

# Exam 2 study guide



1. Federal income tax laws allow a firm to deduct all legitimate business expenses when calculating its taxable income. A) True B) False Correct Answer(s):| False|
2. A major criticism against sales quotas is that: A) Activity quotas usually lead to high-pressure selling. B) Quotas are not fair to the sales force. C) Quotas cannot stimulate sales of profitable products. D) Quotas are not realistically attainable. E) It is very difficult to set quotas accurately. Correct Answer(s):| E|
3. The most widely used type of sales quota is one based on: A) Selling expenses. B) Sales volume. C) Missionary selling activities. D) Gross margin. E) Net profit. Correct Answer(s):| B|
4. A well-designed plan for paying salespeople's expenses should: A) Allow sales reps to earn the same net income whether they are at home or on the road. B) Pay for all entertainment expenses incurred by a salesperson. C) Cut down on nonselling activities. D) Pay the same amount to each salesperson. E) Allow just a small amount of expense account padding. Correct Answer(s):| A|
5. A sales quota will most likely act as an aid in: A) Controlling and directing salespeople's activities. B) Helping prepare a job description. C) Forecasting sales. D) Conducting sales training programs. E) Establishing territories. Correct Answer(s):| A|
6. In which of the following situations will the sales rep most likely be on an unlimited expense payment plan? A) Manufacturer of electric motors opening a new territory in California. B) A driver-salesperson for soft drink bottler covering part of southern Illinois. C) Wholesaler of office supplies selling to retail stores in North Carolina. D) Small manufacturer of fishing tackle who has weak financial capability. E) Detail sales rep for

pharmaceutical manufacturer, calling on doctors' offices in Atlanta. Correct Answer(s):| A| . A company is likely to use a sales volume quota when management wants: A) A balanced effort between selling and non-selling activities. B) A salesperson to develop a new market. C) To increase its gross margin. D) To correct an unbalanced inventory situation by pushing sales of one item. E) To keep its selling expenses at 6 percent of net sales. Correct Answer(s):| D| 8. An unlimited-payment plan for controlling sales force expenses: A) Allows for cost differentials due to variations in territories or jobs. B) Is not a good plan when the salespeople are dealing with customers at the executive level. C) Eliminates expense account padding. D) Is a poor plan to use when the salespeople are calling on new accounts. E) Is a good plan for a financially weak firm. Correct Answer(s):| A| 9. A characteristic of a sound sales force expense plan is that it: A) Is designed so that the reps neither profit nor lose under the plan. B) Does not hamper the performance of selling activities. C) Is simple and economical to administer. D) Does All of these. E) Accomplishes only two of A-B-C. Correct Answer(s):| D| 10. Which of the following is an advantage of a limited payment plan for controlling sales force expenses? A) High caliber salespeople generally prefer this plan. B) It is good when there are cost-of-living differentials among the territories. C) It eliminates cheating on expense accounts. D) Management can budget its sales expenses more accurately. E) It eliminates disputes between management and sales reps. Correct Answer(s):| D| 11. Motivation is the only requirement for successful sales performance. A) True B) False Correct

Answer(s):| False| 12. What motivates a sales rep at one time may not motivate him or her at another time. A) True B) False Correct Answer(s):| True| 13.

Which of the following is (are) true about reps who in the disengagement stage of their careers? A) Their sales levels peak because of the vast experiences they have. B) Usually the psychological impact of a disruption in their personal lives causes their sales to decline. C) Their sales peak because of their long term relationship with customers. D) An assignment to a special project is one way to increase their motivation. Correct Answer(s):| D| 14.

Which of the following will most likely satisfy a sales rep's hygiene needs, in contrast to his motivator's needs? A) Give the rep more responsibility.

B) Provide a satisfactory compensation plan. C) Give the rep more opportunity for personal growth in his career. D) Have a recognition banquet honoring this rep. E) None of these meet hygiene needs. Correct Answer(s):|

B| 15. Intrinsic rewards are provided by others. A) True B) False Correct

Answer(s):| False| 16. When planning and conducting a sales contest, management should: A) Run the contest for at least six months. B) Not build the contest around a theme. C) Not give cash as an award. D) Use an outside consulting firm to conduct the contest, thus ensuring objectivity.

E) Provide each salesperson with a reasonably equal chance to win. Correct

Answer(s):| E| 17. A recently promoted district sales manager was nominated by her company to attend an executive development program conducted by a well-known university. In Maslow's hierarchy of needs, this program is most closely related to the rep's need for: A) Love and acceptance. B) Self-actualization. C) Safety. D) Physiological support. E) Belonging to a group.

Correct Answer(s):| B| 18. Intensity refers to how long the salesperson will continue to put forth effort. A) True B) False

Correct Answer(s):| False| 19. A sales meeting is least likely to be used as a vehicle for: A) Counseling salespeople about their personal problems. B) Boosting sales force morale. C) Improving sales reps' selling techniques. D) Announcing changes in a company's policies on pricing and channel structure. E) Getting salespeople better acquainted with top management.

Correct Answer(s):| A| 20. Which of the following specific incentives do salespeople prefer? A) Additional vacation time. B) A pay raise. C) A better car. D) Better fringe benefits. E) Merchandise. Correct Answer(s):| B| 1. A sales compensation plan involving a combination of salary plus commission on net sales is popular because it: A) Provides the reps with more security than other plans. B) Offers some of the advantages of a salary plus the incentive and flexibility features of a commission. C) Is the lowest cost plan. D) Provides more incentive than other plans. E) Gives management the greatest degree of control over the reps. Correct Answer(s):| B| 22. A good plan for compensating a sales force should: A) Strive to correlate a sales representative's rewards with his or her results and efforts.

Correct Answer(s):| A| 23. Which of the following features is least likely to be found in a good sales compensation plan? A) The plan provides a regular income plus some incentive pay. B) The

plan is fair to both management and the sales force. C) The plan provides a competitive level of pay.

D) The basic plan is changed frequently in order to provide flexibility. E) The plan is economical to administer. Correct Answer(s):| D| 24. Which of the following is an example of conflicting goals in a sales force compensation plan? A) Provide security of income to sales representatives, but open new markets. B) Develop a plan that is both flexible and fair to the sales representatives. C) Design an extremely flexible plan, yet one which also is simple to understand and easy to administer. D) Provide a competitive level and a competitive method of compensation. E) None of these involves a conflict of goals.

Correct Answer(s):| C| 25. Management wants aggressive selling in a job that involves virtually no missionary activities. The company is not financially strong, so management wants the compensation costs related directly to sales revenue. This firm should use a plan for paying its sales force. A) Straight salary. B) Combination. C) Salary plus bonus. D) Straight commission. E) Salary plus commission. Correct Answer(s):| D| 26. Successful companies in the 21st century: A) Will reward selling as much as possible. B) Will primarily reward maintaining market share. C) Will reward immediate results.

D) Will reward gaining customers with fewer calls. E) Will reward building customer share over the long term. Correct Answer(s):| E| 27. In which of the following situations is the tactical implementation most consistent with the strategic planning? A) The strategy of introducing a new product to increase market share is implemented by paying the salespeople a straight

commission. B) When the strategy calls for aggressive selling to liquidate excess inventories, management offers the reps a larger commission. C) To provide extra service to hold existing accounts, management increases its emphasis on commission payments.

D) The strategy of attracting the top level of graduating college students is implemented by paying lower starting salaries with prospects for future increases. E) There really is no relationship between compensation tactics and marketing strategies. Correct Answer(s):| B| 28. A straight salary plan is

the most widely used method for compensating a sales force. A) True B) False Correct Answer(s):| True| 29. Which of the following job elements is hardest to measure objectively in a sales force compensation plan? A) The value of the salespeople's efforts spent in training their customers' sales force.

B) The reps' entertainment expenses. C) The gross margin by product line that a rep contributes. D) The volume of sales received over the phone or by mail. E) The number of calls made on new accounts. Correct Answer(s):| A|

30. A limitation of the straight-commission method of paying a sales force is that this method usually: A) Means that compensation expenses are a fixed cost. B) Does not provide incentive for the sales representatives. C) Attracts a poor caliber of sales representatives. D) Makes it difficult to supervise and direct the activities of salespeople. E) Discourages the sales representative from working long hours.

Correct Answer(s):| D| 31. In addition to their large buying size, strategic accounts are likely to be differentiated from smaller accounts by their: A) Complex buying process. B) Desire to concentrate on domestic markets,

to the exclusion of foreign markets. C) Preference for using a line organizational structure. D) Desire to avoid dealing with a selling team - preferring instead to deal with one sales rep. E) None of these is correct.

Correct Answer(s):| A| 32. A district sales manager for a cosmetics manufacturer supervised 160 salespeople who sold on a door-to-door basis.

Seventeen of these district managers reported to one divisional sales manager. This situation seems to be violating the organizational principle that: A) Span of control should be reasonable. B) Organization should be stable, but flexible. C) Organization should reflect a market orientation.

D) Organization should be build around activities. E) Balance and coordination is needed in an organization. Correct Answer(s):| A| 33. In contrast to consumer purchasing, in organizational buying:

A) Fewer people are involved in making the decision. B) Decisions are made more quickly. C) Decisions are based upon economics more than emotions.

D) Decision makers are more often the user of the Product. E) All of these.

Correct Answer(s):| C| 34. In recent years firms have restructured their sales organizations around their best selling products. A) True B) False Correct

Answer(s):| False| 35. In today's marketingenvironment, geographical specialization is not used very much in sales force organizations. Difficulty:

Easy A) True B) False Correct Answer(s):| False| 36. Which of the following organizational structures will most likely be used by a large company selling several unrelated technically complex products?

A) Geographical specialization with each rep selling the full product mix.

B) Line organization. C) Customer specialization. D) Product specialization.

E) Any of the above is equally likely to be used. Correct Answer(s):| D| 37.



Citizenship behaviors are things people do on-the-job that are above and beyond their formal job requirements. A) True B) False Correct Answer(s):|

True| 38. When IBM reconfigured its sales force by assigning reps to different industries, it was using: A) Geographic specialization. B) Market specialization. C) Sales force specialization. D) Product specialization. E) None of these.

Correct Answer(s):| B| 39. Although more expensive, team selling is by far the best method of calling upon accounts and should be used for all routine selling situations. Difficulty: Medium A) True B) False Correct Answer(s):|

False| 40. All of the following are typical problems that producers experience when using an independent sales force (such as, manufacturers' reps, wholesale distributors), EXCEPT: A) The producer is frustrated over the lack of control it has over the independent sales force. B) The producer must compete with other firms for the selling time of the rep's or wholesale distributor's sales force.

C) The independent sales forces are not familiar with the market the producer wants to reach. D) It is difficult to get these reps and agents to service an account because they get no commission for this work. E) It is difficult to get an independent sales force to perform non-selling activities.

Correct Answer(s):| C| 41. The amount and type of leadership received by salespeople: A) Should be the same for all reps. B) Should vary among reps based on their individual differences. C) Should vary over time, based on the stability of the business environment.

D) Usually should increase as the sales force gets larger. E) Both B and C are correct. Correct Answer(s):| E| 42. Which of the following behaviors is a

transformational leader behavior? A) Recognizing. B) Rewarding. C) Role modeling. D) Indirect supervision. E) None of these. Correct Answer(s):| C|

43. Excellent transactional leadership by the sales manager involves:

A) Informing. B) Clarifying. C) Monitoring. D) Verbal feedback. E) All of these.

Correct Answer(s):| E| 44. Charisma is something most commonly associated

with: A) Transactional leadership. B) Citizenship behavior.

C) Task orientation. D) Transformational leadership. E) None of these.

Correct Answer(s):| D| 45. Usually salespeople working on a straight

commission generally receive less leadership and supervision than those

who work for a straight salary. A) True B) False Correct Answer(s):| True| 46.

Personal characteristics associated with excellent leadership include all of

the following, except: A) high self-confidence B) older age (50 years, plus)

C) high energy level. D) creativity. E) eagerness to take risks. Correct

Answer(s):| B| 47. Transactional-oriented leaders are typically very

charismatic.

A) True B) False Correct Answer(s):| False| 48. When a leader anticipates,

analyzes, and makes decisions, the leader uses: A) Problem-solving skills.

B) Social skills. C) communicationskills. D) Persuasive skills. E) None of these.

Correct Answer(s):| A| 49. The two distinct styles of leadership are

transactional and task orientation. A) True B) False Correct Answer(s):| False|

50. Situational leadership involves which of the following leader behaviors?

A) informing basic rules. B) verbal feedback. C) articulating a vision.

D) individualized support. E) All of these.

Correct Answer(s):| E| 51. Team selling is not the best alternative in every

situation because: A) it tends to be expensive. B) it does not lend itself to

complex situations. C) customers generally do not like it. D) there is no specialization of marketing activities. E) All of these

52. An organization is:  
A) Something needed to get the job done. B) Not needed if you have a small company. C) Simply an arrangement - a working structure - of activities involving a group of people. D) Needed before doing any strategic planning. E) None of these is even close.

53. Citizenship behaviors:  
A) Those behaviors that a salesperson performs as a member of his/her community. B) Are only performed by the top executives in a sales organization. C) Those behaviors that are above and beyond the formal job requirements. D) Are performed by members of the Board of Directors E) None of these.

54. Which of the following factors account for the growing use of e-commerce and telemarketing as a form of sales force specialization?

A) Many buyers prefer it over personal sales calls in certain selling situations. B) Many marketers find that it increases the efficiency of their selling effort.

C) It is especially adaptable to major-account selling. D) All of these contribute to telemarketing's growth. E) Only A and B are correct.

55. A major limitation of the functional type of sales organization is that:

A) Functional executives can only recommend to a field sales manager regarding assignments for the salespeople. B) Managerial specialists cannot be used effectively. C) It cannot be used very well if the firm sells a wide line of complex, technical products. D) Some of the line sales officers or the salespeople may be getting orders from more than one person. E) None of these.

56. A formal organization's well-being often is maintained by a system known as:

A) The informal organization. B) Management by objectives. C) Team selling.

D) Internationalizing the sales operations. E) Strategic planning. 57. A drawback to a line and staff sales organization is that: A) It cannot be used by a company that sells to many different types of customers. B) It is difficult to separate planning and operating activities. C) Problems may arise when staff executives take on line authority, instead of acting only as advisers. D) The span of control usually is too large. E) It discourages the use of the division of labor. 8. If a manager wants to motivate experienced salespeople to perform at higher levels or to do certain aspects of their jobs better, the best leadership behavior or style to use is: A) task-orientation. B) verbal feedback. C) articulate a vision. D) transactional. E) Both A and D. 59. Leadership is a process in which one person influences other people's behavior toward the accomplishment of specific goals. A) True B) False 60. To do the best leadership, a sales manager should exhibit: A) Transformational, but not transactional leader behaviors. B) Transactional, but not transformational leader behaviors. C) Both transformational and transactional leader behaviors. D) Let the salespeople lead themselves. E) None of these. 61. When sales-volume quotas are based on territorial potentials: A) For psychological reasons, quotas should usually be set a little lower than the expected potential. B) Territorial sales potentials are not a good base for setting volume quotas. C) Sometimes quotas based on territorial potentials have to be adjusted downward because a new rep is covering that district. D) Quotas should be related directly to territorial sales potential with no further changes being made.

E) It is a good idea to base quotas on last year's sales alone. Correct Answer(s):| C| 62. For which of the following sales jobs will management most likely use an activity quota? A) Wholesale hardware sales rep. B) Life insurance sales rep. C) Liquor distributor's sales reps calling on retailers. D) Wholesaler's salespeople selling office supplies. E) Missionary sales rep for a soap manufacturer calling on grocery stores. Correct Answer(s):| E| 63. Role conflict arises when: A) Reps are uncertain of their authority to meet price competition. B) Reps are unclear about their organizational relationship with staff executives.

C) Reps are unsure of how much time and energy to devote to field duties requested by a marketing research manager. D) Reps are trying to serve both the company and the customer. E) Reps question their power to grant credit. Correct Answer(s):| D| 64. Herzberg maintained that job satisfaction is primarily associated with hygiene needs. A) True B) False Correct Answer(s):| False| 65. All of the following normally are considered to be elements (building blocks) in a sales compensation plan, except: A) Commission. B) Bonus. C) Sales contest with cash prizes. D) Salary. E) Insurance and pension plans. Correct Answer(s):| C| 6. It is a good idea to pretest a compensation plan and introduce it to the sales force before the plan is installed on a permanent basis. A) True B) False Correct Answer(s):| True| 67. Which method of compensation is most appropriate for detail or missionary salespeople? A) Incentive plus commission. B) Straight salary. C) Straight commission. D) Commission plus expense. E) Expenses only, because detail and missionary salespeople are, by definition, not compensated. Correct

Answer(s):| B| 68. In a sales force compensation plan, an example of indirect financial compensation is: A) Salary payment.

B) Paid vacation. C) Field supervision. D) Christmas cash bonus. E) Air-conditioned office. Correct Answer(s):| B| 69. Most companies want to keep their expenses directly related to sales volume. Consequently, expense account policies usually do not play a role in a firm's strategic marketing planning. A) True B) False 70. A sales quota is a performance goal assigned to a marketing unit for a specific marketing unit for a specific period of time. A) True B) False 71. A manufacturer has 20 sales representatives using their own cars to cover territories of various sizes in the eastern half of the United States.

To reimburse these people for the use of their cars, the plan most equitable to both management and the sales force is a: A) Payment of actual expenses as reported by the sales representatives. B) Flat rate per mile. C) Fixed allowance per month. D) Flexible allowance such as the Runzheimer plan. E) Graduated mileage allowance; for example, 30 cents a mile for the first 12,000 miles a year and 24 cents a mile for all mileage above 12,000. 72. Which of the following sales force business expenses is likely to generate most questions from government tax auditors? A) Hotel bills. B) Gifts.

C) Postage. D) Telephone. E) Taxi fares. 73. Which of the following is the best definition of motivation? A) Behavior that is consistent with your attitudes. B) Doing things that satisfy you. C) The desire to expend effort to fulfill a need. D) Your reaction to role conflict and role ambiguity. E) Achieving the goals you set for yourself. 74. Which of the following is a major trend today in sales force compensation? A) Straight commission plans are increasing as

a percentage of total plans. B) Companies are designing plans which stress customer satisfaction rather than straight sales volume.

C) The average level of pay is decreasing. D) Fringe benefits are not being used as much as in the past. E) Combination plans are declining in popularity. 75. The sales compensation plan that typically provides

maximum security and stability of earnings for most sales reps is: A) Straight commission. B) Straight salary. C) Salary plus commission. D) Salary plus bonus. E) Commission plus fringe benefits. 76. A straight commission plan based on sales volume is payment for performing a unit of work, and the plan constitutes a direct (variable) expense for management. A) True

B) False 77. A company is likely to use a line organization when:

A) Management wants to use various marketing specialists. B) The market consists of quite different groups of customers. C) The company is small and sells a few related products. D) Management believes in a policy of decentralization. E) The sales force is large. 78. Of the four basic sales organization structures, the structure which has been recently adopted by some of the U. S. ' biggest companies is: A) Line organization. B) Line and staff organization. C) Functional organization. D) Horizontal organization.

E) None of these. 79. Some firms establish a separate sales force to sell to strategic accounts. Difficulty: Easy A) True B) False 80. The personal

characteristic of initiative implies: A) The leaders must believe in themselves. B) The leaders are independent, self starters. C) The leaders have high energy levels. D) The leaders exhibit creativity. E) All of these. 81. High-performing reps that appreciate autonomy respond well to heavy doses of

transactional leader behaviors. A) True B) False 82. The most widely used type of sales quota is one based on sales activities. B) False 83.

With regard to compensation, which of the following is true? A) Companies change their compensation plans more frequently than they change their strategies. B) Compensation plans should be reviewed frequently to make sure that they are consistent with strategies. C) Most firms change their compensations plans at least once in two years. D) Firms should only change their compensation program when the salespeople are dissatisfied. E) All of these are true 84. Which of the following roles ordinarily is not a part of a buying center? A) User. B) Director. C) Influencer. D) Decider. E) Gatekeeper. 85.

A drawback to organizing the sales force in a geographical specialization is that: A) customers may get called on by multiple reps from the same selling firm. B) it results in more travel time for each sales rep. C) it leads to uneven coverage of the market. D) there is usually no specialization of marketing activities. E) All of these are drawbacks. 86. A trend in sales force restructuring is to: A) move toward flatter organizations. B) structure around people, not activities. C) make the organization as inflexible as possible. D) move decision-making authority to the managers (i. e. , away from subordinates). E) All of these.