

Sales management essay sample

[Business](#), [Marketing](#)



1. Introduction

Cloverleaf plc was a UK-based company supplying bottling machinery used in production lines to transport and fill bottles. John Goodman, the sales executive covering France, was in charge of selling the new bottling machinery to Commercial SA, a large Marseille-based bottling company.

2. Purpose of the Paper

The purpose of the paper is to help understand organizational buying behavior as well as the decision making process through careful analysis of the case study. It will also help understand the effective sales strategies when it comes to selling a product to a company.

3. Organizational Buying Behavior

When analyzing the structure of an organization buying behavior, it is crucial to first identify whom are the people involved in making the decision or who has the authority to make the final decision. The decision-making units (DMUs) are the ones who have control over these decisions. According to (Hawkins, Best, & Coney, 2004), DMUs are individuals (representing functional areas and management) within an organization who participate in making a given purchase decision. The DMU in the case study consists of Dr Leblanc (Technical Director), M. Artois (Production Engineer) and M. Bernard (Purchasing Manager).

3. 1. The Purchasing Process

3. 1. 1 Recognition of problem (need)

From the case study, the problem (need) occurred when Commercial SA decided that they needed to purchase a new bottling line as a result of

expansion. This need can be categorized as an internal factor, which lead to an active behavior. (Jobber & Lancaster, 2012) In this situation, John Goodman should make use of this opportunity by highlighting the problem and differentiating his product over the competition to Dr Leblanc, the technical director of Commercial SA.

Since Dr Leblanc told him that he had already met and discussed with three other competitors, the problem with John was that he just presented the sales literature and did not explain anything else upfront to Dr Leblanc to clearly interest and differentiate his product from the competitors.

3. 1. 2Determination of characteristics, specification and quantity of need item On March 8, John Goodman met up with the production engineer, M. Artois to discuss and check with the product specifications. The good news for John is that his product exceeded Commercial SA's required specifications together with a one of the competitors, Hofstead Gm.

At this stage, what John did after being told of that piece of critical information was to only show M. Artois some of the technical manuals. This was where John failed as a good salesperson. He did not use the opportunity to influence and persuade M. Artois to the specific features that only their product possessed (lockout criteria).

3. 1. 3Search for qualification of potential success

On March 11, during a meeting with Dr Leblanc, John Goodman was asked to give three reasons why Commercial SA should buy from Cloverleaf plc. This was a crucial point in the decision making process for Commercial SA as Dr

Leblanc was trying to differentiate between the companies that were selling the bottling machinery.

John Goodman did not do a good job in placing his company at an advantageous position. His answers were merely stating how good and advanced Cloverleaf plc's machinery was. He did not put himself in the buyer's point of view and create the link between how it would be beneficial for Commercial SA to purchase the machinery from him.

3. 1. 4Acquisition and analysis of proposals and Evaluation of proposals and selection of supplier(s) On March 13, John Goodman had a conversation with the purchasing manager, M. Bernard. John should have known that discussing the technical features of the machine with a purchasing manager is the wrong thing to do. The purchasing manager's role is to review purchase orders made by the company and at most times, cutting costs for the company (Thomas Tanel). Although John did the right thing by trying to delay discussing about the price when asked upon by M. Bernard, he did not divert the conversation by introducing promotions or other sales strategies to entice M. Bernard. The same situation happened on March 15 with Dr Leblanc when John just kept repeating the operational advantages of the product and delayed on giving a price quote.

Finally when John got back to M. Bernard with the price of £1. 1 million, he was told that a key competitor had quoted less than £1 million. This was a key indication that Commercial SA's choice criteria was a functional (economic) criteria (Jobber & Lancaster, 2012). The company was focusing mainly on the cost. John should have taken note of this and came up with a

strategic sales promotion to attract and convince them into purchasing from Cloverleaf plc.

4. Recommendations

Since the competitor, Hofstead Gm is selling a similar specification and quality of bottling machinery as Cloverleaf plc, price will eventually become a key consideration in the purchasing decision. In the whole sales process, John failed to create the link between how technologically advanced and reliable their product to how these qualities will benefit Commercial SA.

4. 1. Life-cycle costs

Upon identifying that the economic criteria (price sensitive) is the key criterion in the decision making process of Commercial SA, John should have mentioned about the life-cycle costs of the product (Jobber & Lancaster, 2012). Using the life cycle cost analysis, John could have sat down with M. Bernard and work out the purchase price, start-up costs and post-purchase costs. As Cloverleaf plc bottling machinery's initial purchase price is more expensive than it's competitors, John should definitely calculate the estimated productivity savings, maintenance costs and residual values of the his system. This will positively move the cost focus mindset of the company and possibly create new perceptions of value of the product. If John was able to make M. Bernard or Dr Leblanc look beyond the initial purchase price and see the long-term economic value of the machine due to higher reliability of the machine and lower down time costs, he could have a powerful competitive advantage and at the same time, able to justify the premium price.

4. 2. Creeping commitment

The relationship between a buyer and seller in the initial phases of the purchasing process (creeping commitment) can have extremely good benefits for the salesperson (Castleberry & Tanner, 2011). By getting involved at the beginning in the problem recognition stage (step 1 of the purchasing process), the salesperson has the advantage of creeping commitment, whereby the buying organization becomes attached to the salesperson through its involvement in the process and assistance provided. John could have used the creeping commitment strategy by trying to get involved with Commercial SA during the initial phases of purchasing. He could have develop a good working relationship with the DMU members by enquiring about the company's expansion instead of going straight into discussing his product. He could have also found out more about the company's previous and current bottling machines as well as the previous suppliers of the machines. With a good relationship developed and information acquired, he could position his product in a way to appeal better to Commercial SA.

4. 3. Importance of purchase to buying organization

When a company is spending a large sum of money on purchasing a specific product, the decision is likely to be important to the buying organization. In this situation, as many people are going to be involved in the decision making, the process can be long with extensive analysis of information from the different proposals by the sellers. Therefore, strong marketing efforts and strategies will be needed to appeal to the DMU. John could have discussed with his sales manager, Mike Bull, and came up with several add-

on benefits to the product they are offering. By offering a good wide range of after-sales services such as guaranteed delivery date, engineering support or free servicing/repair can be a huge advantage for placing Cloverleaf plc in a good position. After-sales service is part of the Cloverleaf plc's product quality "promise" and ensures the reality of the value perceived promised by the supplier to the buyer (Dr. Viardot, 2004).

5. Conclusion

Having analyzed the case study, it is clear that John Goodman was not prepared for the sales presentation to Commercial SA. He did not do a good job as a salesperson in various ways. He failed to identify the choice criteria of the buying company, which he ended up not having the right sales strategy. Apparently, his method of emphasizing on the product's quality and reliability did not work. He should have linked the qualities of his machine to how it could benefit the buyer.

Even though John could not make the sales, he should maintain a good relationship with Commercial SA as perhaps in the future. Managing a key relationship effectively may have a significant advantage for Cloverleaf plc in the future. John must be able to understand that different members in the DMU may use different criteria therefore if John could implement one or more of the recommended strategies mentioned above to the right person, he might probably have a better chance of closing the sales in the future.

References

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