

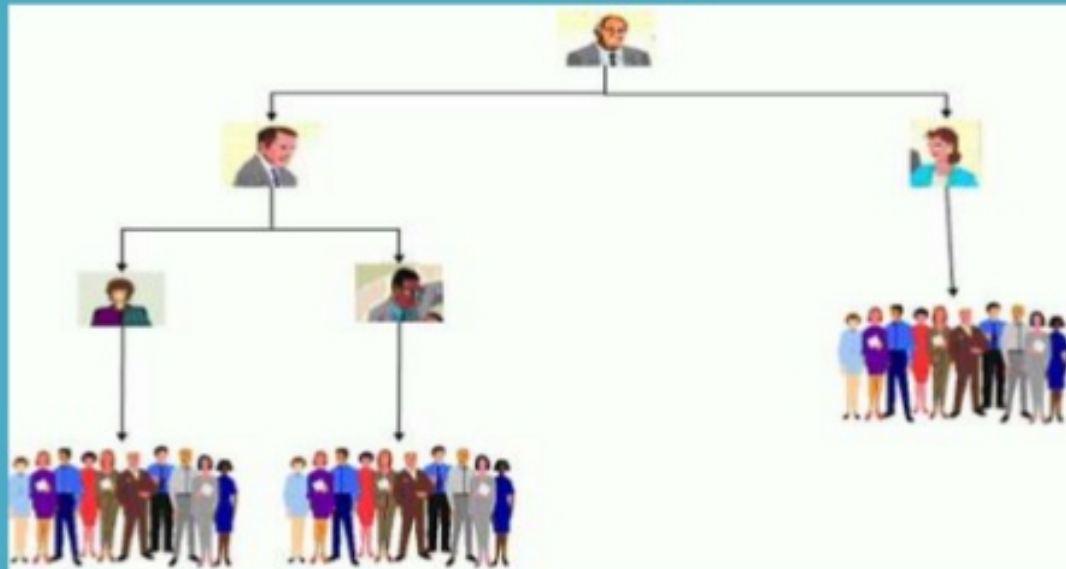
Structures of sales organization

Structure?

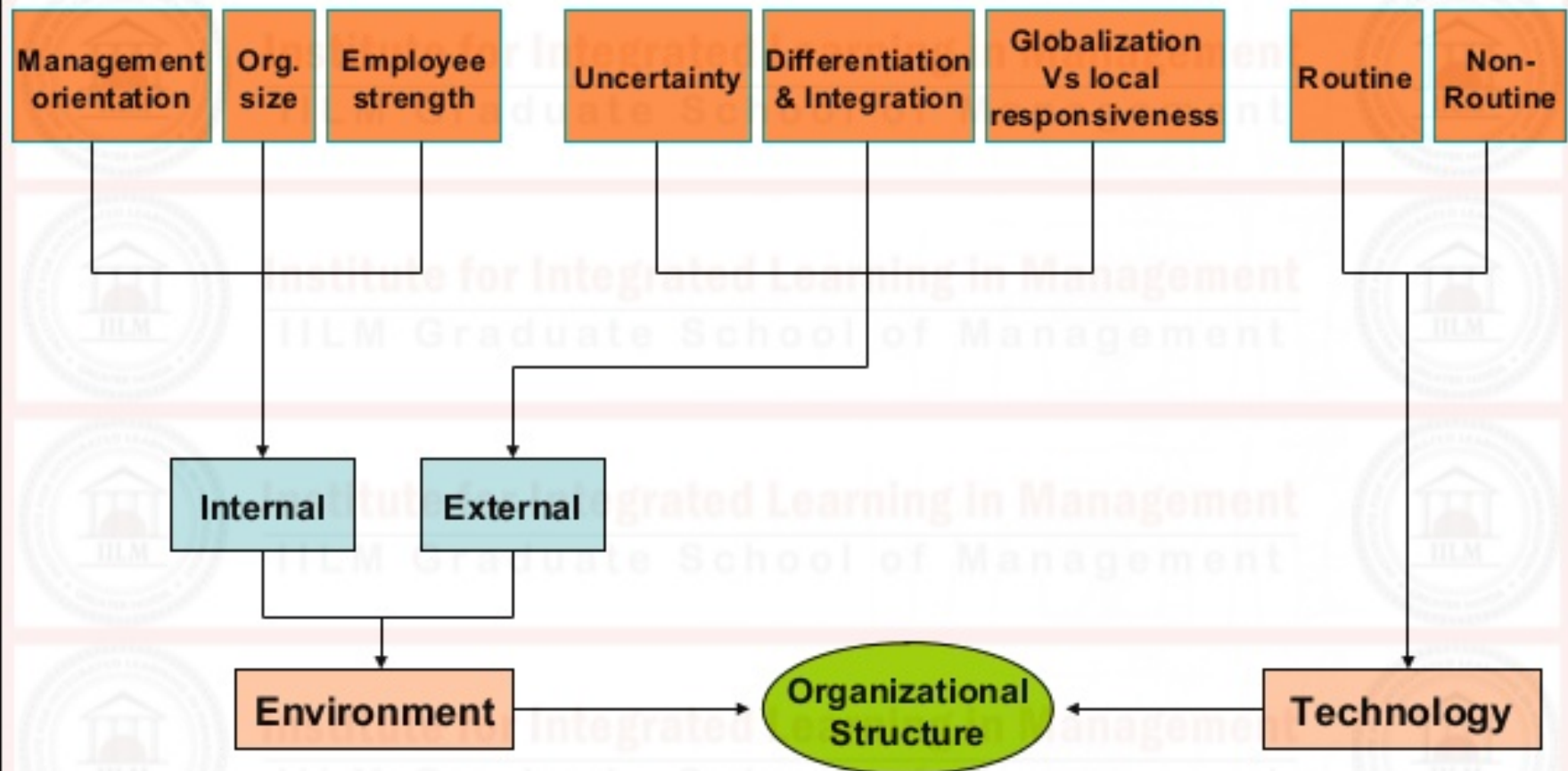
<https://www.cleverism.com/complete-guide-to-organizational-structures/>

Organizational Structure

It is a framework within which an Organization arranges it's lines of authorities and communications and allocates rights and duties.



Factors influencing Organization structure



Trend: increasing product complexity and specialization

Where is the company going?

- Industry, products, and markets
- Sales, growth, profit goals, etc.

In-field market assessment

- Target applications
- Products and services
- KPIs for customer experiences: purchasing, integration, product use

The marketing and sales organization

- Structure
- Roles and responsibilities
- Processes and procedures
- Professional profiles
- Number of people
- Coordination

Basic Types of Sales Organisations

Sales organisations are generally classified into four basic types:

- Line Organisation
- Line and staff organisation
- Functional organisation
- Horizontal organisation

We shall discuss main characteristics, advantages, and disadvantages of each type of sales organisation

Line and Staff Organisation



Characteristics: Specialist staff managers are available for senior marketing / sales managers. Staff managers' role is to assist / advise line managers. Used in medium and large size organisations

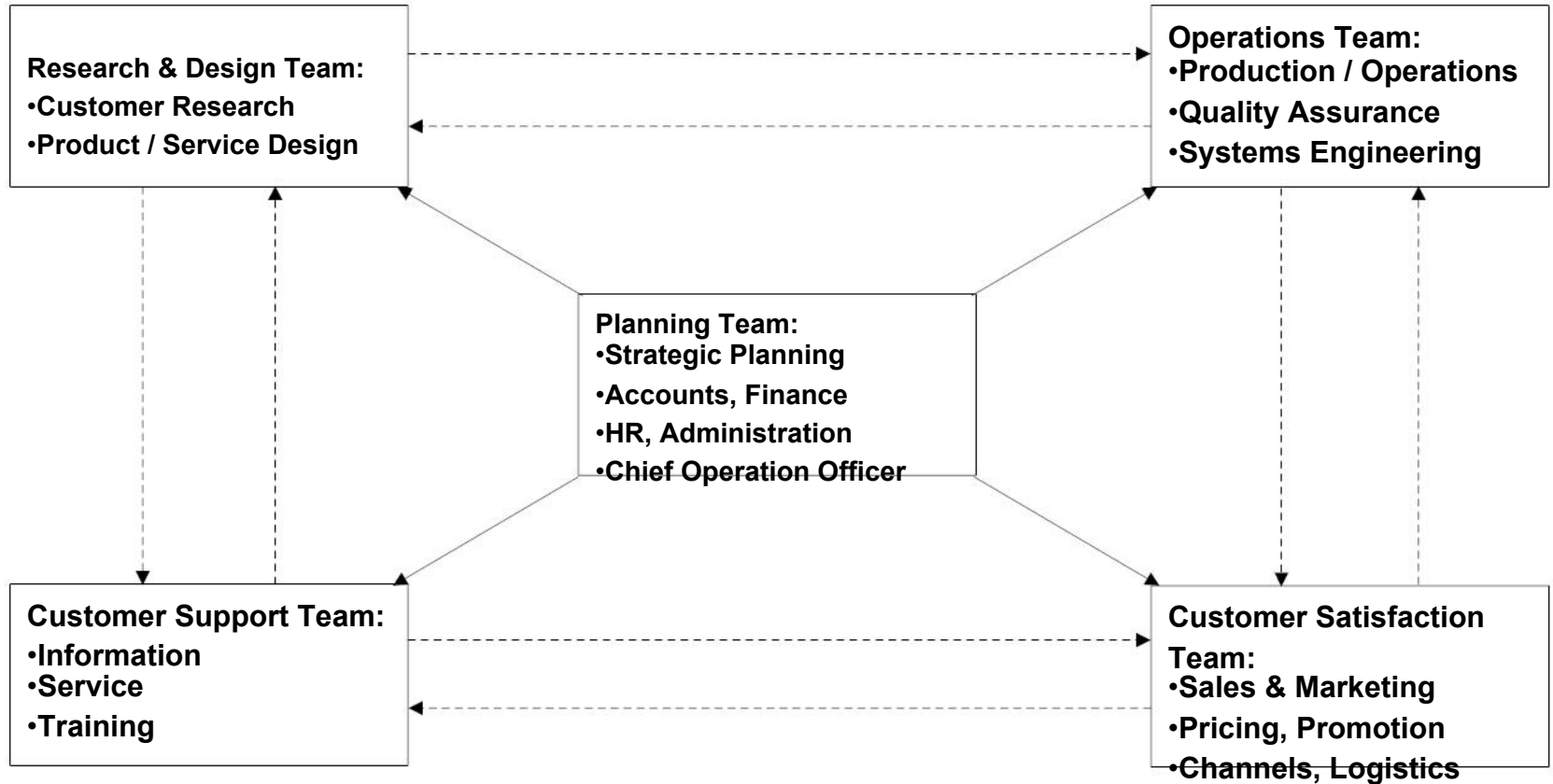
Advantages: Better marketing decisions, superior sales performance

Disadvantages: High cost and coordination, slower decision making, conflict may arise if staff managers' role is not clear

Functional Organization



Horizontal Organization



Characteristics: Removes management levels & departmental boundaries. Except planning team, all others are members of cross-functional teams. Used by firms having partnering relationships with customers.

Advantages: Reduction in supervision, unnecessary tasks, & cost; Improved efficiency and customer responses.

Specialization within Sales Organization

- Needed to increase effectiveness of sales force
- Done by expanding basic sales organization
- Basis of specialization
 - Geography
 - Type of product
 - Market
 - Combination of above
- Criteria for selection – (1) nature of product, (2) sales force abilities, (3) demands of selling job, (4) customer and market facts

Geographic Specialisation

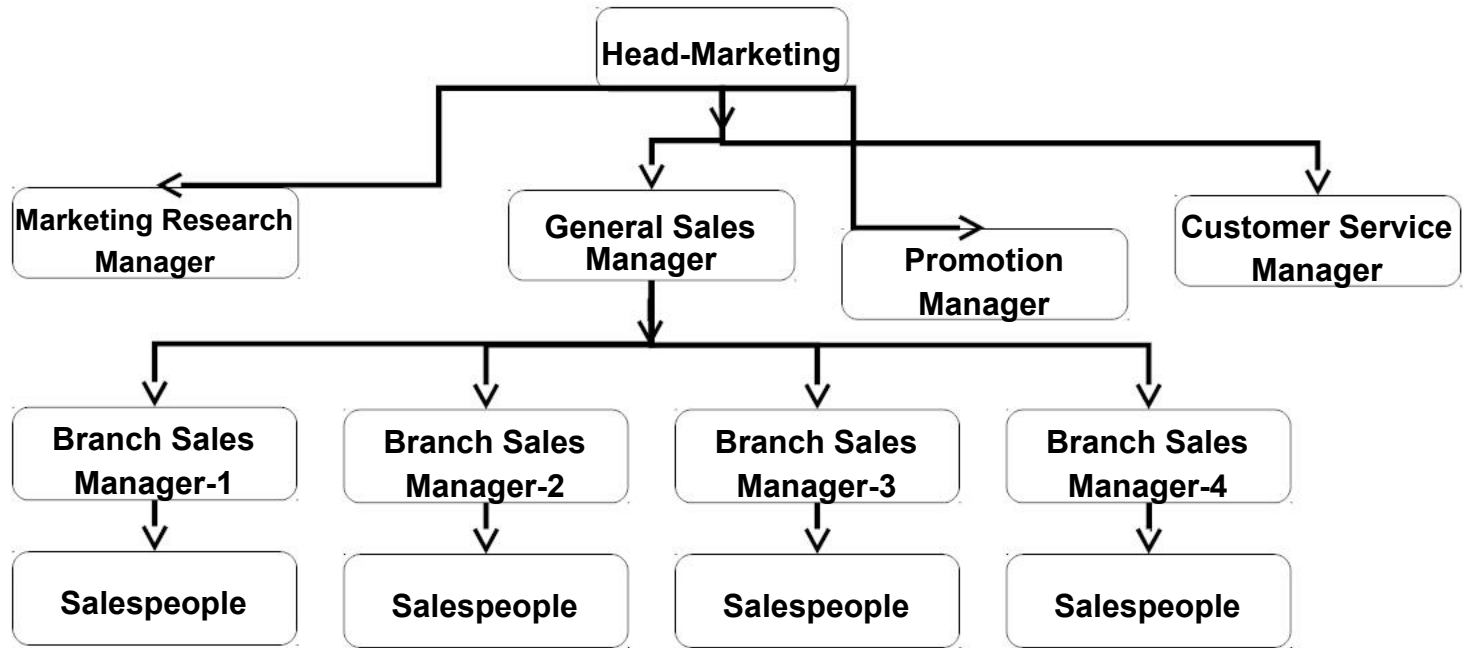


Characteristics: salespeople, assigned geographic areas, are responsible for all selling activities to all customers within assigned areas. Branch sales managers adjust marketing plan to local needs

Advantages: Better market coverage and customer service, more control over salesforce, quick response to local conditions & competition

Disadvantages: Limited specialisation of marketing tasks. Hence, it is combined with product / market sales organisation

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Product Specialisation

- Used when the company has many products and / or brands
- Two types of product specialisation
 - (x). Sales organisation with product specialised salesforce
 - (y). Sales organisation with product managers as staff specialists



Fig. 'x' Sales Organisation with product specialised salesforce

Product Specialization

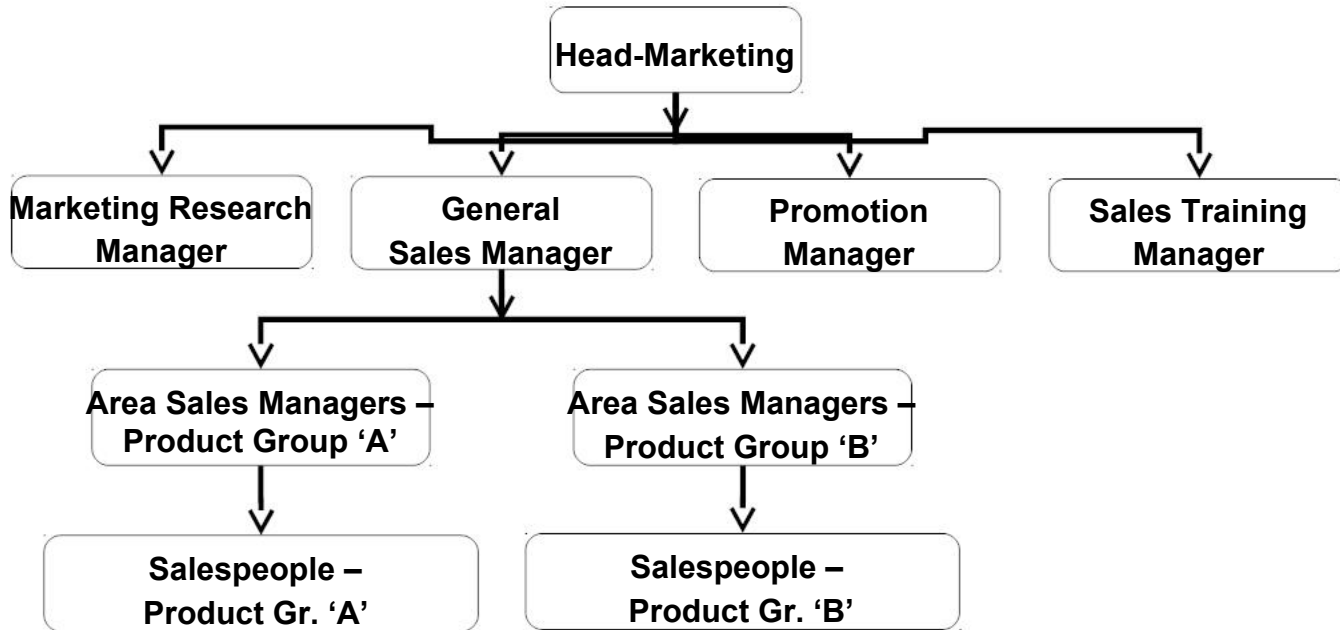


Fig. 'x' Sales Organisation with product specialised salesforce

Advantage: Each product gets specialized attention from the salesforce

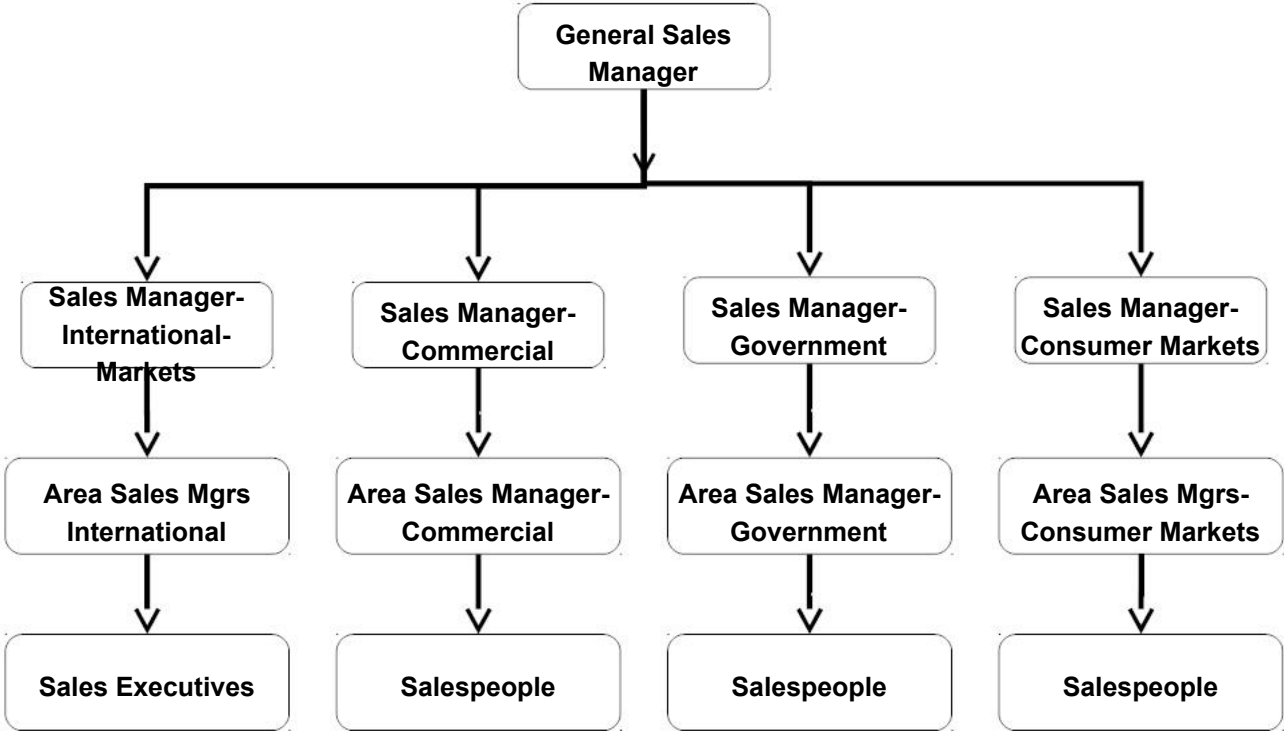
Disadvantage: Sometimes, more salespeople contact the same customer, resulting in customer dissatisfaction and higher cost

Market Specialisation



- **Characteristics:** Desirable when customers are classified by type, user industry, or channel. Salespeople carry out all activities for all products only for specific customer groups
- **Advantages:** Meets needs of specific customer groups, implements customer-centred philosophy of the company
- **Disadvantages:** Geographic duplication, high cost

Market Specialization



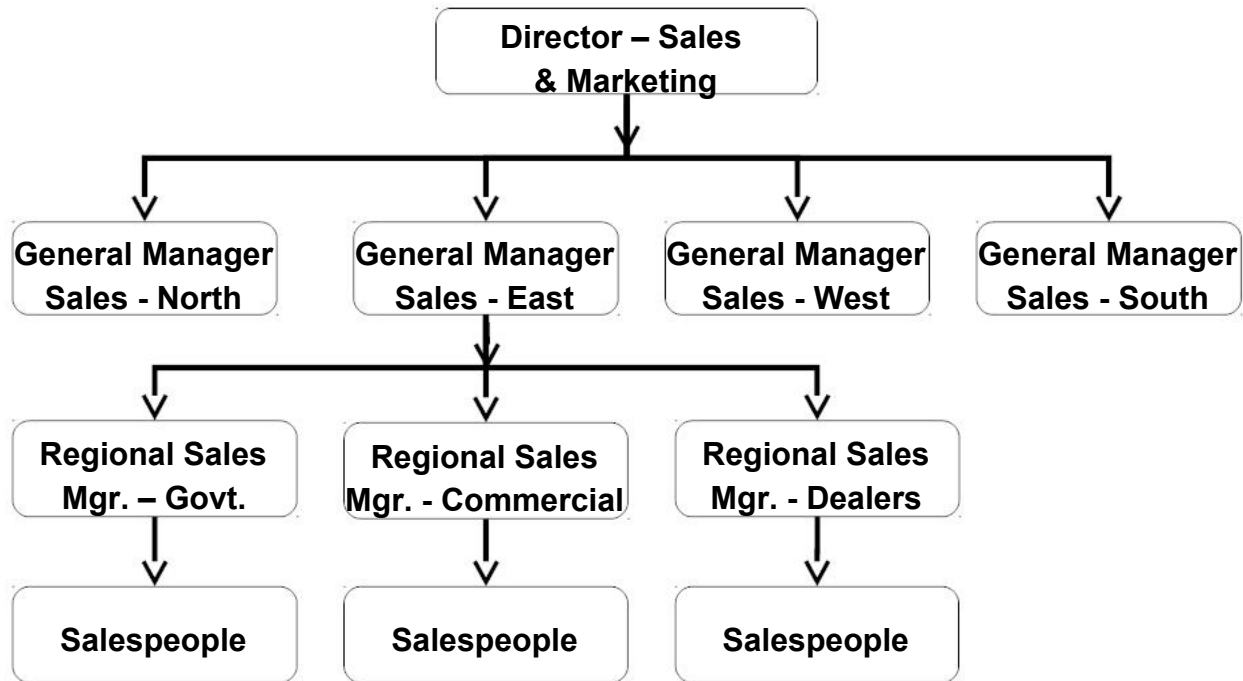
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Combination Sales Organisation



- **Characteristics:** Many firms use some combination of specialisation organisations, called **hybrid or combination** sales organisation, with a view to **minimise disadvantages** and **maximise advantages** of specialisation organisations
- Figure above shows combination of geographic and market specialisations

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Thanks for listening
patiently

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