. Such research is a further illustration of the very close links between attitudes and behaviour - vindicating the choice of behaviour change as the target in trying to develop interactive skills.

Having commented upon the nature of interactive skills, it is now appropriate to examine some of the training methods observed that are available for assisting salesmen to deal with customers and prospects more effectively. Although the methods claim some success in improving interactive skills I do feel that the methods may need to be subjected to more rigorous evaluation than has occurred to date. The quite high level of demand for such training, taken together with the fact that most new developments in the field can be guaranteed an enthusiastic welcome are not conditions conducive to a concern with evaluation.

Before reviewing specific training methods seen during my studies I want to recommend that the following features should be part of any method that endeavours to improve the interactive skills of salesmen:-

- 1) The method should contain the opportunity for salesmen to experiment with behaviours and to practice as realistically as possible the skills which it is seeking to develop. It is not feasible to use an actual on-the-job situation, unless all the parties to the interaction are being trained, because of the risks involved in experimenting with new behaviours. That being so, the training simulations should be as relevant to the actual skills that are being trained as possible.
- 2) The trainer must receive feedback on how well the salesman is doing. One of the reasons why many salesmen are not very good at dealing with some customers is that very little feedback was given to, or obtained by, salesmen when they were acquiring, through the usual channel of unguided experience, the behaviour patterns that they now use.
- 3) The method should be soundly based on discovery learning principles. Because of the close link between attitudes and interactive skills, and because of the very strength of the habits of behaviour that the training is attempting to modify, learning theory would suggest that success is more probable if the salesman

is helped to discover for himself the inappropriateness of his established behaviours. The salesman will then be more strongly motivated to seek more appropriate behaviours and to continue to use them when he leaves the training situation.

4) Salesmen should be given knowledge relevant to the problems of dealing with people, so that they can work out why the ways in which they are learning to behave are more successful than other ways. Sufficient knowledge to allow conceptualisation of what is going on in the skill performance is probably very important for effectiveness.

Whatever training method is used three goals should be borne in mind:-

a) increasing the sensitivity of salesmen - that is the ability to perceive accurately how others are reacting to one's own behaviour.

b) increasing the diagnostic ability of salesmen - that is the ability to perceive accurately the state of relationships between others.

c) increasing the action skills of salesmen - that is the ability to carry out skilfully the behaviour required by the situation. Action skill implies the ability to carry out a range of different behaviours and thus requires flexibility in choosing the right behaviour from a range of behaviours.

Much of the work in the area of sales force interactive skills training undertaken by companies has been firmly based on the notion that it is sufficient to give salesmen knowledge about social interaction and interpersonal phenomena in order to make them better able to handle interactive situations. Principal methods used to give the knowledge have been lectures, discussions and case studies. The case method has found most favour as it offers a means of bringing salesmen face-to-face with a complex problem situation without involving the high expense associated with trial and error learning in the job. The methods involve the confrontation of salesmen in training with concrete human situations, situations with some developmental span, in which a whole complex of determinants of behaviour are at work. The salesmen are asked to diagnose these situations, to analyse them in terms of why events

happen as they do, why the people involved act as they do. If the salesmen are asked to prescribe and test verbally alternative behaviours for managing the situation confronted, they are asked to do so in terms of the diagnosis made of the evidence available as to the dynamics of the situation. Diagnosis and prescription are thus tied together in any adequate case analysis. This knowledge-based approach to teaching interactive skills is still widespread - of the companies surveyed, 25% relied solely on such an approach to teaching, whilst another 30% used the approach in conjunction with other training methods. Therefore many sales force training programmes are constructed entirely around the methods mentioned above, and aim to do no more than impart knowledge; it must be presumed that those who construct the courses believe that increased knowledge will result in improved interactive skills. I am sceptical that they do achieve the objective - there seems to be a lack of evidence. One main reason for their continuing popularity may be that salesmen usually find them interesting and enjoyable, and rate them, when asked, as highly relevant to their job of acquiring intelligence from the market-place. Such results are of course reinforcing for the trainers. Another reason would be that this approach to training is much the easiest option open to the trainer - newer approaches being used in some companies, demand trainer skills which are in very short supply. If the trainer must attempt something, but is not competent to handle the newer methods, it is inevitable that the traditional ones will be implemented. However, it has to be stated that such methods are better than nothing - they do improve knowledge of interactive processes, and occasionally increase social sensitivity which has been referred to as an important aspect of interactive skills. Group discussions and case studies have also been shown to bring about attitude change.

Whilst considering the traditional methods of interactive skills training, one needs to consider the long-established method of role-playing which in 15% of companies observed demonstrated some success in improving the interactive skills of the sales force. In its most common form two participants will be observed by the remainder of the sales force and the trainer - the participants are

carefully briefed on the roles they are to play, and on the context of their interaction; they then spontaneously act out the situation according to the way they think the persons whose roles they are taking would behave. The salesman questioning a difficult customer and endeavouring to ascertain intelligence lends itself to typical role-play situations. A variant on this interaction is multiple role-playing - where salesmen are grouped into small teams and each member is given instructions to play a particular role. The method meets to a degree most of the conditions stipulated earlier for sound interactive skills training. Participants are allowed to try out new behaviours. Feedback can be given immediately after the role-play by the trainer and other trainees. Some company trainers gave feedback during role-play - participants wore an earphone to receive instructions and comments. The subjective feedback of observers can be augmented by recording the interaction for the participants to hear or see afterwards. The salesmen are certainly actively involved in the learning process, and there is scope for discovery learning. A major advantage of role-playing is that it can bring out data about human behaviour and relations which are not made available in other techniques. Written records or lectures may give a salesman useful data and stretch the boundaries of his previous experience, but the data they bring is limited by the fact that it must always be presented to the salesman through the medium of words. They cannot provide the sales force with direct common experience of what is being talked about. Role playing can cater to the whole person of the salesman. He not only hears about a problem or tells about it; he lives through it by acting it out - he experiences it emotionally and then uses this experience to produce and test insights into the problem and generalisations about ways of dealing with it. Role-playing involves problems with ongoing processes and deals with participants who are psychologically inside the problem situation. It emphasises the importance of feelings and trains in emotional control. Companies using this method observe that salesmen are more sensitive to interpersonal phenomena, and more accurate in perceiving their own behaviour. It modifies attitudes, and assists the development of interactive skills.

quantity of information forthcoming depended critically on the 'interactions' of the salesmen with designers, engineers, accountants etc. of the customer organisation. In these 'systems' companies it is recognised that groups are the primary medium for accomplishing an order, a primacy that has increased as organisations have expanded, diversified, and developed ever more specialisation of function. Understanding group processes, and learning how to work with and through groups, has come to be seen as a vital requirement for 'systems' salesmen probing the customer environment.

Perhaps another factor that has contributed to the development of small-group training methods in these companies has been recognition of the potency of the group as the medium for modifying and changing individual attitudes and values. The best known amongst companies visited of the small-group approaches to training in interactive skills is the T-Group. 15% of companies were regularly using T-Groups to develop the interpersonal skills of salesmen. It was noticed that a T-Group typically consisted of five to ten individuals, most of whom would be relative strangers to one another, who met together and with a trainer for a number of sessions over a period varying from two weeks to one month. The group would be composed of company staff from a wide range of functions (not only salesmen) - the idea to train salesmen with other corporate staff is gathering momentum for the reason not only of developing interactive skills, but to make salesmen aware of the information requirements of all functions of the company. Salesmen are helped to see where their market-place intelligence fits into the overall intelligence picture. The small-group approaches seem to be contributing to this latter aspiration. A key feature of the T-Group is that it has no specific agenda, no definite structure, and no agreed procedures. The task of the group initially is to fill the vacuum created by the lack of these familiar elements, and to study the way members behave as the group develops. Another key feature noticed in the companies visited is the role played by the trainer - he aims to be as non-directive as possible, to avoid assuming leadership of the group; his interventions in the group will be infrequent (never making judgement of others). As the

group develops, the trainer will also help members to analyse and interpret what is happening. The essence of the T-Group, then, is that it provides a forum for the study of here-and-now behaviours, and also a safe environment in which salesmen can experiment with new behaviours and learn about their consequences for other members and for the functioning of the group. As the group develops, initial feelings of uncertainty, suspicion, tension etc. disappear, and members begin to expose feelings and beliefs, to give and receive feedback about their effects on each other, and gradually to build up a climate of trust and ways of dealing with the interpersonal and intragroup problems with which they are confronted. The emphasis is on experimentation and analysis, and the approach to learning is primarily an inductive one.

In monitoring T-Group activities in the companies visited there was much stress on encouraging a 'spirit of inquiry' amongst members - that is, the development of a predilection to examine observable behaviour; to ask "why". Other companies thought they were providing their salesmen with an expanded consciousness and recognition of choice - that is, the development of an ability to question generally accepted assumptions (an important requirement for salesmen when acquiring intelligence). Normally the T-Group in these companies had no specific objective imposed upon it and consequently could not be evaluated apart from the possible increases in mutual understanding and performance of the salesmen involved. Training went well in a group setting because different individuals could provide widely varied resources for intelligent behaviour change by any particular salesman. There was a greater possibility of penetrating, mistake-correcting analysis. In addition, because of group support, each salesman could hear and respond to group suggestions about his behaviour which he might ignore if they were the suggestions of an outside expert or status figure.

However, whilst conceding that T-Groups produced changes in the behaviour of salesmen I have to comment that the usefulness of the training in terms of job performance has yet to be fully demonstrated. One reason why T-Group training may have little effect on job performance is that participants often return to a

job environment which is in conflict with the values and behaviours they have acquired during training. What they have learnt may be described as the ability to work more effectively in groups where the other members have developed comparable skills and ways of looking at and describing things. In other words, I'm saying that the learning seems to be specific to the group in which it has occurred. It also has to be noted that the T-Group lacks an adequate specification of the behaviour changes that will be brought about by the training. This does not help the control of the training process. To a large extent the group is at the mercy of the spontaneous behaviours that it generates. These may or may not be conducive to appropriate learning.

Other companies who have endeavoured to develop interactive skills training methods for their salesmen have been motivated by the wish to overcome the perceived weaknesses demonstrated with T-Groups. These companies have attempted the following:-

- 1) To structure the training group more, for example by giving it specific tasks to achieve, thus taking away some of the more emotive facets of group behaviour.
- 2) To make feedback more systematic and less subjective.
- 3) To integrate the training with organisational and on-the-job needs.
- 4) To simplify the role of the trainer.

A development known as Instrumental Laboratory Training has been used by a few companies to try to achieve the guidelines mentioned above. This method of interactive skills training for salesmen has tried to make the feedback process more objective and relevant. This is done through the use by the group of a set of scales and measures which are completed by members after each group session so that the characteristics of personal action during each meeting can be plotted on a chart. Also in this method the trainer does not participate in the group. Whereas in the T-Group there is a need for the trainer to aid feedback by calling attention to critical events occurring within the group, in instrumented laboratory training it is the instrument scales that structure and control the feedback process. Three main types of feedback instruments have been used in companies visited:-

- 1) The use of rating scales to identify variables of group effort and interpersonal relationships in any particular session.
- 2) The provision of check-lists to evaluate a variety of group and personal phenomena.. Examples of phenomena for which lists have been devised are decision-making procedures and types of agenda items considered..
- 3) The use of rankings, which have been useful for comparing salesmen within a group on some aspect of personal behaviour. The rankings adopted most frequently are of influence in the group..

The measures are completed by each member after each group session. The data are analysed by members, and summaries and averages for the group are plotted. The feedback data emphasise the significance of feedback and identify variables likely to be important for learning. The quantitative aspect of the data assists participants to see that it is possible to apply measures to interaction processes, and that feelings are facts to consider and understand.. Participants can plot their own values against the group average, a checking device through which members are able to learn more about themselves relative to others as standards. The control of the scales helps to focus members' attention on significant training dimensions. The action research model, in which feedback of this sort is central, can be used by participants in group learning situations outside the laboratory; by their being an active and integral part of the analysing, gathering and interpreting of data, it seems that participants tend to make more frequent and effective use of data outside the laboratory.

The absence from the group of the trainer means that the group is challenged and confronted with the problem of discovering for itself, by whatever means it desires to use, ways of regulating and directing its activities, actions etc. Groups appear to learn how to experiment much more quickly and effectively than do trainer-directed groups. The design capability inherent in the instrumented approach gives it more task relevance than many approaches. One particular criticism has to be advanced - ie. the data collection is limited to the trainees themselves, and covers only their perceptions of group events. What is still missing are data on the behaviours of group members and how these change over

time. There is little knowledge of the objectives of the training in behavioural terms, nor of the extent to which the objectives are achieved.

A variant of the instrumented approach noticed in use in a few companies was Managerial Grid Training. This variant introduces far more structure into the training via exercises and a conceptual framework, and involves a shift away from group process as the primary source of learning, towards a greater concern with task achievement. However, this seems to be on the fringes of interactive skills training since it is concerned with gross behavioural style rather than with more specific skills. How a salesman actually behaves in specific situations involving other people is a slightly different matter from the general style one tries to exercise. It seems that Managerial Grid training may not be of any great assistance to the individual in this direction. Effective interactive skills training must assist salesmen to distinguish what are the more appropriate behaviours in a given interactive situation and to practice these behaviours under conditions which provide them with feedback on their success. The training is more concerned with the macro than the micro aspects of behaviour, and is concerned to develop in salesmen a general orientation towards human relations problems rather than a set of specific skills.

Other companies visited during my investigations that have given their salesmen a degree of interactive skills training have pursued different lines of approach from the T-Group and its variants. Coverdale Training seems to be a popular group process method, used or being practiced in 30% of companies visited. Coverdale Training groups are highly structured and the learning goals are fairly clearly defined. The method has several principles underlying it, notably that salesmen learn by doing - practising the skills they need to get things done. The training is centred around practical tasks - tasks which are actually performed rather than just talked about. Salesmen learn a systematic approach to getting things done. The approach consists of the steps of doing something, analysing how it affects the situation, deciding what next requires to be done, planning how to do it, carrying the plan

into action and repeating the sequence to improve performance. It provides the model for learning how to learn. It is a framework for doing, whereas that offered by T-Group training might better be described as one for reviewing. A basic course lasts two weeks on average, with in a small minority of companies a second course some 6 to 9 months later. Although there is no deliberate emphasis on interpersonal phenomena, salesmen quickly come to learn that people problems and group process problems interfere with getting the task done, and have to be planned to be overcome. It is believed that the human and emotional issues which arise when people do things together are different from those which arise when people merely talk about what they might do in hypothetical circumstances; also working at practical tasks provides a safety valve for tensions and frustrations. With the method's emphasis on processing problems to action, it helps salesmen to bridge the gap between ideas and action.

Coverdale Training is a prime example of the reaction against the T-Group with its lack of structure, and of explicit behavioural goals, and with its focus on feelings, values and interpersonal problems. There is no mention of social sensitivity or of self-awareness, although salesmen who have been trained by the method show that they learn skills of observation and listening, and how to perceive the capabilities of others. Coverdale-type tasks, however, seem to have some important limitations for mediating learning. There seems a possibility that what salesmen primarily acquire from the learning is a way of tackling problems - the systematic approach - which is a very good thing to learn. However, they develop this skill with a group, where everyone else is doing the same, and it may be that it does not leave them well-equipped to deal with interpersonal problems which arise in their jobs to which they return, where customers, prospects and other people they are confronted with have not been exposed to the systematic approach. The lack of conceptual constructs combined with an adherence to the systematic approach might reduce, rather than enhance, behavioural flexibility in dealing with interactive situations. It was not uncommon to notice some salesmen using an approach or system, that they had learned or been given, in a

relatively rigid way as a panacea. It can be argued that this could not possibly happen with the systematic approach because it encourages salesmen to learn from experience, and opens them up to the consideration of novel solutions. However, while salesmen may well become open to new ways of behaving in the initial stages of the training, the system they learn may close them again before the course is finished.

Having surveyed the principal methods used to inculcate salesmen with an appreciation of the use of interactive skills, one has to remember that for most interactive situations a salesman finds himself involved in it cannot be said specifically what the more skilful salesman does that the less skilful doesn't or vice versa. Part of the trouble, of course, is that it is very difficult to establish criteria of success in interactive situations - until this is done little progress can be made on separating effective behaviours from ineffective ones. These are deficiencies and because of them a range of other questions which is very important for designing training, just cannot be answered. Are there identifiable patterns of behaviour which are consistently more successful in certain classes of interactions?. Are specific behaviours of any significance at all, or is it that general style is the important thing?. To what extent does improving a salesman's ability to deal with one kind of interactive situation generalise to other situations?.. Does training designed to assist a salesman to function more effectively as leader or member of a group also improve his skill in dyad interactions?. These are the questions to which Marketing Managers are directing some of their attention.. Against this background of some ignorance about interactive skills, it is difficult to identify training needs, and to specify training objectives, in any but broad terms..

Summary of General Observations of Interactive Skills Training Methods Used or Currently Being Undertaken in Companies

- 1) Changes in a salesman's behaviour could be measured during the training, but the changes were unpredictable, relatively random and almost completely outside the trainer's control.
- 2) The measuring instruments used during the training were

inadequate. Research conducted within companies revealed that certain important behaviour changes were taking place which the measuring instruments did not detect.

3) Guidance from the trainer in the form of intervention did not detectably influence the behaviour change of the salesmen. It appeared that salesmen to whom the trainer said nothing at all showed as much change as salesmen where experienced and skilled trainers attempted to influence their progress by making observations.

4) Changes in behaviour were almost entirely dependent on the group that a salesman was in. If that particular mix of company staff suited him, then his behaviour changed; if he was incompatible in some respect, no changes took place. This made the training very dependent on the chance factors by which salesmen were put into their groups. It seemed shortsighted for salesmen to go on one of the various interactive skills training courses and find themselves, by chance, in a group which could easily negate the whole training experience for them. Yet no attempt had been made by Marketing staff to develop an objective and reliable means of predicting which groupings would suit particular participant salesmen best and which would bring about most behaviour change. As a result, much of the potential effectiveness of training methods were being lost.

5) There seemed to be no correlation between actual behaviour change and each salesman's perceptions of his behaviour. Consequently, at the end of some training courses, there were individual salesmen who felt that they had changed enormously, but had not done so according to any of the measuring devices used. Conversely, there were salesmen who had changed significantly but who did not perceive any change in themselves.

6) A substantial minority of the salesmen perceived the training as highly enjoyable but having very little relevance to their jobs.

7) The training methods were frequently discredited by Marketing Managers propounding the 'golden rule'. The 'golden rule' fallacy suggests that there is a right way to interact and that this right way is common to all salesmen in all organisations. But each salesman's experience confirmed that the way he interacted with

others was to a large extent, situationally dependent and could not be reduced to a simple right-wrong set of rules.

8) The training in a large minority of companies seemed to be goal-obsessed. Goal-obsessed training spent the majority of its effort describing and examining effectiveness in interactive terms - in other words, describing the destination or goal - and too little of its attention was paid to the crucial problem of what salesmen's existing behaviour patterns were - the starting point..

Recommendations Regarding Interactive Skills Training Courses

In questioning the assumptions underlying training courses and endeavouring to improve interactive skills training, the following criteria should try to be met:-

- 1) The training should be controlled, so that trainers can influence and predict the immediate outcome of the training with greater accuracy than has been achieved in some of the existing methods.
- 2) The training should be measured continuously over several courses attended by the salesmen.
- 3) The training should be flexible, so that it can be modified to develop specific sets of behavioural skills, or to be appropriate for the needs of different levels in the organisation.
- 4) The training should be organisationally relevant, based on key organisational behaviours diagnosed from training needs analysis.
- 5) The training should be powerful, so that significant changes in behaviour occur in the majority of salesmen.
- 6) The training should be low-risk, so that individual course members will be under minimal stress.
- 7) The training should be economical so that it would need minimal resources and would avoid obvious wastefulness such as course members who because they happened to be in an unsuitable group made no progress.
- 8) The training should involve mechanisms which permit an accurate, objective and quantified account of each course member's existing behaviour patterns, if goal-obsession is to be avoided. Until we have some means of showing salesmen where they actually are on the interactive map, we should not be surprised if they seem lost

and unable to reach the training destination.

9) The training should be completely open and hide nothing from participating salesmen. Frankness about aims, risks, methods and processes should be encouraged.

Having dealt at some length with the key area of interactive skills training, comment now needs to be made upon the general education or training environment surrounding the salesman. It has to be recognised that the overwhelming amount of training given to a salesman is focussed upon increasing his effectiveness in presenting the product or service to the customer. Even companies putting their salesmen through interactive skills training courses insist that priority of training monies be devoted to having salesman's minds focussed on the sales presentation. Salesmen are effectively taught the following skills:-

- 1) How to open an interview with a prospect.
- 2) How to present product benefits.
- 3) How to use samples, sales aids etc.
- 4) How to overcome objections during selling interviews.
- 5) How to close the sale interview.

It has to be noted that sales presentation training courses are cheaper and easier to implement than interactive skills training courses. Much research has been undertaken into developing patterns of sales presentations- such patterns are easily instructed and explained. The salesman sees such training to have greater relevance to his role in the organisation, whereas the relevance of much of the interactive skills training is not made clear to salesmen. Much more time has to be spent by trainers to organise interactive skills training courses (particularly in group training) and considerably more experience is needed on the part of trainers (particularly in providing salesmen with feedback about their performance during and after courses). I found little evidence that sales presentation training affected the reporting capabilities of salesmen - in other words, the salesman exposed to more of this kind of training was no more effective as a reporter of market-place intelligence than his colleagues who had little formal training of the means of presenting products to customers.

Most companies provided some training to their salesmen in report-writing, though it was seriously limiting. The training tended to concentrate on the following:-

- 1) Language instruction - effective punctuation, spelling, sentencing etc.
- 2) Presentation of findings.
- 3) Summarisation of statements, comments etc. taken from customers.

Little attempt was made to provide salesmen with an overall understanding of market research. Training courses omitted reference to the following:-

- 1) The constraints involved in undertaking research programmes - constraints of time, cost and accuracy which have to be thought about when generating intelligence.
- 2) The problems caused by faulty sampling methods when designing surveys.
- 3) The need to declare assumptions inherent in the research procedure.
- 4) An understanding of the causes of bias arising during a survey.

These report-writing courses also tended to be one-off courses - no further training was given to salesmen even when major changes occurred in the reporting system. Training is surely all about change. It follows that the time to change is the time to train (or perhaps to be more accurate we should train to prepare for change). Regardless of how effective the original learning has been, it will be necessary to top-up on knowledge, skills and attitudes if standards are to be maintained. To cater properly for change training and the continuous topping-up one must do some systematic planning. It was such planning that was totally absent when trainers were devising report-writing seminars for salesmen.

Whilst the report-writing training aimed at salesmen was weak, it has to be said that what might be termed 'mechanistic product training' was reasonably extensive. Salesmen were provided with much product training - gaining an appreciation of the benefits of their products; the applications for which their products could be used; the ability to demonstrate their products; the servicing of their products etc. Other companies (only a small minority) - mainly Big Unit Operators - giving their salesmen an

accounting and statistics training were thorough in planning such training. These salesmen were given extensive tuition in the use of analytical tools such as budgeting, discounted cash flow techniques, decision-tree analysis. The concept of operational gaming (or management gaming) was primarily used to inculcate salesmen with a knowledge of such tools. Operational gaming, which employs a computerised or manually operated model of a given organisation or environment, affords salesmen an opportunity to exercise and improve their analytical and decision-making competence with the benefit of rapid feedback on the results of their decisions. With a management game there is great emphasis on the effective selection of information from a large mass of data, and its subsequent organisation and analysis which result in the framing of alternate problem solutions. The game can be used to illustrate decision-making under uncertainty or conditions of inadequate information. Salesmen gained much from this type of training - much being of relevance to their role of intelligence reporters.

Having commented upon the differing types of training available to salesmen in the companies investigated, the principal conclusion that has to be drawn is that those salesmen given most interactive skills training were more effective reporters of all types of marketing intelligence. This type of training, particularly if continued during a salesman's career, seems to be a significant determinant in developing the ability of a salesman to communicate effectively with customers and prospects, and to probe the market-place for intelligence appropriate to the company. Other more general training courses, whilst not hindering the personal development of the salesman, did not positively help in making the salesman a more effective reporter of intelligence.

Throughout my investigations in this area it was noticeable that the majority of companies gave little attention to matters concerning the job development of salesmen. The view that training of salesmen should be augmented with the interchange of job situations does not seem to be widespread, except in a particular group of companies. Interchange of job situations for salesmen was found to be more common in companies whose products were highly

innovative. Regular movements by the individual into and out of the sales function seemed to bring training dividends in one principal way. Those salesmen with previous experience of working in other corporate functions seemed to possess more knowledge than their colleagues about how marketing intelligence was used in an organisation. A salesman with a large breadth of functional experience appreciated the reasons for acquiring intelligence about customers, competitors etc. The salesman would know how the intelligence dovetailed with facts from other parts of the organisation. One must hasten to add that whilst regarding such salesmen as more knowledgeable about the reasons for collecting intelligence, they were not necessarily more adept at acquiring the facts from the market-place.

During this investigation I monitored not only the previous job positions held by salesmen, but also noted their past education both within and outside the company. I could not trace any significant connection between the level of a salesman's education and his ability as a reporter of intelligence. It was certainly the case that throughout all education levels there were salesmen who were good and bad reporters of intelligence. Further research needs to be undertaken to itemise whether different types of previous education have an affect on the salesman's reporting role.

The signpost for the future, therefore, seems to concern the purpose that salesmen must be given an understanding of the process of interpersonal communication. Behavioural skills which the salesman uses in his confrontation with customers and prospects have to be developed - skills which will only be perfected through systematic and continuous training.

PART 3 - OBSERVATIONS ARISING FROM THE HYPOTHESES

SECTION 4 - MOTIVATION AND REMUNERATION OF SALES FORCE

During the conduct of the investigations time has been allocated to studying the range and type of motivational inducements provided to the salesman in his job. The influence of such inducements seems to be a determinant of whether the salesman actively involves himself in his feedback role. Throughout the categories of industry investigated large sums of money have been allocated to attempts to improve sales force performance by increasing salesman satisfaction and morale. The soundness of these efforts which include periodic sales clinics and contests, sophisticated financial compensation schemes, and more lasting changes in working conditions, have largely gone untested in terms of their real effect on future performance.

It has to be recognised at the outset that there are differences in individual salesmen as to ambition, ability, reaction, objectives, and the willingness to assume a proportionate share of responsibility. As individuals they have different desires regarding personal recognition, participation, compensation and confidence in their superiors. Companies have tended to encourage introspective thinking among their salesmen. Salesmen have to think about their job requirements and analyse their positions in terms of their own resources and the abilities and the creativeness and other characteristics required for the successful execution of their responsibilities. Fundamentally, it is the sales manager's job to get them interested in this self-research. You cannot achieve mass motivation — motivation techniques must be developed as to apply to all, but they must be individually offered for self-application.

The role of the sales manager in applying supervision seems to be an important contributory factor in making the salesman's reporting activities effective. One of the key activities in motivating salesmen is that of evaluating their judgements on prospective business, and assessing within the agreed potential the points where opportunity occurs. The sales manager must be continuously available to review the salesman's analysis of particular opportunities. In these review exercises the most experienced salesman benefits from a second opinion and the less experienced will without such an opinion probably go wrong. A

salesman will too often follow-up a firm merely because he is interested in the application and is therefore persuaded that there is a usage to justify his effort, whereas the opportunity may be nil for other reasons. The review will monitor the factors that might determine the opportunity and the intelligence that needs to be collected before progress can be made in securing the business. The extent to which salesmen request their manager for action at opportunity points is an indicator of their quality. The better salesman will see numerous opportunity points. He will always be pressing for decisions by his sales manager. If the sales manager is not available to take those decisions because of other involvement in less important matters, the salesman will lose his sharpness, his will to observe and report intelligence, and the company may ultimately lose his services. It seems therefore, that one of the factors determining the salesman's will to observe and report information is the availability of a 'counselling, second-opinion offering' sales manager. A sales manager must take an interest and active involvement in any feedback from the salesman on the assessment of market opportunities

Many situations were observed where the Sales Manager did not make himself accessible to the salesman and did not maintain his supervision over the reporting system. The following weaknesses of attitude were noticeable in Sales Managers which contributed to making the reporting system weak:-

- 1) The attitude expressed as ' I don't have time to read reports, I am in close touch with everyone and know exactly what they're up to'.
- 2) The attitude expressed as 'We don't have time to write reports, and there is enough paper around here anyway'.
- 3) Lack of discipline, so that even if reports were once required they have been discontinued because no one appeared interested and there was no real insistence on either the regularity or the quality of the report.

What happens in some companies is that the Sales Manager puts out a call for feedback in a memorandum, and maybe a small percentage of the sales force respond. Those few who do respond only do so once. Those men who do respond to the appeal hardly

ever hear anything more and rarely get to know the use to which their feedback has been put. Other Sales Managers, however, publicise the feedback as it flows in. The feedback is returned to the entire sales force in the form of information sheets or as attachments to a regular sales bulletin or newsletter. In some instances noticed, each item of feedback published was accompanied by the name of the salesman who sent it in. A small proportion of companies place their salesmen in competition with each other in relation to the number of feedback items received per week/quarter etc. Salesmen who are not very productive are counselled that their level of response to an activity such as this is an indication of their calibre as potential professional managers. The Sales Managers must keep the pressure on. Once they leave feedback to take care of itself the supply will start to dry up. Where a relatively weak response is being made, the Sales Manager must go to the salesman concerned immediately and discover why. It is never unwise to set a standard of performance for salesmen, in that they agree to ensure a number of feedback reports are submitted over a given period.

The relationship between the Marketing Manager and the sales force also needs to be viewed in the motivational context - particularly important are the attitudes expressed by a Marketing Manager of the specific role played by the sales force. The Marketing Manager must see the salesman's job as that of managing a market area. An increasing number of Marketing Managers are realising that the job of the salesman has strategic and innovative dimensions. Many salesmen are faced in their own areas with problems of goal determination, planning and long-range market development. Acting in these capacities the salesman is a manager of a market area. The distinction between a salesman and a manager of a market area is an important one; it is the difference between viewing salesmen as employees or as members of management. More important, it affects the way the salesman sees his own job. Under the market area management concept, the creative, strategic and innovative powers of the field sales force are more likely to be tapped and utilised. The Marketing Manager must also sustain sales force confidence in company actions. One by-product of a clear

marketing plan is its affect on salesmen's morale. Salesmen are, naturally enough, extremely conscious of the success of competitors and unless their company has a near monopoly, it is self-evident that those competitors will have more successes than they have. If however, your salesmen can see what you are aiming at they can discount these successes or at least give them their proper weight.. If they are losing business because a competitor has cut his price they can accept this without losing confidence if they know that your refusal to follow is a planned one and makes sense to them.

The Marketing Manager also has an important role to play in encouraging salesmen to participate in the planning of company activities, thus helping to give the salesman greater security and a sense of belonging to a company. As noted in Part 2 many companies have established committees (to monitor product plans, competitor activities etc.) upon which various functional departments are represented.. Salesmen are made members of these committees and from evidence taken they appear to make a significant contribution to committee activity. Salesmen are made aware of progress being made in crucial areas of the company. Salesmen through attending such meetings can see the various types of intelligence that are needed by managers before decisions are taken. They can see how the intelligence they provide fits into the overall factual picture required by managers prior to decision-taking. The investigations reveal that these salesmen who are brought directly into company planning activities are better motivated to search for information. Within this committee structure salesmen are shown where there are intelligence gaps in the organisation - they are able to see where facts need to be provided for sensible plans to be developed.

However, in looking at the effectiveness of Marketing Managers providing motivation to salesmen one important generalisation has to be made - ie. there seems an inadequate amount of discussion between Marketing Managers and salesmen about the worthwhile items of intelligence collected.. Some Marketing Managers having seen the reports of salesmen did not question or consult them upon matters arising from the feedback. Therefore

salesmen could not see to what specific use their items of intelligence were being applied. They could not appreciate which areas of decision-making were affected by their intelligence input. To try to encourage two-way communication on sales force feedback, some companies have devised reports with space for comments to be made by Marketing staff on the items of intelligence collected. The Marketing Manager's comments about how the intelligence has been used must then be forwarded back to the salesman. Evidence from studies made in companies operating in this way show the salesman to be more aware of the reasons for acquiring intelligence and the benefits brought to the company by the intelligence input. Marketing Managers may pass comments to salesmen not only about how the intelligence has been used, but also ask for supplementary facts to be gathered about matters arising from the report. The onus is on the Marketing Manager to make this consultative reporting system work - he has to continually keep the salesman in the picture about how information is being used in the organisation.

Many Marketing Managers recognised that salesmen collected lots of facts which could be very useful to the company, but which were never documented in a written format to be presented. Salesmen collected facts (particularly, it seems about customer operations; customer habits and attitudes; and competitor call strategy) which they used to enhance their own selling ability, and to make their jobs easier. Marketing staff, although, realising that this 'self-use' intelligence existed, did not know the extent and size of intelligence being collected by the salesman for his personal use. It does, however, appear that much more of this 'self-use' intelligence was documented in companies that had flexible reporting systems which had been established over a long period of time. Salesmen questioned about the documenting of intelligence certainly felt it important that they should be asked to undertake ad hoc research exercises as a means of providing information to Marketing staff. They felt such exercises enabled them to document facts that otherwise would not be revealed in the regular, periodic written reports. Some salesmen believed that the regular, periodic reports they were asked to complete were too narrow in their terms of reference, and did not provide enough

scope to enable the salesman to relate all the facts about particular topics. Salesmen, however, undertaking ad hoc research exercises to generate intelligence did think of the exercises as meaningful work experiences - thus providing an intrinsic source of job satisfaction.

Companies having established the importance of requesting an intelligence input from their salesmen have to think about the types of compensation that should be made available to ensure the reporting system is effective. The investigations made reflect the view that financial gain to the salesman is a better source of motivation than gifts, prizes etc. which seem to cheapen sales reporting. Many companies observed have run monthly sales contests to encourage sound reporting. One contest was designed around the reporting of new or unusual applications for company products or sales strategies that proved particularly successful in making a difficult sale. To enter the contest, the salesman needed only to submit a written report giving details of the new application or sales strategy. At the end of the month, the best documented description provided won a gift, prize etc. It was argued that winning contest entries are actually reports that serve three purposes - they inform various company executives of on-the-spot sales conditions; they provide similar information to all a company's salesmen; and the salesman who writes up the entry has to concentrate on the product application or sales strategy that he is describing. I feel however that such contests do not encourage effective reporting of intelligence over a long period, nor do they inculcate in salesmen the need to organise a systematic search for facts in the market-place and at the customer location. Such contests also seemed to concentrate on a very narrow range of subject-matter.

The ability of pay to motivate seems to be dependent upon the design of the sales compensation programme relating with situational variables. It appears that the relationship between the design of a compensation system and the characteristics of the sales task is also important. Sales forces remunerated by salary only were the ones involved in most intelligence reporting. Those salesmen who had a portion of their income made up of commission payments did

little reporting - mainly a limited number of product problem reports and initial customer visit reports. Little attention was given to accurate reporting in circumstances where salesmen were paid a commission when their sales increased above a pre-determined quota - this commission system being primarily applied in situations where sales force duties were structured on an equitable, geographic territory basis. In nearly all situations where new account sales forces, pioneer sales forces and market-centred sales forces were in operation the salesman's salary represented his entire income.. However Marketing Management with these types of sales forces have been introducing for short periods of time various bonuses and incentive payments to improve reporting effectiveness. Standard and individual bonuses have been given to salesmen for reporting specific items of intelligence over a limited time period. For example, a company who noticed the growing presence of two competitors in key market segments requested its salesmen to gather intelligence about competitor call strategy; sales techniques; details of back-up administrative support provided to the sales force; and details of competitor proposals being submitted to prospects. A bonus was given to salesmen generating such intelligence - in this instance the bonus was payable over a six-week period. Another example frequently seen was in circumstances where a company developing a proposal for a large key customer wanted specific information about future customer plans and details about customer processes and modes of operation. Again, salesmen generating the information would be paid a bonus payable for the period of time during which negotiations were taking place to secure an order at the key customer location. Such examples of bonuses were geared to specific requests for particular types of information urgently needed by the company to satisfactorily implement its marketing policies. These bonuses were given for facts generated outside the existing reporting system, and their introduction is to be welcomed. Instances were seen of companies who requested their salesmen as a group to undertake a large ad hoc research investigation possibly lasting many months. One particular salesman would be placed in charge of the research study - a fee for the study would

be provided to this salesman who would allocate shares of the fee to his colleagues based on the varying proportions of work contributed to the study. Once again this group bonus was payable for facts generated outside the normal reporting system. It seems that in a flexible reporting system (where both ad hoc and routine periodic reports are submitted) this type of bonus compensation scheme works adequately. I do, however, think it is important at the outset to settle the criteria upon which a bonus or a fee would be paid to the salesmen. It is up to marketing management to state the types of intelligence required as precisely as possible.

There seems to be no one best solution to the design of a sales compensation programme, but that some form of incentive to encourage reporting can be provided where the sales task is such that there is a clear and positive relationship between individual effort and results, or where the salesmen tend to believe that their rewards are a function of their own action.

I think it is important to recognise that in attempting to motivate salesmen to search for and report facts that most motivation schemes (particularly those based on financial compensation) do have short life cycles. It is particularly necessary, by means of adequate supervision to maintain pressure upon sales forces to report, and to continually inform salesmen of where the intelligence they have contributed is being used in the organisation..

PART 3 - OBSERVATIONS ARISING FROM THE HYPOTHESES

SECTION 5 - CALL PLANNING AND NEGOTIATING PRACTICES

SUMMARY - CALL PLANNING AND NEGOTIATING PRACTISES

- 1) It was clearly seen that different types of call on a customer yielded different types of intelligence - it is worthwhile categorising calls so one can analyse the varying intelligence generated by salesmen as negotiations proceed. (See P. 223-227)
- 2) Better quality marketing intelligence from the sales force was generated in those companies where Marketing Managers placed great emphasis on the in-depth planning of customer calls. (See P.225,228)
- 3) The amount of authority and responsibility possessed by salesmen to control negotiations played a crucial part in determining whether salesmen gathered worthwhile intelligence. (See P.229)
- 4) In those companies with established reporting systems, high emphasis was placed upon the salesman's awareness of how to move negotiations from one issue to another in order to probe for intelligence. (See P.229-230)
- 5) The salesman's ability to acquire intelligence was limited in circumstances where the range of negotiating points and issues that became part of the selling process were very narrow, and when rigid negotiating procedures were the custom in particular selling situations. (See P.230)

In conducting my investigations attention was paid to noting the different types of call made by the sales force on prospects and customers. An assessment was made of the degree to which different items of intelligence may be gathered at different types of call. It was also within the scope of the study to question salesmen and marketing staff about the negotiating strategies adopted at various customer locations. The time spent by salesmen in planning their calls and studying the process of negotiation had an effect upon the intelligence that they acquired.

As a face-to-face communicator, the salesman enjoys many of the advantages of the word-of-mouth source: a small audience, immediate feedback, and the multiple dimensions of spoken and nonverbal symbols. In addition, the salesman is usually perceived as more expert than the participant in the word-of-mouth channel. The salesman may emphasise this similarity of channels by first-naming a customer, mixing in a good amount of purely social chit-chat with his product pitch and passing on news of what others in the industry are doing. All these similarities tend to increase the salesman's effectiveness in the negotiating process. Salesmen undoubtedly work harder at strategy in the purchase-sale encounter than do prospects. It can be suggested that this strategy has several stages: the prospect must be induced to admit a need, then agree that the product offered meets the need. Next, he must agree that this product is superior to others offered by rivals, that the price, service, delivery terms etc. are acceptable, and finally, that the time to act is now. The length of each stage varies with product and customer. If the salesman is to move logically and smoothly through these stages certain types of intelligence must be obtained from the customer location and the market-place - the majority of the intelligence being useful within the salesman's own company for planning effective marketing campaigns.

Before commenting about such intelligence one has to note that this strategy takes place against a background of differing types of call made by the salesman. For control purposes the type of call being made can clearly be of importance. For my study purposes I have categorised a salesman's calls accordingly:-

- 1) Initial calls - a) cold call
 b) enquiry call
- 2) Subsequent calls - a) enquiry re-visit
 b) order/quotation call
 c) follow-up request call
 d) routine service visit

The salesman making a cold canvass is concentrating on gathering intelligence which he can use to convince the prospect that he has a need. During the cold canvass the salesman should be monitoring the problems that prospects are expressing they cannot resolve given the range of products and services currently being marketed. The salesman is not generating any in-depth feedback at this stage about a prospect's activities and operations or his purchasing behaviour. He is merely identifying in very broad terms whether a range of prospects have a commonality of requirements for a particular product or service. The salesman may during this canvassing exercise be formulating a rudimentary segmentation of the market-place. He may be estimating the overall size of the different segments he has identified - however, he will not be reporting feedback about the specific volume requirements of the prospects he has visited. He will just be indicating to his company the potential that exists for a product to satisfy a defined set of needs. During my investigations I thought that the feedback from salesmen undertaking cold calls was purposive to the company and did help marketing staff to see the type of prospects that were admitting a need for assistance in certain areas. My only criticism about the feedback being generated at the cold call stage was the lack of reference made about the extent of cold canvassing being undertaken by competitors. It would have been useful for the Marketing Manager to hear about the amount of time competing salesmen were devoting to cold calls and which particular market segments were receiving most attention. It must though be pointed out that at this stage one does not expect any sales force evaluation of proposals being made by competitors to prospects or views about the types of strengths and weaknesses competitors may have when they decide to exploit particular market segments.

The other type of initial call undertaken by the salesman occurs when he is responding to an enquiry which has been communicated to him or his company. The enquiry may be couched in general terms or may be placed within specific and precise parameters - it may be an enquiry from a customer with extensive knowledge of the product he requires, or it may be from a customer wanting assistance with the exploration of a problem and has no idea of the type of facilities that could solve the problem. On this type of initial call the salesman should be prepared to explore the prospect location in some depth. It has to be appreciated that there are more opportunities for the salesman to acquire useful intelligence where the prospect has not fully defined the boundaries of his enquiry and in cases where the prospect is heavily reliant upon the salesman for advice and with clarifying the specification. Also there will be more opportunities where the adoption costs accruing from the purchase of the marketed product are high ie. where the customer is thinking of using a new form of component or a new form of equipment, different from that which was previously used - creating problems in methods of operation, re-training of staff etc. giving rise to high costs in addition to the basic purchase price of the product. At this call the salesman should be generating feedback about the product range manufactured by the prospect; the size of the prospect; the layout of manufacturing facilities at the location; and the methods of operation used by the prospect. He should be indicating in his reports to Marketing staff the likely sales volume to be expected at the location. Details about competitor strategy towards the prospect should be commented upon. In some of the companies investigated I felt insufficient attempts were made by salesmen to acquire these items of intelligence - salesmen were concerned at this initial call about alienating a buyer by asking 'sensitive' questions particularly concerning the techniques of manufacturing and scale of operations of the company.

Following from this initial enquiry call, a salesman could make several enquiry re-visit calls prior to a firm order being taken at the prospect location. Obviously with a company selling a 'systems' facility or a sophisticated high-cost technical product

there would be a large number of re-visits by the salesman before the deal was finalised with the customer. There is a need to firmly establish in the salesman's mind that every enquiry re-visit call he makes (irrespective of the query to be dealt with) is another opportunity to acquire useful intelligence as an input to his company's plans. The enquiry re-visit stage sees the salesman beginning to qualify the prospect - making sure need is matched by ability to pay. Feedback concerning the financial circumstances and credit-worthiness of the customer is contributed by the salesman. The re-visits enable the salesman to ask the 'sensitive' questions that he left aside during his initial call. The probe into the customer's business made by the salesman during the re-visits should be concerned with looking at the future investment plans of the customer; considering the 'make-or-buy' capabilities of the customer; and ascertaining in some depth purchasing practices and behaviour. The salesman must assess the importance to the customer of the product being purchased. During re-visit enquiry calls the salesman's mind should be focussed on competitor marketing strategy investigating critically the relationship competitors may have developed with prospects. Details of the call patterns of competitor salesmen should be recorded together with comments on the type of sales literature being issued by rivals at the prospect location. For the salesman the enquiry re-visit provides him with the opportunity to demonstrate the superiority of his product over competing offers. By an actual demonstration of the product or by the demonstration of a small model of the product, the salesman will be able, from the questions asked by the prospect, to identify the reasoning behind the purchase and the aspects of the product in which the prospect is particularly interested. The salesman should now be establishing the likely volume levels of the product to be taken by the prospect and also be prepared to forecast future sales volumes at the location.

After one or more enquiry re-visit calls the prospect and salesman will move to finalise the order - a firm quotation will be exchanged. This should be the stage where the salesman should clearly ascertain the shape of competitive proposals placed with

the prospect. The salesman should be feeding back intelligence about the elements of quotations submitted which are being met with considerable antagonism by the customer. The salesman needs to recognise there are many facets to a quotation submitted to a customer, and he should assess the different values placed by the customer on each possible facet. It may be the case that at this juncture the salesman loses the order to one of his rivals - the salesman should therefore indicate in his feedback what the chances may be in the future of securing other business..

Following the conclusion of negotiations with the order having been placed, the customer may request the salesman to make further calls to his location. Such requests were seen to be made when a fault or problem had arisen in the usage of the product, or the product was not bringing the economic benefits (eg. cost savings in manufacturing operations) as disclosed in the original contract.. Such follow-up request calls pose greatest difficulty for the salesman - the problems that have arisen threaten to jeopardise his relationship with the customer and lead to considerable criticism being reflected on his company. It is therefore important for the salesman to plan in some detail his approach to the call and to set out the information requirements he is likely to need to alleviate and eventually resolve the difficulties. Salesmen need to be encouraged to identify as precisely as possible the problem that has occurred. At this stage they need to report upon the circumstances in which the problem developed and which particular personnel discovered the problem.. An assessment must also be provided by the salesman of the type of repercussions on the customer's business that the problem has caused. This is also the time for the salesman to generate intelligence about product applications - whether customers have put products to different uses than originally envisaged.. The salesman has to evaluate during these follow-up calls the likelihood of a product having to be modified in some way, and examine the reasoning for such a modification. In order to acquire this intelligence the salesman needs to use the follow-up call to further probe the organisation of the customer company. He needs to be able to recognise where decisions are made in the customer organisation.. From my

investigations. in the majority of instances it was apparent that the salesman contributed to his company more product and customer intelligence from this type of call than from other calls at the customer location.

However, whilst most companies were satisfied with the input from their salesmen when making follow-up calls, the same impression was not apparent after salesmen had made routine service visits to the customer location. The regularity of these service calls was normally determined during the initial negotiations for the order. Having assessed the amount of time spent by salesmen at the customer location conducting the routine servicing of products, it must be stated that there was a paucity of intelligence generated by salesmen during these calls. Opportunities for further exploration of the customer's business were being sadly missed. The calls should be used to monitor a customer's future plans; a customer's 'make-or-buy' capabilities; or to update estimates of future volume requirements. Any noticeable increase or decrease in competitive activity needs to be mentioned. The reports submitted by salesmen following routine service visits did however tend to reveal the minor complaints and snags that customers had been having with the products - complaints which in individual circumstances were not sufficiently serious, but which when cumulated from various customer locations might suggest a need to amend and modify a product..

The investigations reveal that it is worthwhile for companies to classify the types of call that salesmen make. This seems to be the first step that needs to be taken before helping the salesman to specify the differing types of intelligence that are needed from the customer location. It is certainly true that the more time devoted by Marketing staff to aid the salesman in planning objectives for each call upon a customer, the better the quality of intelligence eventually reported. A salesman needs to be briefed before the call about which types of intelligence he should concentrate upon gathering; but also his memory should be refreshed concerning what information is available about the customers to date. Many companies briefing their salesmen frequently omit reference to the latter. The majority of salesmen could appreciate

what the overriding, primary objective of each call was, but needed assistance with identifying secondary objectives for making visits to the customer.

The salesman also needed much briefing concerning the scope of negotiating powers that he had in relation to different prospects. He had to be given precise terms of reference prior to entering into negotiations with prospects. Predicting the outcome of negotiations requires knowledge of how much room each participant has to make concessions, and knowledge of what each perceives the other's range of concession to be. The salesman must be briefed about the room for manoeuvre that is at his disposal in negotiations. The width of the range of concession seems to depend on the urgency of each participant's need — how important is the sale to the seller, and how important that it be made now?. Is this order an entering wedge either to further orders from the buyer or to other buyers in this market?. Such questions need to be considered by the salesman with Marketing staff prior to negotiations being commenced. Width of range of concession also depends on the number of alternatives open to buyer and seller if present bargaining should abort. Marketing staff and salesmen should discuss how many other suppliers and customers are available since this will have an effect upon negotiating strategy. Width of range also depends upon timing — does this order come during a slack time for the supplier?. Will the buyer's assembly operations be forced to close down if a purchase decision is delayed?. The salesman needs to reflect on such questions since the issues raised will be a factor in predicting the results of negotiations.

Some of the products a manufacturer buys such as supplies and raw materials, may be so uniform in price and quality from one supplier to another that habit, a computer or random choice would serve as well as bargaining. Salesmen operating in such situations have little opportunity to use negotiating channels to acquire useful intelligence from the customer location. Other purchases, such as plant and equipment, which have to be custom designed, differentiate suppliers — in these instances, purchases involve a long-time commitment and a substantial amount of money, are likely to involve more personnel in the customer organisation and personnel

at different levels in the organisation. Salesmen operating in these areas have a variety of negotiating channels, each one providing an opportunity to obtain useful intelligence. The salesman needs to know how much power each decision-maker has at each stage of bargaining, and what personal selling approach will best reach and influence each.

Marketing staff have a role to play in assisting the salesman to plan his negotiating strategy. Salesmen have to be made aware of their terms of reference in bargaining with customers and need to know how much room for manoeuvre they have in particular situations. The amount of authority and responsibility that salesmen have to control negotiations seems to be a key factor in enabling salesmen to collect intelligence useful to their companies. Detailed controls exercised over salesmen during negotiations deprive the employer of a major advantage of this channel - ie. a salesman's ability to modify their messages to fit their prospects. Such modification can easily go so far that it acts to the employer's disadvantage. Experience and intuition may lead a salesman without realizing what he is doing to modify messages to the point that their cumulative effect violates company policy.. But if policy is enforced so rigorously that it allows salesmen insufficient freedom of action to respond to prospect problems, prospects soon will stop talking to them - the flow of intelligence from the customer location will gradually lessen. There must be limits set on a salesman's authority and responsibility, but within the limits a salesman must be encouraged to adopt a flexible approach to negotiations. The salesman must be allowed to move negotiations from one stage to another and from one issue to another without having to constantly refer back to Marketing staff for guidelines. It was seen in companies with established reporting systems that salesmen were not rigidly controlled, but had some measure of flexibility when negotiating with customers. Salesmen tended to be given most negotiating latitude in their initial contact with prospects (ie. cold call and enquiry call stages) and in contacts made following the securing of initial business (ie. follow-up request calls and routine service calls). Noticeably more limits were placed on a salesman's scope for

action when negotiations concerned the finalisation of the specification and actual quotation terms were being placed with the customer. Wherever rigid limits were enforced on the salesman in his discussions with customers it appeared that his opportunity to probe for intelligence was curtailed.

The salesman's opportunity to acquire intelligence was also limited in two other types of situation. Where the range of negotiating points and issues were very narrow - ie. where discussions always centred on one particular variable or issue in the product presentation - it was difficult to obtain detailed information about customer activities and operations. It is important when probing for intelligence that the salesman can move negotiations from one issue to another in order to broaden the range of questions that can be directed at the customer. It was also observed that where highly formalised and rigid negotiating procedures (ie. designated patterns of ordering, specific customer functional approvals etc.) were a characteristic of the selling situation it proved difficult for salesmen to acquire a broad range of intelligence. In such selling situations discussions followed a pre-determined series of steps - salesmen had no opportunity to change the negotiating framework. In these two instances the limited amount of intelligence forthcoming from salesmen tended to be predictable and stereotyped.

This section has drawn attention to the need for companies to attempt to classify the type of calls made by their salesmen. It has emphasised the importance of encouraging salesmen to think about the types of intelligence they should be collecting during particular calls. Also, companies must recognise the need to give salesmen assistance in planning the negotiating strategies to be adopted at the customer location.

APPENDIX — THE NATURE OF THE WRITTEN REPORTING SYSTEM

The salesman needs guidance in the preparation of reports, otherwise he will write a long script which is mainly self-advertisement or gossip, or he will confine himself to stereotyped phrases (eg. "Good prospect", or "Considerable progress made"). Such reports represent so much wasted time on the part of the salesman and of marketing staff who deal with them in the office. They give no suggestion for action, and no reliance can be placed upon the statements. It is imperative that sales and marketing management devote considerable time to clarifying the purposes and objectives of the report-writing system and aid the salesman to understand the nature of reports. The following are recommendations that should be adhered to when determining the nature of the salesman's written reports into the company.

Recommendations

- 1) Initial reports on a new subject should be elaborate works - complete in every aspect. After reading them, the destination should have a good understanding of the history, and origins of the subject, its present status, ramifications and inter-relationships with other areas of knowledge, interpretation of significance, and future prospects. The intention should be to give the reader sufficient background on the matter to understand future reports.
- 2) Follow-up reports (to the initial input mentioned in 1.) can be less complete, shorter and more cryptic. Such reports should concentrate on updating the reader's understanding; or programme new data into his mind; or modify what was previously in the mind of the reader.
- 3) Continuing reports on a subject should be formalised into a specific format. Thus the reader needs merely to peruse changes or modifications in patterns already familiar to him, and can omit parts of the report outside his scope of interest. Often, staff reading the reports only have a need to compare them with previous reports on the same prospects or customers, and this is made difficult when the salesman is left to compose the report himself.
- 4) Salesmen should be made aware that the objectives of a report can modify its nature and form. Reports may be factual, analytical or interpretative. Salesmen need to be guided about the type of

report needed within the company. A factual report should give statistical data relating to a topic, leaving the reader to draw his own inferences. The salesman's analytical report should not only recite the facts and data, but should re-arrange data, or re-work it, or may show new relationships, or break down facts to yield greater richness of detail. A salesman's interpretative report should give the reader an idea of what the facts and figures mean - the salesman interprets them and explains what he thinks their significance to a problem or situation may be.

5) When the information called for is somewhat voluminous, wherever possible it is worthwhile designing the form so that it has as many items printed as possible, and requires only ticks or dates to indicate the answer. A short-answer, fill-in type of report usually produces more satisfactory results than a form that requires lengthy explanations.

6) Reports should be designed in such a way that their correct use does not make them unnecessarily critical of the men who fill them out.

7) More will be obtained from reports in increased selling effectiveness if the form is designed for a dual purpose. Reports should not only aid marketing staff by giving them intelligence that they need, but they should serve a useful purpose to the man who fills them out, helping him to re-evaluate his performance.

8) Forms should be designed with reply slips for a Marketing Manager to comment upon the material he has received or to ask further questions of the salesman.

9) The time factor in reporting needs to be given careful consideration. Just as you can overload a salesman by giving him an overly complicated report to fill out, you can also overload him by requiring reports too frequently, or requiring them at inconvenient times. An early concept of sales reports was that they should be submitted according to calendar. However, this type of calendar schedule is truly effective only when the salesman's work span fills the period of the report. Thus if the salesman's report covers a week's activity and during that week, he has completed a research project, you will get a worthwhile report. If the project lasts longer than a week, but Marketing staff still

call for a weekly report, the best that can be expected is an incomplete or contrived report. Wherever possible it is therefore best to require reports by projects, rather than by arbitrary time units..

10) Provision must be made for handling emergency or special reports.. It is tempting to allow emergency reports to be rushed into the company, frequently by-passing some of the usual levels of authority.. This can be a dangerous procedure, however, since it may leave a responsible member of the company in the dark on some significant development.. It is therefore advisable to have such emergency reports come up through the regular channels..

REPORT FORMS: - PRODUCT RANGES OF COMPANIES WHOSE FORMS ARE PORTRAYED
IN APPENDICES A TO T.

- Appendix A LOW PRICE, MACHINE TOOLS (PRIMARYLY, DRILLS)
- " B TEXTILE MACHINERY
- " C PRINTING MACHINERY
- " D HIGH PRICE, MACHINE TOOLS
- " E HIGH PRICE, MACHINE TOOLS
- " F SUB-ASSEMBLY COMPONENTRY
- " G ENGINES FOR RANGE OF HAULAGE VEHICLES
- " H GENERAL, LOW-MEDIUM PRICE COMPONENTRY
- " I TEXTILE MACHINERY
- " J SOPHISTICATED, LOW PRICE, ELECTRONIC COMPONENTRY
- " K COMPUTERS
- " L BASIC RAW MATERIALS
- " M GENERAL RANGE OF MACHINE TOOLS
- " N CAMERAS AND LOGGING EQUIPMENT
- " O SUB-ASSEMBLY EQUIPMENT
- " P HIGH PRICE, ELECTRONIC MACHINERY
- " Q GENERAL RANGE OF MACHINE TOOLS
- " R REFRIGERATION AND AIR-CONDITIONING EQUIPMENT
- " S SOPHISTICATED, LOW PRICE, ELECTRONIC COMPONENTRY
- " T REFRIGERATION AND AIR-CONDITIONING EQUIPMENT.

N.B: Product names and brands have been omitted from the report forms in order to maintain the anonymity of companies.

APPENDIX A

PRODUCT PROBLEM ANALYSIS REPORT

CAUSE OF PROBLEM - place a cross in relevant box.	PERSONNEL FROM WHOM COMPLAINT RECEIVED, STATE NAME AND POSITION IN COMPANY.	DATE COMPLAINT NOTIFIED	DATE OF SALE OF PRODUCT
- Performance			
- Technical Characteristics	<input type="checkbox"/>		
- Reliability	<input type="checkbox"/>		
- Operating Cost Factors	<input type="checkbox"/>		
- Outside Permitted Tolerances.	<input type="checkbox"/>		
- Features			
- Physical Characteristics	<input type="checkbox"/>		
- Maintenance Problems	<input type="checkbox"/>		
- Accessory Problems	<input type="checkbox"/>		
- Operating Control Difficulties.	<input type="checkbox"/>		
- After-Sales Service and Technical Support	<input type="checkbox"/>		
- Other Problems	<input type="checkbox"/>		

PROBLEM COMMENTARY:-

ACTION TAKEN:-

FURTHER RECOMMENDATIONS:-

NAME OF SALESMAN

NAME OF CUSTOMER.....

SALES AREA

DATE OF SUBMISSION
TO OFFICE

APPENDIX B

PRODUCT PROBLEMS REPORT

Salesman

Customer (name)

Date

(address).....

.....

1. Describe the problem/fault reported by the customer.
2. State which member(s) of the customer staff reported the problem/fault.
3. State which member(s) of the customer staff discovered the problem/fault.
4. State the repercussions the problem/fault has had on the manufacturing operations of the customer.
5. State the date when the problem/fault was reported to you.
6. State (if any) the type of action taken by the customer to solve the problem/fault.
7. List any conditions the customer has stated must be complied with in alleviating and removing the cause of the problem/fault.
8. State any recommendations you may have for preventing the problem/fault arising in the future.

APPENDIX C

PRODUCT COMPLAINT RECORD

Customer Name

Salesman

Address.....

.....

Outline the product problem causing the customer to make the complaint.

APPENDIX D

New Product Concept Form

Salesman

Date

1. Please supply details of proposed product concept for the New Product Screening Committee. Attach any drawings, design notes, formulae etc. which will assist the Committee in considering the concept.

2. Comment on the source(s) from which the product concept was derived.

3. Comment on the market needs that might be satisfied by the product concept.

4. List the market segments and types of industrial customer that would be interested in the product concept.

5. Comment on the level of potential demand that might exist for the product concept.

APPENDIX E

New Product Proposal Evaluation Form

Product Title Salesman Date(Concept Form).....

Product File No. Sales Manager..... Date (Evaluation Form)

Evaluate the product proposal by rating it on the following qualitative factors.

	Superior	Excellent	Good	Poor	No Opinion
1. Durability of Market					
2. Breadth of Market					
3. Unique Character of Product					
4. Rate of Technological Change					
5. Relationship to Existing Markets					
6. Ease of Market Penetration					
7. Company Ability to Supply Technical Service Requirements					
8. Few Styles/Variations Required					
9. Substitute Effect on Present Products					
10. Importance of Product to Customer					
11. Threat of Make vs. Buy					
12. Potential Length of Life of Product					
13. Strength of Major Competitors					
14. Period of grace from Competition.					

Please place tick in appropriate column against each of the factors.

APPENDIX E

1. State the various uses for the product.
2. State the types of industries that would use the product.
3. State the changes developing which will create new uses for the product.
4. State whether the product can be sold through the present sales organisation.
5. State whether the product could be serviced by the same procedures and arrangements currently in operation with the existing product range.
6. State whether you imagine there will be demands for numerous variations on the standard product.
7. State which products presently on the market might be replaced by the product.
8. State the likely length of life of the product. Give a minimum and maximum figure.
9. State the names of the major competitors that might affect the successful marketing of the product.
10. State the length of time before a major competitor introduces a rival product to the market-place.

APPENDIX F

PRODUCT REPLACEMENT ANALYSIS REPORT

Salesman

Customer Name

Date

Location

.....

EVENTS DETERMINING
REPLACEMENT OF
COMPONENT

FUNCTION(S) IN CUSTOMER
ORGANISATION HAVING AN
INFLUENCE ON EVENTS

LIKELY DATE OF
OCCURRENCE OF
EVENTS

1. Customer end-product(s)
ceases to have a market

2. Critical changes in
structuring of customer
end product(s)

3. Customer manufactures
own component

4. Change in the function
and purpose of end-
product(s)

5. Customer requires
improved performance/
service to be given by
component

6. Other events. Name them:

APPENDIX G

COMPETITOR ANALYSIS REPORT

COMPETITOR (Name)..... TOTAL TURNOVER(£)1975

RELATED COMPANIES TOTAL NO. OF ENGINES SOLD 1975.....

.....

.....

Strengths/Weaknesses

1. How does the competitor compare in the following:-

- a) location better same worse
- b) product range more modern same less modern
- c) payment/credit conditions more favourable same less favourable
- d) product quality better same worse
- e) sales force organisation better same worse
- f) industrial advertising and promotion more same less
- g) service better same worse
- h) research/development expenditure more same less
- i) ability to obtain capital greater same less
- j) average age of manufacturing machinery more recent same older

2. What percentage of its engines were:-

- a) launched in 1975%
- b) launched between Jan. 1972 and Dec. 1974%
- c) launched between Jan. 1969 and Dec. 1971%
- d) launched between Jan. 1965 and Dec. 1968%
- e) launched between Jan. 1955 and Dec. 1964%

3. Name the engines launched in the different periods listed in Question 2.

- a)
- b)
- c)
- d)
- e)

APPENDIX G

4. What percentage of its engines are:-

- a) heavy engines%
- b) light engines%
- c) specialist vehicle engines%

5. Estimate the competitor's growth in turnover:-

	0 - 4%	5 - 9%	10-14%	15-19%	20% +
Next Year					

6. Please give the following information:-

- a) Sales organisation (number of representatives, territorial coverage, future development, etc.)

- b) Future trends (business policies, product policy, possible mergers and acquisitions etc.)

- c) Manufacturing capacity (number of machines, type of machines, number of employees etc.)

- d) Any other relevant information (other activities besides production of engines etc.)

SALESMAN (Signature)

.....

SALES AREA

.....

APPENDIX H

COMPETITOR EVALUATION STUDY

COMPETITOR DATE OF SUBMISSION FOR REVIEW
SALES REGION PERIOD COVERED BY REPORT
SALESMAN

1. State the location of competitor factories producing components.
2. State the level of capacity of competitor for producing components.
3. Describe the conditions of plant and equipment producing the components.
4. List all the different types of components produced by the competitor.
5. How many 'one-off' special contract jobs have been undertaken by the competitor in the past year?
6. What type of contracts are being negotiated by the competitor with its customers?
7. List the accounts where the competitor has been and continues to be a regular supplier.
8. List the services offered by the competitor.
9. What final products of user-industries do the competitor's components become a part?
10. How many salesmen does competitor have? How is the sales force organised?
11. What new components is competitor likely to produce in the:
next year
next 2-3 years
next 4-5 years
5 years +
State which market segments (or industries) will use the components.
12. State any changes in marketing strategies planned for adoption by the competitor.

APPENDIX I

LOST ORDERS REPORT

Salesman Prospect/Customer(Name)
Date (Address).....
.....

1. List the dates of visits made to prospect/customer.
2. List the terms offered by the company to the customer.
3. State the particular terms which produced most objections by the prospect/customer during negotiations.
4. State the principal competition encountered during negotiations.
5. State the competitive terms (if known) which have been accepted by the prospect/customer.
6. Comment on the chances of submitting future proposals to the customer.
7. State the likely future date when such a submission could be made.

APPENDIX J
 LOST ORDER REPORT (Value over £1,000)

Raised by.....

Quote No.

Area

Customer Requirements		Competitors' Activity				'X Co' Quotation				Annual Usage of Type ('000)	'X Co' Next Action
Device Type	Quantity ('000)	Competitors	Type/Technology	Unit Price £	Total Value £'000	Type	Family	Unit Price £	Total Value		

Comments:-

Date

Customer & Location

Equipment

Signed

APPENDIX K

CUSTOMER ANALYSIS REPORT

CUSTOMER SALESMAN
LOCATION DATE
PERIOD OF ANALYSIS

1. What types of computer equipment does the customer currently possess
2. Is this equipment:-
 - a) purchased from company
 - b) hired from company
 - c) rented from companyState the terms of relevant contracts.
3. What basic activities of customer are currently undertaken by computer? Give breakdown of these activities by main corporate function:-
 - Finance -
 - Marketing -
 - Personnel -
 - Management Services -
 - Other Functions -
4. What activities of the customer still carried out by manual procedures could be undertaken totally or partially by computer?
5. What new information requirements for the future success of his organisation is the customer going to need? State whether a computer could be helpful in gathering and interpreting this information.
6. How many employees in the customer company are trained to apply computer systems and to interpret systems output? State which functions of the company employ them. State type of training programmes initiated for staff to develop an understanding of computers.

APPENDIX L

CUSTOMER DATA FORM

CUSTOMER NAME SALESMAN
CUSTOMER ADDRESS SALES MANAGER
..... DATE

1. List the final products of the user which take our materials.
2. State the volume of materials used in each of the final products.
3. State the value of materials (at current contract price) used in each of the final products.
4. What proportion of the final cost of each end-user product do the supplied materials represent?
5. In processing our materials into the final product, what systems of manufacturing (flow line assembly, batch assembly processes etc.) are adopted by the customer?
6. What problems may arise in the production of the final products which will prevent a continuous manufacturing operation?
7. What material stock control and inventory procedures are used by the customer?
8. How are the materials stored by the customer before being used in the manufacturing process?
9. What new end-products being introduced/planned by the customer will need the type of materials in our product range? Comment on new product development being initiated by the customer. For each new product, state the likely future date for its appearance in the market-place.
10. What dislocation problems would be involved for the customer in changing his sources of supply of materials?
11. Give any other relevant information about the customer (Manufacturing capacity levels, age and condition of machines, shop floor layout, design facilities, quality control processes etc.)

APPENDIX L

RECORD OF PAST YEAR'S SUPPLY OF MATERIALS

Date of Supply Contract	Volume of Materials Supplied	Contract Price	Bulk Discount Given	Contract Period of Supply	Other Special Conditions

APPENDIX M

VISIT REPORT

Please place tick in the appropriate boxes.

Salesman			<u>Product Classification</u>	
Customer (Name)			Spinning Machine	<input type="checkbox"/>
(Address).....			Doubling Machine	<input type="checkbox"/>
.....			Milling Machine	<input type="checkbox"/>
			Broaching Machine	<input type="checkbox"/>
<u>Visit Date</u>	<input type="checkbox"/>		Lathe	<input type="checkbox"/>
(Denote any			Capstan	<input type="checkbox"/>
prior visits)	<input type="checkbox"/>		Beam Welding Machine	<input type="checkbox"/>
.....	<input type="checkbox"/>			
.....	<input type="checkbox"/>		<u>Visit Classification</u>	
.....	<input type="checkbox"/>		Initial Call	<input type="checkbox"/>
.....	<input type="checkbox"/>		Re-visit prior to Order	<input type="checkbox"/>
			Order Call	<input type="checkbox"/>
			Follow-up Call	<input type="checkbox"/>
<u>Customer Classification</u>				
New Prospect	<input type="checkbox"/>			
New Account	<input type="checkbox"/>			
Established Customer	<input type="checkbox"/>			

1. State purpose of visit.

2. The Customer

- (a) Describe the customer's business. Details to be given of number of employees, company structure, end-product of company, manufacturing operations, number and age of machines, capacity utilisation levels, degree of experience with marketed product, facility investment plans, and company growth pattern.
- (b) Name customer personnel (together with organisation position) seen during visit.
- (c) List the reasons for seeing these personnel.
- (d) Name other customer personnel (together with organisation position) that have been mentioned in discussions.

APPENDIX M

3. The Product

- (a) State the product specification required by the customer. Give as much detail as possible.
- (b) State whether customer has previous experience of the specified equipment.
- (c) State the customer need(s) which will be resolved by purchasing the equipment.

4. The Competition

- (a) List the competitors who have previously supplied equipment to this customer.
- (b) List the competitors that are currently involved in developing proposals for this customer.
- (c) State details of quotations being rendered by competitors. Give as much information as possible.

5. The Customer Terms

- (a) Price Requirement
- (b) Delivery Requirement
- (c) Support Services Requirement
- (d) Credit Requirement

6. List any further appropriate marketing information.

APPENDIX N

VISIT/SALES INTELLIGENCE REPORT

REPRESENTATIVE

REPORT NO.....

DATE OF VISIT OR DISCUSSION.....

ISSUED

COMPANY OR GOVERNMENT DEPT.....

ADDRESS.....

.....

Telephone No.

PERSONS SEEN/CONCERNED

OBJECTIVE

<u>REPORT OF DISCUSSION</u>	<u>ACTION</u>

APPENDIX N

<u>REPORT OF DISCUSSION.</u>	<u>ACTION</u>
<u>CONCLUSIONS AND RECOMMENDED FOLLOW-UP ACTION</u>	

Circulation:- Director(s) concerned
Marketing Office

Signed:-

APPENDIX O

PURCHASING INFORMATION REPORT

SALESMAN CUSTOMER NAME
PRODUCTS SOLD CUSTOMER ADDRESS
.....
DATE

1. Describe the organisation structure of the customer.
2. Describe the organisation of the purchasing department of the customer.
3. State whether the buying authority is centralized or decentralized.
4. If decentralized buying exists, what is the relationship of corporate purchasing to buying at the plant level?
5. What authority limits (in £'s expenditures) are imposed upon each buyer of the sub-assemblies?
6. Comment on the extent to which trade reciprocity factors affect the sale of sub-assemblies. State the terms of any existing contracts that involve the company purchasing customer products.
7. State the extent to which the customer can manufacture all or part of the needed sub-assembly.
8. What are the skills and abilities emphasised by the customer in competing in its own markets/industries?

APPENDIX P

AGENDA - SUB-SECTION - THE CUSTOMER

SALES CONFERENCE

DATE

Guideline questions for discussion:-

1. Who in the customer company is most likely to commence consideration of projects leading to the purchase of new machinery? Various alternative reasons for purchase to be explored.
 - a) Expansion of customer capacity.
 - b) Change in manufacturing process of customer.
 - c) Production requirement for a new product being launched by the customer.
 - d) Replacement of old, obsolete machinery.
2. Who in the customer company studies the alternative types of machinery that can be purchased and eventually determines the kind of machinery to be used?
3. Who is responsible for the specification of size, design, capability of the machinery to be acquired?
4. Who is responsible for evaluating which suppliers can provide the particular kind of machinery?
5. Who is responsible for choosing the suppliers from whom quotations will be sought?
6. Who is responsible for analysing whether the machinery offered by suppliers matches the specifications designated?
7. Who is authorized to decide which supplier is awarded the order?
8. Who is responsible for the ultimate decision to spend the requisite amount of money to purchase the machinery?

APPENDIX Q

VOLUME FORECASTS REPORT

	Financial Years					
<u>Established Customers</u>	1	2	3	4	5	6 - 10
Customer A:-						
Present Supply Contract						
.....						
Current Machine Range						
.....						
Current age of Machines						
.....						
Future Requirements	-	-	-	-	-	-

Customer B:-

Prospects

Customer A:-						
Current Machine Range						
.....						
Current age of Machines						
.....						
Future Requirements	-	-	-	-	-	-

Customer B:-

For each future potential requirement, state the reasoning behind the volume figure. Place beside each volume figure a letter (A,B,C - see below) indicating the priority the company should attach to acquiring the orders.

- A - High level priority
- B - Medium level priority
- C - Low level priority

APPENDIX R

Product Development Proposal

MARKETING AND SALES REPORT

- To specify:
- (a) Five years' sales plan; showing lowest and highest limits of expectation each year.
 - (b) Recommended stock-holding level to achieve required delivery performance.
 - (c) Introductory and sales promotion expenditure.

YEAR	YEAR 1 19 /	YEAR 2 19 /	YEAR 3 19 /	YEAR 4 19 /	YEAR 5 19 /
Highest Qty.					
Sales Value					
Lowest Qty.					
Sales Value					
Recommended Stock Holding %					
Introductory and Promotion Expend/t					

NOTES:

.....
Sales & Marketing Manager
Date:

APPENDIX S

SALES FORECASTS REPORT

19... to 19

CUSTOMER

AREA.....

COMMENTS/ EQUIPMENTS.	FAMILY/ TYPE	YEAR 1			YEAR 2			YEAR 3			YEAR 4		
		QTY '000	ASP £	VAL £'000	QTY '000	ASP £	VAL £'000	QTY '000	ASP £	VAL £'000	QTY '000	ASP £	VAL £'000

NB: ASP = Actual Selling Price.

APPENDIX T

To enable the formulation of a new advertising campaign, please be good enough to answer the following questionnaire, which, when completed by all concerned, will clarify our advertising objectives and help us to achieve them.

1. What are the company's fundamental marketing objectives?
 - a) In the U.K.
.....
.....
 - b) In Europe
.....
.....
 - c) In Rest of the World
.....
.....

2. Whom do we want to reach with our basic advertising material? (i.e. contractors, architects etc.) Please classify by job description.
 - a) b)
 - c) Others

3. Why do we need to reach the people you listed above?
.....
.....
.....

4. When do we want to reach them? Please list exhibition dates special functions, new product launch dates etc.
.....
.....
.....

5. What do we want the prospective buyer to believe about our products? (in general terms)
.....
.....
.....

APPENDIX T

6. Are there any areas (geographically) where the company needs to enhance its reputation?
.....
.....
7. Are there any areas (engineering wise) where the company needs to enhance its reputation?
.....
.....
8. Are there any particular sales objections to overcome? Please list if any.
.....
.....
.....
9. Are there any specific competitive advantages to overcome? If yes, what, and in which product range?
.....
.....
.....
10. Do our sales force have to spend too much time selling the company before they can sell the products?
.....
.....
11. Do we obtain good back-up from our distributors agents?
a) U.K.
b) Europe
c) Rest of World
12. Do we need enquiries for salesmen to follow up?
.....
13. In your opinion which are the most influential trade journals? In:-
a) U.K. Refrigeration
U.K. Air Conditioning

APPENDIX T

- b) Europe Refrigeration
- Europe Air Conditioning
- c) Rest of World Refrigeration
- Rest of World Air Conditioning