

## Contemporary Selling, 6e Chapter 2

### Chapter 2 Outline: Understanding Sellers and Buyers

#### Value-Added Information in Chapter 2

- Ethical Dilemma - “Too Much Job Autonomy: Gracie Electronics”
- Global Connection - “Global Virtual Sales Teams”
- Mini Case-“National Agri-Products Company”
  
- Exhibits
  - Exhibit 2.1 – “From Salesperson to CEO”
  - Exhibit 2.2 – “Success Factors for Salespeople”
  - Exhibit 2.3 – “Sales Job Factors and Selected Associated Activities”
  - Exhibit 2.4 – “How Salespeople Spend Their Time”
  - Exhibit 2.5 – “Organizational Buying Decision Stages”
  - Exhibit 2.6 – “Consumer versus Organizational Buyer Behavior”

#### I. Overview of Selling as a Career

##### A. Why Sales Jobs Are So Rewarding

1. Job Autonomy
2. Job Variety
3. Opportunities for Rewards

4. Favorable Working Conditions
5. Ability to Move Up in the Organization

## II. Key Success Factors in Contemporary Selling

- A. Listening Skills
- B. Follow-up Skills
- C. Ability to Adapt Sales Style from Situation to Situation
- D. Tenacity - Sticking with a Task
- E. Well Organized
- F. Verbal Communication Skills
- G. Proficiency in Interacting with People at All Levels of a Customer's Organization
- H. Demonstrated Ability to Overcome Objections
- I. Closing Skills
- J. Personal Planning and Time Management Skills

## III. Selling Activities

### IV. Types of Selling Jobs

- A. Selling in B2C Markets versus B2B Markets
- B. Types of B2B Sales Jobs
  1. Trade Servicer
  2. Missionary Seller
  3. Technical Seller
  4. New-Business Seller

### V. Participants in the Organizational Buying Process

- A. Selling Centers and Buying Centers

### VI. Organizational Buying Decision Stages

- A. Stage One: Anticipation or Recognition of a Problem or Need

- B. Stage Two: Determination or Description of the Traits and Quantity of the Needed Item(s)
  - C. Stage Three: Search for and Qualification of Potential Suppliers
  - D. Stage Four: Acquisition and Analysis of Proposals or Bids
  - E. Stage Five: Evaluation of Proposals and Selection of Suppliers
  - F. Stage Six: Selection of an Order Routine
  - G. Stage Seven: Performance Evaluation and Feedback
- VII. Types of Organizational Buying Situations
- VIII. Summary
- IX. Key Terms
- X. Role Play
- XI. Discussion Questions
- XII. Mini Case 2 – “National Agri-Products Company”

### **Discussion Questions**

1. *It is often said that successful salespeople today must be “nimble.” What does it mean to be “nimble” as a salesperson and as a sales organization?*

Nimble firms:

- Constantly monitor and communicate with customers.
  - Are proactive instead of reactive in meeting customer needs.
  - Practice adaptive selling by carefully sensing customer needs in each interaction and adapting the form and message of the communication to those needs.
  - Are flexible at all times and open to creative, outside-the-box solutions.
2. *Take a piece of paper and draw a line down the middle. Write “Pros” on the top left and “Cons” on the top right. Now from your own perspective, come up with as many*

*issues as you can on both sides regarding selling as a career choice for you. Be sure to note why you list each item as you do.*

Students' answer will vary. Here is a sample answer:

Pros:

- Job autonomy – A salesperson is largely free to get the job done their own way and to spend time as they choose, so long as they get good results.
- Job variety – Selling is a complex job that requires creative thinking. The salesperson will never get bored.
- Rewards – These rewards can be intrinsic (such as a feeling of being satisfied) and extrinsic (such as more money in the salesperson's pocket).
- Favorable working conditions – It is often easier to work from home and telecommute rather than go into a corporate office. Telecommuting helps to ease work-family conflict.
- Ability to move up in the organization – Promotion opportunities abound for excellent salespeople, often including choices in sales management or marketing. A salesperson can also be given a more attractive territory or key account as a promotion.

Cons:

- Stigma or negative stereotype associated with selling – May cause lack of respect or misunderstanding from others.
- Pressure – Constant pressure to make numbers, especially if the salesperson is being paid on a straight commission.
- High visibility of failure – The output of a salesperson is highly visible within a firm. If a salesperson is not making quota or is in the bottom rung of salespeople, he or she could be fired.

- Frequent travel – It can be difficult on family relationships if frequent overnight travel is required.

3. *Creativity is important to sales success. What is creativity? Give specific examples of several things you have done that are especially creative. How might creativity be taught to salespeople?*

Creativity is the ability to be original, expressive, imaginative, and innovative. Art is creative. Music is creative. Coming up with a business idea or a sales approach that has never been done before is creative. For example, Richard Bramson at Virgin Atlantic Airlines is very creative in his sales promotions, such as traveling the world in a hot air balloon.

Creativity may be taught to salespeople by encouraging them to break their routine or to decorate their workspace to reflect their own personality and creativity. A firm can provide salespeople with time each day to just sit and think of a creative solution to a problem.

Salespeople can also be encouraged to read and study the creativity of others, such as by reading biographies, success stories, articles, and examples. Seminars and workshops with guest speakers can often share ideas and examples on how to be creative in the workplace.

4. *Telecommuting and using a virtual office are major aspects of many professional sales positions. How do you feel about telecommuting and virtual offices? What aspects of them are you most and least attracted to?*

Student answers will vary. Here is a sample answer.

Although telecommuting sounds utopian, it is not always a panacea. On the positive side, telecommuting and virtual offices give the freedom and flexibility to work from home and can make the logistics of organizing meetings easier. However, on the negative side, telecommuters can feel cut off from team members and the company's culture. Also, it is difficult to

communicate one's full information or meaning over the phone or via e-mail. Even if salespeople work remotely, it is a good idea to have in-person meetings at least several times a year to make everyone feel a part of the company.

5. *What aspects of sales jobs do you believe provide a strong foundation for moving up in an organization?*

Exhibit 2.1 provides some great insights on areas on which salespeople can focus in order to ensure they are positioned well for moving into upper management. Beyond that advice, a few specific aspects of sales jobs that enhance this are:

- The inherent wealth of knowledge salespeople attain about a firm's customers, markets, competitors, and products.
- Experience at building effective relationships.
- Enhanced communication skills – especially in reading the tea leaves regarding other people's needs.
- Strong team skills.

6. *Review the top 20 key success factors for relationship selling as listed in Exhibit 2.2. Which of these factors are currently your strongest points? Which need the most work? How do you plan to capitalize on your strengths and improve on your weaknesses?*

Student answers will vary. Here is a sample answer.

#### Strengths

- Listening skills: I use these to understand the needs and wants of customers – to understand what they are really communicating.
- Ability to adapt sales style from situation to situation: I use this to meet the varying needs of customers and provide unique solutions that add value.

- Verbal communication skills: I use this to communicate clearly the value proposition to the customer.
- Proficiency in interfacing with people at all levels (of a customer's organization and of your organization): I use this to communicate effectively with different members of the buying center, as well as other key players in both firms.
- Empathy with the customer: I use this to understand the customer's needs and to demonstrate to the customer that I can relate to the customer's perspective.

### Weaknesses

- Follow-up skills: Follow-up is required to properly serve the client and maintain the relationship. I need to give it high priority even when I am busy with other selling activities.
  - Tenacity- sticking with a task: On the road to developing customer relationships, setbacks often occur that must be overcome. Great salespeople always keep the big picture in mind while working on the details. This perspective facilitates tenacity... sticking with a task, such as nurturing a customer relationship, in order to realize long term goals. I need to be patient and see things through to a positive outcome – for me and for my customers.
  - Demonstrated ability to overcome objections: Objections can be minimized by developing a trusting relationship with the client over the long run and by working to negotiate win-win solutions. I need to use objections as a way to show my customers the benefits of my product.
7. *Pick the three selling activities presented in Exhibits 2.3 that you would most like to perform. Then pick the three you would least like to perform. Explain the rationale for your choices.*

Student answers will vary. Here is a sample answer:

Most like to perform

- Make sales presentation: I enjoy being “on stage” and have an opportunity to have a dialogue with customers.
- Establish good relationships with distributors: I like getting paid to help and provide solutions for a distributor. It doesn’t seem like “work.”
- Train new salespeople: It is satisfying and fulfilling to help influence and train a new team member.

Least like to perform

- Call on new accounts: Making cold calls on people I don’t know seems difficult to me.
- Stock shelves: I would rather be with the customer than in the storeroom or sales floor.
- Handle back orders: The client is probably unhappy because the product is not immediately available. I may get blamed even though it is not my fault.

8. *This chapter outlines the roles different members of a buying center play within an organizational buying context. Think of a purchase process you were involved in as an end-user consumer (not an organizational buyer). Can you list people who played these buying center roles in your purchase? Try to connect as many specific people to buying center roles as you can.*

The buying center roles in the purchase include:

- Initiators
- Users
- Influencers
- Gatekeepers



- Buyers
- Deciders
- Controllers

Student answers will vary. Here is a sample answer:

I finally broke down and bought a smart phone. My boss and my friends were both initiators and influencers of my purchase. I am the user and the buyer, although my fiancé is also a user. Actually, to be honest my fiancé was also a decider and a controller, having loaned me part of the money needed to pay for it and thus having a greater stake in the choice! I guess the gatekeeper was the salesperson at Best Buy, where I bought the smart phone, since she certainly had a lot of information I needed in order to make the final decision on which one to buy.

9. *Explain the differences among a new-task purchase, modified rebuy, and straight rebuy. How will each situation alter the way a salesperson approaches a client?*

A **new-task purchase** is where a customer is buying a relatively complex and expensive product or service for the first time (e.g., a new piece of production equipment or a new computer system). In this case, the seller is may be an out supplier, and if so the objective is to move the customer away from the automatic reordering procedures of a straight rebuy from somebody else toward the extensive evaluation processes of a new-task purchase.

A **modified rebuy** is where a customer wants to modify the product specs, prices, or other terms it has been receiving from existing suppliers and will consider dealing with new suppliers to make these changes if necessary. As with a new-task purchase, here again the seller may be an out supplier, with the objective of moving the customer away from the automatic reordering procedures of a straight rebuy from somebody else toward the extensive evaluation processes of a modified rebuy.

A **straight rebuy** is where a customer is reordering an item he or she has purchased many times (e.g., office suppliers, bulk chemicals). In this case, the seller is an in supplier, and the salesperson will want to maintain or increase the repeat ordering by keeping the customer satisfied and continuing the relationship with this buyer to avoid having the buyer switch to another supplier.

## **Ethical Dilemma – Teaching Notes**

### Teaching Notes

One of the challenges for salespeople is how to balance work and personal goals. In this case Jennifer is faced with a difficult decision. It is easy to argue on behalf of Jennifer's involvement with after school programs as the program helps needy teenagers. However, Dynamic manufacturing is offering Jennifer and Gracie Electronics a unique opportunity to get the inside track on a big new contract. Of course, it is possible to extend this conflict to other personal situations (a day out with the family). The dilemma can set up a great discussion on understanding the key success factors in relationship selling. Specifically, how does Jennifer manage her time effectively and how can she be better organized to stay focused on critical tasks?

Chapter 9 presents an in depth discussion of time and territory management skills and it may useful to foreshadow that discussion by bringing in the concept of life and career priorities. Jennifer has apparently developed a real affinity for working with in the non profit sector and perhaps she should evaluate her life goals. Indeed, she may find that her interests and goals are more directed at helping at risk teenagers that working for Gracie.

This dilemma highlights some issues for younger as well as older students. It is tough to criticize Jennifer because she is trying to help others. At the same time, Gracie Electronics is her employer and expects her to be available for the customer. Students may find this dilemma challenging as arguments can be made on both sides. The critical point is always to bring the discussion back to the relationship between the salesperson, his or her company, and the customer. What choice is best for these parties?

### Answers to Questions

#### *1. What should Jennifer do?*

First, she needs to seek the advice of her manager. The worst decision she could make at this point is to hide or misrepresent her activities to anyone at Gracie or Dynamic Manufacturing. She also needs to be sure that there is no opportunity to be a part of the charity work in another way (via email, cell phone during free time). At the end of the day, however, her first priority should be to Gracie Electronics.

#### *2. As a salesperson, how would you balance the demands of a sales career with a personal life?*

There is no “right” answer. However, Chapter 9 does present a framework for students to help them sort through life and career priorities. This dilemma is introduced here to get students thinking about what’s important to them and thinking about the balance between work and personal time.

It can be helpful to have students revisit this dilemma after going through Chapter 9 and also Chapter 10 on salesperson motivation. Students may have a different view of the dilemma and be more sympathetic to Jennifer’s conflict. Again, if you broaden the discussion and frame it by saying Jennifer was going to spend a day with her children, would the student’s view of the decision change?

3. *Can you identify some other challenges a person might face in balancing a sales career and personal life?*

Issues related to family often present difficult ethical challenges for students. This is especially true for salespeople who spend a lot of time traveling. When salespeople travel a lot their conflict increases (see Chapter 10) and this often leads to higher levels of stress and lower levels of satisfaction.

The dilemma itself presents a scenario people find themselves in as they seek to help out in the community. Many non profit organizations count on the support and leadership of local business people. Invariably, conflicts arise when meetings are scheduled during work hours. As Gracie Electronics has already indicated a willingness to allow employees to be involved in the community Jennifer's work with the after school program is certainly acceptable. The problem is that occasionally work demands will create a difficult situation.

### **Mini Case -- National Agri-Products Company**

This case prompts students to begin thinking about the organizational buying process and the various roles individuals within the company play in the purchase decision. Students should be encouraged to answer the questions provided with the case. In addition, students should be encouraged to determine Larry's role in the process and how he should approach identifying the responsibilities and influence of the various National employees.

#### Answers to Questions

1 and 2. Best illustrated in the following table.

<b>Name</b>	<b>Position</b>	<b>Buying Center Role(s)</b>	<b>Primary Needs</b>	<b>Level of Influence</b>
Sue Wilson	Purchasing Manager	Gatekeeper and Buyer	<ul style="list-style-type: none"><li>▪ Following company policy.</li><li>▪ Satisfying the needs of other buying center</li></ul>	Low to moderate depending on latitude allowed for negotiating.

			members.	
Tom Roberts	Plant Manager	Initiator and Decider	<ul style="list-style-type: none"> <li>▪ Equipment that will accomplish company objectives.</li> </ul>	Low initially but high at the end as the final decision is made.
Vicki Sievers	Plant Engineer	Influencer	<ul style="list-style-type: none"> <li>▪ Quality equipment.</li> <li>▪ Meeting the deadline of 6 months.</li> </ul>	Medium to high given her position as plant engineer and Tom's reliance on her expertise.
Greg Runyon	Production Manager	Influencer and, as production manager, he also represents the Users in the buying process.	<ul style="list-style-type: none"> <li>▪ Efficient manufacturing process and keeping operating costs low.</li> <li>▪ Ease of maintenance.</li> </ul>	Medium to high given his position as production manager and Tom's reliance on his expertise.
Vijay Sethi	V.P. of Purchasing	Influencer	<ul style="list-style-type: none"> <li>▪ Adherence to company purchasing policies.</li> </ul>	Low to moderate.
Jim Fisher	Hawarden, IA Purchasing Manager	Influencer	<ul style="list-style-type: none"> <li>▪ Overall corporate success and adherence to company policies.</li> </ul>	Medium because of his past relationship and experience with suppliers for this type of equipment.

The buying process National Agri-Products is using mirrors that provided in the chapter. Sue, Tom, Vicki, and Greg have just finished a meeting that can represent stage one of the process – recognition of a problem or need. Vicki is now in the process of developing specifications for the equipment, which represents stage two of the process.

Concurrently, Sue is working on stage three, searching for and qualifying potential suppliers. From this point, the process will move on to acquiring and analyzing proposals (stage four), evaluation of those proposals and supplier selection (stage five), selection of an order routine (stage six), and finally, performance evaluation and feedback (stage seven).

3. The point at which it becomes beneficial for Larry to get involved is at stage two of the process. Larry does not want his company, New Products Steel, to get left out of the proposal process because the equipment specifications being developed by Vicki include aspects that New Products can not provide. Therefore, Larry needs to make sure that the equipment desired by National Agri-Products includes specifications that his company can supply. Larry already has an advantage in this process because of his previous work with the Hawarden, IA manufacturing facility. Consequently, Larry needs to duplicate this previous success with Sue and the other National Agri-Products employees at the Tennessee plant.