3) Basics to Sales Management & its Organization

SALES MANAGEMENT -
Definition and Meaning -

1) The American Marketing Association defined Sales Management - "The planning. direction, and control of personal selling including recruiting, selecting equipping. assigning, routing, supervising, paying, and motivating as these tasks apply to the personal sales force".

2) Rachman and Romano - "Sales Management includes recruiting. selecting, training, supervising, motivating and evaluating the sales-force."

3) According to B.R. Canfield - "Sales Management involves the direction and control of salesmen, sales planning, budgeting, policy making, coordination of marketing research, advertising, sales promotion and merchandising and the integration in the marketing program of all business activities that contribute to the increased sales and profits."

Sales management is the process of developing a sales force, coordinating sales operations, and implementing sales techniques that allow a business to consistently hit, and even surpass, its sales targets. It is a business discipline which is focused on the practical application of sales techniques and the management of a firm's sales operations. It is an important business function as net sales through the sale of products and services and resulting profit drive most commercialbusiness.

Sales management refers to the management of sales personnel, though sometimes, in a broader sense, it covers advertising, distribution, pricing and product designing, all elements of marketing management. In other words, sales management deals with the formation of sales strategies; product merchandising and pricing: sales promotion activities; distribution function; and planning, staffing, supervising, motivating and controlling of sales personnel to attain the desired sales objectives. Sales management, today, plays a significant role in organizational success.

Objectives of Sales Management -
(i) Achieving Sales volume: Achieving sales volume is the first objective of sales. The word "volume" is critical because whenever a product sales start, the market is supposed to be a virgin or new market. Thus there needs to be optimum penetration so that the product reaches all corners of the region targeted. Ultimately, penetration levels can be decided on the basis of sales volume achieved.

(ii) Contribution to profit: Sales brings turnover for the company and this turnover results in profits. But there is one more aspect to the contribution of profit by sales. The objective of sales management is to sell the product at the optimum price. Some companies might target a premium pricing for a product to make it premium in the market. But if the sales team drops the price, then the objectives is not being met and the profit is dropping. This has to be kept in check by seniors as price drops directly affect the margin of the product.

(iii) Continuous growth: A company cannot remain stagnant. There are salaries to be paid, costs have been incurred and there are shareholders to be answered. So a company cannot survive without continuous growth. If there is no innovation at the product level or at the company level, then the company has to be blamed. But if the products are good, and still the penetration is not happening, then it is the fault of sales manager and sales executives.
It is the job of marketing to take feedback and bring new products in the market. But if the sales team does not provide the appropriate feedback of "Why the product is not selling", then growth becomes impossible. This is why, more penetration and more growth is in the hand of sales people.

(iv) Sales Management and financial results: Financial Results are another objective of sales management and are closely related and therefore sales management has financial implications as well.
Sales-Cost of Sales = Gross profit
Gross Margin-Expenses Net profit.

Thus the variation in sales will directly affect the Net profit of a company. Hence maintaining and managing sales is important to keep the product / service / organization financially viable. Generally, objectives of sales-management are decided on the basis of where the organization stands and where it wants to reach. They also have to cover various sales- functions, in an integrated manner and are to be expressed, as far as possible, in measurable and quantitative terms, and should also be realistic and achievable.

Sales Research -
Marketing management depends heavily on Sales Research for formulating marketing policies, planning and controlling marketing operation. Sales Control Research is the identification and measurement of all those variables which individually and in combination have an effect on sales.

Sales Research comprises substantial research work conducted by companies' marketing research departments. This includes the marketing studies pertaining to sales forecasting, market potentials, market share analysis, and determination of market characteristics and sales analysis. Sales research heavily relies on secondary data and expert opinion. The real key to sales research is to ascertain the accuracy of existing data, gather some new data and then convert it into intelligence which a company can use to increase sales.

Sales Forecasting Methods -
A sales forecast is a prediction based on past sales performance and an analysis of expected market conditions. Sales Forecasting is the process of estimating the number of sales for your business over a future period of time. This forecast period can be monthly. quarterly, half-yearly, or yearly.

Accurate sales forecasts enable companies to make informed business decisions and predict short-term and long-term performance. Companies can base their forecasts on past sales data, industry-wide comparisons, and economic trends. Conducting a sales forecast will provide the organization with an evaluation of past and current sales levels and annual growth, and allow it to compare itself to industry norms. It will also help establish policies to monitor prices and operating costs to guarantee profits, and make you aware of minor problems before they become major problems.

Methods of Sales Forecasting:
(a) Qualitative methods
(b) Quantitative methods

(a) Qualitative methods: The qualitative methods are known as intuitive, subjective, and judgmental methods of forecasting. These methods are used when there is little or no previous data on the demand for the product or service and the horizon for the forecasting is long and may be above three years. In such cases the observed trends may not continue as before. Types of qualitative methods are:

(i) Jury of Executive Opinion Method: This is a conventional approach to sales forecasting. Under the Jury of Executive opinion method, sales forecasts are made based on the opinions of the top executives of the company. The executives will take into account the past performance of the business, the present market conditions and the future trend before arriving at a conclusion. This is a very simple method of sales forecast and the approach is mainly subjective.

Merits of executive opinion method:
1. It is a very simple method.
2. Detailed analysis is not required to arrive at a conclusion.
3. Indirectly, the executives who have made the estimation become responsible for its achievement also.

Demerits of executive opinion method:
1. It is merely based on opinion rather than on facts and figures.
2. Objective analysis is not done.
3. It is a mere guess work and the approach is unscientific.
4. It is a general estimation of future sales and the prediction is not done area-wise, product-wise and customer-wise.

(ii) Sales Force Opinion Method: In this case, the sales representatives of the business are asked to forecast sales for their respective areas. Their views will be combined with those of the sales managers in arriving at an estimate. The sales representatives have sound knowledge of the trend in their respective sales territories and their views are important in sales forecast. This method is often used to generate forecasts in the industrial equipment industry. For example, a company selling forklifts priced at Rs.10,00,000 cannot afford to carry a large inventory and requires that its salespeople contact all potential customers. The territory managers formulate a forecast that is passed on to the senior managers at corporate office. Corporate management thus uses the sales force composite forecast to determine how many forklifts should be produced for the next year.

Merits of Sales force opinion method:
1. It is a very practical approach.
2. Each sales territory gets focus.
3. The sales representatives who have made the estimation also become responsible for attaining the target.

Demerits of Sales force opinion method:
1. The success of this approach depends on the efficiency of the sales people.
2. Some salesmen may be non-committal and may not give correct information.

(iii) Customers' Expectation Method: Under this method, the customers are directly approached and their requirements in the near future are ascertained. This approach is particularly suitable in the case of industrial goods where the number of buyers is limited and can be personally contacted. In the case of consumer products, only sample approach is possible, as there are a large number of such buyers.

Merits of Customers' expectation method
1. Firsthand information can be obtained.
2. This approach will certainly work in the case of industrial goods marketing.

Demerits of Customers' expectation method
1. It may not give reliable information in the case of consumer goods marketing.
2. The expectations of the buyer may change in future.

(iv) Delphi technique: In this method, a group of experts and a Delphi coordinator will be selected. The experts give their written opinions/forecasts individually to the coordinator. The coordinator processes, compiles, and refers them back to the panel members for revision, if any. This to-and-fro process continues for several rounds (usually three). Generally, this process will stop when a consensus has been obtained or when explanations for deviant opinions have been given. Now, the coordinator will carry out statistical analysis of the responses deriving average answers, variability, prediction intervals, etc. Only the coordinator will know all the members of the team and only he/she will have access to all the responses.

(v) Historical Analogy Method: This is used for forecasting the demand for a product or service for which there is no past demand data. Sometimes, the product may be new, but the organization might have marketed other products earlier with features similar to those of the new product. So, the marketing personnel may use the historical analogy between the two products and derive the demand for the new product using the historical data for the earlier product.

(b) Quantitative methods: When relevant sales data as well as factor information are available, the sales managers use mathematical or quantitative methods of forecasting.
(i) Time series analysis: Under this approach of sales forecasting, long-term trends, cyclical changes, seasonal variations and irregular fluctuations in the sales of a concern are isolated (ignored), and the sales forecast is made on the basis of normal trends. This approach is inexpensive so it is widely used.

(ii) Test Marketing Result: Under the market test method, products are introduced in a limited geographical area and the result is studied. Taking this result as a base, sales forecast is made. This test is conducted as a sample on pre- test basis in order to understand the market response.

Merits:
(a) The system is reliable as forecast is based on actual result.
(b) Management can understand the defects and take steps to rectify.

Demerits:
(a) All the markets are not homogeneous. But study is made on the basis of a part of a market.
(b) It is a time-consuming process.

(iii) Econometric Model Building: This is a mathematical approach of study and is an ideal way to forecast sales. This method is more useful for marketing durable goods. It is in the form of equations, which represent a set of relationships among different demand determining market factors. By analyzing the market factors (independent variable) and sales (dependent variable), sales are forecast. This system does not entirely depend upon correlation analysis. It has great scope, but adoption of this method depends upon availability of complete information. The market factors which are more accurate, quick and less costly may be selected for a sound forecasting. (iv) Statistical Methods: Statistical methods are considered to be superior techniques of sales forecasting, because their reliability is higher than that of other techniques.

These include:
(i) Trend Method
(ii) Graphical Method
(iii) Correlation method
(iv) Regression method.

SALES PLANNING AND CONTROL -
Sales Planning is a key function in the procedure of sales management process. Sales planning is an effective method that involves sales forecasting, demand management, setting profit-based sales targets, and the written execution steps of a sales plan. It is the process of organizing activities that are mandatory to achieve business goals. A sales plan contains a strategic document that figures out your business targets and several resources.

Sales control is the analyzing and measuring of performance of sales force and comparing it with the standard performance, noticing and pointing deviation and determine its causes, and taking suitable corrective steps to tackle with different situations. Mostly time, sales volume, discipline, expenses, and activities, etc. are considered bases for analyzing and comparing performances of team members.

Control on sales force keep them alert, creative, and active and make consistent them in their actions. An effective and suitable sales control system is essential for both companies as well as salespeople. However, a sales control system should be devised with care because the too liberal or too strict system can be damaging for your sales team's performance.

Steps involved in Sales planning and control are:
(i) Goal Setting: Goal setting is the first step in sales planning and control. It involves the manager setting sales goals or target for the individuals and/or the team. These goals or targets should be SMART (Specific, Measurable, Realistic, Achievable and Time bound). A goal or performance standard should be clear and specific rather than generic so that there is no confusion. It should also be realistic and achievable. A very high standard is of no use as it will be unattainable and will only demotivate people.

Standards should be designed by keeping in mind the resources of an organization and it is important that standards must be set in numerical or measurable value. For example, Rs. 1 crore standard sales per annum, 5 lakhs standard profit per annum, or minimum 4% reduction in cost.

Moreover it is important to specify a time limit within which standards must be achieved.

(ii) Performance measurement: Once the standards are set for salespeople to follow, their performance is measured on the basis of work done by them. A performance which can be measured in numbers is usually easy to measure than the other performances. However, measuring qualitative as well as quantitative performance is equally important.

(iii) Diagnosis: Next the actual performance is compared with the standard performance. In case of mismatch, the manager puts in efforts to find out the reason behind the deviation in performance (the targets or goals are not met). A minor deviation in performance can be ignored, however, necessary actions need to be taken when there is a major deviation between both actual and standard performances.

(iv) Corrective actions: After the diagnosis is completed and the cause of underperformance is found out, the final step is taking the desired steps and actions needed for subsequent improvement in actual performance. Corrective action should be taken immediately, without any loss of time. Corrective action may be improving the methods and techniques, training and remuneration of workers, or even effective communication and successful motivation.

SALES ORGANIZATION -

Introduction

A sales organization must be in line with the philosophy of marketing concepts. "A good sales organization is one wherein the functions of the departments have each been carefully planned and co-ordinated towards the objective of putting the product in the hands of the consumers - the whole effort being efficiently supervised and managed so that each function is carried out in the desired manner."

The organization developed today may be inadequate tomorrow because of the changes in marketing situation. Markets themselves are changing because of changes in income, population, consumer interest, consumer behavior, technology, coupled with flow of new products, and development in mass communication media. Production on a large scale is carried out in anticipation of demand. Under such changing conditions in the market factors, the organizational structure should not only serve the market needs but be a vehicle for achieving the firm's objectives. By the same token it is necessary to emphasize that regular re-approval of organization effectiveness is necessary.

Need for Sales Organizations -

So long as the firm is a small one, there is no need for sales organization, as the proprietor himself can sell all the output or in certain cases, he is assisted by one or two salesmen, under his direct control. But when the firm or the business itself expands, because of extension of markets, production in large-scale, competitive market etc., the need for a sales organization is felt.

The need arises because of the following factors:

1. Production in anticipation of demand, which must be sold.
2. To create demand for the products through efficient salesmen.
3. Execution of orders without delay.
4. Satisfactory action against complaints from customers.
5. Collection of credit sales.
6. Keeping enough stock by looking at the future demand.

7. Maximum contribution to profit.
8. To enforce proper supervision of sales-force.
9. To divide and fix authority among the subordinates.
10. To locate responsibility.

Structure of Sales Organization -

The basic purpose or objective of forming the organizational structure is to utilize the talents of the firm's personnel to the optimum level by identifying their talents and defining the responsibilities and assigning to each member the task for which they are best suited. The organizational structure should be tailored to all the individuals involved.

Basically three kinds of organizational structures exist:
1. Military line of organization
2. Functional organization.
3. Line and staff organization.

These structures can be adopted in the case of marketing organization depending upon the marketing activities, products, area of operation and objectives of the business and specialization carried out by the firm also.

Size of Sales Organization and Factors determining the Size of Sales Organization

In designing the sales organizational structure it is to be remembered that the sales organization must:
1. Achieve sufficient sales volume,
2. Provide ample contribution to profits, and
3. Experience continuous growth.

Exhibit A represents a military or line type of organization.
Exhibit B is a functional sales organization.
Exhibit C is a formal type of line and staff sales organization.

Exhibit D is a geographical or area type of organization.
Exhibit E is a product type of organization.

Exhibit F is a consumer type of organization.

In a line authority of a sales organization the vice-president is regarded as the chief executive. He delegate his authority to general manager. When the sales force becomes larger the line authority gets divided. The authority is further delegated on regional basis to regional manager (Zonal manager). In the hierarchy the authority gets delegated and relegated from vice-president to field supervisor sales who exercises control over salesman. Such a division helps in control and better performance by salesman. There is an effort on the part of each executive in the line of authority to improve the performance of salesmen. (see organizational structure exhibit A).

It is to be noted that the sales organization a wing or department of the total organizational structure - can be organized on the basis of function, product, territory, or customer.

The functional structure is the grouping of various similar activities of the firm into major departments. The marketing activities are grouped into product planning marketing research, advertising and sales promotion, sales control and budgeting, sales personnel (recruitment, training assignment of job, compensation, evaluation of performance) product sales and planning (channel distribution, customer relations, service, new product introduction). The organizational structure is depicted in exhibit B.

The marketing department is divided according to functions. Each division will be under the control of an executive who will report to a marketing vice-president. The managers responsible for various marketing operations, sales, customer service, advertising market research, sales forecasting, new product planning, report to marketing vice-president. The marketing vice-president has only two major functions- planning and operations. A rationale for these divisions is to give equal time to 'doing' and 'planning'.

The function-oriented marketing, organization is based on the principle that each function needs varied skills for handling its affairs. In a functional organization sales people receive instructions from several executives but on different aspects of work. The co-ordination of work of functional executives is made only at the top level of the structure. All the specialists in the functional structure have line authority. Instructions and policies can be put into effect with or without prior approval executive of the top level co-coordinating executive.

In actual practice the number of executive on this level will be much larger and their areas of responsibility are broken down as shown below.

Staff Organization -

Thus, this structure benefits specialization in each line of marketing activity. It is easy to have inter-departmental co-operation. There will be expertise in each function area. Staff authority in the organizational structure merely performs advisory roles. market research and product planning are some of the tasks of staff authority. Mostly they are placed under marketing headquarters.

A Functional Oriented marketing Organisation -

Line and Staff Organization:

Marketing organization may consist of staff and line executives (Exhibit C). This is a formal type of sales organization indicating segmentation of various functions coupled with control and authority. Coordination and specialization are possible. The staff functions are market research and sales promotion divisions. The Functions are performed by other departments or sections.

1) Product Type -

The product type of organizational structure may have number marketing managers for each product or group of products in the product line. Each will have its own organization to perform the sales tasks - Exhibit-E Product type is common when a firm markets different types of goods. The product manager can focus his attention on his product sales are on the marketing strategies to be followed for the purpose.

Product division is considered when:

1. Product differences are greater.
2. Different methods of selling are to be used.

3. Technical knowledge of different context is needed for selling of each product.
4. Special efforts are needed to sell the products.

However, maintenance of separate sales force for each product is expensive:
The **advantages** of this structure are the following:
1. The salesman can render better customer service as they will have intimate contact.
2. The profitability in each product can be found out easily.
3. A new product introduced may be placed in the market without affecting the marketing structure.
4. The top executive can have detailed information on the marketing conditions of each product.

5. The organizational structure is more suitable when there are product differences, when the product lines are complex and diverse, and when specialized knowledge for selling each product is necessary.

Disadvantages:

1. Many salesmen of the firm will be visiting a customer care representing a product. This may cause confusion to the customer.
2. Such an arrangement is only expensive and waste of time of sales-personnel. This involves only duplication of efforts.

2) Geographical type -
The sales organization will be structured on area or geographical basis for those products having a wide market area. The total marketing area will be divided into territories. Each territory will be under the control of separate executive manager or director. He will be assisted by a separate set of sales force. There will be division of authority on territorial basis. Each territory is subdivided according to the nature of market or consumers or both. The sales territories may be called Zones, regions, districts or divisions - Exhibit D.

Thus, the differing needs of the customers in different territories can be identified and served.
Advantages:
1. The regional manager will have complete knowledge of his territory and of his customers. This will help him to direct the sales force to tap the potential left untapped and improve sales.
2. A comparison of sales among territories is possible. Such a comparison will help tap the performance of sales force in each territory and find out the reasons for shortcomings.
3. A competitive spirit among the sales personnel of different territories can be built up. This will ultimately lead to effective utilization of the skills of the salesmen and maximization of products.

Disadvantages:
1. The division of the total marketing into territories requires huge sales force and number of executives to cover the marketing area. This will increase the administrative and selling overhead costs.
2. It is difficult to co-ordinate the activities of the territorial sales force from the head office.
3. Territories differ in sales potential. Even in the case of actors having less potential for sales, the marketing efforts all have to be the same as to fertile territory. So much so the profit earned in one territory will get absorbed by way of sales cost in the territory, having less potential.

3) Customer basis:

Sales organization may be organized on consumer basis. Many may sell their commodities to a highly diverse set of markets, such as customer, industrial and government markets. In these cases the Customer may fall into distinct groups in terms of buying practices or product preferences. Market specialization will be achieved in dealing with these customers in the organizations.

4) Sales Organization -

The sales organizational structure will consist of market managers along with functional specialists reporting to general managers. Each market manager supervises a sales force. The functional specialist will concentrate on the problems of marketing. In this type of marketing structure there is expertise in each market. The sales force and researchers will know of the preferences of buyers, competitive forces at work, buying practices and so on. This results in better overall marketing effort to boost sales and serve the customers according to their varying needs. This kind of marketing structure presents some difficulties. Some firms may sell to homogeneous group of customers. They may exhibit individual differences but they may not be sympathetic to group differences.

The customers may fall into distinct groups: Hence it may be too costly to specialize the sales force or other marketing conditions.

In case the customer group is widespread the salesmen have to crisscross the country increasing the expense over travel and selling.

A customer-oriented organization is most consonant with marketing concept but it is not desirable in all circumstances.

A firm may choose its marketing organization and functions, Products or regions and still attend to customers' needs.

Advantages:

1. The customers can be paid special attention and service according to their varying needs effectively.
2. The potential could be completely tapped as marketing programs are drawn for each group of customers separately.

Disadvantages:

1. The sales force may remain idle as there may not be much sales work.
2. Equal services may not be rendered to all customers. This ma foster unequal development of customer relationships. 3. The co-ordination of departments becomes difficult each group of customers is to be served according to their schedules to maintain better customer relationship, The long, customers may try to influence the sales policies of the organization.

5) Matrix type -

This type of organization is a combination of line and staff authority and vertical authorities. The basic method of control is that the resources usage is reviewed, controlled and directed by two opposite set of managers. Firms that have product type use matrix type structure. The reasons for existence of matrix organization may be that the top management may desire individual responsibility for profit to exist for a particular product or brand. In case of multiple products technology and economics can indicate that the firm can have sales forces for each product. The only way to get a degree of profit responsibility is to overlay in some way a product manager with responsibility for profit. Similarly sales promotion managers are held responsible for sales promotion and cost and advertising effectiveness. Product promotion managers are held responsible for sales and so on.

Advantages:

1. There is a blend of vertical authority and line and staff authority This will result in effective administration and operation of sales activities.
2. There will be better interrelationship between different divisions and better coordination among the departments.
3. It represents a compromise between function and product departmentation.

Disadvantages:

1. The responsibility lies with two executives for each activity. The activities cannot be quickly carried out unless both the executives think on the same lines.
2. Matrix organization is a case of dual command. If something is wrong with the product, it is difficult to fix up the responsibility for the fault.
3. Sometimes there will be no coordination among the executives because the responsibility cannot be traced. This may result in friction and confusion.

Sales Managers Functions and Responsibilities -

Sales manager is the chief executive of a marketing organization. Some firms designate him as sales director known as the person connected with planning and manager himself manages the whole of marketing operations. In a big business house most of the marketing functions such as market research, advertising and sales promotion are assigned to his subordinates. Sales manager is assigned the responsibility of directing, executing and controlling the marketing activities through his subordinates or other executives.

The sales manager manages sales of big organizations consisting of regional, district and territorial sales force. In certain firms he is highly powerful as the vice-president of the firm. He takes the responsibility for achieving the sales targets decided by the committee of management. He reports to vice-president of the firm on marketing operations carried out by his subordinates and of the results thereof.

General duties of a Sales Manager:

The duties of the sales manager depend on the nature of the position he holds in the marketing organization as referred to earlier administrative sales manager or operations sales manager - a combination of both or field sales manager.

As the size of the organization grows and specialization is Introduced the sales manager only manages the functions assuming the ultimate responsibility for those functions. He does the following:

objectives of the firm.

1. (a) Plans the objectives of the sales organization in tune with the general
   (b) Delineates the necessary objectives.
   (c) Groups those objectives into jobs or position.

(d) Assigns the jobs to suitable personnel, and provides for co-ordination and control.

2. Coordinates and collaborates with other departments to ensure implementation of overall marketing strategies.
3. Reviews and approves sales policies, sales strategies and pricing policies for the products and meets competition in the market effectively.
4. Ensures that short operations are in accord with plans of long term profitability and do not

obstruct other phones of firm's operations.
5. Establishes long range sales objectives of division and makes search for profitable markets and new customers.
6. Executes sales programs and sales policies.
7. Manages subordinate sales executives and through them the sales personnel.

8. Involves himself in distinct activities concerned with sales force management.
(a) Recruitment and selection of right type of salesman.
(b) Planning and conducting sales training programs.
(c) Motivating individual salesman.
(d) Communicating with salesman for building up morale.
(e) Devising compensation plans and arranging for compensation payments.
(g) Assigning the area of operation of salesmen.
(h) Supervision and evaluation of salesman performance. (
(g) Administering and controlling expenses of marketing
9. Decides the marketing channels and physical distribution of goods and manages them.
10. Advises top level executives and committee of management of the firm on matters pertaining to location and layout of sales organization and opening of branches.
11. Plans sales forecasts and lays down targets of sales for each territory, products and salesmen.
12. Plans market research program, studies the findings of market research and adjusts sales policies.
13. Suggest improvements in product designs and helps the firm in product planning. 14. Keeps in touch with top level executives and reports on the tasks executed by him.

The sales manager, therefore, is to perform all those activities connected with marketing of goods either directly as in the case of small business houses or by delegating his authority to other personnel in his organization and managing the same. In big business houses each marketing activity is assigned to a manager and the sales manager is entrusted with the work of organizing the sales force and managing them besides sale of products. The sales manager is the key to the marketing organization.

Planning for Major Customers and Sales Budget -
The sales organization should plan for any major customers that it intends to target. The planning involves determining the needs of the customers and trying to build the product according to the needs of the customers. It also involves assessing whether the organization has the resources to offer the desired product and what would the cost implications be. The organization should initially build a short-term plan, implement it and then convert it into a medium-term plan, if the results meet the expectations.

Sales Budget: A sales budget provides an estimate of the volume of goods and services that a company proposes to sell in a future period. It shows the expected number of sales units and also and the expected price per unit. It is generally made for the following year. The main purpose of a sales budget is to plan for maximum utilization of resources and forecast sales. A more accurate sales forecast in turn means higher profitability and less wastage. Accurate sales forecasting is very important because the budgets of other departments are based on the sales budget. For example, the production is manufactured as per the sales forecast, but if the sales forecast is not accurate, either the production will be less or more than desired.

Information for preparing the sales budget is gathered from various sources such as estimates provided by regional or branch offices, previous year's sales figures, salespersons who deal with the products on a daily basis, etc. The management also takes into account factors such as plant Capacity, availability of raw materials, general trade prospects, and seasonal fluctuations while preparing the sales budget

E.g. of a sales budget - ABC Sporting Goods, a manufacturer of sports gear, prepares its sales budget for 2021.

Specific Characteristics of a Successful Salesman -

Tosdal gives the following list of characteristics that a successful salesman should possess:

*Good character
*Personality
*Health
*Mentality or mental ability
*Concentration
*Industry
*Self-confidence
* Punctuality
*Tact and Diplomacy
*Initiative
*Resourcefulness
*Knowledge of goods

However, in this direction a more exhaustive list is given by T.A.A. Latif that includes following twenty characteristics:

*Earnestness
*Honesty
*Ability to think quickly
*Extroversion
*Gregariousness
*Dominance
*Tact
*Self-confidence

*Ability to learn
*Perseverance
*Initiative
*Emotional Stability
*Interest in selling
*Ability to judge human nature
*Sense of humor
*Personality
*Aggressiveness
*Energy
*Intelligence
*Health

Thus, a good salesman must possess the following essential qualities:

*Intelligence

*Perception
*Self-confidence
*Self-Motivation
*Expression
*Enthusiasm Ambition
*Discipline
*Self-Criticism
*Initiative
*Honesty

*Tact

*Resourcefulness