

"I highly recommend this book to instructors who wish to cover the breadth of sales organization topics while still emphasizing the depth of learning through targeted student activities. Moreover, the contemporary selling model and framework provide an excellent roadmap and connect topics to the core of building relationships and creating value."

Stacey L. Malek, *Assistant Professor of Marketing, Erasmus School of Economics, The Netherlands*

"This is an excellent resource for teaching sales management to business students. It provides a modern introduction to the field, covering in detail key ideas such as CRM, the selling process (including e.g., prospecting, communicating, negotiating, and closing), and how to manage the sales force (discussing features such as recruitment, training, incentives...). It includes illustrative mini-cases, role play exercises, and an appendix showing how to use formulas for CRM using spreadsheets. The textbook has also great complimentary materials (slides, instructor manual, and a test-bank of questions)."

Mercedes Esteban-Bravo, *Full Professor in Marketing and Market Research, UC3M-Universidad Carlos III de Madrid, Spain*

Contemporary Selling is the only book that combines full coverage of up-to-date personal selling processes with a straightforward look at sales management practices, delivered in a way that students want to learn and instructors want to teach. The overarching theme of the book is enabling salespeople to build relationships successfully and to create value with customers.

Johnston and Marshall have created a comprehensive, holistic source of information about the selling function in modern organizations that links the process of selling (what salespeople do) with the process of managing salespeople (what sales managers do). A strong focus on the modern tools of selling, such as customer relationship management (CRM), social media and technology-enabled selling, and sales analytics, means the book continues to set the standard for the most up-to-date and student-friendly selling book on the market today. Pedagogical features include:

- updated mini cases to engage students and reinforce learning objectives;
- Ethical Dilemma and Global Connection boxes that simulate real-world challenges faced by salespeople and their managers;
- Role Play exercises that enable students to learn by doing; and
- updated discussion queries to drive classroom discussion and help students connect important concepts.

This fully updated new edition is an invaluable resource for students of personal selling at both undergraduate and postgraduate levels.

Supplementary resources include an instructor's manual, PowerPoint slides, and other tools to provide additional support for students and instructors.

Mark W. Johnston is the Alan and Sandra Gerry Professor of Marketing and Ethics at Rollins College in Florida, USA, and is a consultant for firms in the personal health care, chemical, transportation, service, and telecommunications industries.

Greg W. Marshall is the Charles Harwood Professor of Marketing and Strategy at Rollins College in Florida, USA, and is a Professor of Marketing and Sales at the Aston Business School in Birmingham, UK.

SALES MANAGEMENT

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Support Material is available for this title at
www.routledge.com/9780367435172

Routledge
Taylor & Francis Group
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CONTEMPORARY SELLING

Sixth Edition

MARK W. JOHNSTON
GREG W. MARSHALL



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CONTEMPORARY SELLING

Building Relationships, Creating Value

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MARK W. JOHNSTON
GREG W. MARSHALL

Sixth edition published 2022
by Routledge
2 Park Square, Milton Park, Abingdon, Oxon, OX14 4RN

and by Routledge
605 Third Avenue, New York, NY 10158

Routledge is an imprint of the Taylor & Francis Group, an informa business

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First edition published by McGraw Hill, 2005

Fifth edition published by Routledge, 2016

British Library Cataloguing-in-Publication Data

A catalogue record for this book is available from the British Library

Library of Congress Cataloging-in-Publication Data

Names: Johnston, Mark W., author. | Marshall, Greg W., author.

Title: Contemporary selling: building relationships, creating value/

Mark W. Johnston, Greg W. Marshall.

Description: Sixth edition. | Abingdon, Oxon; New York, NY: Routledge,

2022. | Includes bibliographical references and index.

Identifiers: LCCN 2021008960 (print) | LCCN 2021008961 (ebook)

Subjects: LCSH: Selling. | Relationship marketing. | Customer relations.

Classification: LCC HF5438.25 .J655 2022 (print) | LCC HF5438.25 (ebook) |

DDC 658.85--dc23

LC record available at <https://lcn.loc.gov/2021008960>

LC ebook record available at <https://lcn.loc.gov/2021008961>

ISBN: 978-0-367-85952-7 (hbk)

ISBN: 978-0-367-43517-2 (pbk)

ISBN: 978-1-003-13469-5 (ebk)

Typeset in Berkeley
by Apex CoVantage, LLC

Access the Support Material: www.routledge.com/9780367435172

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Preface

Fundamental to the success of any organization is its relationship with customers. As we move into the third decade of the 21st Century the relationship between organizations and customers is in a period of profound change. Technology, globalization, ethical concerns, corporate strategic decisions, and a host of other issues have created a revolution in the selling process. Customers are no longer interested in working with companies that cannot add substantial value to their business. They seek better, more strategic partnerships with suppliers. And the changes in the buyer–seller relationship have also led to dramatic changes in the management of salespeople. Issues of home/virtual offices, new approaches to communication technology, and general demographic changes in the sales force and buyers (to name just a few) have created significant challenges for salespeople and their managers. The 21st-Century selling model is a very different process from that of ten years ago and our 6th edition of *Contemporary Selling: Building Relationships, Creating Value* reflects the *contemporary* nature of this new business reality.

This new edition continues to present clearly and concisely the true nature of the selling process in the 21st Century, and it remains the only book to integrate the critical tools of the contemporary selling process with the unique challenges managers face working with salespeople in a highly dynamic competitive environment. Mark Johnston and Greg Marshall, your authors, combine backgrounds in selling and sales management with long-established research records and consulting experience in the field.

WHY DID WE WRITE THIS BOOK?

The idea for writing the original edition of this book evolved over several years and many conversations with colleagues and sales professionals. There was no single moment of creation; rather a series of conversations that ended with “Gee, I wish there was a book that combines a relevant and current model of professional selling with an introduction to the sales management skills needed for effective buyer–seller relationships.”

Our own review of the books in the Personal Selling and Sales Management areas has found no single source for a complete, holistic approach to selling that incorporates not only state-of-the-art sales methodology but also the knowledge base and skill sets necessary to manage such a critical area in the organization. A gap exists between the many Professional Selling books that provide a “drill-down” approach covering everything from A to Z (and back again) and Sales Management books that discuss in detail the many challenging issues involved in managing a sales force. As co-authors of *Sales Force Management*, 13th edition (Routledge/Taylor & Francis Group), we were already keenly aware of the depth of coverage in available Sales Management books around the world.

Our colleagues presented us with an interesting challenge: was it possible to create a book that combines full coverage of contemporary professional selling processes with a basic look at sales management practices in a way that maximizes value and utility for both instructors and students? A key element in the challenge was to extend the knowledge of the selling process and incorporate new thinking on relationship building and value creation into a contemporary selling model. Most importantly, we did not want to simply patch together a book about “selling with a little sales management sprinkled in.” Quite the contrary: our primary goal in writing *Contemporary Selling: Building Relationships, Creating Value* 6e, as in the previous editions, was to create a single, comprehensive, and holistic source of information about the selling function in modern organizations. As you read the book, note that our approach is to link the process of selling (what salespeople do) with the process of managing salespeople (what sales managers do). In order to provide a pictorial representation of this linkage and to create an easily referenced thematic thread throughout the book, we have developed a “Model for Contemporary Selling” that serves as a road map all the way through. The model is introduced in chapter 1.

Building strong value-adding, and sustainable customer relationships is no longer optional—today it is *required* for long-term business success. As the importance of relationship management has grown, the selling function has become assimilated into the rest of the organization. Selling now is truly a “boardroom topic,” as companies realize that effective management of the contemporary selling process is a key to gaining overall competitive advantage. Thus, this book incorporates state-of-the-art sales practices and research to develop a comprehensive model of contemporary selling.

WHO IS THE AUDIENCE FOR THE BOOK?

The overarching theme of this book is enabling salespeople to build relationships and create value with customers. As such, the book has broad appeal and high value-added in sales-related courses. In addition, the book offers new opportunities for two distinct groups. First, many schools have only a limited number of courses in the sales area—often only one. As a consequence they are forced to choose between a Personal Selling course and a Sales Management course, and almost always Personal Selling is the course chosen as it offers students the immediacy of developing skill sets necessary to be successful in selling. Unfortunately, students receive at best a limited understanding of how selling fits into the firm and (more importantly) of the unique challenges and issues managing the selling process. In our discussions with colleagues at many colleges and universities, we consistently are told that our book offers a comprehensive approach to contemporary selling and a concurrent, integrated discussion of managing this process (i.e., sales management). Coverage of selling is in no way compromised in our book by including connections to managing sales—on the contrary, the selling coverage is preeminent but the supportive sales management aspects are quite useful toward student learning about the full scope of the sales field.

Second, you may have noticed (as we have) a growing trend in sales-related courses. More and more students who are not majors in marketing (or even in business) are taking courses in selling and sales management. This trend recognizes the inherent value of such courses to the personal growth and success of any student. As such, we believe *Contemporary Selling: Building Relationships, Creating Value* 6e, serves this emerging market very well in that it allows non-sales majors wanting a single sales-related course to fully benefit from a better understanding of the full scope of the sales arena.

In addition, the book is written to complement and enhance a variety of teaching approaches. Most importantly, *Contemporary Selling: Building Relationships, Creating Value* 6e, incorporates a comprehensive role-play series integrated with most chapters. Role-playing is one of the most used sales training tools by the top companies. Our end-of-chapter role plays are tied together throughout the book within a common threaded scenario that students will readily and enthusiastically identify with as they progress through the course. Beyond the role plays, a variety of other teaching enhancements are provided within the book. For instructors interested in a lecture/discussion format, an abundance of material is presented in the chapters and reinforced in discussion questions at the end of each chapter. Learning objectives and key terms help

focus students on the most important material. Mini-cases are included at the end of each chapter for instructors taking a more case-oriented approach. A variety of other features embedded within each chapter add value to the students' experience in the course, including the boxed features Ethical Dilemma and Global Connection.

STRUCTURE OF THE BOOK

As we have discussed, the contemporary selling model employed within the book that is based on building relationships and creating value defines the connection between companies and customers in a new way. As a result, we have developed a framework that breaks down the selling process into three distinct yet inter-related components.

1. **Part One: What Is Contemporary Selling? (Chapters 1–5).** The book begins with an introduction to contemporary selling and the environment in which this process takes place. The opening chapter introduces the Model for Contemporary Selling and demonstrates how it serves as a road map for the entire book and course. Next, in chapters 2 and 3, is a comprehensive discussion of two critical precursors to the selling process—understanding sellers and buyers and the concept of value creation, both of which are central to the buyer–seller relationship. In chapter 4 the important area of ethical and legal issues in selling is discussed. Finally, chapter 5 provides a comprehensive discussion of CRM (customer relationship management), sales technologies, and sales analytics that have become such a critical component of salesperson success.
2. **Part Two: Elements of the Contemporary Selling Process (Chapters 6–10).** In this part, each of the elements in the contemporary selling process is identified and examined in detail. These include prospecting and sales call planning (chapter 6), communicating the sales message (chapter 7), negotiating for win-win solutions (chapter 8), closing the sale and follow-up (chapter 9), and salesperson self-management (chapter 10).
3. **Part Three: Managing the Contemporary Selling Process (Chapters 11–14).** Key to effectively implementing successful buyer–seller relationships is an understanding of the many issues involved in managing a sales force. The topics addressed include salesperson performance: behavior, motivation, and role perceptions; recruiting, selecting, and training salespeople; and compensating and evaluating salespeople. Part Three concludes with an in-depth discussion of the unique challenges and opportunities in a global selling environment.

Features of the Text

- A. **CRM, Sales Technologies, and Sales Analytics (UPDATED)**
CRM is the foundation for many companies' overall marketing programs and is an integral tool for contemporary selling. At the same time there are a number of specific sales technology tools that are part of the selling, as well as a host of sales analytics that contribute to sales organization success. The chapter presents a "state-of-the-art" discussion on the use of technology and analytics in contemporary selling.
- B. **Learning Objectives**
Each chapter begins with a set of Learning Objectives for the students. The objectives guide students as they read and seek to identify the key takeaways from the chapter.
- C. **Boxed Feature—Global Connection (UPDATED)**
One of the keys to success in contemporary selling is the ability to take a global perspective. Each chapter contains a boxed feature that connects chapter content with a global focus and provides real-world examples and questions for consideration. Instructors will benefit from these boxes, as they are excellent discussion starters in class.

D. Boxed Feature—Ethical Dilemma (UPDATED)

Demonstrating ethical behavior in buyer–seller relationships has never been more important than it is today. Each chapter contains an Ethical Dilemma designed to place students in realistic scenarios that require one or more decisions, prompted by the questions provided. These scenarios can be used as discussion starters in class or assigned to students to reflect on and report back individually or in groups.

E. Key Terms and Glossary

At the end of each chapter Key Terms are listed. These terms are also bolded the first time they appear in the body of each chapter. As a result, students can use these terms to get a quick read on their understanding of the material. They will also find these terms defined in the Glossary at the end of the book.

F. Role Plays

It is accepted in the field and classroom that role-playing is a valuable tool for helping salespeople and students apply what they are learning. A comprehensive role-play scenario has been developed for *Contemporary Selling: Building Relationships, Creating Value* 6e, that flows through most chapters for continuity of learning. It involves a sales district of the “Upland Company,” and includes a cast of characters students come to know and empathize with as they move through each chapter’s role play. Each part of the role play will enable students to employ aspects of selling and sales management they have learned within a particular chapter.

G. Discussion Questions

Each chapter contains a set of questions designed to generate classroom discussion of key concepts and ideas from the chapter material, Expert Advice videos, and boxed features. These questions can also be used by students to enhance their own understanding or by instructors as review questions.

H. Mini-Cases

Cases have consistently been shown to be an effective tool for students in learning and applying material. Each chapter incorporates a mini-case that supports chapter subject matter. All the cases are original—written especially for the book, incorporating the latest in contemporary selling issues.

I. Selling Math Appendix

The value proposition provides the basis for the customer’s perception of your product. As part of the value proposition, a good salesperson will develop a quantitative analysis that demonstrates and supports that product value. This Appendix to chapter 3 and the accompanying spreadsheet on the book’s Companion Website lead the student through interactive exercises detailing the process of putting together a financial analysis for a sales proposal and buyer presentation.

Other items you will find on the Companion Website include the following:

J. PowerPoint Slides

A complete set of PowerPoint slides has been developed to enhance the in-class experience of both instructors and students. The package of slides is flexible enough for instructors to include their own material yet comprehensive enough to stand alone. Links to sales-related sites are imbedded in the PowerPoint presentation to enable the instructor to go directly to relevant websites if they are online.

K. Instructor Manual

A newly created instructor manual provides an overview of each chapter, answers to discussion questions, and a discussion guide to Role Plays, Ethical Dilemmas, Global Perspectives, and Mini-Cases. A comprehensive test bank is included.

L. Flashcards and Other Ancillary Materials

Students will find the Flashcards for each chapter included on the Companion Website to be highly useful in preparing for exams. Instructors and students also benefit from a variety of other materials available at that location including important information on the Selling Math Appendix to chapter 3.

Acknowledgments

Writing a book is never the result of the authors alone. Many people contribute in a variety of ways to the process. We would like to begin by thanking the many colleagues and sales professionals who inspired us to take on the challenge of creating a text that encompasses the gamut of contemporary selling issues. Over many conversations, we developed the ideas and concepts you will find in the book. More specifically, we offer a special thank you to the reviewers who provided valuable insights and guidance through the writing process.

We would also like to thank the great people at Routledge/Taylor & Francis Group, including Emmie Shand for her exceptional work and support during the process. Working with professionals who are also fantastic people makes the task easier and more enjoyable—thanks again to everyone at Routledge/Taylor & Francis. In addition, we greatly appreciate the hard work of Chrissy Schreiber and Christian Panier here at Rollins College, who contributed in an outstanding manner to the updating and integration of literature and references in this edition—your efforts are greatly appreciated. And finally, we want to offer a very special thank you to our families and friends. Without their encouragement and support over many months you would not be reading this book. You are special and you are appreciated. Enjoy the book!

Mark W. Johnston, Rollins College
Greg W. Marshall, Rollins College
May 2021



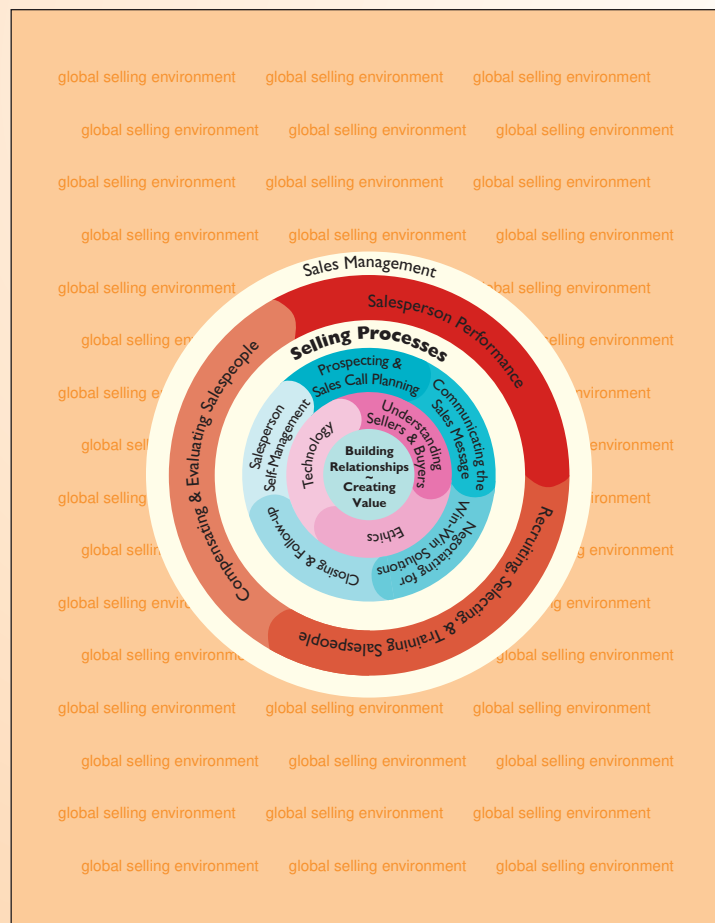
A VISUAL TOUR OF CONTEMPORARY SELLING: BUILDING RELATIONSHIPS, CREATING VALUE 6TH EDITION

PEDAGOGICAL FEATURES

Contemporary Selling: Building Relationships, Creating Value 6e, offers numerous features to facilitate the instructor's task, and to engage students and help them understand the topics under discussion.

THE MODEL FOR CONTEMPORARY SELLING

Developed by the authors to portray visually the notion that everything builds outward from a customer focus, this model serves as a road map for the book and for selling courses. The Model is introduced in chapter 1 and integrated in subsequent chapters throughout the book.




EXHIBITS are woven throughout the text, highlighting key points and incorporating visual materials to aid students' understanding.

EXHIBIT 1.1 TEST YOUR CUSTOMER MINDSET

External Customer Mindset	Internal Customer Mindset
<p>I believe that . . .</p> <ul style="list-style-type: none"> I must understand the needs of my company's customers. It is critical to provide value to my company's customers. I am primarily interested in satisfying my company's customers. I must understand who buys my company's products/services. I can perform my job better if I understand the needs of my company's customers. Understanding my company's customers will help me do my job better. 	<p>I believe that . . .</p> <ul style="list-style-type: none"> Employees who receive my work are my customers. Meeting the needs of employees who receive my work is critical to doing a good job. It is important to receive feedback from employees who receive my work. I focus on the requirements of the person who receives my work.

GLOBAL CONNECTION boxes in each chapter draw out global issues and differences between cultures within the context of selling.

GLOBAL CONNECTION



THE SHIFT TO VALUE-ADDED SELLING IS THE BIGGEST CHALLENGE IN GLOBAL SALES


Making the transition from transactional (price- and product-oriented) selling to consultative (value-added) selling is now the most frequent challenge faced by sales professionals around the world, according to a survey of 134 sales managers by global consultancy Sales Performance International:

What difficulties do your salespeople have in the marketplace?

Moving to solution-type selling	69%
Selling value	67%
Inexperience	63%
Negotiating	58%
Prospecting	55%
Closing	55%
Unable to get to decision maker	51%

ETHICAL DILEMMAS are included in each chapter to help students identify and handle effectively the numerous ethical issues that arise in selling.

ETHICAL DILEMMA



WHOSE FAULT IS IT ANYWAY?

Ted Gaitlin has been an insurance agent with All Star Insurance for 13 years. He has enjoyed success with the company and won a number of sales awards. In addition, he has developed a reputation as an honest agent who works hard for his clients.


Over the last several years, however, the insurance market in his area became extremely competitive. Even though he was working harder than ever, he was not performing as well as he had during the 1990s. Management was beginning to wonder if Ted would be able to continue as an agent with the company.

Two months ago a sales contest was announced. Ted saw it as an opportunity to reestablish his position. The company wanted to drive new business in the last quarter of the fiscal year, and the contest was based on submitting new insurance policies for underwriting. Ted worked hard to write new business during the period and his efforts yielded good results. Now, as the contest entered its last month, he was concerned about winning. Biweekly results of all the agents across the country showed the contest was down to Ted and two other agents.

This morning Ted got a call from a friend, also an agent with All Star, who encouraged him to go all out to win the contest and suggested Ted submit proposals that would most likely be rejected by

ROLE PLAYS at the end of each chapter enable students to learn by doing.

ROLE PLAY



BEFORE YOU BEGIN

Each chapter in *Contemporary Selling* has a role-play exercise at the end. These role plays are designed to provide you with the opportunity to work with one or more other students in your class to put into practice, or "act out," some of the important learning from that chapter.

All the role plays involve a cast of characters from a fictional firm, the Upland Company. You will need to know some basic information about Upland and its customers, as well as meet each of the characters you will be asked to role-play, before you begin. The Appendix to this chapter provides the company and character profiles you need to get started preparing your role play. It also provides valuable tips on how to get the most out of a role-play exercise and specific instructions on how to put your role play together. Before attempting to go further with this first role play, please refer to this chapter's Appendix.

Characters Involved

Bonnie Cairns	Alex Lewis	Abe Rollins
Chloe Herndon	Rhonda Reed	Justin Taylor

MINI-CASES at the end of each chapter help students to understand and apply the principles they have learned in the classroom.

MINI-CASE 1 CREEKSIDE OUTDOOR GEAR

Creekside Outdoor Gear is a Philadelphia-based company that produces and markets clothing sold exclusively in retail stores specializing in apparel for outdoor enthusiasts. The product line includes shirts, pants, jackets, ski-suit bibs and jackets, hats, gloves, and underwear. The stores also sell equipment for mountain climbing, kayaking, skiing, snowboarding, canoeing, and hiking, items for which Creekside's products are a natural complement. Creekside is known throughout the Northeast for high quality. Joe Edwards, Creekside's founder and owner, often tells his employees, "If you provide a quality product, people will want to buy it from you." However, Joe is beginning to detect some changes in his business and is wondering how those changes will affect his company.

One change that Joe has noticed is that the customers visiting the retailers that carry his products look younger and younger. As a member of the baby boomer generation, Joe realizes that his peers are getting older. The group of customers that has spurred his company's growth since its founding in 1978 will likely be a smaller piece of his business in the future. Joe has also noticed the growth in extreme sports. Not only are the people who participate in these sports youngsters, but they also have unusual (to Joe) buying habits. They seem to want what Joe would describe as a sloppy look and attractive color schemes at the same time.

Such customer desires take advantage of new, high-tech materials that provide greater warmth

DISCUSSION QUESTIONS at the end of each chapter provide students with the opportunity to apply their knowledge to exam style questions.

DISCUSSION QUESTIONS

1. Think about the general concept of a relationship, not necessarily in a business setting, but just relationships in general between any two parties. What aspects of relationships are inherently favorable? What aspects tend to cause problems? List some specific ways one might work to minimize the problems and accentuate the favorable aspects.
2. What is *value*? In what ways does a relationship selling approach add value to your customers, to you the salesperson, and to your sales organization?
3. When a firm shifts from transactional selling to a value-added approach, a number of changes have to take place in the way a salesperson approaches customers as well as his or her own job. List as many of these changes as you can and explain why each is important to making value-added selling work.
4. Has transactional selling gone the way of the dinosaur? That is, are there ever any situations in which a transactional approach to selling would be an appropriate approach today? If so, what are those conditions and why would transactional selling be appropriate in those cases?
5. Why is it important to talk about selling *solutions* instead of products or services? How does selling solutions further the success of a relationship selling approach?
6. The chapter mentions negotiating for win-win solutions. Think of a time when you negotiated with

COMPANION WEBSITE



www.routledge.com/cw/johnston

Visit the Companion Website for a whole host of instructor and student resources that support and enhance the textbook, including:

Instructor resources:

- An Instructor's Manual including chapter outlines, helpful hints for the instructor, teaching notes, and outline answers to questions in the text
- A comprehensive Test Bank of questions, including multiple-choice questions, true-false questions, and open questions to assign to your students
- All of the exhibits from the book available to download for your own use
- PowerPoint Slides for classroom use.

Student resources:

- An interactive Flashcard Glossary to test your understanding of the key terms
- Multiple Choice Questions to test your knowledge of each chapter's key points
- Links to relevant YouTube Videos, organized by chapter.

PART ONE

WHAT IS CONTEMPORARY SELLING?

CHAPTER 1

Introduction to Contemporary Selling

CHAPTER 2

Understanding Sellers and Buyers

CHAPTER 3

Value Creation in Buyer-Seller Relationships

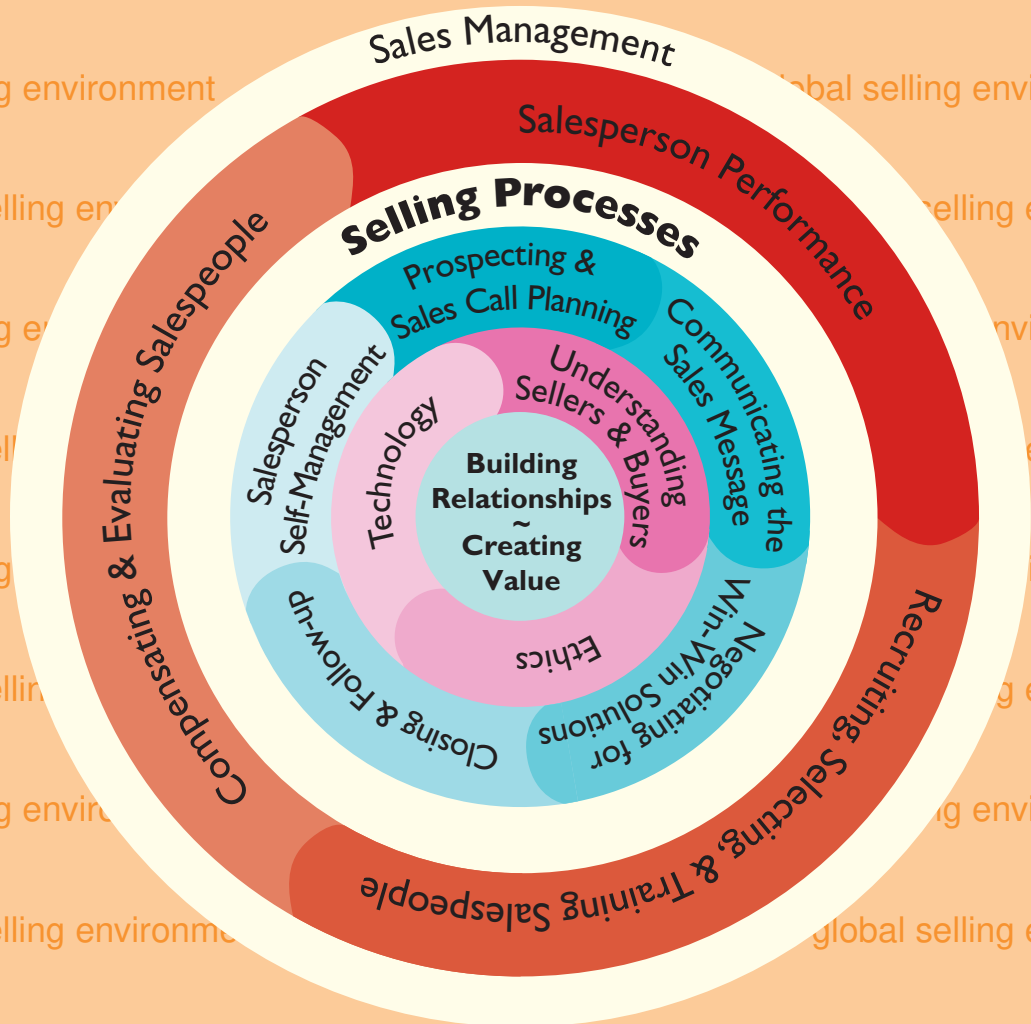
CHAPTER 4

Ethical and Legal Issues in Contemporary Selling

CHAPTER 5

CRM, Sales Technologies, and Sales Analytics





Introduction to Contemporary Selling

LEARNING OBJECTIVES

Selling has changed. The focus of much selling today is on securing, building, and maintaining long-term relationships with profitable customers. To accomplish this, salespeople have to be able to communicate a value proposition that represents the bundle of benefits their customers derive from the product being sold. This value-driven approach to selling will result in customers who are loyal and who want to develop long-term relationships with a salesperson and his or her firm. This chapter provides an overview of the book by way of an integrative Model for Contemporary Selling.

After reading the chapter, you should be able to:

- Appreciate key aspects of contemporary selling.
- Understand the importance of a firm being customer-centric.
- Explain why value is a central theme in contemporary selling.
- Identify the processes involved in selling.
- Recognize the key elements in sales management.
- Discuss and give examples of the components of the external and internal environment for contemporary selling.

INTRODUCTION TO CONTEMPORARY SELLING

No matter what you sell, selling primarily based on having the best price is no way to build long-term clients. Low prices are very easy for competitors to match, and fickle buyers focused only on price will drop you as soon as a competitor beats your price. Second, the concept of creating value for your customers is an important way to get around the problems associated with price selling. **Value** represents the net bundle of benefits the customer derives from the product you are selling. Often this is referred to as your **value proposition**. Certainly low price may enhance value, but so do your expertise, your quality, and your service. Value creation in buyer–seller relationships is the subject of chapter 3. Finally, firms must focus on keeping customers coming back again and again. This idea of building **customer loyalty**, giving your customers many reasons not to switch to competitors, is central to successful selling today.

This book does not use the title “*Contemporary Selling*” lightly. That is because, in this day and age, the whole field of selling is much more sophisticated than in days past. Old-fashioned and traditional approaches to customers simply are insufficient in today’s dynamic, global, technology-driven business environment. In the 21st Century world of business, it is critical to think in terms of **relationship selling**, whose central goal is securing, building, and maintaining long-term relationships with profitable customers. Relationship selling is oriented toward the *long term*. The salesperson seeks to keep their customers so satisfied with the product, the selling firm, and the salesperson’s own level of client service that they will not switch to other sources for the same products. The book is also about **sales management**, meaning the way the various aspects of selling are managed by the salesperson’s firm.

In modern organizations, the process of selling and sales management is quite integrated.¹ The managers in the sales organization have taken time to think through the most efficient and effective way to manage the overall customer side of the business. This might include using all sorts of technologies, gathering information to make decisions on customer strategies, employing different selling approaches for different kinds of customers, and having a system in place that connects all this together through information management. Such a system is often called **customer relationship management (CRM)**, which refers to an organizationwide customer focus that uses advanced technology to maximize the firm’s ability to add value to customers and develop long-term relationships. The role of CRM, technology in general, and data analytics in contemporary selling will be discussed in chapter 5.

A MODEL FOR CONTEMPORARY SELLING

A firm that is **customer-centric** puts the customer at the center of everything that occurs, both inside and outside the firm. Customers are the lifeblood of any business! They are the center of your business universe. Without them you have no sales, no profits, ultimately no business. The starting point for learning about selling, and ultimately sales management, is the customer. The model for Contemporary Selling that you saw at the beginning of this chapter serves as a pictorial road map for the content in your book and your course. The sections throughout the remainder of this chapter provide an overview of each element in the model, and you may wish to refer back to the picture as you continue your reading. Like customer-centric firms, the model places the customer firmly in the center of everything you will read about in this book.

Firms that are customer-centric have a high level of **customer orientation**. That is, they:

1. Instill an organizationwide focus on understanding customers’ requirements.
2. Generate an understanding of the marketplace and disseminate that knowledge to everyone in the firm.
3. Align system capabilities internally so that the organization responds effectively with innovative, competitively differentiated, satisfaction-generating products and services.²

What does customer orientation mean to the individual salesperson? One way to exhibit a customer orientation is through a **customer mindset**, which may be defined as a salesperson’s belief that understanding

EXHIBIT 1.1 TEST YOUR CUSTOMER MINDSET

External Customer Mindset

I believe that . . .

- I must understand the needs of my company's customers.
- It is critical to provide value to my company's customers.
- I am primarily interested in satisfying my company's customers.
- I must understand who buys my company's products/services.
- I can perform my job better if I understand the needs of my company's customers.
- Understanding my company's customers will help me do my job better.

Internal Customer Mindset

I believe that . . .

- Employees who receive my work are my customers.
- Meeting the needs of employees who receive my work is critical to doing a good job.
- It is important to receive feedback from employees who receive my work.
- I focus on the requirements of the person who receives my work.

Score yourself from 1 to 6 on each item. 1 = strongly disagree and 6 = strongly agree. The higher your total score, the more of a customer mindset you've achieved.

Source: Karen Norman Kennedy, Felicia G. Lassk, and Jerry R. Goolsby, "Customer Mind-Set of Employees Throughout the Organization," *Journal of the Academy of Marketing Science* 30 (Spring 2002), pp. 159–71. Reprinted by permission.

and satisfying customers, whether internal or external to the organization, is central to doing their job well. It is through this customer mindset that a customer orientation comes alive within a sales force. Exhibit 1.1 provides example descriptors of a customer mindset both in the context of people you sell to (external customers) and people inside your own firm you need to deal with to get the job done (internal customers). Score yourself to see how much of a customer mindset you have.

Throughout this book, time and again we will come back to this notion of the customer at the center of the business universe. The concentric circular style of the Model for Contemporary Selling was created to visually portray the notion that everything builds outward from a customer focus. The next sections describe the rest of the model from the inside out and lay the groundwork for future chapters, which focus in detail on each component of the model. The remainder chapters in the book follow the flow of the model. The most fundamental issues related to building relationships and creating value with customers are the focus of Part One of the book, comprised of chapters 1–5.

Building Relationships, Creating Value

As mentioned, building relationships and creating value with the customer is in the center of the model to connote a customer-centric organization, and the idea of a customer mindset is at the heart of this circle. Fundamentally, the onus is on the salesperson to ensure that each sales call results in a meaningful, relationship-building exchange that creates value. When problems occur—and they are bound to occur—in things like shipping, billing, out-of-stocks, after-sale service, or anything else, the salesperson must stand ready (and must be personally empowered) to work with the buyer to solve the problem. On the buyer's side, sales organizations must calculate how much time, money, and other resources should be invested in a particular customer versus the anticipated return on that investment. This ratio, often called the **return**

on customer investment, is central to our discussion of value creation in chapter 3. More broadly, the customer's long-term value to the sales organization is referred to as the **lifetime value of a customer**.

Earlier we described value as the net bundle of benefits the customer derives from the product you are selling. A more direct way to explain value is as a “give–get” ratio. What does each party “get out of a sale” compared to what they invest? This investment might be money, time, labor, production, or any other resources used up in moving the sale forward. For many years, organizations gave little consideration to using value creation to build relationships with customers. Instead, they were content to simply conduct business as a series of discrete transactions. This approach to selling has come to be called **transactional selling**.

Based on the classic sales book by Rackham and DeVincentis, Exhibit 1.2 portrays a convenient way of distinguishing between transactional approaches to selling and those more focused on developing long-term relationships.³ The relationship-oriented approaches are referred to as **consultative selling** and **enterprise selling**. The basis of the approach is segmenting the sales effort by the type and amount of value different customers seek to derive from the sales process.

EXHIBIT 1.2 TRANSACTIONAL SELLING VERSUS RELATIONSHIP SELLING

Transactional Selling

Transactional selling is the set of skills, strategies, and sales processes that meets the needs of buyers who treat suppliers as a commodity and who are mainly or exclusively interested in price and convenience. From the customer's point of view, in the transactional sale there are no additional benefits the seller can bring to the party beyond price.

Transactional selling *reduces* resources allocated to selling because customers don't value or want to pay for the sales effort. So transactional selling creates its value by stripping cost and making acquisition easy, with neither party making much investment in the process of buying or selling.

Relationship Selling

We earlier described relationship selling as an approach whose central goal is securing, building, and maintaining *long-term* relationships with profitable customers—the emphasis on long-term is a key. Rackham and DeVincentis distinguish between two forms of relationship selling: consultative selling and enterprise selling. The difference hinges largely on the importance of the customer and the willingness of both firms to invest in more of a strategic partnership.

Consultative Selling Consultative selling is the set of skills, strategies, and processes that works most effectively with buyers who demand, and are willing to pay for, a sales effort that creates new value and provides additional benefits outside of the product itself. Consultative selling depends on having salespeople who become close to the customer and who have an intimate grasp of the customer's business issues. It involves a mutual investment of time and effort by both seller and customer. Listening and gaining business understanding are more important selling skills than persuasion; creativity is more important than product knowledge. In the consultative sale, the sales force creates value in three primary ways:

- It helps customers understand their problems, issues, and opportunities in new or different ways.
- It helps customers arrive at new or better solutions to their problems than they would have discovered on their own.
- It acts as the customer's advocate inside the sales organization, ensuring the timely allocation of resources to deliver customized or unique solutions that meet the customer's special needs.

Because these are demanding skills, good consultative salespeople are hard to find. Diagnostic tools, sales processes, and CRM and other information systems can help “ordinary mortals” perform well in the increasingly sophisticated consultative selling role.

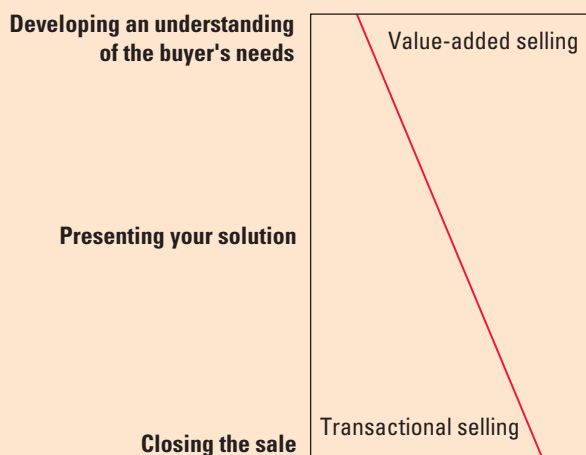
Enterprise Selling Enterprise selling is the set of skills, strategies, and processes that work most effectively with strategically important customers who demand an extraordinary level of value creation from a key supplier. Both the product and the sales force are secondary. The primary function of the enterprise sale is to leverage any and all corporate assets of the sales organization to contribute to the customer’s strategic success. No single salesperson, or even a sales team, can set up or maintain an enterprise relationship. These sales are initiated at a very high level in each organization. They are deeply tied to the customer’s strategic direction, and they are usually implemented by cross-functional teams on both sides.

Enterprise selling requires continuous redesign and improvement of the boundary between supplier and customer. Frequently, hundreds of people from each side are involved in the relationship and it’s impossible to tell where selling begins and ends. Because enterprise selling is a very expensive process, firms must be selective in implementing this approach to relationship selling.

Source: Neil Rackham and John DeVincentis, *Rethinking the Sales Force: Redefining Selling to Create and Capture Customer Value* (New York: McGraw-Hill, 1999), pp. 25–27. Reprinted by permission of the McGraw-Hill Companies.

Basically, transactional selling works to strip costs and get to the lowest possible sales price. In contrast, relationship selling works to add value through all possible means. **Value-added selling** changes much of the sales process. Exhibit 1.3 illustrates the major differences in how a salesperson’s time is best invested in the two types of selling. Relationship selling requires the salesperson to spend more time developing an understanding of the buyer’s needs, which results in a more “front-loaded” selling process. Information, analysis, and communication become much more important to success with the customer. In contrast, in transactional selling focused on price, much more time and energy must be put into closing the sale.⁴

EXHIBIT 1.3 TIME INVESTMENT IN EACH STAGE OF THE SALE: TRANSACTIONAL VERSUS VALUE-ADDED SELLING



GLOBAL CONNECTION

**THE SHIFT TO VALUE-ADDED SELLING IS THE BIGGEST CHALLENGE IN GLOBAL SALES**

Making the transition from transactional (price- and product-oriented) selling to consultative (value-added) selling is now the most frequent challenge faced by sales professionals around the world, according to a survey of 134 sales managers by global consultancy Sales Performance International:

What difficulties do your salespeople have in the marketplace?

Moving to solution-type selling	69%
Selling value	67%
Inexperience	63%
Negotiating	58%
Prospecting	55%
Closing	55%
Unable to get to decision maker	51%

“The findings suggest today’s sales organization has a more sophisticated focus than a few years ago,” said Sales Performance International CEO Keith Eades. “While more than half of respondents still cite frustration with basic sales techniques, like prospecting and closing, more encounter trouble at the higher end of the sales process, specifically consultative and value-added selling. This reflects a shift in emphasis as much as the complexity of the tasks involved.”

For more than a decade, managers in the global arena have tried to move their sales force toward consultative selling, observed Eades. “As the survey implies, solution selling is where leading companies want to be. Not only does a consultative approach afford a competitive advantage, but it also makes for a more honorable seller. The salesperson becomes a problem solver and builds a better relationship with the customer.”

But organizations in all regions of the globe find consultative selling a major challenge. Eades explained, “The accepted dogma is don’t push product on customers—address their business problem and show value. Frequently, however, sellers have to deal with customers who need to be in control, want to define what they need, and seek the best price. And when all else fails, the seller falls into old habits and ends up shaving the price to win the deal.”

A mistake made by management is to see consultative selling as merely a technique. Eades said, “Effective solution selling requires a culture change, top-to-bottom engagement, and an organizationwide commitment. Otherwise, the organization doesn’t speak a common language and gives out different messages.”⁵

Questions to Consider

1. Do you know of any unique cultures around the world that might create particular challenges to implementing a value-added selling approach? Discuss the cultural nuances and how it might impact the ability of a salesperson to utilize value-added selling.
2. What does it mean when Mr. Eades says that solution selling requires an organizational culture change? What organizational culture changes would be necessary to make sure solution selling is successful outside the firm’s home country?

It is important to consider the idea that part of improving profitability when selling based on value is being able to better align the consumer's perceptions with the value proposition of the selling company. The earlier on in the process that these kinds of efforts can be executed the better for the sales organization. In this regard being able to understand the customer's business model, processes, key performance indicators, and perceptions of value are critical to being able to better align the customer's perceptions of value with the value proposition of the organization selling to them.⁶

Shifting to value-added selling is not easy. In fact, a survey by global consulting firm Sales Performance International indicates it is the challenge most often faced by sales professionals around the world. Global Connection presents the results of this survey and insights on how to foster value-added selling.

Shifting to the buyer's side, the way in which the buyer categorizes the purchase affects the buyer's relationship orientation toward the seller. In the event that the buyer considers the purchase not essential to the organization, the relationship orientation exhibited by the buyer towards the seller is expected to be less favorable or more of an arms-length approach. This dynamic could have a negative effect on the seller's possibilities of adapting their sales process to the buyer's buying process as they attempt to develop the relationship with the buyer. In contrast, should the buyer consider the purchase as a bottleneck or a strategic purchase, it is more likely that the buyer would exhibit towards the seller a more favorable relationship orientation. Bottom line: it's not enough that salespeople simply learn the technique associated with value added selling, but they also need to understand when it can't be as easily implemented because of the perception that the buyers have of their product or service.⁷

Understanding Sellers and Buyers

In the Model for Contemporary Selling, the first of three elements in a band that rings the center circle focuses on fundamentals of sellers and buyers. Before we can go much farther in our learning about selling, it's essential to know something about sales jobs—what activities do salespeople perform, what factors make great salespeople so successful, what types of sales jobs exist, and why a career in selling can be highly satisfying and rewarding. At the same time, you need to know something about the person that sits on the other side of the proverbial desk—your buyer. This is a book about professional selling in a business environment, and organizational buying centers and the roles of the various participants in the buying process can be complex. Firms buy for many different reasons and they go through a series of decision-making stages before placing an order. The more complex the buying situation, the more likely the selling firm will utilize a team-selling approach with the client.

In chapter 2 you will learn a great deal about professional sellers and buyers, and why and how things must line up between them in order to build a strong relationship that creates value for both parties over the long run.

Ethics

The second element in the band that rings the center circle in the Model for Contemporary Selling is ethics. **Ethics** are moral principles and standards that guide behavior. According to the Ethics and Compliance Initiative 2020 Survey, salespeople and employees in general are under significant pressure to “bend the rules” when it comes to violating company ethical policies. More than 1 in 5 respondents indicate they have experienced pressure to violate ethical policies that include abusive behavior, sexual harassment, and not enforcing company health/safety regulations.⁸

The values of a society affect contemporary selling and sales management in a variety of ways. They set the standards for ethical behavior. Ethics is more than simply a matter of complying with laws and regulations. A particular action may be legal but not ethical. For instance, when a salesperson makes extreme, unsubstantiated statements such as “Our product runs rings around Brand X,” they may be engaging in legal puffery to make a sale, but many salespeople (and their customers) view such little white lies as unethical.

Two sets of ethical issues are of particular concern in contemporary selling and sales management. The first set arises from the interactions between salespeople and their customers. These issues involve the sales manager only indirectly because the manager cannot always directly observe or control the actions of every salesperson. But sales managers have a responsibility to establish standards of ethical behavior, communicate them clearly, and enforce them vigorously. Managers must be diligent in understanding unethical practices by their salespeople when dealing with customers.

The second set of ethical issues relates to the sales manager's dealings with the salespeople. Issues include fairness and equal treatment of all social groups in hiring and promotion, respect for the individual in supervisory practices and training programs, and fairness and integrity in the design of sales territories, assignment of quotas, determination of compensation and incentive rewards, and evaluation of performance.

Chapter 4 provides insight into a wide variety of ethics topics related to the salesperson–buyer and salesperson–sales manager relationships. In addition, within each chapter you will be challenged by an Ethical Dilemma related to topics in that chapter, along with questions to consider. In fact, here's the first one now!

ETHICAL DILEMMA



WHOSE FAULT IS IT ANYWAY?

Ted Gaitlin has been an insurance agent with All Star Insurance for 13 years. He has enjoyed success with the company and won a number of sales awards. In addition, he has developed a reputation as an honest agent who works hard for his clients.

Over the last several years, however, the insurance market in his area became extremely competitive. Even though he was working harder than ever, he was not performing as well as he had during his earlier years with the firm. Management was beginning to wonder if Ted would be able to continue as an agent with the company.

Two months ago, a sales contest was announced. Ted saw it as an opportunity to reestablish his position. The company wanted to drive new business in the last quarter of the fiscal year, and the contest was based on submitting new insurance policies for underwriting. Ted worked hard to write new business during the period and his efforts yielded good results. Now, as the contest entered its last month, he was concerned about winning. Biweekly results of all the agents across the country showed the contest was down to Ted and two other agents.

This morning Ted got a call from a friend, also an agent with All Star, who encouraged him to go all out to win the contest and suggested Ted submit proposals that would most likely be rejected by underwriters but count during the contest period. Ted dismissed the strategy during the phone call. Although many agents engaged in this practice, Ted had never booked insurance business unless he was confident the underwriter would accept it.

After the phone call, however, Ted began to think about the contest and his future with All Star. Technically, he would not be violating the rules of the contest, since it was based solely on generating new policies for underwriting. He had been working hard the last few years, and he felt it was not his fault that business was down all across his area. Finally, he was sure that winning the contest would improve his standing with management. On the other hand, he knew that writing policies that will be rejected is not in the best interest of the customer or the company. The booked customers would be upset because they could not get the insurance they counted on, and having underwriters review policies that could not be approved wastes the company's money.

Questions to Consider

1. What should Ted do? Why?
2. What conflicts do salespeople run into when they try to balance the needs of the company and their customers?
3. Is it OK for Ted to violate the spirit of the contest so long as he does not violate the letter of the contest rules?
4. Who bears more of the ethical responsibility: management (for creating a contest with poorly written rules) or Ted?

Technology

The third and final element in the band that rings the center circle of the Model for Contemporary Selling is technology. Think of information as the engine that drives a salesperson's success in building relationships and creating value for customers. Technology plays a major role in using information to manage customer relationships. The term "customer relationship management" has come to signify a technology-driven organizationwide strategic focus on the customer. CRM began primarily as a software package designed to collect and mine data and has evolved into an overarching organizational philosophy of doing business. Chapter 5 provides insights on the use on CRM, and also on various sales technologies—including the use of social media—that must be mastered by salespeople today in order to be successful. In addition, in chapter 5 you will gain an understanding of how and why data analytics is an important aspect of contemporary selling.

Technology has fundamentally altered the way companies exchange products and services with customers. There is an extensive array of tools available to manage the customer relationship including social media, online communities, artificial intelligence, augmented reality, and more. It is important for a company to consider the rationale and strategy for using each of these tools, carefully examining the pros and cons of each.

Selling Process

In the Model for Contemporary Selling, the second circle outside the core represents the various *process elements* of contemporary selling: prospecting and sales call planning, communicating the sales message, negotiating for win-win solutions, closing and follow-up, and salesperson self-management. These five selling processes are represented by chapters 6–10, which comprise Part Two of the book. The following sections provide an overview of these important topics.

Prospecting and Sales Call Planning. In any business, today's customers weren't always customers. Chances are they started out as **prospects**—a set of potential customers you or your firm identified as *very likely* future customers. Building a business involves being on the lookout for great prospects, for it is a pipeline of prospects that ensures a growing, thriving customer base. Salespeople sometimes look at identifying and developing prospects as a "necessary evil" in selling—that's an unfortunate (and unproductive) attitude to take. Nowadays, CRM systems, social media, the Internet, and other technology-driven tools have the capability to provide a wealth of information to salespeople about potential customers if the systems are properly implemented and utilized.

Chapter 6 provides insights on how to systematically and successfully go about identifying and developing prospects, and then details how to prepare in advance for the first sales call once you have qualified a prospect as a high potential future customer.

Communicating the Sales Message. Selling involves **persuasive communication**. When you persuade, you hope to convince someone to do something. In transactional selling, the focus tends to be on communicating a hard sell message. This is because by definition in transactional selling there is no real relationship. With a hard sell approach, buyers and sellers are likely to be adversarial, little trust exists between them, and they are not working for long-term or win-win solutions.

The hard sell has been replaced by a communication approach of mutual problem solving. In contemporary selling, communication is handled by multiple means—from traditional email and phone to texting and social media. The salesperson acts as a consultant or problem solver for buyers and sells value added solutions, popularized by the term **solution selling**, in which the salesperson's primary role is to move the buyer toward visualization of a solution to their problem (need).⁹ Today, almost all of us seem to be selling “solutions,” as opposed to “products,” whether our wares are cell phones, financial services, computer software, or just about any other product or service (even college courses in selling) that solves a problem or fulfills some buyer's need. Chapter 7 explores the issue of communicating effectively when selling solutions, solving buyer problems, and managing long-term relationships.

Negotiating for Win-Win Solutions. Even when buyers have been doing business with you for a very long time, they will develop **objections** to various aspects of your proposed solution. An objection is simply a concern that some part of your product offering (solution) does not fully meet the buyer's need. The objection may be over price, delivery, terms of agreement, timing, or myriad other potential elements of a deal. Even though typical buyer–seller interactions in a relationship selling environment are far from adversarial, negotiation still must take place. Chapter 8 includes details on planning for, recognizing, and handling common objections from buyers and strategies for negotiating win-win solutions.

Closing and Follow-Up. The rapport, trust, and mutual respect inherent in a long-term buyer–seller relationship can take some of the pressure off the “close” portion of the sales process. In theory, this is because the seller and buyer have been openly communicating throughout the process about mutual goals they would like to see fulfilled within the context of their relationship. Because the key value added is not price but rather other aspects of the product or service, the negotiation should not get hung up on price as an objection. Thus closing becomes a natural part of the communication process. (Note that in many transaction selling models, the closing step is feared by many salespeople—as well as buyers—because of its awkwardness and win-lose connotation.)

A big part of this process of maintaining loyal customers over the long run is **follow-up**, which includes service after the sale. Effective follow-up is one way that salespeople and their firms can improve customer perceptions of service quality, customer satisfaction, and customer retention and loyalty. These issues are central to successful selling, and they will be discussed in detail at various points throughout the book. Many salespeople try to “underpromise and overdeliver,” a catchphrase that reminds salespeople to try to deliver more than they promised in order to pleasantly surprise the buyer. Managing customer expectations is an important part of developing successful long-term relationships. **Customer delight**, or exceeding customer expectations to a surprising degree, is a powerful way to gain customer loyalty. Overpromising can get the initial sale and thus may work once in a transactional selling environment, but a dissatisfied customer not only will not buy again but also will tell many others to avoid that salesperson and their company and products.¹⁰

Chapter 9 provides a variety of ideas on how to move customers toward closure in contemporary selling and presents key issues in effective follow-up after the sale.

Salesperson Self-Management. In chapter 2 you will read about various characteristics of sales jobs that make them unique, challenging, and rewarding. One thing that makes selling an attractive career choice for many people is the **autonomy**, which means the degree of independence the salesperson can exercise in making their decisions in the day-to-day operation of the job. Salespeople today have tremendous autonomy to develop and execute their selling strategies. Chapter 10 presents a host of important salesperson self-management issues, including organizing the job, designing and routing the sales territory,

classifying and prioritizing customer potential, using technology to improve efficiency, and exercising good time management skills.

Sales Management

In the Model for Contemporary Selling, the third circle outside the core is about managing salespeople: salesperson motivation; selecting and training salespeople; and compensating and evaluating salespeople. And, of course, the whole scope of these activities takes place in the context of the global stage. These managerial areas of focus comprise the first three chapters of Part Three of the book, chapters 11–13. The final chapter in Part Three, chapter 14, deals with the global selling environment and will be highlighted later in this chapter.

Salesperson Performance: Behavior, Motivation, and Role Perceptions. Psychologists classically view **motivation** as a general label referring to an individual's choice to (a) initiate action on a certain task, (b) expend a certain amount of effort on that task, and (c) persist in expending the effort over a period of time.¹¹ Thus, for clarity let's consider motivation as simply the amount of **effort** a salesperson chooses to expend on each activity or task associated with the job. This general view of motivation is based on **expectancy theory**, which holds that a salesperson's estimate of the probability that expending effort on a task will lead to improved performance and rewards. The expectancy theory of motivation provides the framework for our discussion of motivating salespeople in chapter 11.

Recruiting, Selecting, and Training Salespeople. With the shift in focus from transactional to relationship approaches, the various skills and knowledge components required to successfully perform the sales role have shifted accordingly. Identifying these **key success factors** in contemporary selling is the first step in selecting new salespeople (chapter 2 discusses sales success factors in more detail). Whereas in the past these success factors tended to be related to fairly traditional selling activities (prospecting, overcoming objections, closing, etc.), nowadays they have broadened substantially. A survey of 215 sales managers across a wide variety of industries identified the following seven success factors as the most important to sales managers interviewing prospective salespeople. Notice in particular how each supports a relationship selling approach:¹²

1. Listening skills
2. Follow-up skills
3. Ability to adapt sales style from situation to situation
4. Tenacity (sticking with a task)
5. Organizational skills
6. Oral communication skills
7. Ability to interact with people at all levels of customer's organization.

Chapter 12 considers the overall process of selecting salespeople based on the skills and knowledge needed to succeed in today's business selling environment. Although a salesperson's ability to manage customer relationships generally improves with practice and experience, it is inefficient to expect a rep to gain skills solely through on-the-job experience. Good customers might be lost due to the mistakes of an unskilled salesperson. Consequently, many firms have a formal training and development program to give new recruits some knowledge and skills before they are expected to pull their own weight in calling on customers.

Training generally focuses on building specific skill and knowledge sets needed to succeed in the job. **Development** is more about providing a long-term road map or career track for a salesperson so he or she can realize professional goals. The rapid changes in technology, global competition, and customer needs in many industries have accelerated the need for effective training in sales organizations. Chapter 12 also discusses training and development of salespeople in detail. It explains that salespeople go through a variety of career stages (exploration, establishment, maintenance, and disengagement) and each stage brings a unique set of training and development needs.¹³

Compensating and Evaluating Salespeople. Professional salespeople are very results-oriented. They crave recognition and rewards for a job well done. Their motivation to expend effort on the various aspects of their job is largely a function of the rewards they expect for a given job performance. **Compensation** involves monetary rewards. Incentives include a variety of financial and nonfinancial rewards. Nonfinancial **incentives** include recognition programs, promotions to better territories or to management positions, or opportunities for personal development. Chapter 13 provides insight on these important issues, including ways to put together an effective sales force reward system.

One trend in contemporary selling is that today's salespeople often work as part of a team assigned to manage a specific client relationship. Team-based selling requires that rewards must be created both for individual and team aspects of the sales job.¹⁴ For example, the entire selling process at Bristol-Myers Squibb (BMS) is team-driven. A Fortune 200 firm, BMS is one of the world's leading makers of medicines and related healthcare products. BMS, based in New York City, had 2019 sales of over \$26 billion and employed about 25,000 people. A key account manager serves as a team leader for a major retail account (Walgreens Drug Stores, for example). A category management specialist tracks sales and competitive trends, and provides information to the team and the client for decision making about the product line. Also on the team are BMS merchandisers, who work with the various Walgreens regions and stores to ensure the BMS–Walgreens merchandising program is carried out; local BMS salespeople, who make presentations to pharmacists and front-end managers at Walgreens stores in their area; and members of the BMS product management group in New York, who work with the team and client on new-product development and promotion planning for their respective brands. As you might expect, compensation and incentives reward team performance, as well as individual performance.

Another aspect of the sales management process is evaluating the performance of salespeople. Team-based approaches to selling and managing customer relationships make it harder for sales managers to evaluate the impact of individual salesperson performance and determine appropriate rewards. Chapter 13 also provides insights into linking rewards to the new sales roles defined by relationship approaches to selling. It also discusses the best practices in evaluating today's salespeople.

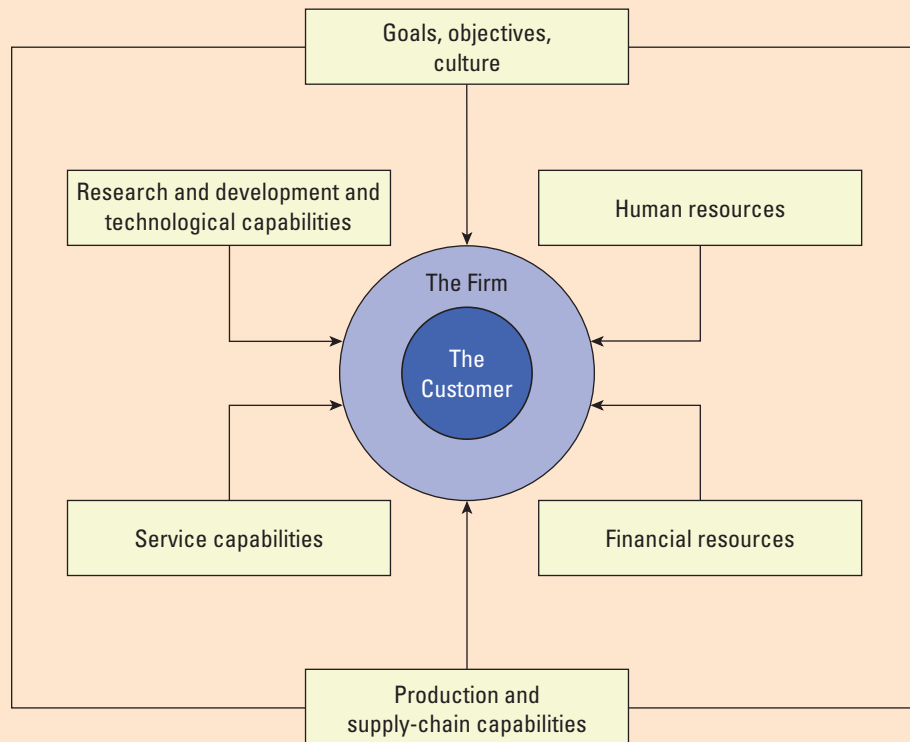
ISSUES OUTSIDE THE CIRCLES: THE GLOBAL SELLING ENVIRONMENT

In the Model for Contemporary Selling, the concentric circles exist inside a broader field labeled “Global Selling Environment.” This implies that the process of selling, as well as the process of managing salespeople, takes place not in a vacuum but rather within a dynamic environment that includes issues relevant to and controllable by your own firm (the **internal environment**, or organizational environment) and issues outside the control of your organization (the **external environment**, or macroenvironment). Throughout this book, all the ideas and examples we will discuss about how to be successful in selling must be considered in the context of the internal and external environments facing you and your customers on the global stage. You saw the Global Connection feature earlier in this chapter—within each chapter you will be challenged by a Global Connection related to topics in that chapter, along with questions to consider. And chapter 14 provides a detailed discussion of global aspects of contemporary selling. We want to be sure that when you finish this book and your course, you are fully up to speed on the major issues and idiosyncrasies of doing business outside one's home country.

Internal Environment

The policies, resources, and talents of the sales organization make up a very important part of the internal environment. Salespeople and their managers may have some influence over organizational factors in the long run due to their participation in making policy and planning decisions. However, in the short run a firm's selling initiatives must be designed to fit within organizational limitations. Components of the internal environment can be divided into six broad categories: (1) goals, objectives, and culture, (2) human resources,

EXHIBIT 1.4 COMPONENTS OF THE INTERNAL ENVIRONMENT



(3) financial resources, (4) production and supply-chain capabilities, (5) service capabilities, and (6) research and development (R&D) and technological capabilities. These are depicted in Exhibit 1.4.

Goals, Objectives, Culture. Successful management of customer relationships begins with top management's specification of a company mission and objectives that create a customer-centric organization. As the mission and objectives change, customer relationship initiatives must be adjusted accordingly. A well-defined mission, driven by top management's values and beliefs, leads to the development of a strong **corporate culture**. Such cultures shape employees' attitudes and actions and help determine the plans, policies, and procedures salespeople and their managers implement.

Periodically, *Sales & Marketing Management* magazine, a major trade publication covering the selling industry, publishes a special report on the 25 best sales forces. Global firms that appear regularly on the list include Baxter International (healthcare), Cisco Systems (information technology), Charles Schwab (financial services), and General Mills (consumer products), among others. A common thread among these and other top-performing sales organizations is a culture, embraced from top management all the way throughout the firm, that focuses on getting and staying close to customers. Their customer-centric culture is manifest in their missions, goals, and objectives.

We have already mentioned the central role of ethics and legal considerations in selling today. The tone and expectations set by upper management and the overall culture of the firm drive ethical behavior in sales organizations.

Human Resources. Modern sales organizations are highly complex and dynamic enterprises, as are their customers' firms. The sheer number of people in many sales organizations and their broad scope of

global coverage, together with the complexity and diversity of key success factors needed in selling, create challenges. Because it takes time to recruit highly qualified people for sales positions and then to train them, it is often difficult to expand a sales force rapidly to take advantage of new products or growing global markets. Sometimes, however, a firm can compensate for a lack of knowledgeable employees by hiring outside agencies or specialists on a fee-for-service or commission basis. For example, many companies use independent distributors when entering new markets, particularly markets outside their home country, because using such preexisting sales forces speeds up the process of market entry.

Financial Resources. An organization's financial strength influences many aspects of its customer relationship initiatives. A tight budget can constrain the firm's ability to develop new value-adding products as well as the size of its promotional budget and sales force. Companies sometimes must take drastic measures, such as merging with a larger firm or one outside their home country, to obtain the financial resources necessary to realize their full potential in the global marketplace. For example, Procter & Gamble's acquisition of Gillette in the highly competitive consumer health products field several years ago gave P&G quick entry into the lucrative razor blade market, while benefiting Gillette through P&G's strong supply chain expertise outside the U.S.

Production and Supply-Chain Capabilities. An organization's production capacity, the technology and equipment available in its plants, and even the location of its production facilities can influence the selling initiative. A company may be prevented from expanding its product line or moving into new areas of the globe because it does not have the capacity to serve increased demand or because transportation costs make the product's price uncompetitive.

Walmart, though U.S.-based, is achieving most of its growth through outside-U.S. expansion. Vendors doing business with Walmart are expected to fulfill orders within 24 hours and to deliver the goods to the Walmart warehouses within a two-hour assigned appointment window. Suppliers who don't meet this requirement pay Walmart for every dollar of lost margin. It is no wonder Walmart's vendors are willing to invest the capital to tie their information and supply-chain systems directly to Walmart's system so the whole ordering and fulfillment process can be handled at maximum efficiency and speed. Because of Walmart's massive size, being a preferred vendor for the firm can often push the supplying organization to a whole new level of global scope, benefiting it with other customers as well.

As an example of supply-chain efficiency on the e-commerce side, founder Jeff Bezos at Amazon developed a network of global distribution centers long before Amazon's sales volume could financially support the warehouse capacity, principally because he wanted to ensure seamless distribution and service after the sale and avoid inventory stockouts.

Service Capabilities. We have already mentioned the importance of delivering high service quality in the follow-up stage after the sale. Actually, a sales organization's ability to provide a consistently high level of service is an important source of value-added throughout the whole process of contemporary selling. This will be discussed further in chapter 3. For now, be assured that firms committed to providing great service typically enjoy a strong competitive advantage in the global marketplace and make it difficult both for (a) other firms to compete for the same customers and (b) customers to switch to competitors even if they offer price advantages.¹⁵

R&D and Technological Capabilities. An organization's technological and engineering expertise is a major factor in determining whether it will be an industry leader or follower in developing value-adding products and delivering high-quality service. Excellence in engineering and design can also be a major promotional appeal in a firm's marketing and sales programs, as customers are attracted to innovators and industry leaders. When companies are investing heavily in technology, salespeople can communicate the R&D and technological sophistication to customers as important value-adding aspects of the company and its products. This capability helps avoid the trap of overrelying on price to get the sale.

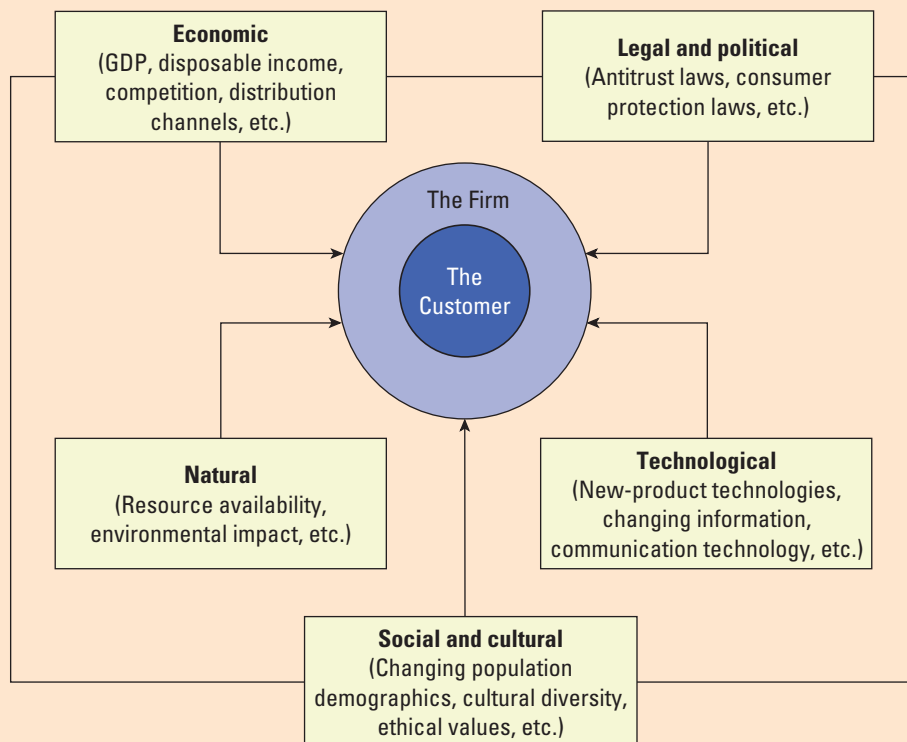
External Environment

By definition, factors in the external global environment are beyond the direct control of salespeople and managers. Companies do try to influence external conditions through political lobbying, public relations campaigns, and the like. But for the most part, the salesperson and sales manager must adapt customer relationship initiatives to fit the existing environment in the countries in which they operate. Exhibit 1.5 groups the components of the external environment in five broad categories: (1) economic, (2) legal and political, (3) technological, (4) social and cultural, and (5) natural.

Economic Environment. People and organizations cannot buy goods and services unless they have the money. The total potential demand for a product within a given country depends on that country's economic conditions—the amount of growth, the unemployment rate, the level of inflation, and the gross domestic product (GDP). Sales managers must consider these factors when analyzing market opportunities and developing sales forecasts. Keep in mind that global economic conditions also influence many firms' ability to earn a profit. Companies of all kinds were impacted by the credit crunch created by the general financial and economic crisis that began in the late 2000s, making it difficult to secure capital for investment in growth of products and markets. Then, too, currency exchange rates can make trade more or less favorable for a sales organization depending on the direction of the flow of products and money.

A second aspect of the economic environment is the existing distribution structure in an industry within areas of a firm's global reach. This includes the number, types, and availability of wholesalers, retailers, and other intermediaries a firm might use to distribute its product. Much of a firm's selling effort may

EXHIBIT 1.5 COMPONENTS OF THE EXTERNAL ENVIRONMENT



be directed to persuading such intermediaries to stock and provide sales and marketing support for the company's products.

A third economic factor is the amount of competition in the firm's industry, both the number of competing firms and the relative strength of each in the marketplace. Ideally, a company's customer relationship initiative should be designed to gain a differential advantage over competitors. For example, rather than trying to compete with the lower prices of non-U.S.-based competitors (such as Komatsu), Caterpillar has succeeded in the heavy construction equipment business by providing superior product quality and excellent service, while charging prices as much as 10 to 20 percent higher than its competitors. A great way to thwart competitive threats is to focus the sales message on value-adding aspects of the product or service rather than price, the topic of chapter 3.

Salespeople go head to head with competitors on a daily basis, so they are often the first to observe changes in competitive strategy and activity in the various markets around the world in which the salespeople are based. One critical issue is getting information from the sales force back to the company so that the firm can act on those observations. CRM systems, discussed in chapter 5, provide an infrastructure for managing such competitive information (and many other types of customer information).

Legal and Political Environment. Laws and political action affect all organizations, and for those doing business globally, this aspect of the environment can be daunting due to idiosyncrasies from country to country. In selling, common legal issues include antitrust, truth in advertising, restriction of telemarketing and spam, product liability, issuance of credit, transportation of materials, and product claims, among many others. In addition, differing political administrations at all levels of government can bring changes to the marketplace and sales arena. Sales organizations must always be mindful of laws relevant to doing business in each country and must take laws and political action into account when developing plans and strategies there. Also, it is very important that salespeople be trained on the impact of the law on their role.

As discussed earlier in this chapter, ethics is different from the law. Something unethical may not be technically illegal, but it should still be avoided. Perceptions and norms for what is and isn't ethical can vary by country and culture. Many reasons exist for practicing highly ethical behavior in contemporary selling and sales management. The ethical environment is the focus of chapter 4.

Technological Environment. An earlier section under "Internal Environment" discussed the impact of a sales organization's own technological capabilities. Here, we focus on the overall impact of macrolevel technology trends on selling. One obvious impact is the opportunity for new-product development. Technological advances occur faster all the time, and new products account for an increasing percentage of total sales in many industries. For example, historically at 3M, more than half of the current sales volume is generated by products that did not exist five years ago. And, of course, at Apple, a few short years back all of their sales came from computers and related items. We certainly know how much that's changed today!

Most analysts believe new products and services will become even more important to the success of many firms. Rapid development of new products affects many selling activities. New selling plans and messages must be developed to appeal to customers in various regions of the world, salespeople must be retrained to update technical knowledge, in some cases new salespeople must be hired to augment the sales effort, and new reward and performance evaluation systems must be established that match the new sales roles.

Improvements in transportation, communications, and information management across global markets are changing the way customers are targeted, sales territories are defined, salespeople are deployed, and salesperson performance is evaluated in many companies. New communication technologies, together with the escalating cost of a traditional field sales call, are changing how the selling function is carried out. Much selling today on the global stage is accomplished by a combination of face-to-face communication and various electronic forms of communication. Consequently, the nature of many sales jobs and the concurrent role of the sales manager in supervising the salespeople have changed dramatically in recent years.

Social and Cultural Environment. The values of a society affect contemporary selling and sales management in a variety of ways. Firms develop new products in response to trends in customer tastes and preferences. For example, in the United States, the well-documented demographic trends of aging society, greater influx of minorities as a percentage of total population, two-income households, greater mobility, and ever-increasing desire for more leisure time and more convenience-oriented products all have greatly affected selling. Likewise, in China and India many sales organizations are finding an increasing openness to doing business with global partners, and to a large degree the level of success outside sales organizations will achieve in those markets hinges on their ability to adapt their business models to the needs of those cultures.

The Covid-19 pandemic provides a vivid example of social cultural impact on a global scale. Societal values shifted sharply toward family, home, and health after the pandemic began. Travel was dramatically diminished, and social distancing as well as other health protocols (such as masks) were introduced that had a significant effect on everyone around the world. E-commerce became even more widely adopted with companies like Amazon growing rapidly as people changed their buying behavior very quickly.

Natural Environment. Nature influences demand for many products. Of course, natural disasters such as tsunamis, typhoons, and floods increase demand for building products and the like. The winter 2020 season brought historic warmth and nearly no snow to parts of Europe and record cold to other European regions, creating all sorts of challenges for any firms selling and distributing typical winter products across the affected areas. But unseasonable weather can either damage or enhance sales, depending on the type of product you are selling. Hurricanes and typhoons are massive and violent storms that wreak havoc wherever they hit, yet firms selling batteries and building materials see unprecedented sales spikes as a result. And when the massive volcanic eruption in Iceland took place a few years ago, sellers of travel saw transatlantic flying impacted for weeks. The devastating Japanese tsunami of 2011 severely impacted the selling and distribution process for several global automobile and consumer electronics manufacturers, resulting in shortages of products from Japan-based firms and a shift of market share to brands that are manufactured elsewhere.

The natural environment is an important consideration in the development of selling approaches. It is the source of all the raw materials and energy resources needed to make, package, promote, and distribute a product. Since the 1970s, firms in many industries—among them cement, steel, aluminum, wood, plastics, and synthetic fibers—have periodically encountered resource or energy shortages that have forced them to limit sales. You might think salespeople could simply take things pretty easy under such circumstances, letting customers come to them for badly needed goods. But the sales force often has to work harder during product shortages, and at such times well-developed customer relationships become even more crucial for the firm's success.

During periods of shortage, a company may engage in **demarketing** part or all of its product line. In such cases, the sales force often helps administer rationing programs, which allocate scarce supplies according to each customer's purchase history. Shortages are usually temporary, though. So sellers must be sensitive to their customers' problems in order to retain them when the shortage is over. Salespeople must treat all customers fairly, minimize conflict, and work hard to maintain the customer relationship as well as the firm's competitive position for the future.

Over recent years, oil prices have skyrocketed globally. Most outside salespeople depend on automobiles or commercial airlines to travel from customer to customer. Gasoline and jet fuel prices have upped the costs of travel substantially. As the trend toward higher energy costs continues, look for sales organizations to find more creative ways to build relationships and create value while simultaneously reducing physical travel by salespeople.

Growing social concern about the impact of products and production processes on the natural environment also has important implications for selling. For instance, countries in the European Union have

passed legislation requiring manufacturers to take back—and either reuse or recycle—materials used in packaging and shipping their products. And in general, the movement toward **sustainability**—succinctly defined as firms doing well by doing good, across the multifaceted aspects of their operations—significantly impacts relationships with client firms as well as with the public at large. Some firms have made their sustainability initiative a central theme in their sales and marketing strategies. Unilever, for example, is well regarded by its customers as a leading proponent of sustainability on a global scale.

One final important aspect of the natural environment is how an organization's environmental orientation can have quite a positive impact internally on increasing job satisfaction. Salespeople that share a firm's values of a "green work environment" are more likely to suggest ideas about how to strengthen the company's image, perform in their sales role more effectively, and find greater satisfaction in their work because of their affinity with the firm's value system. Hence, there's an added internal benefit for organizations related to strengthening the environmental orientation of the firm and seeking out salespeople who share values that align with this environmental orientation. Finding individuals who share this value is increasingly easy as many people—and particularly the new generation of salespeople—place great importance on environmentally friendly, sustainable practices.¹⁶

SUMMARY

In the contemporary world of global business, it is important to think in terms of relationship selling, which is focused on securing, building, and maintaining long-term relationships with profitable customers. Firms that practice relationship selling are customer-centric. They place the customer at the center of everything that happens both inside and outside the organization. This focus on long-term customer relationships requires value-added selling, in which a salesperson communicates a broad range of benefits the customer can achieve by doing business with his or her firm. Value-added selling changes much of the sales process. It especially aids in moving purchase decisions away from simply price.

The Model for Contemporary Selling is a road map for this book and for your course. This first chapter provided a brief introduction to each element of the model, which will be developed in much greater detail in later chapters. This chapter also provides an overview of the global environment of contemporary selling, highlighting key internal and external elements.

KEY TERMS

value	return on customer investment	solution selling	training
value proposition	lifetime value of a customer	objections	development
customer loyalty	transactional selling	follow-up	compensation
relationship selling	consultative selling	customer delight	incentives
sales management	enterprise selling	autonomy	internal environment
customer relationship management (CRM)	value-added selling	motivation	external environment
customer-centric	ethics	effort	corporate culture
customer orientation	prospects	expectancy theory	demarketing
customer mindset	persuasive communication	key success factors	sustainability

ROLE PLAY



BEFORE YOU BEGIN

Each chapter in *Contemporary Selling* has a role-play exercise at the end. These role plays are designed to provide you with the opportunity to work with one or more other students in your class to put into practice, or “act out,” some of the important learning from that chapter.

All the role plays involve a cast of characters from a fictional firm, the Upland Company. You will need to know some basic information about Upland and its customers, as well as meet each of the characters you will be asked to role-play, before you begin. The Appendix to this chapter provides the company and character profiles you need to get started preparing your role play. It also provides valuable tips on how to get the most out of a role-play exercise and specific instructions on how to put your role play together.

Before attempting to go further with this first role play, please refer to this chapter’s Appendix.

Characters Involved

Bonnie Cairns
Chloe Herndon

Alex Lewis
Rhonda Reed

Abe Rollins
Justin Taylor

Setting the Stage

Rhonda Reed, sales manager for District 100 of the Upland Company, has called an early-morning meeting of all five salespeople in her district. Within a few weeks, Rhonda must work with each salesperson to set goals for the upcoming year. The purpose of this meeting is to discuss any external environmental factors that are likely to affect sales next year. Upland sells a variety of health and beauty aid products through supermarkets, drugstores, mass-merchandise stores such as Target and Walmart, and other similar retail environments. Example products include shampoo, hairspray, deodorant, and skin lotion.

Rhonda Reed’s Role

Rhonda’s objective is to stimulate discussion about the full spectrum of external environmental factors that are likely to impair Upland’s industry/business during the next year. Of course, this also implies she wants to discuss the factors that will affect Upland’s customers’ business. She will systematically solicit her salespeople’s views on the potential impact of changes/issues in each of these elements of the external environment: economic (including the competition), legal and political, technological, social and cultural, and natural. She must be sure that each person has the opportunity to contribute to the discussion and that the impact on Upland’s customers is discussed.

Others’ Roles

The five members of District 100 will soon be working with Rhonda to develop their sales goals for next year. This meeting is important to everybody, since if there are any external factors that are likely to affect Upland’s sales and the sales of Upland’s customers, those factors must be taken into account when the annual goals are developed. Much of the income earned by Upland’s salespeople comes from the percentage accomplishment against annual goals. Therefore, each of the five salespeople is eager to share his or her best ideas about the potential impact of these external factors on next year’s business.

Assignment

First, each student in the class should develop a list of the key issues within each external environmental factor that are likely to affect Upland and its customers.

Once the individual lists are developed, break into groups of six to act out the role play as described above. Allow about 15 minutes for the meeting. One student from each group (other than the student playing Rhonda) will take notes. After all role plays are complete, these students will share their findings with the full class.

DISCUSSION QUESTIONS

1. Think about the general concept of a relationship, not necessarily in a business setting, but just relationships in general between any two parties. What aspects of relationships are inherently favorable? What aspects tend to cause problems? List some specific ways one might work to minimize the problems and accentuate the favorable aspects.
2. What is *value*? In what ways does a relationship selling approach add value to your customers, to you the salesperson, and to your sales organization?
3. When a firm shifts from transactional selling to a value-added approach, a number of changes have to take place in the way a salesperson approaches customers as well as his or her own job. List as many of these changes as you can and explain why each is important to making value-added selling work.
4. Has transactional selling gone the way of the dinosaur? That is, are there ever any situations in which a transactional approach to selling would be an appropriate approach today? If so, what are those conditions and why would transactional selling be appropriate in those cases?
5. Why is it important to talk about selling *solutions* instead of products or services? How does selling solutions further the success of a relationship selling approach?
6. The chapter mentions negotiating for win-win solutions. Think of a time when you negotiated with someone over something and one of you “lost” and the other “won.” How did that happen? Why didn’t you work toward a win-win solution? If you could do it over again, what might you do to promote a win-win approach?
7. Another salesperson in your company says to you: “Closing techniques today are moot. We know all our customers and their needs too well to have to employ ‘closing’ techniques on them. Doing so would ruin our relationships.” How do you respond to this? Is the person correct, incorrect, or both? Why?
8. Think about the various courses you have taken during your college career. What *motivates* you to work harder and perform better in some courses than others? Why? What rewards are you seeking from your college experience?
9. Sales managers ranked success factors for sales recruits as “listening skills” first, “follow-up skills” second, and “ability to adapt sales style from situation to situation” third in importance. Why do you think managers find these particular success factors so important? How does each contribute to a relationship selling approach?
10. A wise and weathered sales sage tells you: “Today, all selling is global.” Is the sage right? Why or why not?
11. Like all firms, Apple operates within an external environment of factors beyond its immediate control. Consider the various aspects of the external environment portrayed in the chapter. What specific external factors have the most impact on Apple’s ability to practice successful relationship selling? Why is each important?

MINI-CASE 1 CREEKSIDE OUTDOOR GEAR

Creekside Outdoor Gear is a Philadelphia-based company that produces and markets clothing sold exclusively in retail stores specializing in apparel for outdoor enthusiasts. The product line includes shirts, pants, jackets, ski-suit bibs and jackets, hats, gloves, and underwear. The stores also sell equipment for mountain climbing, kayaking, skiing, snowboarding, canoeing, and hiking, items for which Creekside's products are a natural complement. Creekside is known throughout the Northeast for high quality. Joe Edwards, Creekside's founder and owner, often tells his employees, "If you provide a quality product, people will want to buy it from you." However, Joe is beginning to detect some changes in his business and is wondering how those changes will affect his company.

One change that Joe has noticed is that the customers visiting the retailers that carry his products look younger and younger. As a member of the baby boomer generation, Joe realizes that his peers are getting older. The group of customers that has spurred his company's growth since its founding in 1978 will likely be a smaller piece of his business in the future. Joe has also noticed the growth in extreme sports. Not only are the people who participate in these sports youngsters, but they also have unusual (to Joe) buying habits. They seem to want what Joe would describe as a sloppy look and attractive color schemes at the same time.

Such customer desires take advantage of new, high-tech materials that provide greater warmth with lighter materials, which support the increased mobility needed to participate in extreme sports. Joe has never used these new materials and he wonders how they would work in his production process. Finally, Joe is concerned about the buying power of this new group of potential customers. Do people in their late teens and early twenties have enough income to purchase Joe's products, which typically command premium prices?

Another concern is geographic expansion. To help offset the impact of some of the trends described above, Joe would like to sell his products in stores in Colorado, Utah, Wyoming, Oregon, and Washington. However, Joe has always been a regional producer (Northeast U.S.), and such an expansion will require a significant investment. Establishing distribution channels and developing relationships with buyers is both expensive and time consuming. Furthermore, Joe doesn't employ a sales force. His operating philosophy has always been that a good product will sell itself. Consequently, he's wondering how best to represent his product to outdoor store buyers in those Western states.

One factor that keeps weighing on Joe's mind as he thinks about these issues is that he believes in developing relationships with his retail partners. Joe has read some information about transactional selling and relationship selling, but he's not at all sure how either one of these methods is actually implemented. Nor does he know how to decide which method of selling will better meet his objectives for sales in the Western states. Needless to say, Joe has much to consider as he decides whether or not to pursue expansion. If he does decide to expand, he needs to determine how best to set up his sales force.

Questions

1. Identify and explain aspects of the internal environment that are affecting Creekside Outdoor Gear's business. What external environmental factors are especially important to Creekside Outdoor Gear and the decisions that Joe faces? Why?
2. If Joe interviewed two different candidates for a sales position, one who has been using a transactional approach to selling and the other who has been using a relationship selling approach, how would he recognize the difference between the two?
3. Should Joe hire a sales manager and allow him or her to hire a sales force, or do other options exist? Why?

Appendix: Additional Information on Role Plays

The following information pertains to the role-play exercises at the end of the chapters. Each chapter except for chapters 5 and 14 has a role-play exercise; chapters 12 and 13 have two role-play exercises each. It is important to read and study this information before doing the role play in chapter 1 and also to refer back to this information as needed before conducting the role plays in subsequent chapters.

UPLAND COMPANY

The role plays involve a fictional consumer products company called the Upland Company. Upland sells a variety of health and beauty aids through supermarkets, drugstores, mass-merchandise stores like Target and Walmart, and similar retail environments. Example products include shampoo, hairspray, deodorant, and skin lotion. The sales force follows a relationship approach to selling and calls on headquarter buying offices for retail chains as well as some larger independent stores. Competition in this industry is fierce, and salespeople must find ways to add value beyond just low price.

Upland is organized into 45 sales districts in the United States and Canada. Sales outside North America are handled by various international subsidiaries. Each district has a district manager and four to seven account managers (salespeople) who have geographically defined territories. Each district manager reports to one of four regional managers; regional managers report directly to the VP of sales.

Each district manager also has direct selling responsibility for a few large or particularly complex accounts. Districts have two-digit numbers with a third number representing the territory number tacked onto the end. The district of interest in our role plays is District 10, managed by veteran Upland sales manager Rhonda Reed. The next section provides a profile of each person currently working in District 10.

Profiles of District 10 Personnel

District 10: Rhonda Reed, District Manager. Age 38. Married with three children. Five years' experience as district manager with Upland, always in District 10. Previously had seven years' experience as account manager with Upland in another district out of state; three years' experience with another consumer health product firm. Has a BS degree in business administration, marketing major. Is working on an MBA with tuition support from Upland. Would like to move up to a regional manager position with Upland someday.

Territory 101: Bonnie Cairns, Account Manager. Age 23. Single. Upland is first professional job; she was hired right out of college. Has BS in Psychology with a minor in Business. Has been on the job two weeks. Completed first week-long Upland initial sales training program at the home office. Previous account manager in this territory, Gloria Long, was recently promoted to district manager out of state.

Territory 102: Alex Lewis, Account Manager. Age 41. Married with two children. Has been in current position for 18 years. Previously spent two years as a customer representative with a major bank. Has a BA in Communications. Spouse holds a professional position locally and neither wants to move.

Territory 103: Justin Taylor, Account Manager. Age 28. Married with one child (infant). Has been in current position four years. Previously spent two years with Upland's leading competitor. Worked in a supermarket to put himself through college. Graduated with honors with a BS in Business Administration, dual major of Marketing and MIS. His goal (and Upland's) is for him eventually to move into management.

Territory 104: Chloe Herndon, Account Manager. Age 31. Single. Has been in current position for three years. Previously was in the buying office of one of Upland's customers (Doug's Drug Stores Inc.) for five years. Has BS in General Business.

Territory 105: Abe Rollins, Senior Account Manager. Age 55. Married with four grown children (one still lives at home and is in college locally). The "senior" designation in his title is reserved for account managers who have chosen not to pursue management positions but who are long-term contributors to Upland's sales success and who manage particularly high-volume territories. Served in the army right out of high school, then completed BA in Economics in college while working full-time as an assistant manager at a motel to support his family. Has been with Upland 27 years, but has moved twice with the company for better sales territories.

Territory 106: Currently vacant. Rhonda needs to recruit for this position. Previous Territory 106 account manager Rocky Lane lasted 15 months before deciding he wanted to pursue a different career track from sales. He left two weeks ago.

Additional Information

On each role play, you will need additional information to fill in some gaps and to prepare and act out the role play. This may involve various customers of Upland, recruits for the open position, compensation background, or many other possibilities. This information will be provided with each role play as needed. Think of the process as building the story or plot as we go along from chapter to chapter.

TIPS ON PREPARING ROLE PLAYS

Role-play exercises are fun and provide a great learning opportunity. The following tips will prove useful as you get the hang of doing them. Most importantly, it is unlikely that anyone in your class is a professional actor, so don't worry about how well you come across as a thespian. Simply follow the instructions for the role play, prepare the script, rehearse as needed, and then enjoy acting out your part and receiving feedback.

Tip #1: Take the Role Plays Seriously but Have Fun

These role plays expose you to various aspects of successful contemporary selling and put you into the action by giving you a part to play. Role plays are an excellent surrogate for real on-the-job experience.

Topics come off the page from your book and into a real exchange of dialogue among the role players. You will want to do good preparation and take the task you are assigned seriously, but remember that the role play itself should be fun!

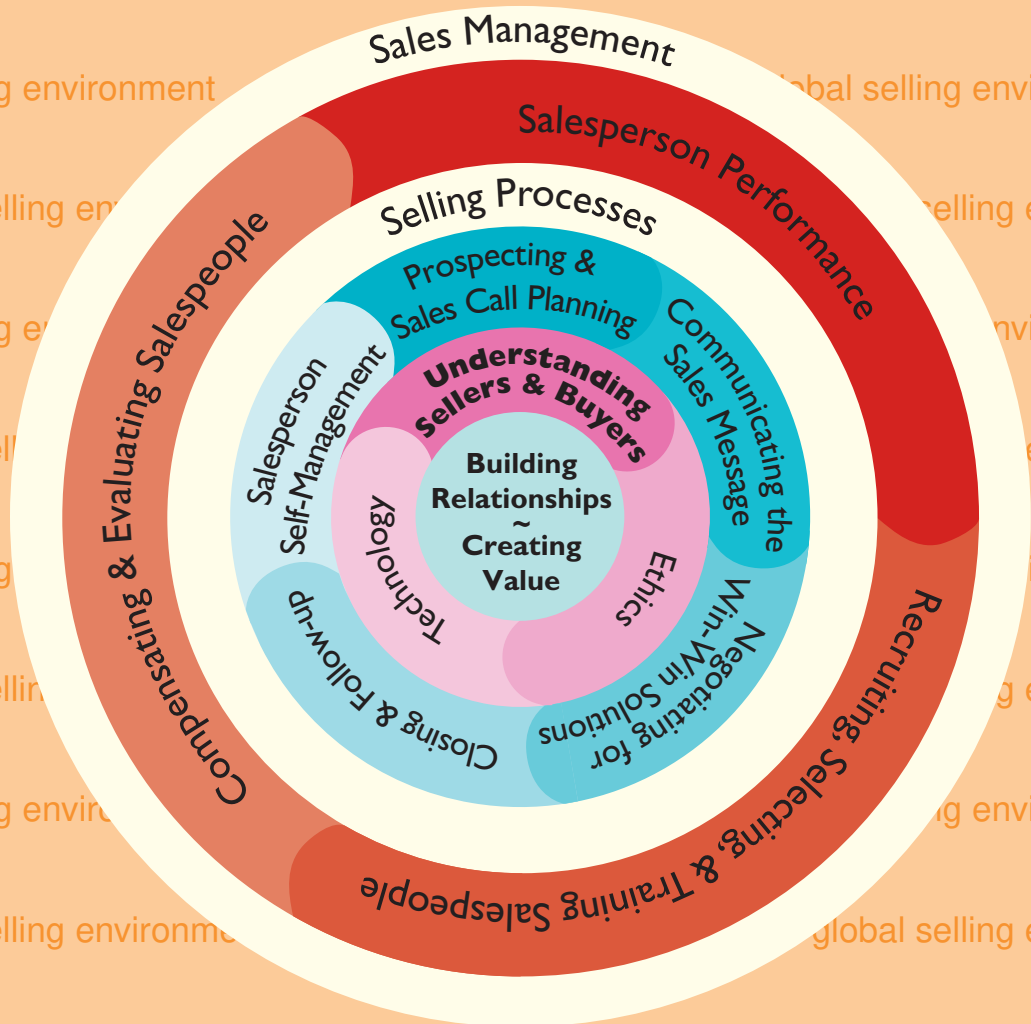
Tip #2: Follow These Steps

Each role play is inherently different. However, following some important general steps will enhance your experience with each.

1. **Team up.** Under the direction of your instructor, you will need to team up with one or more students to complete each role play. Although the characters in the role plays are gender-identified, if your role-play partner or group does not have sufficient gender distribution to fill each male part with a male, and each female part with a female, you can certainly have one gender play another.
2. **Prepare a script.** The role-play partners or groups should collaborate to prepare a proper script that fulfills the goals of the role play. *Important: There is no one right way to portray any given role play!* Follow instructions, be open and creative, and incorporate the input of everyone who will be part of your script.
3. **Rehearse the role play.** Except for chapter 1, all the role plays require rehearsal prior to presentation. Carefully stay within the suggested time parameters for each.
4. **Present the role play.** Your instructor may have you present your role play live in front of the class. Or he or she may ask you to videotape your role play as an outside assignment and bring it to class to turn in or play for the full class. Either way, you want your preparation to result in a professional-looking and -sounding presentation.
5. **Receive and provide feedback.** The role-play experience is not over when you complete your presentation. One of the best learning opportunities with role play is the chance to receive feedback from your instructor and the other students and for you to provide the same for others. The important thing to remember here is that your feedback should always be *constructive* (not critical) and focused on the relevant issues in the role play.

Tip #3: Broaden Your Learning

As you work on your own role-play exercises, and especially as you witness other presentations, you have a golden opportunity to broaden your learning about contemporary selling. Take good notes, be open to ideas and suggestions from others, and integrate what you learn from the role plays with the remainder of the material in this book. This process will teach you valuable skills and knowledge that will help you succeed at securing, building, and maintaining long-term relationships with profitable customers.



Understanding Sellers and Buyers

LEARNING OBJECTIVES

This chapter focuses on gaining a better understanding of the roles of sellers and buyers in today's organizational marketplace. The many factors discussed in chapter 1 are transforming the nature of the field and creating a challenging yet invigorating and rewarding environment in which to pursue a career in selling. First, aspects of sales careers are introduced. Then perspectives are provided from both a seller's and organizational buyer's points of view.

After reading this chapter, you should be able to:

- Explain the historical basis for stereotyped views of selling in society.
- Point out a variety of reasons why sales jobs can be highly satisfying.
- Identify and explain key success factors for salesperson performance.
- Discuss and give examples of different types of selling jobs.
- List and explain the roles of various participants in an organizational buying center.
- Describe the relationship between buying centers and selling centers and the nature of team selling.
- Outline the stages in organizational buyer decision making.
- Distinguish among different organizational buying situations.

OVERVIEW OF SELLING AS A CAREER

This chapter provides you with important insights to better understand the world of contemporary selling. First, you will have the opportunity to take a look at selling as a potential career path, including the many attractive aspects that explain why selling is such a popular and rewarding job. Sales jobs in the 21st Century contribute significantly to the world economy and of course to the success of individual firms in the marketplace. But like any other position, misunderstandings exist among people that have never been in selling about what the jobs are really like—and many of these misperceptions are based on stereotypes about selling that are best put out in the open and discussed right now. Then, you will learn about factors that can make one salesperson more successful than another, as well as what activities salespeople perform and different types of sales positions. Finally, we turn the tables and you get to see what organizational buying is all about.

Let's begin by dispelling some myths and mistaken impressions about selling in general. This is a true fact: well-run selling initiatives can produce enthusiasm and job satisfaction for salespeople, yet, despite this, recruiting and keeping excellent salespeople can be very difficult. One reason is that, unfortunately, some college students hold certain negative attitudes toward selling as a career because they think of the field based on old styles of selling where salespeople used hard-sell techniques to get buyers to do things they didn't really want to do and buy products they didn't really need.

Where do these notions come from? For one thing, the old style of selling is embodied in icons of media through the decades including plays, movies, and television shows.¹ Probably the most famous play by an American author is Arthur Miller's Pulitzer Prize-winning *Death of a Salesman*, which most students encounter sometime during their high school or college English courses. Miller immortalized old-style selling through the play's principal character, Willy Loman (as in "low man" on the totem pole of life). Poor Willy left for long sales trips on the road at the beginning of every week, returned a tired and disheartened peddler at the end of every week, and worked his customers based "on a smile and a shoeshine." His family was collapsing in his absence, his self-esteem was at rock bottom, his customers were defecting to other vendors at an alarming rate, and there seemed to be no hope of improvement for Willy on any front. This awful image, while certainly dramatic, has emblazoned on every schoolkid who ever read or acted in the play a sad, demoralizing image of selling.

A classic movie that also dramatically reinforces negative stereotypes about salespeople is the 1992 movie *Glengarry Glen Ross*, adapted from David Mamet's Pulitzer Prize-winning play of the same name. It features a stellar cast, including Al Pacino and Jack Lemmon, and has become an incredible cult favorite. In the movie, times are tough at Premier Properties, a boiler-room real estate sales company. Shelley "The Machine" Levene and Dave Moss are veteran salesmen, but only Ricky Roma is on a hot sales streak. Sales leads for the new Glengarry property development could turn everything around, but the front office is holding the leads back until the "losers" prove themselves on the street. Then someone decides to steal the Glengarry leads and leave everyone else wondering who did it. The verbal exchanges among these men desperate to make sales are riveting and very scary to someone interested in sales as a possible career.

Then in the 2000s came the TV show *The Office*, which started in Britain and was exported to the U.S. The "office" that is subject of the U.S. show is a branch of a fictional old-school office supply sales firm Dunder Mifflin. The salespeople use all forms of gimmicks and hard-sell tactics in a desperate struggle to try to stay ahead of the bigger chains like Staples, not to mention online sellers like Amazon as well as the general trend toward a paperless office. If you're into retro TV, you can catch reruns of the classic *WKRP in Cincinnati*, about a lovable cast of characters employed at a third-rate rock-and-roll radio station. One character who was arguably not so lovable was station sales manager Herb Tarlek. Herb was played as a back-slapping, white-shoe-and-polyester-suit-wearing buffoon who exhibited questionable ethics and made sales only through pure dumb luck. Google "Herb Tarlek WKRP" for fun and you'll see what we're talking about! And there's plenty of imagery of Herb on YouTube as well.

More recently, the long running series *Mad Men* featured several salespeople (account executives) in key roles. Pete Campbell, for example, often demonstrated the "ends justify the means" approach to being successful and reinforced a negative sales stereotype. In addition, the "what does a salesperson do?" question

came up more than once during the show. Answers to the question usually ranged from “not much” to “party and make sure the client is happy” (again, at any cost).

These and many other media images of salespeople have become embedded in the global culture. It is true that some unprofessional and unethical salespeople always have existed and always will exist (just as unprofessional people exist in any profession—witness the crisis in accounting, banking, and housing during the recent global recession). In selling, we seem to have to prove our value to society just a little more than in other professions. But the effort is worth it to those who love the profession, because there’s no doubt about it—sales jobs are important to society, they’re challenging and invigorating to those who occupy them, and they are also potentially one of the most rewarding career tracks available.

Why Sales Jobs Are So Rewarding

For most professional salespeople, it is precisely the complexity and challenge of their jobs that motivate them to perform at a high level and give them a sense of satisfaction. A number of surveys over the years have found generally high levels of job satisfaction among professional salespeople across a broad cross-section of firms and industries. Even when these surveys do find areas of dissatisfaction, the unhappiness tends to focus on the policies and actions of the salesperson’s firm or sales manager, not on the nature of the sales job itself.²

Why are so many professional salespeople so satisfied with their jobs? Attractive aspects of selling careers include the following:

1. *Autonomy.* Freedom of action and opportunities for personal initiative.
2. *Job variety.* Multifaceted and challenging activities (these *sales activities* will be addressed later in this chapter).
3. *Opportunity for rewards.* Salespeople hired right out of college tend to start at higher salaries than most other professions and tend to keep up well during their careers with the compensation of their peers outside of sales (due to sales compensation being linked directly to performance).
4. *Favorable working conditions.* Many sales positions involve telecommuting with a virtual office, and with less minute-to-minute direct supervision than most other careers.
5. *Ability to move up the organization.* Sales frequently offers great opportunities for career development and advancement.

Each of these advantages of selling jobs will now be discussed in more detail.

Job Autonomy. A common complaint among workers in many professions is that they are too closely supervised. They chafe under the micromanagement of bosses and about rules and standard operating procedures that constrain their freedom to do their jobs as they see fit. Salespeople, on the other hand, spend most of their time working directly with customers, with no one around to supervise their every move. They are relatively free to organize their own time and to get the job done in their own way as long as they show good results.

The freedom of a selling career appeals to people who value their independence, who are confident they can cope with most situations they will encounter, and who like to show personal initiative in deciding how to get the job done. However, with this freedom come potential pressures. Salespeople are responsible for managing their existing customer relationships and developing new ones. Although no one closely supervises their behavior, management usually keeps close tabs on the *results* of that behavior: sales volume, quota attainment, expenses, and the like.

To be successful, then, salespeople must be able to manage themselves, organize time wisely, and make the right decisions about how to do the job. Ethical Dilemma examines how the nature of this high degree of freedom—job autonomy—can sometimes create opportunities that also can cause challenges.