**JAIPURIA INSTITUTE OF MANAGEMENT, INDORE**

**PGDM**

**THIRD TRIMESTER (Batch 2021-23)**

**END TERM IMPROVEMENT EXAMINATION, AUG-2022**

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| Course Name | Sales Management and Business Development (SMBD) | Course Code | 40103 |
| Max. Time | 2 hours | Max. Marks | 40 |

**Instructions:** All the questions are compulsory

1. The sales related data is provided for 4 branches of a company

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| --- | --- | --- | --- | --- |
|  | Branch A | Branch B | Branch C | Branch D |
| Sales | 32.85 | 39.55 | 38.23 | 23.85 |
| Sales Quotas | 33.90 | 38.80 | 36.20 | 25.50 |
| Sales Last Year | 29.50 | 33.75 | 31.50 | 21.22 |
| Industry Sales | 103.25 | 132.0 | 108.50 | 84.00 |

* 1. Conduct a sales analysis to evaluate and discuss the effectiveness of the above mentioned branches. **(8 Marks)**
  2. Calculate the market share of each branch **(2 Marks)**
  3. What would your forecast be for next year for each branch if you are using the adjusted naïve method of forecasting **(5 Marks)**

1. Case

“Sir, I think, we need to have an incentive scheme for our field salespeople, so as to motivate them to put more than normal effort. This will help us to increase our market share and also make it possible for us to become number one player from number three position that we are currently at. We have declared in our last annual marketing conference that we would become the leader in the precision tube industry in three years. I believe we have to start working on that goal immediately. Do you agree, Sir?” asked Krishna Kumar, the newly appointed head of sales and marketing, to the executive director of STI Ltd, B.G. Gururaja Rao.

“I agree to the extent that we have to work on our long term goal. That does not mean that we have to work without considering the long term impact on the company’s profitability. So far, in the last 15 years of our company’s operations, sales and other functional employees have been paid a fixed salary, fringe benefits, and once a year bonus (as per government regulations of bonus). Why should we pay incentives to only salespeople. If we try to motivate salespeople by paying commission on achieving their sales quotas, other employees and particularly shop floor workers and supervisors will demand extra money by some kind of incentive scheme. If we deny an incentive payments to other employees, they will not only get demotivated, but may even go on a strike. Besides, the profit contribution per unit of our products sold is very low and any increase in cost due to incentive payments without substantial increase in sales volume will wipe out the thin profitability of our company. We have to consider the various factors before we take a decision on the incentive scheme for salespeople. I hope you understand this”, responded Gururaja Rao.

“Yes, Sir, I suggest we discuss this subject later in our monthly budget review meeting, when other managers and also our Chairman and Managing Director will be present. In the meantime, I will also apply my mind and prepare a specific proposal, which I will discuss with you before the budget review meeting,” Krishna Kumar said and thereafter left for his office.

1. Do you think this company needs an incentive scheme for motivating their salespeople? **(5Marks)**
2. Suggest a suitable compensation plan for the salespeople. On what parameters would you do the performance appraisal of the salesperson? Make assumptions if needed. **(5+5Marks)**
3. Samsung India ltd. wants to carry out an audit whether the number of salespersons deployed in Madhya Pradesh are adequate to handle the sales in the state. At present there are 15 sales personnel handling the sales of different product lines. Each sales person should sell products worth 3 lacs per month to achieve the sales target of 20 lacs per month for Madhya Pradesh. The attrition rate in this industry is 2%. Further, at present there are 12 salesperson in the call center. On an average there are 1500 cold calls to be made per month where each call would take 15 minutes and each cold prospect needs to be approached at least thrice. 500 warm prospects need to be reached out twice a month and the call could last for 10 minutes. On an average 100 hot prospects need to be handled once a month by call center employees. The call duration of such calls is usually 5 minutes. The employees at call center are required to do sales for 5 hours a day and administrative reporting for 2 hours a day with 1 hour for lunch break. You can consider 30 days in a month.

Based on your calculation, do you feel that the present strength of salesforce to handle various products and the number of salesforce in call center are adequate?

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