

MAKING SALES MANAGEMENT DECISIONS ✎

CASE 2.1: PROFOOD SUPPLY COMPANY

Background

ProFood Supply Company was founded in New York in 1960 to supply professional catering companies with a wide variety of institutional food products, including canned vegetables and meats. The company had grown steadily over the decades, and is now one of the largest full-service institutional food suppliers in the nation, selling perishable and non-perishable foods and foodservice supplies such as tablecloths, napkins, and tableware. In the past year, ProFood had begun an aggressive push into a new market segment, the hotel/motel restaurant market.

Current Situation

Jon Menzes is the ProFood sales representative in Nashville, Tennessee. Jon has been with the company for almost two years. He is a recent college graduate and looks forward to proving himself in his sales position, then moving into management with the company. Jon's sales manager, Emily Lewis, has told Jon that if he finishes the year over 100 percent on his sales versus quota target that he would enter the pool of candidates for promotion sometime in the following 12 months. Jon is doing quite well with his existing accounts, and has added a couple of new accounts. He believes that he will finish the year a little over 100 percent of quota, but he needs to add some of the new hotel/motel business to be sure he achieves his sales goals.

Jon has been attempting to secure the restaurant business of Sleep Tight Inns, a regional chain of 16 moderately priced motels in Tennessee. Sleep Tight's corporate headquarters are in Nashville and the chain currently buys all of its food and restaurant supplies from Swanson's Food Supply, a well-established wholesale restaurant supplier. Swanson's has its own salesforce, most of whom are veteran salespeople who have established good relationships with the restaurant operators in their sales territories.

ProFood has not been a supplier for Swanson's for more than 10 years. Jon has been told that ProFood and Swanson's had some friction over service problems, with Swanson's head buyer claiming that ProFood was not a reliable supplier. The buyer reportedly withheld partial payment on several invoices, and ultimately ProFood refused to sell to Swanson's. Jon and the ProFood sales representative who preceded him had tried to get reestablished with Swanson's, but Swanson's buyers had steadfastly refused to buy from ProFood.

Jon was determined to get the Sleep Tight Inn's business, so he made sales calls on the 16 motels to gauge their interest in switching to Baker Brothers,

another foodservice wholesaler with whom Jon had a strong working relationship. The Sleep Tight operators were unanimous—they had no intention of leaving Swanson's for Baker Brothers. In making the rounds to the 16 motels, Jon learned that the individual hotel managers had no authority to buy from suppliers that had not been previously approved by their corporate headquarters in Nashville. Jon then called on Sleep Tight's corporate headquarters, where he learned that becoming an approved supplier would take a minimum of 60 days—if approval was granted. Sleep Tight's director of purchasing was frank with Jon, telling him: "We have been extremely satisfied with Swanson's, and don't see much need to add Baker Brothers to the list of approved suppliers. If I were in your shoes, I would try to sell through Swanson's."

Jon went back to Swanson's, trying once again to become one of their suppliers. He decided to use a foot-in-the-door strategy, meaning that he would only try to sell one small part of his product line, with hopes that if this proved to be successful, he would be able to expand his sales through Swanson's. Jon presented the newest version of ProFood, a very attractive tablecloth/napkin package that could be customized with Sleep Tight's logo. Bill Wilson, the Swanson's buyer, turned Jon down, saying, "Jon, don't take this personally, but we simply are not ready to do business with ProFood again. You guys are doing some impressive things in the marketplace, and next year we may get together with you. But that's not in the plan for this year."

Disappointed, Jon felt he had but one choice if he wanted to make his year-end numbers. He arranged sales calls with the three Baker Brothers sales representatives who called on Sleep Tight Inns. Jon planned to work with the Baker Brothers salespeople to present the ProFood packages, cut the price to stimulate interest, and try to convince all 16 of the Sleep Tight operators to buy the packages from Baker Brothers. If the motel operators liked the packages, Jon figured he could use their interest to speed up the supplier approval process back at Sleep Tight's headquarters and book the additional sales volume before year-end.

It was now Friday night, and Jon was heading home. It had been a tough week, and he was looking forward to the weekend. The Swanson's situation with Sleep Tight had not gone the way he hoped it would, but now that he had decided what to do, he was feeling better. Jon did not like to lose, and as he drove home, more than once he thought, "I'll show Swanson's. If you don't play ball with me, I'll take the business through Baker Brothers." Jon planned to call Emily Lewis over the weekend

and run the plan by her. Next week, he planned on hitting all of the Sleep Tight Inns with the Baker Brothers salespeople.

Questions

1. How likely is it that Jon Menzes will be successful in the short term with this strategy?
2. What are the longer-run implications of this strategy for Jon Menzes and ProFood?
3. If you were Emily Lewis, what advice would you give Jon?

Role Play

Situation: Read Case 2.1.

Characters: Jon Menzes, ProFood sales representative; Emily Lewis, ProFood sales manager.

Scene: *Location*—Jon and Emily talk on the phone on Saturday morning. *Action*—Emily expresses some concerns about Jon's plans for gaining the Sleep Tight business. She thinks that it is important that ProFood rekindle its relationship with Swanson's and feels that Jon's plan could have a major negative impact on any chance of doing business with Swanson's in the future. Jon is focused on making his numbers and thinks that Emily is unfairly holding him back.



ROLE PLAY

Upon completion of the role play, address these questions:

1. With an existing customer (Baker Brothers) and two potential customers (wholesaler Swanson's and end user Sleep Tight Inns), how would you assess Jon's focus? Is it customer-oriented? Is it based on delivering customer value?
2. Assume that Jon proceeds with his plan to call on Sleep Tight Inns with the Baker Brothers salespeople. Would this preclude any chance that he would be able to sell to Swanson's in the future?

CASE 2.2: SPECIALIZED BUSINESS COMPUTERS

Background

Specialized Business Computers (SBC) is a 10-year-old company operating throughout the United States, providing large retail customers with handheld computers and proprietary software to support the retail sales effort. The basic idea is that SBC works with electronics and home improvement retailers to store information that help retail

salespeople as they attempt to make or facilitate sales in the store. Typical information includes product availability, specifications and technical information, pricing, product reviews and comparisons, and installation guidance when appropriate.

Current Situation

Elizabeth Manning is a major accounts representative for SBC, serving five states in the Midwest. She is responsible for sales to multi-store electronics retail chains that are headquartered in Illinois, Indiana, Ohio, Wisconsin, and Michigan. Elizabeth is responsible for securing new retail customers, upgrading and reselling to existing customers, and working with technical support personnel to ensure smooth installation and ongoing operations in the retail stores.

A month ago, Elizabeth heard about an interesting new sales opportunity. Smart Office, a Web-based office supply retailer, had announced plans to build five stores in Illinois and Michigan over the next 18 months. In addition to office supplies, computers, and furniture, Smart Office announced that its stores would move aggressively into several consumer electronics categories, including televisions and related audio-video items. SBC had not previously sold to office supply retailers, but Elizabeth had been given the go-ahead to pursue the Smart Office account.

Elizabeth moved quickly to set up introductory meetings with several Smart Office executives to explore the possible use of SBC handheld computers by Smart Office salespeople. Over the course of two weeks, she met with Ron Bachus, director of purchasing, Shannon Fields, director of management information systems, Kelsy Kramer, director of retail sales operations, and Bill Jameson, chief financial officer. After meeting with these four people individually, she met with them together in an hour-long session to be sure that she fully understood what Smart Office hoped to achieve with the electronics category and what they expected if a decision was made to utilize handheld computers as a retail sales tool.

Following the meeting, Elizabeth made some notes about her impressions of the key players from Smart Office:

- Ron Bachus, director of purchasing—Ron is the key contact person and was helpful in setting up the group meeting. He will not have much to say about the go or no-go decision on handhelds, but he will expect prompt delivery and installation, mistake-free billing, and reassurances before the sale that SBC will be a reliable source of supply.
- Shannon Fields, director of management information systems—she will be very influential in