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| **C:\Users\ADMIN\Desktop\j.png** | **JAIPURIA INSTITUE OF MANAGEMENT, INDORE**  Post Graduate Diploma in Management (Batch 2022-24) |
| **Course Title: Sales Management & Business Development,**  **(Course Code: 40103)**  **End-Term Examination, Term - III (April, 2023)** | |
| **Time Duration : 2 Hours Total Marks: 40** | |

***General Instructions*:**

1. *Answer the questions as directed. The break-up of the marks is given wherever necessary.*
2. *Marks against each question is indicated to its right.*
3. *Answer all the questions of a ‘Section/Question’ at one place in continuation.*
4. *Answers should be brief and to the point.*
5. *Do not write on the question paper except your roll number.*

**Case**

There is a revolution sweeping the e-commerce space in India. Flipkart (www.flipkart.com) is leading the pack at this point of time. The company took over Myntra ([www.myntra.com](http://www.myntra.com)) and Mr. Mukesh Bansal, CEO of Myntra, joined Flipkart as its Head of Commerce and Advertising platforms.

Mr. Mukesh started his journey with Myntra in 2007. Post- acquisition by Flipkart, he worked closely with the founders Sachin and Binny Bansal. Myntra has become the best fashion destination in the country with its premium service, differential shopping experience and unique in-house brands. The company has transformed the business into a market place model with a 64% market share in the smartphone market. The company has pivoted itself to a completely mobile first company with 60% market share for the group.

On Feb 10th 2016, Mr. Mukesh Bansal announced his departure from Flipkart to pursue his passion and leaving Myntra's business in the hands of a team led by Ananth. The m-commerce only platform created a ripple in the Indian e-tailor space from the very first day of its launch.

The salesforce at Mytra is a combination of call centre as well as field salesforce. While call centre based sales people attend to the calls on the toll free numbers, field sales people are involved in institutional selling to offline, brick and mortar retailers across the country. They are responsible for checking the stock of their customers, selling a range of products, opening new business opportunities and managing accounts receivables. Teja was given a target to do sales worth Rs. 15,00,000 in a month and he accomplished sales of 19,00,000. He was anticipating that his accomplishment would be acknowledged by the organization but his supervisor did not. Instead he stated that probably he was given a low sales target and his next month’s target was set to Rs. 30,00,000. Over the past few months since his joining Teja had accomplished following sales volume:

June: Rs 8,00,000 July: Rs. 6,00,000 August: Rs. 10,00,000 September: Rs. 7,00,000

October: Rs. 12,00,000 November: Rs. 10,00,000 and December: 19,00,000

All customers had a credit period of 30 days upon arrival of inventory at their store. One leading customer in Kolkata had accumulated a debt of Rs. 16,00,000 and was refusing to pay for 6 months. The customer was allocated to a newly hired MBA graduate Mr. Surya Teja. Prior to the sales call to this customer, Mr. Teja received a brief including client's credit history from his senior manager. He was of asked to collect the pending amount and deliver additional stock on advance cash payment only.

Mr. Teja heard everything from his boss and then decided to call the customer on phone. Following is the excerpt of conversation between Mr. Teja and the customer:

**Mr. Teja:** Good Morning. My name is Teja and I am the new sales manager. I am visiting all my customers and would like to know what I can do for you?

**Customer:** Thank you for the call. I need the following products from fashion gallery list of Myntra in my store.

**Mr. Teja:** Yes, of course, but how do you want to pay me?

**Customer:** By credit, as per your company policy, you can come and collect payment after a month.

**Mr. Teja:** That's ok, I will approve your order as desired by you. Towards the end of the call, the puzzled customer asked the e following:

**Customer:** Didn't you receive any communication otherwise about how to deliver goods to me?

**Mr. Teja:** Yes, I had a different instruction.

**Customer:** Why didn't you follow those instructions from your supervisor?

**Mr. Teja:** You need not worry. I think I have done the right thing. Even if I lose my job, it will be a very good reason. The world runs on trust. I trust you and am sure that you will not let me down. Hope to call you again.

Mr. Teja arrived in his office the next day and explained everything to the fury of his supervisor. Mr. Teja was disappointed and hurt that the supervisor didn't trust him. He was asked to meet the Regional Manager in the next one hour. The regional manager gave a patient hearing to what Mr. Teja had to say.

**Mr. Teja:** All my previous managers have built this huge debt on the customer without following up properly on credit matters. So I thought I should take my chance again. I assure you I will not do this again but I can say that the customer will pay us back.

**Regional Manager:** Teja, I appreciate your approach but being an e-commerce company, we need to generate revenues and keep credits under control. Anyway, let's see what happens with this customer.

**Mr. Teja:** Sir, I want to bring to your notice that my supervisor does not follow any systematic approach to set targets for us. He simply asks us and whatever numbers we quote he adds any arbitrary percentage to it and sets are targets. Even if the target is achieved, there is no praise and a higher target is set.

**Regional Manager:** Teja, do you have any suggestios? Can you propose a sales forecasting approach to be followed. Our organization has a market share of 10% and industry sales is approx. 20, 00,00,000 (20 crores). Our market share in different regions is as follows: North 20%, Central 30%, West 10%, East 30% and South 10%

**Teja:** Sure sir I will prepare a detailed plan and get back to you

Teja's supervisor never liked this customer even though the customer cleared all outstanding payments in next three months. The high level of anatagonism between Teja and his supervisor made him think of leaving the company in few months’ time and he started on a lookout for better job opportunities.

**Q1. Discuss your views on the situation presented in the case. Suggest ways of handling such a situation better.** **(5 Marks)**

**Ans: Students would be required to view this case from following dimensions:**

1. Unrealistic target setting
2. No clarity in terms of policy for account receivables
3. Personal bias of the supervisor
4. Low motivation
5. Reprimanding a new employee and escalating the issue till RSM

**Q2. Discuss the motivational theories that could be applied to handle this uncomfortable situation between the supervisor and Mr. Teja (5 Marks)**

Ans: The students would be required to discuss following two process theories:

1. Adams Equity theory
2. Victor Vroom’s Expectancy Theory

**Q3. Can combination quotas work better under such situations? Prepare a combination quota plan which can be used by the sales department. (You can make your assumptions and mention them) (5 Marks)**

Ans Following template can be used to make combination quotas:

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| Type of Quota | Quota | Actual | Weight |
| Sales Volume (Rs) |  |  |  |
| Selling Expenses (Rs) |  |  |  |
| New Customers (Nos) |  |  |  |
| Receivables (Days) |  |  |  |

**Q4. Identify the problem of target setting in this case. Discuss parameters based on which the sales targets/quotas could be set? What would be your recommendation? (5 Marks)**

Ans: There is no formal method being followed in target setting. The sales targets are just increased arbitrarily by the supervisor. Following target setting methods can be discussed:

1. Sales Volume Quota ( In Rupees, Units and Points)
2. Financial Quotas
3. Activity based Quotas
4. Combination Quotas

The students can make recommendations by linking the sales targets with forecasts made. Further the targets can be set based on market share or market potential method which can be discussed.

**Q5. Prepare a sales target (one on market share basis and second on sales potential basis) based on following information**

1. **Organization’s market share is 10% and industry sales is approx. 20, 00,00,000 (20 crores). Market share in different regions is as follows: North 20%, Central 30%, West 10%, East 30% and South 10% (8 Marks)**

**Industry Sales = 20,00,00,000**

**Organization’s Market Share = 10% = 2,00,00,000**

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| **Region** | **Market Share** | **Organization’s Total Sales** | **Region wise sales** |
| **North** | **20** | **2,00,00,000** | **40,00,000** |
| **Central** | **30** | **2,00,00,000** | **60,00,000** |
| **West** | **10** | **2,00,00,000** | **20,00,000** |
| **East** | **30** | **2,00,00,000** | **60,00,000** |
| **South** | **10** | **2,00,00,000** | **20,00,000** |

1. **Apart from the above mentioned information the sales potential index in each region is as follows: North .3, Central .2, West .3, East .1 and South .1 (8 Marks)**

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| **Region** | **Sales Potential Index** | **Industry’s next years sales forecast** | **Industry’s next years sales in territories** | **Organization’s Market Share** | **Region wise sales forecast of the organization** |
| **North** | **.3** | **20,00,00,000** | **6,00,00,000** | **20** | **1,20,00,000** |
| **Central** | **.2** | **20,00,00,000** | **4,00,00,000** | **30** | **1,20,00,000** |
| **West** | **.3** | **20,00,00,000** | **6,00,00,000** | **10** | **60,00,000** |
| **East** | **.1** | **20,00,00,000** | **2,00,00,000** | **30** | **60,00,000** |
| **South** | **.1** | **20,00,00,000** | **2,00,00,000** | **10** | **20,00,000** |

1. **If you were Teja which method according to you is better suited to do sales forecast and why? (4 Marks)**