SALES MANAGEMENT

A PRIMER FOR FRONTIER MARKETS

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Sales Management: A Primer for Frontier Markets

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FOREWORD

Louis I. Nzegwu

It is indeed my pleasure to write this foreword for *Sales Management: A Primer for Frontier Markets*. Written by Robert E. Hinson, Ogechi Adeola, and Abednego Amartey, this book will soon become a leading sales management textbook for Africa. The book details a step-by-step exposition of sales management principles and how they apply to frontier markets.

The authors have identified challenges often associated with sales management in the African environment, suggested a framework for analysing key issues, and created strategic sales action plans that will help organisations emerge as winners in the face of market obstacles.

Students and sales practitioners committed to developing winning sales strategies will find in this textbook both theoretical and practical views of sales management with articles, case studies, and expert opinions on key subjects that are relevant to the challenges and solutions in the modern African market.

For years, sales and marketing experts have cited many reasons for the high failure rates of businesses in Africa, including management incompetency, lack of sales experience, lack of strategic focus, and uncontrolled growth. This book is intended to help business students and practitioners build critical skills for recognising and applying strategic, pragmatic sales management concepts within a competitive consumer environment.

The authors have utilised a unique pedagogical approach, and I believe that readers will appreciate the interrelationships among the key areas that comprise

Sales Management: A Primer for Frontier Markets, pages vii–ix.

the sales management field. The content of this book delivers a fair balance to all the major sales management roles and responsibilities:

Chapter 1 identifies the fundamentals of personal selling, attributes of successful salespeople, and characteristics of successful selling. Chapter 2 presents the Personal Selling Process and ways to create a climate for successful selling; especially useful for readers unfamiliar with personal selling.

Chapter 3 includes marketing research results that highlight the role and importance of sales management. Chapter 4 supports understanding of how to develop a good sales forecast. Chapter 5 details the field of sales management and how to organise an effective sales effort. Chapter 6 expands on the features and value of sales planning, recruitment, and the selection process.

Chapter 7 focuses on the essential role of sales training and the definition of objectives. Chapter 8 describes a Sales Force Reward System which includes discussion of compensation plans. Chapter 9 deals with the current challenges of information management, customer relations management, and sales force automation.

Chapter 10 offers real-world ideas for successfully leading a sales force, and Chapter 11 provides guidelines for evaluating sales force performance. Each chapter draws on current research findings that are invaluable to the academic community but are also incredibly useful in the hands of a practitioner.

Professionally written, this book introduces a novel expert segment termed Sales Experts Views (SEVs) which captures valuable insights from leading sales and marketing practitioners across the continent of Africa. SEVs are, indeed, a sure guide to improving sales force productivity, drawing on the practitioners' experiences as sales management professionals in Africa, cutting across various sectors. Consultative selling, widely recommended by sales experts, is given the needed attention and recommended as an effective approach to goal achievement and maintaining mutually beneficial relations with customers.

The compact cases used by the authors make this book accessible, readable, and engaging for students. Their nuggets of wisdom spell the difference between success and failure in sales management in both developed and developing economies. The perfect balance of savvy, big-picture management wisdom and hard-nosed, in-the-trenches, operational advice will be profitable and practical for sales managers every day of the year: *Every day*. An important message of the book is that consistency and quality are fundamental to effective sales management and marketing organisation.

Digital technologies now allow salespeople to communicate quickly and easily with their customers and maintain efficient contact with their companies. As this dynamic trend in personal selling changes, so does the role of sales managers who are now viewed as team leaders rather than bosses. They empower and collaborate with their salespeople rather than control and dominate them. The authors have developed a textbook that will help solve the problems of this modern sales management frontier.

Sales Management: A Primer for Emerging Markets is a sure winner and a must-read for sales and marketing students and practitioners in the African continent and beyond. Managers looking for ways to motivate their salesforce, identify strategies to increase market share, and achieve organisational goals will find value in this book. Undergraduate and graduate students will find it to be an excellent springboard to a great sales career.

I am pleased to highly recommend this book for three reasons. First, while the authors have organised this book in a professional manner, it is practical, easy to read, and easy to understand. The second reason to be interested in this book is that the content elaborates on topics. Finally, the book is not only current on academic literature review, but it also has a world of knowledge about the African market. Robert E. Hinson, Ogechi Adeola, and Abednego F. O. Amartey have developed a book that will be useful for practitioners, professors, and students of sales management in Africa.

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PREFACE

The increase in competitive pressure from the influx of international businesses into frontier markets has brought to the fore the need for local organisations to have a strong sales and marketing blueprint in order to remain profitable. Whereas in the past, the concept of sales was one of simply persuading the customer and making an exchange, today, the emphasis is more on building enduring customer relationships. As a result, businesses are spending more time and resources on the sales management function. Salespeople are therefore under tremendous pressure to meet demanding sales targets. To understand what it means to sell successfully—either individually or in groups—sales representatives must develop a solid foundation in selling skills and an understanding of the critical elements needed to achieve sales goals. This is because sales is the lifeblood of any organisation, irrespective of whether it is a private, not-for-profit or a public-sector entity. Strong sales management ensures that goods and services are patronised repeatedly. Selling involves personal interactions with existing and potential customers. The personal connection created between salespeople and potential customers plays a very critical role in achieving targeted revenue and profits. Notably, sales is the only element in the marketing communications mix that contributes directly to revenue and profits.

Despite the importance of the personal selling function, businesses and salespeople generally find it very difficult to achieve their sales goals and objectives. This book responds to the need to provide the requisite knowledge

Sales Management: A Primer for Frontier Markets, pages xi–xii.

to both academics and organisations and assist them in understanding the key foundational concepts critical to leveraging sales as a tool for organisational profit. The book focuses on key topics such as emphasising the critical importance of the sales process, exploring the concept of consultative selling, sales force management, and leadership in sales. The text also extensively discusses the use of technological tools such as Customer Relationship Management (CRM) and Sales Force Automation (SFA) systems. The advent of technology has facilitated the work of the sales force in terms of information acquisition and utilisation. Prospects are more easily identified, and their needs are better satisfied. Without adequate management of the sales force, an organisation will not be able to identify prospects, provide them with the needed goods and services, and withstand competitors' activities.

This book also features an innovation that we have termed Sales Experts Views (SEVs) which captures insights from leading sales and marketing practitioners across the continent of Africa, who share their thoughts on topics such as recruitment in sales, desirable salesperson characteristics, and customer relationship management. The book also includes case studies and quick quizzes that help test the readers' knowledge of what they have read and relate the lessons to practical situations. Written in an accessible and reader-friendly format, this book is primarily aimed at undergraduate students; with a secondary audience comprising postgraduate students and business practitioners.

CHAPTER 1

AN INTRODUCTION TO PERSONAL SELLING

Learning Outcomes

By the end of this chapter, you will be able to:

- Give an overview of sales management
- Define personal selling
- Develop a sales programme
- Distinguish hard selling from consultative selling
- Identify the characteristics of consultative selling
- Identify the benefits of consultative selling
- Provide the steps to becoming a sales professional
- Describe 24 attributes of successful salespeople

Chapter Outline

- Introduction
- Defining sales management
- Construction of sales programmes
- From hard selling to consultative selling

Sales Management: A Primer for Frontier Markets, pages 1–30.

- Characteristics and benefits of consultative selling
- Steps to becoming a consultative sales professional
- Twenty-four attributes of successful salespeople
- Development exercise: good and bad selling
- Conclusion
- Sales expert view (SEV): Critical selling skills
- Case study, activity questions and a short quiz with answers

1.1. INTRODUCTION

Primarily, the term 'sales management' refers to the practical application of sales techniques and the management of a firm's sales operations. It is an important aspect of almost all businesses. Sales management can most simply be defined as the management of a firm's personal selling function (Churchill et al., 1991). The sales management function requires diverse activities for success. It includes the planning, organising, monitoring, directing, implementing, and controlling sales programmes, as well as recruiting, training, rewarding, and evaluating members of the sales force (Cravens et al., 1993).

Increasing pressures on business for greater accountability in marketing (Lilien et al., 1998) is motivating leaders to recognise and clearly execute effective sales force management practices. As sales management is a part of the marketing function of firms in both the profit and not-for-profit sectors of an economy, a strong marketing function could be hypothesised to inevitably lead to improved sales management performance. Barker (2001) points to growing global competition, low rates of economic growth and dwindling customer bases as factors that have accentuated the need to maximise the successful performance of the sales function.

Within the marketing function, effective administration of the sales force is of great significance in many organisations, owing to the sheer number of salespeople on the payroll and the cost of their maintenance. A well-operating sales function also holds greater potential for increasing the revenue of firms in comparison with tools such as advertising or public relations. O'Connell and Keenan (1990) have observed that in most countries in the developed world, personal selling expenditures are higher than advertising costs. For instance, the average rate of a sales call in Canada is estimated as being about CAD 170 (ranging between CAD 50 and CAD 370 per call). Clearly, such a huge cost centre within an organisation needs to be carefully managed to ensure a healthy balance between costs and benefits.

1.2. WHAT IS PERSONAL SELLING?

Organisations have been using a plethora of different tools to communicate their products or services to prospects and clients for many years. One of the

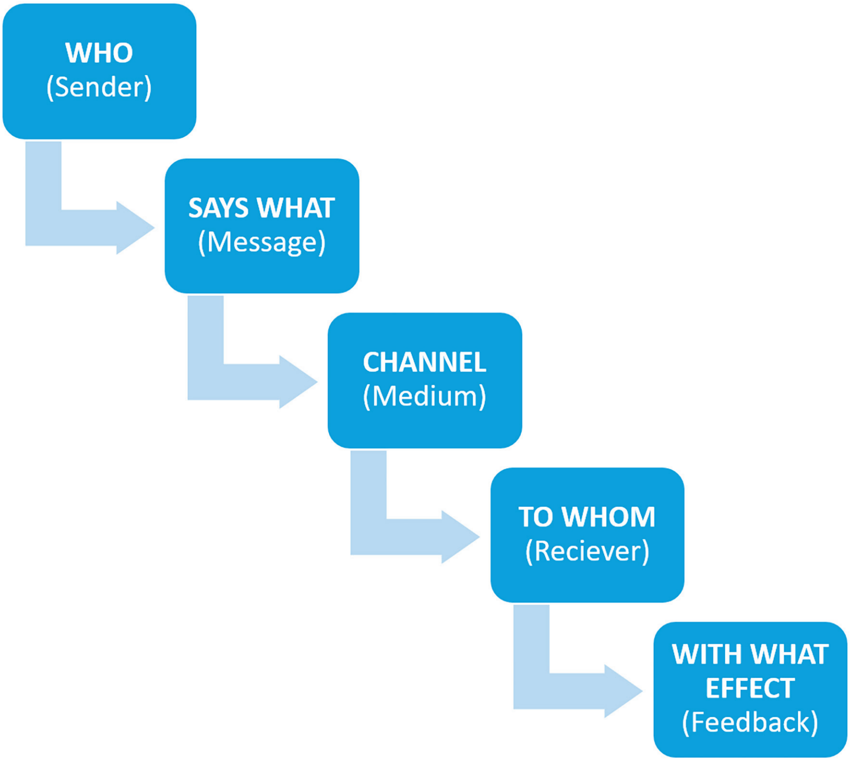

FIGURE 1.1. Components of Lasswell's Communication Model. Source: Lasswell (1948)

communication tools that has gained considerable attention in the twenty-first century is personal selling. Kotler and Armstrong (2008) have explained personal selling as the personal communication between the firm's sales force and customers, for the purpose of making sales and building customer relationships. It describes the direct interaction of a target group with employees or representatives of an organisation in a manner that makes the target group recognise the organisation as the source of the message. This interaction could be virtual or physical and either highly persuasive or mostly informative. For instance, transactions in commodity markets are prepared, accompanied, and effected through communication between buyers and sellers. Communication can be established either directly (involving personal contacts) or indirectly (making use of intermediaries or technical devices) (Hammann, 1979). The purpose of communication in commodity markets is therefore to influence (potential) market partners towards some form of behaviour which increases marketing utility for the communicator. Lasswell's model of communication describes the act of communication by defining who said it, what was said, through what channel it was said, to whom it was said, and with what effect it was received (as represented in Figure 1.1).

Personal selling can be defined as a form of person to person communication in which a salesperson works with prospective buyers and attempts to influence the purchase of his or her company's products or services (Shank & Lyberger, 2014). It also deals with wholesale and retail activities in which salespeople actively present products to customers in a quest to make a sale. Thus, salespeople, in communicating their products and services to their customers, go through a series of processes with the aim of getting customers' attention, persuading these customers to buy their products or services and eventually earning positive feedback from the customers. As a result, it is believed that personal selling messages have the potential to be more persuasive than advertising or publicity due to face-to-face communications with the customer (Johnston & Marshall, 2003).

Personal selling is part of the marketing function of a business and constitutes one of the activities that collectively make up the marketing communications mix. It is also the sole constituent of the integrated marketing communications mix that contributes directly to revenue. The astute deployment of the personal selling function in the strategic marketing activities of both small and large firms is essential for organisational profitability. Competition is increasing in almost every industry in the world, and a feature of this competitiveness can be seen in the various business sectors that are becoming even more diverse, with key players offering the same or similar product/service categories to the customer (Pettijohn & Pettijohn, 1994). Within such a scenario, the competitive strategies used by businesses including pricing, convenience, product/service mix, service quality, shopping experience, and personal selling, become extremely critical. According to Pettijohn and Pettijohn (1994), personal selling is one of the key strategies for attaining competitive advantage and ultimately increasing the profitability of both local and international businesses.

Personal selling through adequately trained, supportive and effective salespeople can be seen as a key organisational benefit, which positively impacts business success. Salespeople can offer value-added services that allow businesses to become distinct and differentiated from their competition. They can also provide the customer with a positive and memorable buying experience, as well as information to satisfy the customer's needs effectively (Pettijohn & Pettijohn, 1994).

1.3. THE CONSTRUCTION OF A STRATEGIC SALES PROGRAMME

A strategic sales programme should take into consideration the business factors faced by a firm. It should also organise and plan the organisation's overall personal selling efforts and integrate them with elements of the firm's marketing strategy. There are four major questions managers must answer in formulating such a programme. These are:

1. Can the company adapt and integrate personal selling efforts into its marketing strategy? In other words, what will the company's personal selling plan be?
2. How can the sales force be organised to generate and manage many different varieties of customers successfully?
3. What levels of performance are individual members of the sales force expected to achieve during the programme? This performance includes estimating demand, setting quotas and drawing up budgets.
4. In what ways should sales territories be distinct? How best can time be efficiently allotted and managed by each salesperson within his or her territory?

Hayes and Hartley (1989) have noted that a company's sales programme cannot be designed in a vacuum. The strategy contained in such a programme must consider the influence and restraints exerted by the external environment, the demands of potential customers, and the activities of competitors. A firm's internal circumstances also help to determine the kind of sales programme it can implement. The availability of monetary and human resources, the company's production ability, and its proficiency in research and development can either aid or hinder the company's capability to pursue a targeted set of customers or grow its market share. Ingram and LaForge (1991) have stressed the importance of monitoring the aggregate performance of the sales force as a means of evaluating a firm's strategic programme and the way it is implemented. In setting out the defining features of excellent sales organisations, Cravens et al. (1991) stressed the importance of a high performing sales force. Churchill et al. (1991), Claxton et al. (1990), and Ryans and Weinberg (1981) have all emphasised the need to continually optimise the use of selling resources in order to improve a firm's competitiveness and profitability.

Selling costs form part of the general marketing budget. When sales forces are too large, poorly deployed, or ineffectively managed, there is a negative impact on the performance of the organisation. Almost three decades ago, Cravens et al. (1991) noted in their Australian study that the cost of business sales calls was rising much faster than advertising costs. Changes in economic conditions, customer needs, and policies can suddenly render sales programmes inappropriate and ineffective.

Institutions that hope to excel in sales must develop the capacity to manage territories effectively. A well-planned sales territory layout offers salespeople the greatest chance to capitalise on their strengths, through an effective sales management programme (Barker, 2001). A salesperson that has no control over the size or the scope of the sales potential in a territory may underperform despite his or her own personal features or the quality of management supervision provided

(Barker, 2001). Inadequacies in sales territory design could lead to role strains and conflicts, low levels of motivation, and other problems with role perceptions. According to Piercy et al. (1999), sales territory design, directly and indirectly, has significant impact on sales organisation efficacy.

Sales leaders and directors must be trained to appropriately select sales personnel, plan, and enforce policies and techniques that will drive their efforts and anticipated objectives. Sales managers in high-performing organisations play a key role in bringing the best out of their salespeople by effectively guiding them. Such sales managers devote much time to their salespeople, assessing their performance and recognising their achievements (Barker, 2001).

1.4. THE EVALUATION AND CONTROL OF SALES FORCE PERFORMANCE

Sales force performance evaluations comprise the development of approaches for observing and assessing the efficacy of sales efforts. This enables the necessary adjustments to be made, either to the sales programme or to the way it is implemented, when performance falls below the optimum.

According to Gortner (1992), some of the key factors and characteristics of an effective sales performance appraisal process include:

- Objectivity
- Validity
- Reliability

Objectivity in sales performance assessment refers to the process of providing resources for measuring performance that will be free from the evaluator's bias. According to Grant (1988), most salespeople prefer objective evaluation criteria to subjective approaches. One way to achieve objectivity is the use of criterion-based assessment tools with a rating scale layout, which increases the possibility of accomplishing several of the prerequisite goals of personnel performance evaluation.

In performance evaluation, **validity** ensures that the evaluation process actually measures what it has been designed to measure. It is not easy to ascertain actual validity in any process that is aimed at evaluating human activities. However, if what is to be measured is clearly defined in simple terms, the task of performance evaluation should be less challenging.

In terms of **reliability**, a test or assessment must first be objective; as explained above. An evaluation process is said to be reliable when it yields comparable results each and every time it is used for its intended purpose.

In addition to Gortner's criteria for evaluation, Anderson (1994) has also proposed the additional goals of:

- Relevance

- Accountability
- Equity

The evaluation criteria must be **relevant**; there should be effective communication of the objectives between the person carrying out the evaluation and the person being evaluated. It must also be **accountable**—sales managers should be answerable for the achievement of a given goal or assignment. The evaluation should also be **equitable**; thus, it must be impartial and fair.

Sales performance evaluation criteria can be qualitative or quantitative. Qualitative criteria refer to those aspects of evaluation based on value judgments or elements such as sales skills, territory management, and the personality traits of salespeople, whereas quantitative criteria rely on empirical factors such as sales volume, sales value, and sales quotas. Fatt (2000) identified the key sales performance criteria groups as:

- Behaviour/activity (qualitative/quantitative)
- Professional/technical knowledge, skills (qualitative)
- Results-based and profitability-based (quantitative)

Cravens et al. (1992) have also provided four measures of sales performance:

- Sales volume
- Profitability
- Market share
- Customer satisfaction

It is noteworthy that qualitative measures of performance, such as the depth and extent of a salesperson's product or service knowledge, are very significant in any assessment. It could be argued that salespeople who fail to meet qualitative targets will almost invariably fail to meet their quantitative targets. It is also important to note that profit is a good parameter to consider in evaluating the performance of salespeople, though it may not be the most important parameter for some businesses.

1.5. GENERAL PRINCIPLES FOR EFFECTIVE SALES

"What inspires customers to buy?" is a thousand times more important than "How do we sell?" (Gitomer, 2005) Sales productivity can improve when salespeople understand what inspires their customers. The only way salespeople can be creative in solving customer problems is by putting themselves in the shoes of their customers. This enables them to add some real value so that customers, rather than perceiving them as opportunists just looking to close a sale, understand that their needs are being addressed in the transaction. Next, we present some general principles to guide salespeople in effectively navigating the buying process:

Consumers buy for their own reasons. In sales, it is assumed that salespeople know why people buy their products, and they would usually assume that purchases are made on technical or financial grounds. However, people often make purchases to reflect an emotional state that may sometimes seem illogical. Some common motivations for buying may include fear, guilt, or an ego boost. These factors are powerful. It is the responsibility of the salesperson to detect the underlying force driving a purchase and to utilise this to make the purchase as easy as possible for the buyer.

Consumers are not concerned about salespeople and their need to meet sales targets. Most buyers devote a good percentage of their time reasoning, thinking, and evaluating their options before making a purchase. The thought process might take this form:

"How will this make me look?"

"Am I taking a risk?"

"Will it make my life easier?"

Therefore, the choice of what to buy—and when to buy it—is often emotionally rather than functionally driven. Hence, to be an effective salesperson, there is an absolute need to identify the customer's emotional needs and problems before offering a product for sale.

Consumers do not purchase products or services. Consumers often acquire products or services to satisfy a need, or simply because of the emotions that they attach to the product or service in question. It is therefore not advisable to only highlight product features. Instead, salespeople should focus on selling the benefits of the product or service to the buyer.

Consumers resent and repel high-pressured sales techniques. At some point, we have all experienced feeling pressured into buying a product or service. This experience is unpleasant and does not encourage the buyer to repeat a purchase from such salespeople. The most successful strategy for any expert salesperson is to adopt both low and high pressure selling techniques as applicable.

By recognising and appreciating the problems of sales prospects, and by keenly probing into finding solutions to these problems, salespeople can become more effective.

1.6. FROM HARD SELLING TO CONSULTATIVE SELLING

Hard selling strategies (also referred to as transactional selling or conventional selling) are usually forceful in nature. They are designed to put customers under pressure to buy a product or service within a short time, rather than allowing the customer to weigh his or her options first. This is a traditional way of transacting a sale, but it tends to put unwanted pressure on the customer and is widely perceived to be unproductive in the long-term.

In today's world, almost everyone is affected by an overload of information. Customers are no longer searching for selective information about products and services from salespeople as they have a multitude of options (usually online) where they can access such information. Just like organisations, customers are refining and decreasing their suppliers to select a reliable few. They hope to maintain a trustworthy and long-term relationship with their suppliers and the salespeople that represent them. They are interested in doing business with salespeople who offer not only quality products and customer service, but also create additional value for customers. As a result, salespeople are expected to be consultative partners capable of creating solutions that will be mutually beneficial to both the salesperson and the customer. The consultative salesperson must recognise that for consultative selling to be effective, the proper environment must exist. By first developing and maintaining reciprocally fulfilling long-term relationships with customers, consultative selling can become successful and profitable to both the salesperson and the customer.

1.6.1. The Consultative Selling Approach

Consultative selling differs from hard selling in significant ways. Transaction-oriented relations between a customer and a salesperson have conventionally been viewed as contentious or combative, characterised by 'win/lose' outcomes. Hard selling focuses on selling product-by-product to customer-by-customer. Here, the typical sales presentation is a pitch that is focused on a precise product and is firmly manipulated by the salesperson (Futrell, 2002). Even though it is desirable for a current customer to make repeat purchases, this is not a planned sequence of events.

Conversely, consultative selling engages the customer in 'win-win' negotiations. Futrell (2002) asserts that the best sales calls are supremely communicative dialogues between the seller and customer working together to reach a mutual goal. The sales call is, therefore, an equal interchange of information centred on trust and focused on attaining a commonly advantageous agreement. It demands that the salesperson see him or herself as the customer's advocate in an effort to assist in providing a solution to a problem that the customer has, through the medium of a product or service. Consultative selling that is inspired by a long-term relationship focuses on the lifetime worth of the customer. It is, therefore, a way of assisting the customer in accomplishing both strategic short and long-term objectives via the use of the salesperson's goods or services (Futrell, 2002). In consultative selling, locating and nurturing customers who make multiple purchases (repeat customers) is a planned event. The main difference is the seller's focus: hard selling may result in one sale, but consultative selling can result in a *lifetime* of sales.

The notion of consultative selling is not a recent phenomenon, but sales managers are now reformulating and refining the concept to reflect the contemporary values and requirements of sophisticated customers. Ashforth (1986) notes that consultative selling methods are epitomised by the increased value placed on building relationships with customers. This has been attributed, for example, to increasing competition in a fast-changing financial services environment, leading banks and other financial intermediaries to build and sustain longer-term relationships with their clients. According to Easingwood and Storey

(1996), almost all financial institutions are adopting the idea of relationship marketing; which is usually synonymous with consultative selling. Perrien et al. (1992) have noted that there are significant challenges to be surmounted by banks and other financial institutions, especially in their bid to implement the conditions and yield the dividends of developing long-term relationships with their clients through consultative selling. In their bid to forge and maintain long-term relationships with their clients, financial institutions aim to seek differentiation and gain competitive advantage through their branch and frontline staff, who are increasingly positioned as customer advisors.

In playing their consultative selling role, personal advisors and professional salespeople act as problem-solvers and are called upon to be more co-operative with their customers. Recognising how critical the quality of the personal advice provided by their interfacing staff is in their overall selling drive, most growth-seeking organisations now place a very high premium on the training of their staff in personal selling. The missing link, however, in this never-ending labyrinth of inter-relationships is the fact that some organisations lack the necessary knowledge and insight into a gamut of socio-psychological and other factors that take place within the context of a client-salesperson interaction (Verhallen et al., 1997). Thus, as correctly observed by Perrien et al. (1992), most investments in staff sales training have not been effectively designed. There is a need for more understanding of the relationship between the salesperson and the customer.

Picarelli (1989) asserts that the consultative selling model entails four sequential and almost interlocking problem-solving phases, which he outlined:

- Establish rapport and confirm objectives
- Probe for information and listen for/determine client needs
- Present programme
- Resolve objections, close the sale or establish next steps

Chevalier (1993) opined that a consultative selling approach is highly appropriate for complex products and services that call for the synchronisation of product/service features and customer needs. In the same consultative selling tradition, Maister and Lovelock (1992) have also identified three roles of the mediator/salesperson:

- Providing information
- Providing advice
- Assisting in the completion of the transaction.

Consultative selling has been recognised both in the sales literature and in practice as an effective approach to achieving the business goals of generating and preserving favourable and mutually beneficial relations with clients (Swan & Noble, 1985). Yet, most organisations and salespeople merely pay lip service to the approach. In a study by Verhallen et al. (1997) into Holland's financial services sector, employing the observational method, it emerged that mortgage advisers really behaved more like hard salespeople and did not follow the prescribed consultative selling method. Typically, the mortgage advisers first introduced the product, paying little attention to the clients' wishes, and adapted their approach only minimally from client to client. Interestingly, these mortgage advisers perceived themselves as being good problem-solvers using the consultative selling approach. The surprising element in this study was the fact that the mortgage advisers knew they were under observation and were therefore expected to have tried harder than normal to operate as good consultative selling advisers and yet failed miserably in implementing this selling approach (Verhallen et al., 1997).

1.6.2. Characteristics and Benefits of Consultative Selling

Consultative selling is about building relationships that are characterised by commitment, concern, service, and trust. Salespeople employing this approach are concerned about the wellbeing of their customers, thus, they work tirelessly to understand fully the scope of a customer's needs, desires, and problems to be resolved and then work hard to find the right solution. They spend much time developing mutual trust between themselves and their customers. Further, they strive relentlessly to communicate their commitment to creating an honest and lasting partnership with the customer. Forming an atmosphere of trust and commitment is imperative for an open and a bi-directional flow of information.

In an atmosphere of commitment and trust, the desire to provide excellent service is an indication of concern for the customer. When a customer's expectations are met or exceeded by the service received, the outcome is customer delight. Lasting customer delight consequently yields mutually beneficial long-term relationships. Consultative selling usually unfolds around a basic relationship sequence:

- Enhanced service quality results in customer delight
- Customer delight develops into a strengthened relationship
- Relationship strength advances to relationship longevity
- Relationship longevity grows into customer relationship profitability

Salespeople who are able to progress through these relationship steps will have greater success than those who cannot. Focusing on this relationship-selling model provides sustainable competitive advantage, especially in terms of long-term repeat business and word-of-mouth referral business.

Long-term Repeat Business: Consultative selling can lead to long-term repeat business, which increases profitability. Three key reasons account for this.

- First, it is a known fact that acquiring a new customer costs more than retaining an existing one. Additionally, this cost continues to grow as aggressive competition between companies reduces the possibility to shift the allegiances of customers.

- Second, consultative selling is a proven route to improving the lifetime value of clients. The customer lifetime value acknowledges the stream of additional income and profit gained from a long-term relationship in contrast to a transaction-oriented method that measures customer value on a sale-by-sale basis.
- Third, research reveals that sales volume per customer increases when customers are retained for a long period. When customers become delighted with the service they receive, they usually increase their patronage.

Word-of-Mouth Referrals: A key outcome of successful consultative selling is word-of-mouth referrals, which result in further increases in sales profitability and customer loyalty. Word-of-mouth referrals are unquestionably one of the most effective means of enticing new customers. Having your products and services—and the way that you sell them—recommended by current customers to potential new clients could even be more important than mass media advertising in several service marketing situations. Word-of-mouth referrals also create the potential for a continuous chain that is captured in the following sequence:

- Consultative selling shows concern, trust, and commitment to existing customers and delivers a high-quality service.
- Existing customers communicate the good relationship that they have with the salesperson to their associates.
- These associates, in turn, are attracted to the salesperson who then establishes strong relationships with them.
- These new customers repeat the process with other associates.

1.6.3. Steps to Becoming a Consultative Sales Professional

Step One: Professional Management

Consultative sales professional management involves effective sales planning, controlling, developing, and managing people, resources, money, and time to achieve pre-set goals and objectives.

- Consultative salespeople need to become problem-solvers and partners with their prospects and customers, meaning they need to become complex 'micro-marketers' and no longer 'peddlers'. Micro-marketers are salespeople who organise and conduct sales activities in line with their company's marketing operations. These salespeople know and understand the marketing messages, ideas, and philosophies needed to delight their customers.
- Consultative salespeople are expected to use ethical, and 'win-win' methods for their sales negotiations with customers and are also obliged to continually develop and manage their skills and acquire adequate knowledge in the areas of territory and time management.