

**UNIVERSITY SCHOOL OF BUSINESS**

**MBA**

**SALES AND DISTRIBUTION**  
**MANAGEMENT**

**SUBJECT CODE-**

**BAB-740**

**Ms. GINNI SYAL**

### **Vision and Mission of the Department**

#### **Vision of the Department**

To create excellence in business management for nurturing value driven business leaders with analytical and entrepreneurial mindset to foster innovative ideas in order to transform the world and serve the society.

#### **Mission Statements of the Department**

- M1 : Design a unique competency directed and industry relevant curriculum with outcome oriented teaching learning process facilitated by world class infrastructure.
- M2 : Enhance students' cognitive, research, analytical, ethical and behavioral competencies through programs that equip them to meet global business challenges in the professional world.
- M3 : Facilitate student centric sound academic environment with co-curricular and extra-curricular activities to groom and develop future ready business professionals.
- M4 : Design a transparent evaluation system for objective assessment of the program learning.
- M5 : Align meaningful interactions with the academia, industry and community to facilitate value driven holistic development of the students.
- M6 : Develop ethical and socially responsible entrepreneurial attitude for harnessing the environmental opportunities through creativity and innovation for a vibrant and sustainable society.

### **Program Educational Objectives (PEOs)**

Program Educational Objectives (PEOs) are the broad statements that describe career and professional accomplishments that graduates will attain within a few years of graduation. After successful completion of MBA program from Chandigarh University, the graduates will:

**PEO1:** Make significant impact as successful management professionals with a sound business and entrepreneurial acumen leading to a promising career in the various management domains.

**PEO 2:** Develop the professional competence for astute decision making, organization skills, planning and its efficient implementation, research, data analysis and interpretation with a solution finding approach.

**PEO 3:** Be known for their team player qualities to handle diversity and the leadership skills to make sound decisions while working with peers in an inter-disciplinary environment with people of cross-cultural attributes

**PEO 4:** Be adaptable to new technology, innovations and changes in world economy that positively impacts and contributes towards industry, academia and the community at large.

**PEO 5:** Be responsible citizens with high ethical conduct that will empower the business organizations with high integrity, moral values, social effectiveness and legal business intelligence.

**Program Outcomes (POs)**

<b>Program Outcome</b>	<b>After completing the program, the students will be able to:</b>
PO1	Apply knowledge of management theories and practices to solve business problems.
PO2	Foster Analytical and critical thinking abilities for data-based decision making
PO3	Ability to develop Value based Leadership ability
PO4	Ability to understand, analyze and communicate global, economic, legal, and ethical aspects of business.
PO5	Ability to lead themselves and others in the achievement of organizational goals, contributing effectively to a team environment.
PO6	Ability to develop innovative and entrepreneurial mindset.

UNIT-1

Sales and Distribution Management

**Meaning Sales-:** Marketing and sales deals with the exploration and understanding of customer needs, with the response to them through the development, production and sales of goods and services (including innovation implementation)

Philip Kotler.

**Meaning Sales Management:** - Sales management can be viewed as a marketing mix segment of the organization. It deals with the development of sales strategies; product merchandising and pricing; sales promotion activities; distribution function; and sales personnel planning, staffing, supervising, motivating and controlling to achieve the desired sales goals.

**Nature of Sales Management**



**Sales Management Scope**



## Emerging Trends in Sale Management

To be successful in a changing market environment, it is important that sales managers understand the importance of emerging trends in the following areas

1. **Global Prospective**
2. **Technological Revolution**
3. **Customer Relationship Management [CRM]**
4. **Sales force diversity**
5. **Team Selling Approach**
6. **Managing Multi-Channels**
7. **Ethical and social issues**

**Meaning Vendor Management:** - Vendor management is a system which empowers a company to take appropriate measures to control costs, to reduce potential vendor-related risks, to ensure excellent service delivery and to extract long-term value from vendors. It involves identifying best suited suppliers, collecting and receiving price information, evaluating the quality of work, relationship management of multiple vendors, quality evaluation by setting operational expectations and ensuring transactions are always made on time.



**Benefits of Vendor Management**

**Sales Force Automation** :- The Sales Force Automation, refers to the technique in which the software is used to automate business tasks such as inventory control system, account management, process management, contact management, customer tracking, sales funnel management, product knowledge, sales lead tracking system, sales team performance assessment, etc.



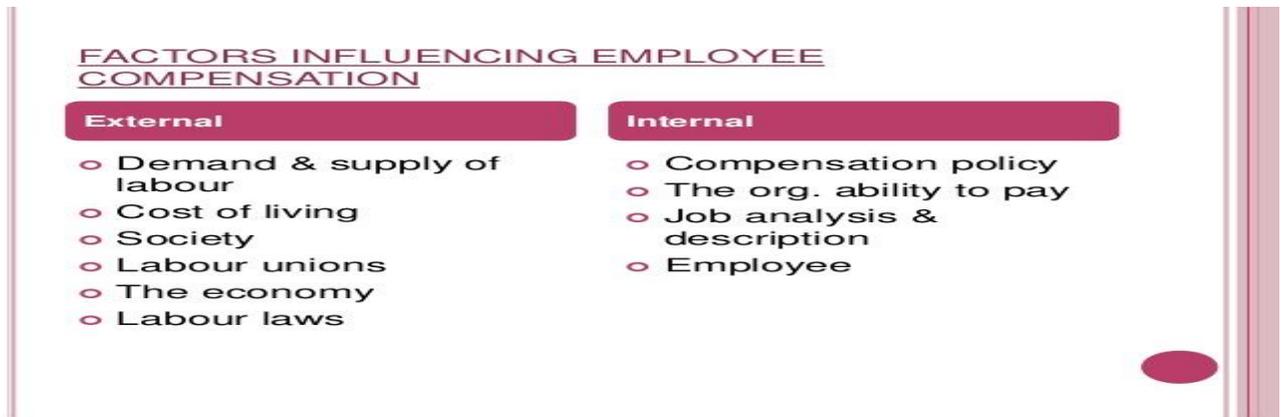
### Developing and Conducting Sales Training Programmes



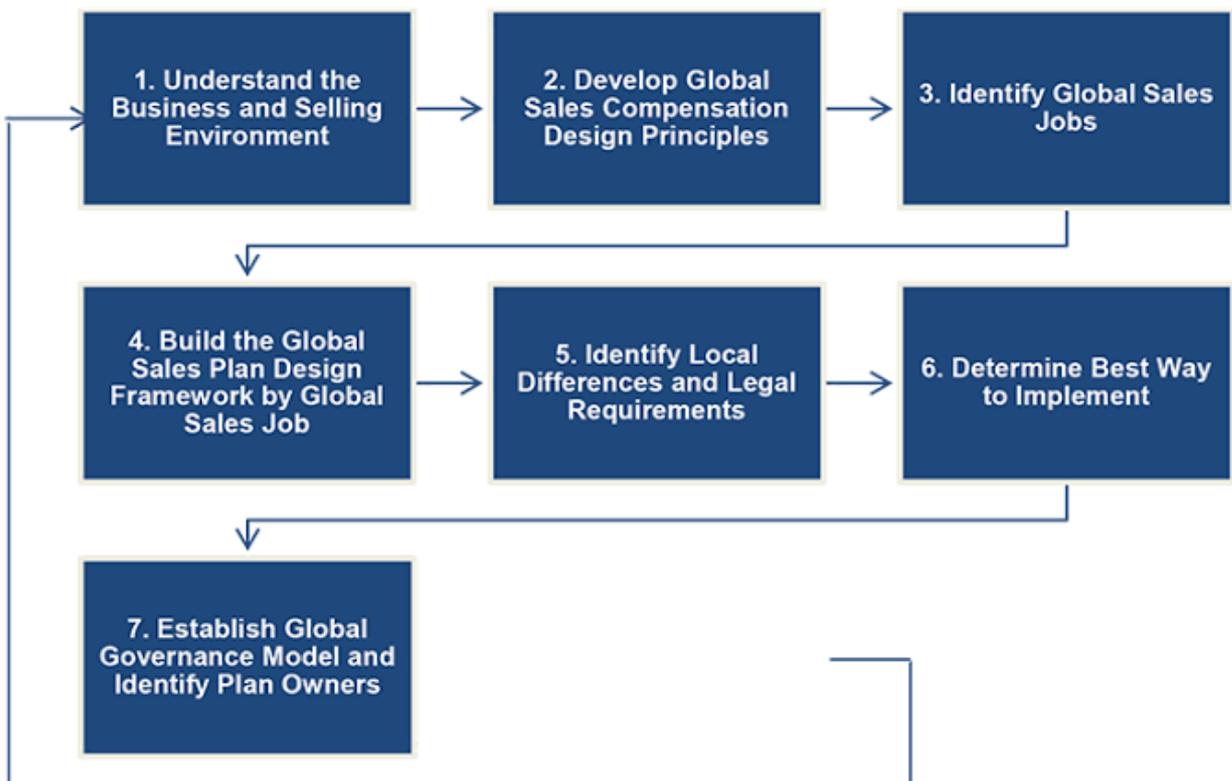
## Salesforce Compensation

Compensation of sales-force is the number one problem facing all sales management. Compensation, here, is the monetary and non-monetary reward given to the company, its sales-force in return for the services rendered. While compensation relates to contractual payments, non-contractual and ad-hoc payments may occur.

### Factors Influencing Compensation Plan



### Designing and Administering Compensation Plans

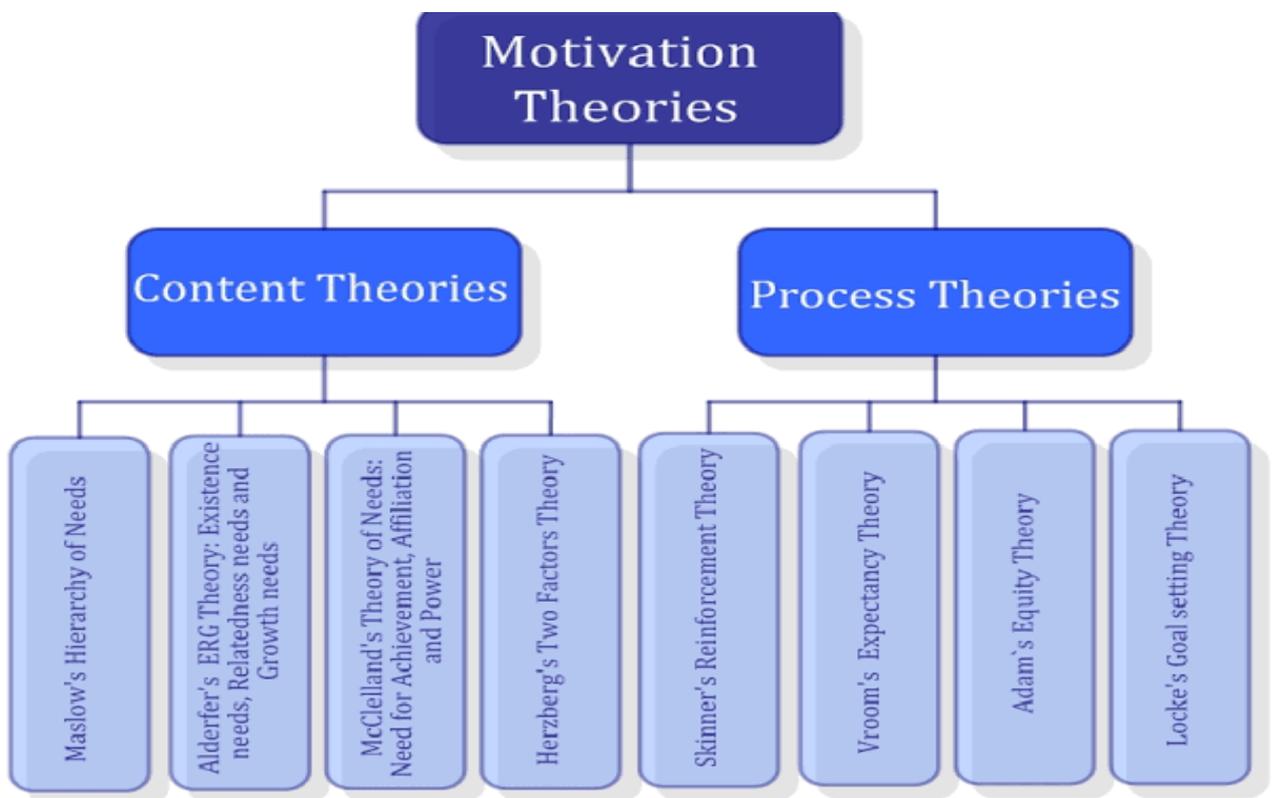


**Supervision of Salesmen-** Managers oversee sales representatives to –enhance the likelihood of sales being made. This goal would entail successful sales; but this argument does not seem to be understood by all managers. Managers should remember that sales representatives can sell a product at a loss if the representative spends a very high proportion of his time selling a prospect with low future potential

**Motivating Sales People-** Sales managers are always searching for clever ways to inspire their teams. They are organizing big kick-off meetings to announce new bonus programs. They promise rainmakers exotic trips. They hold sales contests when the business is slow. We blame the sales compensation plan if sales targets are missed and continue from square one.

### Motivation Theories

Motivational theories or behavioural concepts that are relevant to motivation of sales-force are :-



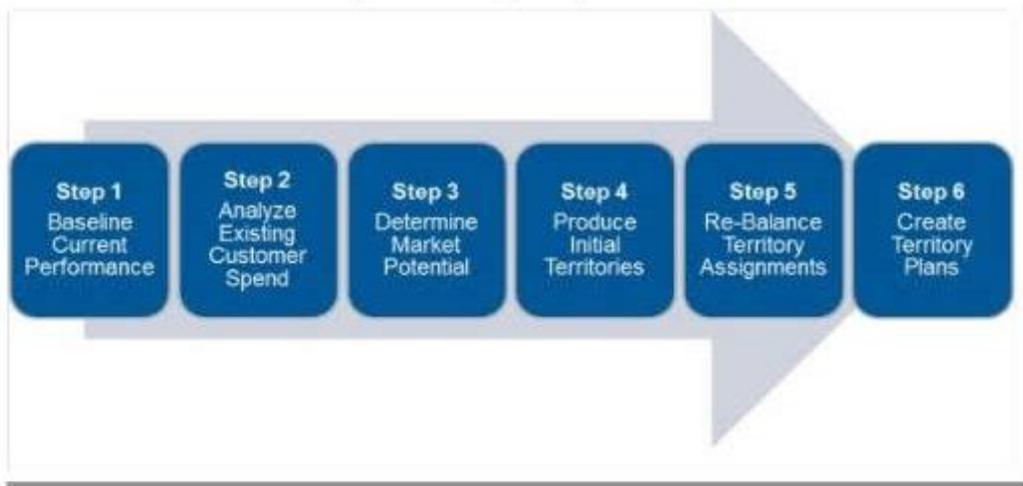
**Sales Meetings and Sales Contests-** A sales meeting (also known as a "sales conference") is a meeting that addresses a product or service and explains the potential buyer's benefits. The sales meeting is not always a presentation layout; it can be an informal chat, telephone call, or online communication at times. To attract the customer, the participating parties have this meeting between the initial contact and the final purchase.

A sales contest is a short-term incentive program designed to motivate sales staff to achieve specific sales goals. Companies generally use marketing competitions to encourage extra effort to obtain new customers, promote the sales of specific items, produce larger orders per sales call, etc. While contests should not be considered part of the company's overall compensation plan, they give salespeople the opportunity to earn money (e.g. cash, product, or travel) as well as non-financial rewarding.

American Marketing Association, *AMA Dictionary*.

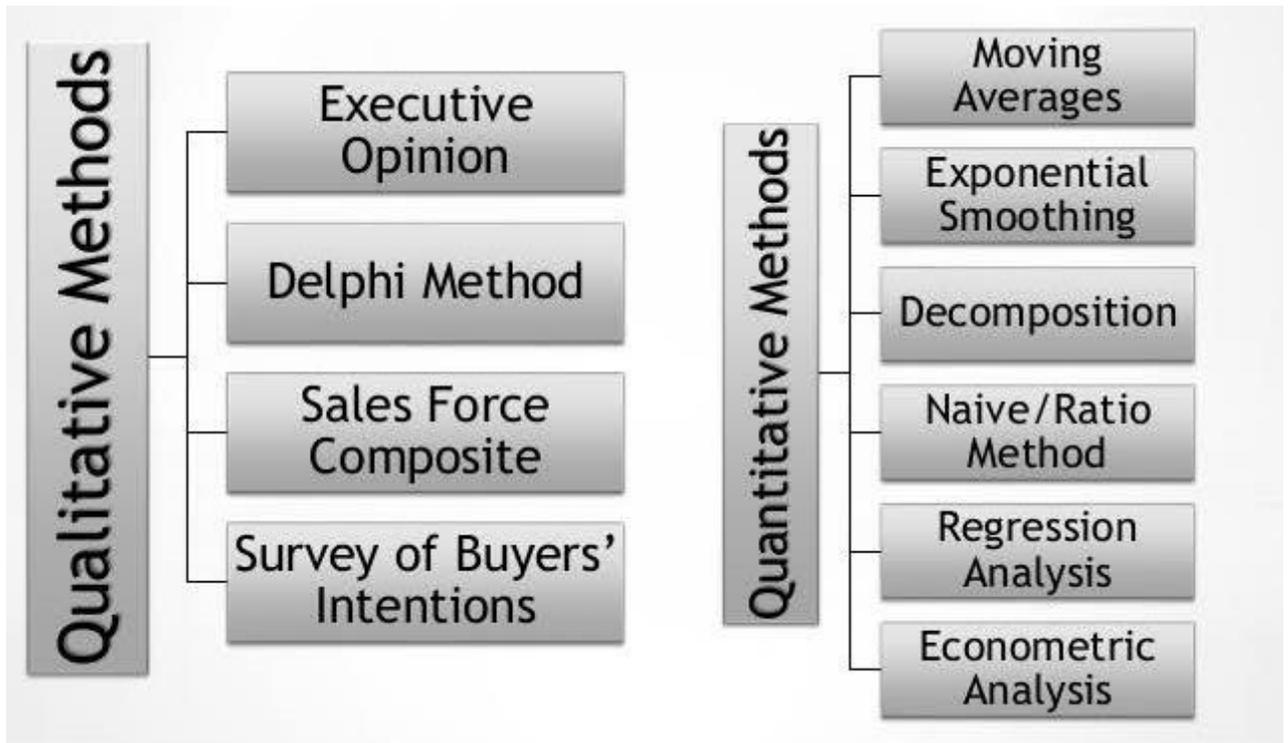
### Designing Territories and Allocating Sales Efforts

- This includes the following steps:-



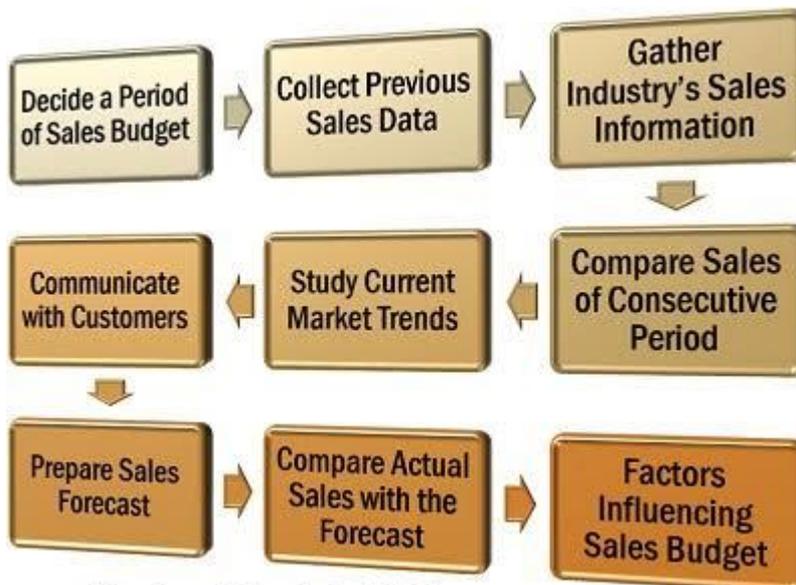
**Sales Forecasting-** Any forecast can be considered a predictor of what is likely to happen in a specific area in a given future time frame. The sales forecast therefore shows how much of a specific product is likely to be sold at a specified price in a defined future timeframe in a specified market.

### Sales Forecasting Techniques



**Sales Budget** - Cambridge dictionary defines Sales Budget as: “a plan of the money that a company must spend in order to produce and sell goods or provide services in a particular period.”

#### Sales Budget procedure



#### Sales Budget Process

## UNIT-II

**Meaning Distribution Management:** - Management of distribution refers to the process of monitoring the movement of goods from the supplier or manufacturer to the point of sale.

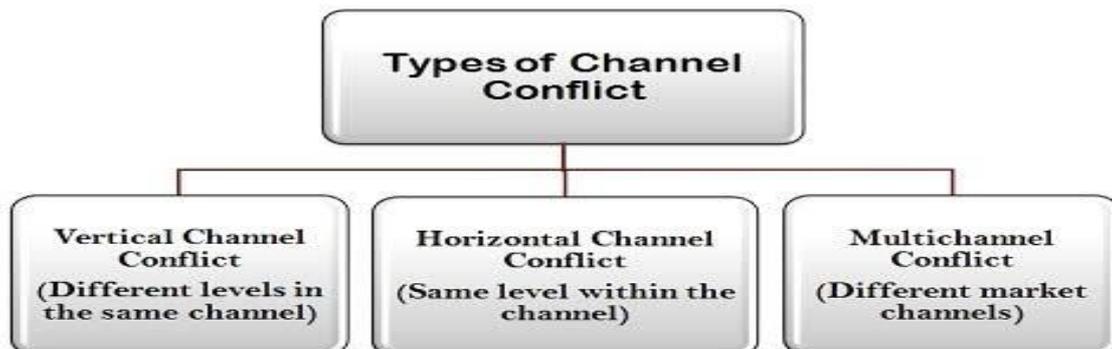
**Meaning Channel Management:** - Network management is a sales strategy practice that includes controlling a company's different channels used to sell its products or services. It can be defined as the set of strategies a company uses to manage its various channels of distribution.

### Challenges in Channel Management

- Channel partners are companies, not people.
- Channel partners do not report to vendors
- Channel partners have their own priorities
- There are different types of partners, and they require different engagement models
- A partner's loyalty is driven by financial motives
- Partner success  
depends on their competencies in an ecosystem
- Forecasting is  
very hard when it comes to run rate and large-deal businesses

**Meaning Channel Conflict:** - The Channel Conflict occurs when channel partners including manufacturer, wholesaler, distributor, retailer, etc. compete with each other with the same product for the same sale.

### Types of Channel Conflict



### Channel Conflict Management

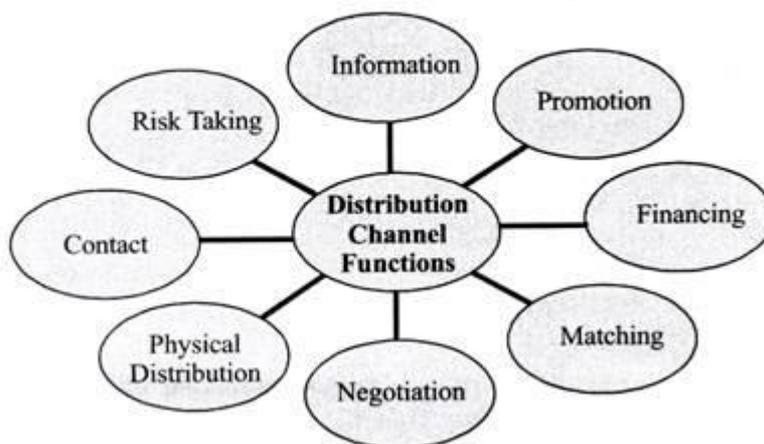


### Definition of a Multi-Channel Distribution Management System

Each "path" is an alternative avenue for reaching consumers while selling a product. Multi-channel sales management is therefore a technique to provide multiple ways for consumers to purchase the same product.

The set of business processes that enable profitable, sustainable development of multiple distribution channels is a multi-channel distribution management system.

**Figure 17.1**  
**Functions of Distribution Channels**



**Channel Levels:**

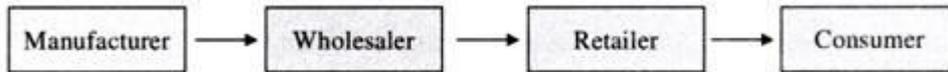
(i) A Zero Level Channel



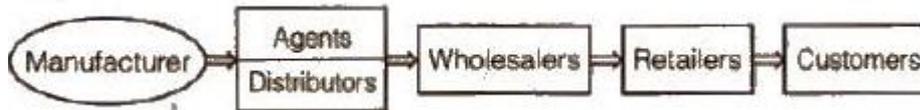
(ii) A One Level Channel



(iii) A Two Level Channel



(iv) A Three Level Channel



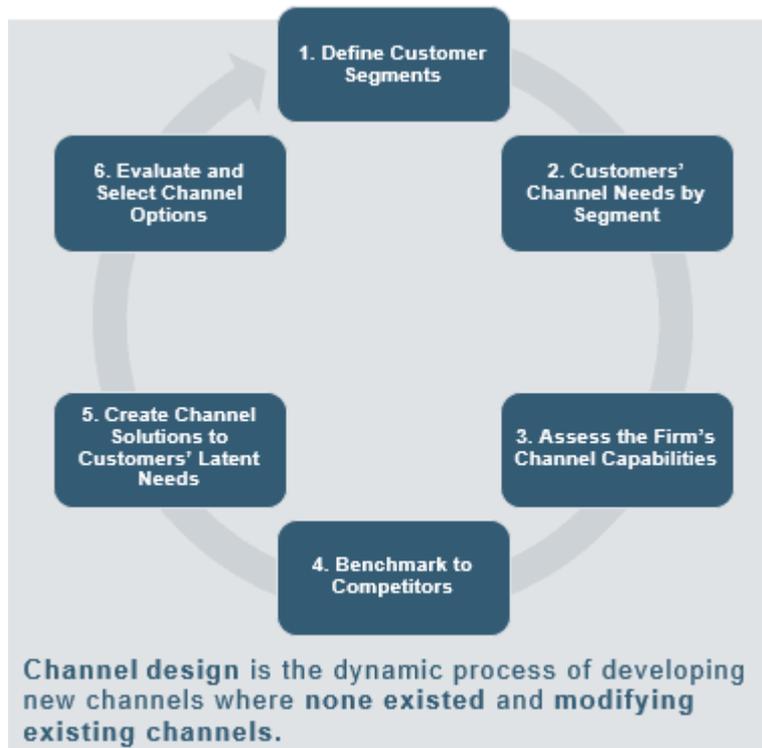
**Role of Intermediary-** In a distribution channel, intermediaries provide services that allow manufacturers to target different customer types. A network could include a variety of intermediaries, including brokers, wholesalers, distributors and retailers. Intermediaries act as intermediaries, buying from one party and selling to another, between different members of the distribution chain. They may also hold stock and perform, on behalf of manufacturers, logistical and marketing functions.

- **Purchasing**
- **Warehousing and Transportation**
- **Grading and Packaging**
- **Risk Bearing**
- **Marketing**
- **Distribution**

### **Channel Design**

Channel design refers to those decisions that involve the development of new channels of marketing where none existed before or changes to existing channels.

### **Channel Design Process**



**Make-or-buy decisions** also occur at the operational level. Analysis in separate texts by Burt, Dobler, and Starling, as well as Joel Wisner, G. Keong Leong, and Keah-Choon Tan, suggest these considerations that favor making a part in-house: <https://www.referenceforbusiness.com/management/Log-Mar/Make-or-Buy-Decisions.html#ixzz677ycTNQY>

- Cost considerations (less expensive to make the part)
- Desire to integrate plant operations
- Productive use of excess plant capacity to help absorb fixed overhead (using existing idle capacity)
- Need to exert direct control over production and/or quality
- Better quality control
- Design secrecy is required to protect proprietary technology
- Unreliable suppliers
- No competent suppliers
- Desire to maintain a stable workforce (in periods of declining sales)
- Quantity too small to interest a supplier
- Control of lead time, transportation, and warehousing costs
- Greater assurance of continual supply
- Provision of a second source
- Political, social or environmental reasons (union pressure)
- Emotion (e.g., pride)

### UNIT-III

**Physical distribution-** Physical distribution image result Physical distribution includes all activities related to the supply of finished product at each step, from the production line to the consumer. Customer service, order processing, inventory control, transport and logistics, packaging and materials are important physical distribution functions.

**Total Cost Approach-** Total Cost Approach: Total Cost Approach aims at reducing the total cost involved in physical distribution system. Various costs incurred in physical distribution of goods like inventory cost, warehousing cost, packaging etc. Total cost approach implies that marketer should try to reduce overall distribution cost, not any particular cost.

#### **Legal aspects of channel management**

**Sale of goods act-** The Sale of Goods Act, 1930 herein referred to as the Act, is the law that governs the sale of goods in all parts of India. It doesn't apply to the state of Jammu & Kashmir. The Act defines various terms which are contained in the act itself.

- **Buyer**
- **Seller**
- **Goods**
- **Delivery**
- **Document of Title of Good**
- **Mercantile Agent**
- **Property**
- **Insolvent**
- **Price**
- **Quality of Goods**

#### **Contract Act**

The Indian Contract Act, 1872 defines the term "Contract" under its section 2 (h) as "An agreement enforceable by law". In other words, we can say that a contract is anything that is an agreement and enforceable by the law of the land.

This definition has two major elements in it viz – “agreement” and “enforceable by law”. So in order to understand a contract in the light of The Indian Contract Act, 1872 we need to define and explain these two pivots in the definition of a contract.

### ***Agreement***

The Indian Contract Act, 1872 defines what we mean by “Agreement”. In its section 2 (e), the Act defines the term agreement as “every promise and every set of promises, forming the consideration for each other”.

### **Restrictive trade practice**

Restrictive trade practice, means a trade practice which tends to bring about manipulation of price or its conditions of delivery or to affect flow of supplies in the market relating to goods or services in such a manner as to impose on the consumers unjustified costs or restrictions and shall include-- (a) delay beyond the period agreed to by a trader in supply of such goods or in providing the services which has led or is likely to lead to rise in the price. (b) Any trade practice which requires a consumer to buy, hire or avail of any goods or, as the case maybe, services as condition precedent to buying, hiring or availing of other goods or services.

### **Channel performance**

The measurement of channel performance is a key activity when a commercial company employs various types of channel partners. It is even more important due to the amount of people, processes and responsibilities involved in more complex multi-channel systems. There are several dimensions for the output of a flow. Efficacy, efficiency, production, equity and profitability of the channel are the parameters which are usually measured.

### **Measuring Channel Performance**

The channel performance measurement is primarily a four-step process.

1. Define the Sales Objectives
2. Determine Channel Performance Metrics
3. Set Channel Partner Targets
4. Manage Channel Performance