**JAIPURIA INSTITUTE OF MANAGEMENT, INDORE**

**PGDM**

**FOURTH TRIMESTER (Batch 2020-22)**

**END TERM IMPROVEMENT EXAMINATION, DEC-2021**

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| Course Name | **Sales Management and Business Development (SMBD)** | Course Code | **MKT401** |
| Max. Time | **2 hours** | Max. Marks | **40** |

Instructions: All the questions are compulsory

**CASE STUDY**

Wizer Technologies is a young proprietorship company established in early 2000 operating from Kolkata. Over last 4 years it has branched out to Jamshedpur, Ranchi, and Bhubaneshwar. Its market coverage is confined to eastern India only. Mr Umesh Mishra is the founder CEO of the company and he was working with IBM before he started this company. The founder and CEO was worried about the emerging trends of computer hardware and networking devices marketing and the price-based negotiation behaviour of the competing is the same industry. He needs to decide upon a strategy immediately to arrest the fall of sale for Wizer Technologies, particularly in computer hardware business.

Wizer Technologies is basically an exclusive IBM Advanced Business Partner and an IBM Authorized Service Provider. Apart from the entire range of IBM hardware and software business, the company has ventured into service areas such as systems integration. It is positioned in the industry as a combination of hardware, software, and solution consultancy. They sell IBM products and services such as desktop servers, laptops, printers (HP printers also) and IBM software. They are also into sales of networking services and sales of CISCO routers, switches, and other active networking components, such as AVAYA, AMP, and Dlink, for all passive components. They are into facilities management, maintenance contracts, technical consultancy, and sales of non-IBM software like that of Microsoft and Redhat (Linux).

They are also into sales of managed and unmanaged power solutions for desktops, servers, and networks. Basically, they are an integrated computer hardware and software company selling many of the reputed national and international brands. The market in itself is full of products and brands, and beside few players like IBM, many sales negotiations are done on the basis of price and also on the basis of additional service commitments at no extra cost. This kind of commodity-based competition is hitting the bottom line of many resellers such as Wizer Technologies.

Wizer has four offices at Calcutta, Jamshedpur, Bhubaneshwar, and Ranchi. Each region is headed by an operations head. Sales and support or service heads report to the operations head. A sales head would have the regional salespeople reporting to him and the support or service head would have the service engineers reporting to him. Both the sales and support or service divisions have co-coordinators to look at the business from a holistic point of view to integrate the solutions for customers' total requirements. All the operation heads are required to report on a daily basis to the founder CEO of the company. Wizer Technologies sells directly to either companies or end-users through its sales force. The competition is basically from the other IBM business partners existing in the same regions, non-IBM business partners who are selling other brands such as HP or Dell, and other systems integrators and specific information technology consultants.

A typical sales process starts with cold calls over telephone and field visits by the sales force, which lead to prospecting and lead generation. IBM also hands over leads to partners on performance basis. Appointments are made and salespeople visit customers and try to understand the technical requirement of the customers before a techno-commercial offer is made and then followed up till its closure. The salespeople have to make changes and modifications to the original offer by additions, alterations, and better price offer in many cases. Presentation and demonstration is always not a must for branded products and services. However, when selling services such as facilities management, consultancy, and networking, presentations, demonstrations and customer references are very much required. Objection handling is a part of the process, which starts with prospecting and ends only after the order is closed.

Negotiation differs for different products and services that the company sells. For products that have competitive pricing to start with (advertised price or referred price points), negotiation is or favoured but, there are instances where price discounts are given to encourage sales. Sales negotiation for services depends upon several factors including for services depends upon several factors including the price component. The types of the machine, to software, and applications that are being run are taken into consideration while deciding on maintenance contract.

For networking, negotiations would be with respect to the length and type of networking, the brand and type of cables to be used, the area to be networked, the amount of networking that exists, and the brand of networking hardware that has to be used. For facilities management, negotiations would mean a number of heads taken up from the company's payroll or number of heads given to a company for facilities management that are on Wizer technologies’ payroll, the facility management the customer is looking at, the hardware, software, and applications required. Overall, delivery details of products and services, prices and rentals, and terms and conditions of payments and contracts are the major issues that ought to be negotiated upon.

For government and large private sector companies, negotiation is restricted by the fact that Wizer has to be led by prices generally. Of course, these accounts are mapped differently over a larger period of time, during which the price points of the product and services are more likely to come down. A larger horizon is taken into consideration. Sometimes, though the prices of services are added, leading to increase in the final offer price, it makes it difficult to compete; however, that is the general condition faced by all competitors.

Negotiations can be handled by salespeople themselves, or they may need the involvement of their managers (sales and support managers), operational heads, or even the founder, depending upon the complexity of the case. Sometimes, for very difficult cases. Wizer Technologies also has to keep the principal (IBM) informed and take it along for calls that have been mapped closely and are most likely to close in the company's favour. They can help in terms of brand image and price clearings in case of a tough price call that is required to be taken.

A case is considered closed by either winning or losing it. If business is won, the support department becomes more active starting with on time deliveries and installations and regular support and handholding according to the terms and conditions of the sale closure. The support co-coordinator has to be constantly in touch with the customer and also try to find out about upcoming opportunities in the same account. Such a lead is transferred to the front-end salesperson who initiates another sales cycle.

The support department also takes care of sale of peripheral items that form a part of the support sales. Annual maintenance contracts are a part of the support sale. The accounts are divided into departments, and salespeople take calls by mapping the customer's existing IT exposure, requirements that might come up in a logical flow of IT implementation, and map decision makers from technical and financial points of view. Also, the salespeople try to map end-users who might Influence, or influencers from outside the accounts or even inside the account who may not be end-users.

As salespeople keep on meeting customers at various points of contact, they get a stronger outlook of the customer's budget, urgency of need, time left to serve, patterns of requirement, level of competition, and market overview of other firms and industries in their sector. Sometimes this helps in creating an industry oriented loyal customer base and helps the company to put in more effort in terms of manpower, training, and technical competency to address such accounts and their typical needs. Selling in such accounts takes longer time. Sometimes it can take more than a year before the company can start reaping benefits from such accounts.

Depending on the performance and requirement, the company also organizes in-house training. IBM runs training programs for its business partners, which can be used by them. Based on performance, the company also sponsors technical training to deserving candidates. Sponsored trainings are used as incentives also. Compensation for the entire sales organization is on the basis of performance. Out of the total compensation, 60 per cent is variable linked to the performance, and 40 per cent is fixed. If the company achieves its target, that is, between 100 per cent and 105 per cent of its target, the whole organization is paid incentives in a lump sum.

For achievement above 105 per cent, individual salespersons and their managers and operation heads are rewarded over and above the basic incentive structure. Performance appraisal is a quarterly exercise for the company. IBM also separately gives incentives to the front-end salespeople for exceptional quality work. This is in agreement with the IBM representatives and the business partner organization in general. Other incentives include quarterly team get-togethers and half-yearly outstation picnics for all the family members of people working with Wizer Technologies.

While going through the reports of lost customers, Mr Umesh Mishra observed significant reasons for the same. He could summarize that in the past they have lost sales due to various reasons including the frequent lower price quoted by competitors, particularly competitors selling unbranded and assembled products. There was also a high level of confusion with some customers due to the lack of confidence and knowledge in the product categories they were buying. They also lost sales due to the faulty delivery mechanism.

Overall, he was worried that they have missed the targets in last three quarters, whereas some of the IBM partners working in the same territory are doing well by negotiating in majority of the cases on price terms. He is of the opinion that being an associate of IBM he should not indulge in price cuts and compete for customers who look for low price rather than a quality product. But it was evident from his analysis that price cut was a rampant phenomenon in the market. He was thinking of developing a negotiation strategy where price would not be the only criteria for the negotiation, and yet there can be considerations for the same in a more judicious manner.

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| Evaluation Parameters | Mr Ramesh | Performance Index (Mr Ramesh) | Mr Varun | Performance Index (Mr. Varun) |
| Target sales (in units) | 5000 | ? | 15000 | ? |
| Actual sales  (in units) | 3050 | 10000 |
| Order (in units) | 25 | ? | 100 | ? |
| Call | 250 | 900 |
| Number of customers contacted | 2500 | ? | 1250 | ? |
| Number of prospects developed | 45 | 165 |
| Sales (In Rupees) | 35,00,000 | ? | 85,00,000 | ? |
| Sales expenses (In Rupees) | 45000 | 2,00,000 |
| Field sales cost (In Rupees) | 2,50,000 | ? | 5,00,000 | ? |
| Total sales cost (In Rupees) | 5,00,000 | 10,00,000 |

**Questions**

**1.** Do you feel there is need to relook into the sales process followed at Wizer. Where does the problem lie? Suggest ways for improving the sales at Wizer. **(5+5 Marks)**

**2.** Design a compensation plan for a sales manager involving monetary and non- monetary components at individual and team level. Suggest some tactics for motivating sales personnel **(2+2 Marks)**

**3.** You are required to set sales targets for your sales team for the next financial year. Discuss the method/methods which you will be using to set the sales targets. **(6 Marks)**

**4.** Based on the information provided in the case draw out and give a detailed explanation of the type of sales organization structure at Wizer. **(10 Marks)**

**5.** While carrying out performance appraisal of Mr. Ramesh (Posted in Ranchi) and Mr. Varun (Posted in Kolkata) the data given below is available before you. You are required to calculate the performance Index of both the employees. Whom would you rate as a better salesperson? Give justification. **(10 Marks)**

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