Chapter 4

Organization of sales department

4.1. Department of sales organization

Sales organization is a combination of various departments. These departments are collectively responsible for marketing the products and services. However, the number of departments of a sales organization depends upon a number of factors such as company, objective, manufacturer's view of marketing, the importance of different marketing tools, the type and number of products and the nature of competition.

The structure of various sales organizations vary greatly from one another. It may be a simple organization comprising of a few salesmen working under a general manager or a complex one having different departments. Whatever be the type of sales organization of the company, it should cover all the selling functions. In other words, the sales organization should undertake all the sales activities necessary for the smooth distribution of products or services. Therefore, a sales department cannot be completely eliminated from the organizational structure. On the basis of function, a sales organization can be broadly divided into following departments.

1. Sales Department

Usually this department is connected with effecting and expanding sales on a continuous basis. Sales department is the nerve center for the sales organization as the sales is the life blood of business. In small organizations, this department often carries out the functions of other departments. The primary objective of this department is to market the products produced by the organization or the products purchased for resale. Usually, this department lays down territories and routes for traveling salesman, receiver orders, dispatches goods, prepares cash bills, invoices, receives payments, stores packed goods, maintains accounts for them, supervises branches and so on. For performing such varied duties, this department is generally headed by a sales manager, assistant sales managers, senior and junior salesmen, traveling salesmen, counter salesmen, clerk, typists, dispatch clerks, stores clerks, correspondence clerks and number of clerks discharging different duties. Sales department coordinates all the activities of the sales organization. It is

considered as the nucleus, brain and local center of every operation of sales organization. In fact, sales department is indispensable for every sales organization.

2. Advertising Department

This department stands in between the production and distribution department. Advertising department is highly essential in order to make the people aware of the existence of then products or services and their special features. Unless and until the prospective buyers know about the availability of products and services and their utilities, they cannot feel the necessity of purchasing them. Thus, advertising department plays a vital role by providing relevant product information to the prospects. Advertising department is usually headed by a manager and several other subordinates depending upon the need of the organization. The manager usually plans the publicity programme and selects the appropriate media for the advertisement and its implementation. The job of advertising is either done by advertising department itself or given to external advertising agencies.

3. Sales Promotion Department

This department is usually concerned with the sales promotion measures being undertaken particularly in relation to dealers and consumers. The principal objective of this department is to enhance sales by attracting the attention of the dealers and the customers. This department supplies sales literatures and display materials, writes personal letters, grants favorable terms of trade, conducts sales conferences and conventions, holds dealers' and consumers' contests and son on. This department, in fact, takes the responsibility of inducing dealers in improving sales.

4. Credit and Collection Department

In modern times, a major share of the sales comprises of credit sales. Tehr3efore, it becomes necessary for the sales organization to have a separate credit department. The credit and collection policies are generally decided at the top level. In the light of such policies, this department lays down the guidelines under which credit can be granted, examines the credit worthiness of customers, scrutinizes credit applications, grants credit, taken while granting credit because a liberal credit policy may also lead to a limited sale. Therefore, the credit policy should neither be too conservative nor too liberal. Similarly,

the collection policy is to be such that dues are collected smoothly and at the same time customers remain loyal to the organization.

1. **Personal Department**

The function of the department form a part of the overall management of the organization. This department is chiefly responsible for the manpower planning and development of the sales organization in a systematic manner. The personnel department of a sales organization is headed by a personnel manager who recruits, selects and trains salesmen, allocates duties, motivates them, and equips them with latest technique and knowledge, remunerates them and controls them effectively. All these help to have an efficient sales forced and promote employee's potentialities.

2. **Market Research Department**

This department gathers information which is directly or indirectly connected with sales. Information regarding the utility and marketability of the products, the nature of demand and competition, adequacy or ineffectiveness of advertisements, channels of distribution, and so on are usually collected, by this department. This department also gathers information regarding the consumer's needs and requirements as well as their complaints, if any. All such information are collected either directly or indirectly from the dealers and ultimate consumers. Information so collected, are presented in the form of reports to the organization. These reports are taken into consideration while making important decisions of the organization.

3. **Public Relations Department**

This department is responsible for collecting information about the product from the public. The organization has to maintain cardinal relationship with the general public, particularly with the suppliers, dealers, distributors and consumers. The public relations office tries to create a favorable opinion about the firm as well as their product with the masses. It has the responsibility of creating a better image and goodwill of the firm. He has to build up a sound reputation of the firm in the minds of the public.

Broadly speaking, the above mentioned departments; namely, sales department, advertising departments, sales promotion department, credit and collection department, personnel department, market research department and public relations department

generally constitute a sales organization. However, there may be several other department like training department, physical distribution department, statistics and record department which are nothing but a sub-division of the above mentioned departments. The above division is not rigid and in fact may vary according to the need of the organization. Sometimes, it becomes necessary to classify the sales organization on the basis of specific needs of the consumer. Whatever be the type of classifications of an organization, all the departments have to undertake these activities in a coordinated manner.

4.2 STRUCUTRE OF SLAES ORGANIZATION

As pointed our earlier, the size and division of a sales organization chiefly depends on the value and extent of business. Small companies may need smaller sales departments which can be under the direct control of the sales manager or marketing executive. However, in larger organizations, the sales manager may have a number of assistant sales managers to assist him. These assistants remain in charge of each department like credit, market research, advertisement, training, public relations, etc. In giant organizations having multiproduct divisions each product-division may have managers and assistant managers of its own. They are controlled by the sales executive or marketing manager. Thus, the structure of the sales organization depends a lot on the nature and size of the business. Similarly, it also depends only a few departments whereas specialty goods distributing firms need elaborate sales organization having a number of departments. Further, firms that deals in various goods, needs an elaborate and large sales organization.

CLASSIFICATION OF SALES ORGANIZATION

A sales organization may be classified on the basis of functions, products, territory, types of customers or a combination of these.

Sales Organization Structure: Function-based

This type of organization is divided on the basis of its functions and each department is headed by a functional manager. All the functional managers report to the marketing

executive or the chief sales manager. This type of sales organization is the simplest one and is suitable for a small business firm.

Sales Organization Structure: Product –based

In case of product based organizations, classification is made according to the product line specializations. Each product or a group of products are entrusted to a special sales force comprising of assistant sales manager and sales manager, who are supposed to report to the marketing manager.

Sales Organization Structure: Territory–based/Geography– based

This type of sales organization is classified on the basis of geographical location or sales territory and different sales managers are appointed for each zone or territory. Such type of organization is headed by the Chief Sales Manager, who supervises and coordinates all the Zones sales managers.

4.3 The sales Manager

Who is sales manager

The sales manager is the person responsible for leading and guiding a team of salespeople. A sales manager's tasks often include:

- assigning sales territories,
- setting quotas,
- mentoring the members of her sales team,
- assigning sales training,
- building a sales plan, and
- hiring and firing salespeople.

In large companies, sales quotas and plans are typically established at the executive level and a manager's main responsibility is to see to it that salespeople meet those quotas.

Major Responsibilities in Sales Management

- Achieve Targeted Sales
- Contribute to Profit
- Maintain Growth

Scope of sales management activities

Sales management can involve any of the following broad activities:

1. formulation of sales strategy through development of account management policies, sales force compensation policies, sales revenue forecasts, and sales plan,
2. implementation of sales strategy through selecting, training, motivating, and supporting the sales force, setting sales revenue targets, and
3. sales force management through development and implementation of sales performance, monitoring, and evaluation methods, and analysis of associated behavioral patterns and costs.