



Group Project

MG325 Personal Selling & Sales Management

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Sales Training

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Table of Contents

- 1 Introduction 3**
- 2 Literature Review 4**
- 3 Research Methodology..... 8**
- 4 Discussion10**
- 5 Conclusion.....13**
- 6 Bibliography14**
- 7 Appendix.....16**

1 Introduction

The best product is not enough if your sales person is a bad performer. Does this statement make sense? If so, how can a bad performance be improved?

Especially in times of economic downturns, it is very difficult to sell a huge number of products because of the customer's low willingness to spend money. Furthermore: Sales people also face a constantly changing environment: nowadays their customers have more information due to new technology and the internet. They can compare products from different companies easily and they have higher expectations. Hence the competition is growing rapidly. These points make it obvious that it is crucial that the sales force is well trained and adopt new selling strategies.

In the following, we are going to evaluate the important role of sales training and how it could be improved. First, we are going to give a summary of previous literature in order to provide an insight into this topic. Furthermore this report will be enriched by an interview with a sales person, Joachim Reuter who will give us first hand 'real life' information. To point out similarities and differences of theory and practice, we compared his experiences and statements towards findings of the literature. A conclusion will round the whole report up by giving a recommendation with regards to sales training and its implementation.

2 Literature Review

Increased levels of competition, rapidly changing technology and a renewed focus on customer retention and relationships are only a couple of the reasons why sales managers are so reliant on sales training these days to increase sales force productivity (Attia et al., 2005). Globalisation has taken over quickly in the past couple of decades which has left firms facing a changing environment that they have to deal with (Munuera et al., 2000). This has also meant that the sales force would have to deal with people from all different cultures which poses a problem because companies have not always trained their sales persons how best to sell to these people. Also the forming of the European Union and hence a single European market with easy access to all members has increased competition vigorously. It is not enough anymore to offer the best available product or service – it has to be sold (Jobber and Lancaster, 2003). If firms are to survive they have to pay attention to the fact that such changes also require new and improved skills from their salespeople, which can be gained through training (Filipczak et al. 1991; Dubinsky, 1999).

Anderson (1996) agreed by saying that in today's competitive market place, personal selling is the key to success for many firms. Following that conclusion it seems vital that the sales force is performing at the best they possibly can and are therefore trained regularly. Jobber and Lancaster (2003) claim that top managers have to be totally committed to training and invest in it sufficiently to ensure that employees are at their best. However, in reality top managers often do not see the benefits and wonder if it is "worth the costs?" (Churchill et al., 1997) although there is already empirical evidence that in general training pays off: Klein (1997) analysed the Fortune 500 firms and found that every Dollar spent on training sales personnel resulted in a \$122 increase in sales and \$20 rise in profits. So top managers should see training rather as an investment than as an expense. In the end training will pay off, although results may take some time to show themselves (Jobber and Lancaster, 2003).

The most common sales training objective is to increase sales performance (El-Ansary, 1993; Honeycutt et al., 1993; Churchill et al., 1997) and most sales managers

agree that sales training is one of the most important factors in order to improve the sales force's performance (Piercy et al., 1998). Of course the specific objectives of sales training might vary from one firm to another; however there is some agreement on the broad objectives according to Churchill et al. (1997):

Increasing a salesperson's productivity, which is very closely related to his/her morale, is important. Productive salespeople tend to have higher morale than those that are not as productive. Also, as sufficiently trained salespeople experience less failure and frustration this results in greater job satisfaction, there will be lower staff turnover. This will obviously save the company a significant amount of costs that would be incurred in recruitment and selection. Low turnover rates also have a positive effect on customer relations. This is simply due to the fact that if the same sales representative calls on customers on a regular basis, it builds rapport between the customer and the company therefore strengthening customer loyalty.

So, due to its vital importance to both the firm and to individual salespeople, improving sales performance is of great interest (Johlke, 2006). Typically, there can be three stages of sales training identified:

- (1) Before the Training: Managers must analyze training needs and determine the training program's objectives.
- (2) The Training Itself: Involves developing and implementing the training program.
- (3) After The Training: Involves evaluating and reviewing the training provided (Churchill, Ford, and Walker 1997).

As such, the analysis of trainee's needs should be handled very carefully, as it will determine the content of the training that will be provided. Hence if this is done inadequately the training results may not meet the desired objectives, resulting in wasted time and effort as well as any money that was spent on it. (Dubinsky et al., 1999).

The training programme will then be designed according to the identified needs. Methods that may be used include On-the-Job Training (OJT), Classroom Training (this may involve case analyses, role-playing or discussions) or Home Study. However, On-the-Job Training still seems to be the most popular (Munuera et al., 2000). Training experts however claim that it is essential to combine this method with others to improve the sales force's performance.

An often neglected aspect of training is the evaluation. According to Weitz (1981) the most common outcome measure is sales volume. However, a rising number of sales might not be a product of training, but rather due to changes in the economy. Therefore it is important to look at more criteria in order to judge the effectiveness. Churchill et al. (1997) for example see the following criteria as appropriate:

- (1) How did the trainees like the programme?
- (2) What did they learn and to what extent did they internalize the taught content?
- (3) To what extent did salespeople's job behaviour change as a result?
- (4) How did that affect the performance results?

Clark, Tanner and Weeks (1993) described the results of a survey of 106 sales personnel. In it they found that overall the respondents were not very satisfied with certain aspects of the sales training process which they participated in. The study found that the majority were only marginally satisfied with the feedback which managers asked them for about the training. They also expressed concerns about the relevance of the training in relation to the problems that they had personally encountered while selling. There was also general dissatisfaction with the effectiveness of communications regarding the benefits of sales training programs.

The majority of the respondents were also less than satisfied with their organisations commitment to initial sales training and the continued training of their sales personnel. Other issues that the sales personnel who took part in the survey voiced their concerns about were the materials which their organisation provided them

with and also the time pressure that they were under while taking part in sales training (Clark et al., 1993). This survey, we believe, shows that while sales training is an integral part of driving the sales productivity of employees, if the evaluation of the sales training process is not conducted properly this could lead to disillusionment from sales personnel and also reduced productivity.

Although sales training is still a rather neglected topic, salespeople especially are often some of the most highly trained members of an organization (Munuera et al., 2000). Each year roughly \$7.1 billion, or 14 percent of all industry budgeted training dollars, are spent on training salespeople (Erffmeyer and Johnson, 1997) underlining the fact that training is a fundamental requirement for sales success (Churchill et al., 1985).

3 Research Methodology

Profile of the salesperson

Joachim Reuter began his career with an apprenticeship in a VW and Audi car dealership and was employed as a salesperson for six years. Afterwards he worked as a sales manager of a group of car dealerships for more than five years and then became CEO of a new car dealership for two years.

Looking for new challenges he took part in several projects and began working as a sales trainer for Skoda as well as working as Chief Executive Officer for the Michael Schumacher Motorsport GmbH in Kerpen, Germany.

Nowadays Joachim Reuter is self-employed and successfully offering his skills as a trainer and consultant in management and marketing issues. He also is CEO of the German part of a cash back company called Lyoness.

Reasons for picking the salesperson

Joachim Reuter has been picked for the interview because of several reasons. He has gained experience in all the different parts of the sales process, for instance, working as a salesperson, as a sales manager and even as a trainer. This gives us the great opportunity to highlight different aspects and to have a closer look at the sales training which our essay focuses on.

Another advantage is his insight on working as an employee and on being self-employed since he is fulfilling tasks of selling and sales in his own business, too.

This knowledge and his abilities make Joachim Reuter more appealing as an interviewee for this report than most of the other available salespeople who might not be able to answer our questions about sales management and sales training.

The Interview and the questions asked

Since Joachim Reuter is from Germany, meeting in person was not an option. The interview was made by telephone via Skype. One person was interviewing while two people were assisting, taking notes and passing on modified questions.

Questions were prepared in advance and a draft of the suspected progress was made. The first questions aim at general aspects of selling and sales and are followed by questions for highlighting possible failures which could occur during the sales process. Later on we asked for the interviewees view on different aspects of the sales training.

The Interview was held in German which was the best way of guaranteeing a better quality of answers and then it was translated so it could be evaluated by the whole group.

4 Discussion

After finding numerous pieces of literature that are relevant to sales training we will now compare and contrast the points that we have found in the literature with the results of the interview that we have conducted with Joachim Reuter.

Firstly Joachim expressed his belief that to be a successful sales person, one must be born with the passion and skills that are needed to do this. But he also expressed his belief that sales personnel who are not born with these necessary skills and a passion for selling can be trained to become better sales people. "The passion for selling, consulting a customer – the only way it's authentic is to actually live it." Joachim also said that to become a success, sales personnel need to change their behaviours. The best way to change a sales person's behaviour to make them more productive is by training them to use the behaviours that have been proven to work in the sales process. In the literature that we studied, we found some similarities to the views that Joachim has expressed here. Jobber and Lancaster (2003) stated that due to the fact that you cannot ensure that the one you recruit is a born salesperson it is crucially important that the management have to be totally committed to training and invest in it sufficiently. We feel that this is similar to what Joachim said because there is the belief that born sales people are in existence but if an employee does not possess the necessary passion and skills, they can be taught these through sales training in order to become the best sales person they can be.

Our interviewee also says from experience that bigger companies tend to recognise the need of training more often than smaller companies do. However, it is very important to adopt sales training because there are a lot of benefits from sales training, such as improved employee morale, a lower staff turnover rate and therefore a stronger and deeper customer relationship. This all helps to generate an increase in productivity and can be obtained through a well developed and customized sales training process.

Joachim's belief that a well developed and customized sales training process can provide numerous benefits for firms is also held by Churchill, Ford and Walker (1997) who set out a three stage model for a well developed sales training process. As we have described in our literature review on page 2, the stages are, first, before the training, second, during the training, and third, after the training.

As a person who has been part of the implementation of sales training himself, Joachim is well placed to describe the steps needed in the sales process. To develop the sales training our interviewee says that first sales trainers should identify the goals of the sales training. Therefore a detailed and industry-related individualised preparation is necessary. This is the analysis of the individual training needs of each salesperson. The next step is to set up general framework like the course of actions, terminations, and methods of moderation or communication. In the last step the course of the training has to be set out step by step. We believe that the steps that Joachim has described here are closely related to the "before the training" stage of the sales training process described by Churchill et al. (1997)

Joachim also stated that the implementation of the training itself is essential. When he takes part in training he usually divides it into a theoretical and a practical content such as real life situations. It is very important to improve the sales person's feeling towards the customer needs and also the way that they interface with customers. We feel that this is, again, to the "Training itself" part of the sales training process set out by Churchill et al.

Munuera et al. (2002) mentioned different kinds of methods for sales training such as on-the-job training, classroom training or home study. Training on the job is the most common form of training methods. Our interviewee's views are very complimentary to this. He maintains that training on the job can be one of the most efficient ways to train but on the other hand he believes that it is very expensive and usually it is only suitable for one person or a small group of people.

Also due to the change of technology there is a wide range of training mediums. They vary depending on the context and target of the sales training. Role playing becomes more and more important for the training session due to fact that they

simulate a real sales situation and can give the salesperson a real experience.

The step which takes place after the training is completed is also extremely important with regard to future training processes and the continued success of the sales personnel. This is the step where evaluation and review of the training take place.

The different pieces of literature that we have studied show a difference in opinion about how to evaluate the success of sales training. Weitz (1981) reveals that sales volume is a good measure. However Churchill et al. (2000) see the main focus on the trainee: How they feel during the program, what learning outcomes it generates and what effects it has on their behaviour and performance on the job. Joachim, however, considers training successful if the pre-determined goals are reached. Therefore the targets that are set before the training begins must be achievable and measurable. Our interviewee states that the feedback towards the sales trainee is very crucial – especially if training yields unsatisfactory results because a consequence from this could be demotivation resulting in a less productive sales performance and unsatisfied customers.

The views expressed by Joachim here are also very relevant when we consider the findings described in Clark, Tanner and Weeks (1993) where they found that the majority of the sales personnel that they questioned were very unhappy with a number of aspects of the evaluation stage of the sales training process. The study found that the majority were only marginally satisfied with the feedback which managers asked them for about the training. They also expressed concerns about the relevance of the training in relation to the problems that they had personally encountered while selling.

In addition Joachim determines also that very experienced and veteran sales persons should attend sales training on a regular basis. It is important that after the initial training, several regular trainings refresh the sales people's knowledge and also adapt their selling skills to the ever changing environment. Moreover it is a process of learning which will never stop. It is comparable with a "toolset which has to be maintained".

5 Conclusion

Both, our interviewee and the previous literature agree that training still does not receive as much attention as it should. Top managers definitely should invest more in training in order to increase sales performance and customer satisfaction which will as a result yield in higher sales and more orders placed.

Even where sales training is recognised as an important factor for achieving business objectives it still often lacks appropriate implementation in any or all three outlined stages of the sales training process: analysing training needs, the training itself and its evaluation.

Companies should be aware of this issue and react accordingly to stay competitive in this volatile and complex environment. Because in one point the literature and managers seem to be on the same wavelength: A good sales performance is indeed the key to success.

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7 Appendix

Interview:

1. Nature VS. Nurture? Do you think that born sales people exist? Or would you say anyone can become a good sales person with appropriate training?

Yes, I indeed believe a salesperson has to be born. The passion for selling, consulting a customer – the only way it's authentic is to actually live it.

2. Why training salespeople then if they are not born sales people?

You have a point. Of course, it is possible to enhance the selling skills of everyone though it won't make every salesman a good salesman. If you're not born for a job requiring social interaction you will never be a good salesperson but maybe you will become a better salesperson than before. It will require great effort though since you will have to change your behaviour which in some cases might even be impossible.

3. What would you consider a bad sales performance?

A sales performance can be considered bad in many different ways. For example if the customer was interested during the presentation but the salesperson fails to close the deal. A reason for this can also be the location where the consultation takes place. It is important to make the customer feel comfortable. Or would you like to buy expensive cosmetics in the backside of a railway station?

4. During the sales process, where do you see the biggest potential for problems and mistakes?

The worst mistakes happen if the salesperson is incapable of identifying the customer's needs. The customer will sense if the salesperson is convinced about his product and won't buy it if he is not. Exceptions might be if the customer has a very precise perception of the product he needs. In these cases the salesperson doesn't perform any selling. He more serves the function of supplying the product.

5. How important would you rate training for sales staff?

Sales training is crucial and a good way to pass on experiences and knowledge of senior salespeople. The sales process contains many parts from just welcoming the customer leading to building up relationships and holding contact for reselling. These have to be learned and internalised.

6. Why is training such an important factor?

Skipped since answered before.

7. How do you usually train your sales staff?

When training, I usually divide it into theoretical and practical content such as real life situations. The trainee has to prove his skills by serving a customer which is then followed by feedback.

A very important part is to lose the fear of rejection when facing the customer.

8. What is the outcome?

When trained properly the salesperson achieves further knowledge about how to present and sell the products in a better way and also understands why it is sold. Only understanding how these mechanics work will lead to a permanent positive change in selling behaviour.

9. If training is not done sufficiently, what will be the effects for your business with regards to sales and orders placed?

If training was insufficient nothing might change. Though in some cases a misunderstanding might lead to demotivation resulting in less sales and orders placed. Therefore feedback is very important. It also is important to stick to the feedback rules. I'm sure you know what I'm talking about.

10. How much do you budget for training?

I'm sorry but I'm not in charge for budgeting training since I am only being paid for doing the training.

11. How do you do to determine what training is required?

A review of the current situation has to be made in advance in order to begin identifying problems and possible issues. The content and kind of the training will be related to solving these problems.

12. Do you retrain veteran salespeople on a regular basis to reinforce their skills?

I recommend training senior sales people since the process of learning will never stop. It is advisable to train people while the company is doing well to be prepared for harder times. You can compare it with a toolset which has to be maintained.

13. What role does the product that your sales reps will have to promote and sell play?

The acknowledgement of the characteristics of the sold product is crucial for every sales training since a detailed and industry-related individualised preparation is necessary for a successful rep. Even small insider knowledge about, for example customers, is appreciated by every salesperson.

14. Please name briefly the general agenda when developing a sales training programme.

After the issues have been identified, the goals have to be clarified for setting the content of the sales training. The content can be mediated in different ways.

The next step is to set up guidelines, the course of actions, terminations, breaks, ways of moderation and communication and a draft of the content.

Finally the guidelines have to be set out step by step, pointing out every smallest detail of how to achieve the goals. Using these specific guidelines, every trainer should theoretically be able to carry out the training.

15. Do you use any supporting media for training purpose?

As stated before, there are different ways of moderation and using media support. These vary depending on context and goal of the training.

For example if much information has to be passed on, power point is advisable though it won't result in big changes in the long term. Experiences gained through role playing are more efficient but not reasonable on a large scale.

16. What would you consider results of a successful sales training?

I consider training to be successful if the set goals are achieved or even exceeded. This, of course, is only possible if the goals are achievable and measurable and an evaluation is possible.

17. How do you evaluate the outcome of training given to the sales force?

If the aims set are measurable, it won't be a problem. For example having increased an order by 20% achieved through enhanced consultation quality in 6 months as a goal can be measured through monitoring sales and research on customer satisfaction.

18. From your experience would you say that in general company's management support sales training sufficiently? (allowing time off work to attend training, properly evaluate the outcome, make sure gained knowledge will be used appropriately)

Good question. There are definitely huge differences depending on the company. Management has to provide the needed budget and also support the training since only adequate penetration can guarantee the sought success.

The way I see it, bigger companies tend to recognise the need of training more often than smaller companies. Sometimes smaller companies are just not capable of

offering proper training since they can't afford to be giving their employees some time off to further educate themselves. This, of course, won't be a problem in large companies.

19. Is the commonly used On The Job training technique flawed in your opinion? Specify why?

Training on the job is way more expensive and usually is only suitable for one person or a small group of people.

I personally think that training on the job can be one of the most efficient ways to train but is very difficult to provide it properly.

Nowadays most companies tend to go for training a whole sales department at once.

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Declaration

I the undersigned declare that the project material, which I now submit, is my own work. Any assistance received by way of borrowing from the work of others has been cited and acknowledged within the work. I make this declaration in the knowledge that a breach of the rules pertaining to project submission may carry serious consequences.

I am aware that the project will not be accepted unless this form has been handed in along with the project.

Signed: Patrick McGuinness Björn Volkers
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