

## PART 3 Directing Sales Force Operations

Obviously, more things than Dan can handle all at once. First, you remember his daughter Kay and that guy she married. Well, he lost his job at IBM and hasn't been able to find another one. He's been out of work for a year. They had to sell their home and have moved in with Dan, two kids and all. So now Dan is out about \$40,000 a year trying to keep Kay's family intact. If that wasn't enough, his son Matt has gotten into some serious legal trouble with substance abuse and that's also costing Dan a lot of money and worry. To top that off, I'm not so sure about his health. He won't say anything, but he's dragging a bit and doesn't look too good to me."

Mitchell shook his head as he continued. "I've talked with him about his problems, but what can I say? I haven't got any solutions for them except to let him work them out. It'll take some time, but these things will work them-

selves out. Dan's no fool, and he's working on them. Then he'll be back with us full-time."

Diamond responded, "Come on, give me a break. Dan Ricker is over the hill. He's a tired old man. Tired of working. Tired of hustling—and for what? For a few more bucks for us? Get real!" He continued, "If you don't do something, we'll be losing some key accounts. Lose the Penney account and ... well, never mind."

The discussion was suddenly interrupted by a telephone call for Dave Mitchell. It was from the buyer at JCPenney.

**Questions:**

1. What should Dave Mitchell do about Dan Ricker?
2. Pretend you're Dan Ricker. What would you do in response to what was recommended in the first question?

**CASE 8-2****BIOLAB PHARMACEUTICAL COMPANY****A Quest for Motivational Skills**

"How did your interview go today? Are you going to get that promotion you want?" Hobie Dobbs asked his spouse, Kathryn. Although they had been married less than a year, Hobie had been paying close attention and had learned when silence was a definitive answer to one of his questions. This was clearly one of those times. Nothing was said, but nothing had to be said, for anger and frustration were etched in Kathryn's face. She dropped her briefcase on the floor rather loudly as she headed for the refrigerator in search of some moral support. Hobie followed and ventured a suggestion, "The Ben & Jerry's ice cream is at the bottom of the freezer."

It worked. After the second spoonful, Kathryn said, "I couldn't believe it. There he sat telling me that I'm not properly motivating my reps. That I cannot be promoted until I learn how to motivate people better. Me, Katie O'Brien. My career is being threatened by a bozo who tells me I can't motivate people well enough to suit him."

Kathryn O'Brien, a senior sales rep for Biolab Pharmaceutical Company, supervised five junior sales reps in her St. Louis, Missouri, territory. She had worked for the company for three years and had an excellent record. Each year she was one of the company's top producers. She was well liked by her peers and subordinates. It seemed to everyone that Kathryn was well on her way to a great management career with Biolab.

Biolab Pharmaceutical Company was a huge, international manufacturer of ethical drugs most noted for its biological and blood-related products. Kathryn reported to Ed Simpson, district manager, who also worked out of the St. Louis office. Thus, Simpson had more opportunity to observe Kathryn at work than was the case in the relationships between most district managers and their senior salespeople.

Hobie also worked for the company in customer service; he was a pharmacist who could be called on an inbound 800 number by any physician, druggist, or sales rep for product and application information. He and Kathryn

became good telephone buddies in her early days with the firm because she relied on him for information.

"Gee, that's kind of general, isn't it? Exactly what does he mean when he says you can't motivate people? You sure don't have any trouble motivating me." Hobie paused and then continued, "Did you try to pin him down? Ask him what he was talking about? Get some specifics?"

"Yeah, it was like pulling teeth. He squirmed and had trouble looking me in the eye. He really didn't want to get into it with me, but I wouldn't leave until I understood what he was talking about. He kept saying that my five sales reps were not performing well enough to suit him. He thought they should be producing more results and that the reason they weren't was that I was not motivating them to work harder. He said that they just were not making the calls and making the efforts that they should be."

"And that's your fault, is that it?" Hobie asked. "Who hired them, who trained them, who sets all the compensation policies? But since they made you the senior rep over them, everything is your fault, I suppose. Can you get rid of reps who aren't performing up to expectations?"

Kathryn responded, "No, I can only write them up, give them a bad evaluation."

"Have you done that?" Hobie asked.

Kathryn explained, "No, and I won't. It's true they aren't setting the world on fire, but they're doing all right, about average for trainees. They are busy learning the business right now at their stage of development and I don't see why I should put more pressure on them than they have right now. First, learn the business, then when they know what they are doing they can start working harder."

"Seems reasonable to me. Did you tell Simpson that?"

"Are you kidding? I was so mad I couldn't think, let alone speak. Besides I don't agree with his ideas of motivation. He keeps giving us those Bubba stories about how his old football coach used to motivate him and those other players to go out and die for dear old Mizzou. Then he starts talking about his Marine Corps days and how they motivate people—pride, don't let your buddy down, and all that. He's

from another world. Well, we sell drugs to physicians for about 40 hours a week. We're not fighting for our lives and we sure aren't trying to beat the brains out of the competition."

"You seem to know how *not* to motivate your reps. Now, what do you think *will* motivate them?" Hobie asked.

"I don't want to talk about it anymore tonight. I want to think about it. I'll tell you tomorrow morning what I am going to do." And with that, Kathryn declared the meeting over.

The next day began much earlier than usual because Kathryn was eager to get her conflict with Simpson behind her. Confrontation was to be the order of the day. She had decided to attack Simpson's evaluation of her motivational skills directly with him instead of appealing it to his superior, as she had a right to do under company policy. She was not interested in getting embroiled in the company's cumbersome bureaucratic processes. She would attack this threat right at its source—and if her effort failed, she would resign. She had good reason to believe that she could get a similar job with a competitor, so she was not worried about being unemployed.

She laid out her plans to Hobie, who listened carefully, saying nothing until she was through talking. Then he asked, "And what are you going to tell Simpson about your motivational philosophies and skills that will change his evaluation of you? What makes you think he is really interested in what you think about how to motivate your people? He seemed to be focused on your reps' input efforts. Hard facts! From what you tell me about him, what reason do you have for thinking that he can change his mind about anything? And by the way, what are you going to say about your motivational philosophies?"

Kathryn responded, "First, I am going to insist that the sales reps' basic motivational structure is pretty well set when we hire them. If they're lazy, we're not going to be able to change it. Furthermore, all sales management literature indicates that a firm's basic compensation plan provides the bulk of its motivational thrust. Add the training program to the mix, and I maintain that, as a senior salesperson, sort of a bargain-basement supervisor, I have

little power to really motivate the reps. Consequently, he is evaluating me on something over which I have little control.

"Next, I know how the game is played. I may win something on appeal, but that will be the real end of my future with the firm. I would have dirtied the nest, made waves, or whatever you call it. I would be tagged a militant, and that would be that. So if my career is not to be with Biolab, so be it. The quicker I get out, the better. It would be foolish to stay around and let this guy do a job on me. I don't need it, and I don't have to take it. So that's the way it's going to be."

Hobie smiled. He knew it was going to be an interesting day.

#### Questions:

1. Do you approve of Kathryn's plan of action? If so, why? If not, what changes would you suggest she consider making?
2. Do you agree with Kathryn's philosophies of motivation? If so, why? If not, what are your philosophies of motivation?

## CASE 8-3

## INTERNATIONAL CHEMICAL INDUSTRIES

### Use of Motivational Funds

The following memo from George McCall, vice president of sales operations at International Chemical Industries, was distributed to all regional and district managers:

Each manager should be prepared to give a short presentation to the group during our national sales meeting next week about how the motivational fund for his or her area was spent in 2002. Being new to the organization, I want to familiarize myself with what we are doing in this important area. Moreover, it seems to me that many of you may be doing some things that would be of interest to the other managers.

Underlying McCall's memo was a hidden agenda: McCall was suspicious that much of the firm's motivational fund was being squandered on ineffectual motivational tactics. He wanted to open up the subject not only to discover what was going on but also perhaps to develop some uniformity to what everyone was doing.

International Chemical Industries produced and distributed basic chemicals, such as nitrates, sulfur, and potassium, around the globe. It was one of the world's largest chemical concerns. Its U.S. operations were directed from offices in Houston, Texas. The U.S. sales operations were divided into five regions, each of which contained five districts. Thus, there were

to be five regional managers and 25 district managers at the meeting the following week.

Historically, management budgeted 3 percent of its sales volume of \$722 million for the costs of managing sales operations. Of that amount, 83.3 percent was allotted to field-selling costs, which included the salaries and expenses of both the field sales reps and their field managers. The costs of the regional and district sales offices were covered by the remainder of the sales budget. From that amount, area managers were allotted a small fund of approximately 0.02 percent of sales that could be used for motivational purposes in any manner they desired. For example, the district manager for Chicago spent \$70,000 in 2002 on a special motivational program for the area's five reps. (Chicago accounted for 5 percent of the company's U.S. sales volume, or about \$36 million.) Each rep who achieved quota for the year received a free trip for two people, all expenses paid, to St. Thomas in the Virgin Islands. All reps won and went together with their spouses for a most successful holiday. The manager planned to institute another such program for 2003. The response to McCall's memo was good. The managers seemed to take delight in relating how they spent their motivational fund. It seemed to McCall that they were in competition with each other to see who could come up with the most innovative plan. McCall was pleased